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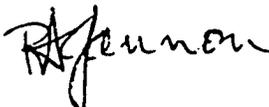
IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

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AGRIBUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

MEMORANDUM

To: See Distribution
From: Richard T. Gannon
IIDF Executive Director



February 26, 1995

Re: USAID GRANT #2 FINAL REPORT

Please find enclosed "USAID Grant #2 Final Report". It is the final report to USAID Grant #2 to IIDF.

Grant #2 was for the CARD/IIDF Project: "U.S. Agribusiness Centers in the NIS". It was USAID Grant #: CCN-0006-G-00-3127-00, from August 1993 to December 1994.

Your observations, comments and suggestions are appreciated. We would be happy to answer questions and provide additional information. Thank you very much.

Enclosure:
USAID Grant #2 Final Report

Distribution:

Dave Sprague, AID/Kiev — 2 copies
Cathy Norris, AID/Moscow — 2 copies
Marc Winter, AID/W — 2 copies
POL/CDIE/DI, AID/W — 2 copies
Stan Johnson, CARD/ISU
John Walter, New Agribusiness

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USAID GRANT #2 FINAL REPORT

USAID Grant #2 to IIDF
CARD/IIDF "U.S. Agribusiness Centers in the NIS" Project
USAID Grant #: CCN-0006-G-00-3127-00
August 1993 to December 1994

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USAID GRANT #2 FINAL REPORT

USAID Grant #2 to IIDF

CARD/IIDF "U.S. Agribusiness Centers in the NIS" Project

USAID Grant #: CCN-0006-G-00-3127-00

August 1993 to December 1994

A. EXECUTIVE SUMMARY

The USAID Grant #2 Final Report documents, highlights, analyzes, critiques, evaluates and speaks to the following grant end criteria:

1. Summary of project activities, impact and significance
2. Summary of project achievements, obstacles, and failures
3. Observations, comments and recommendations

Grant #2 cost-share by U.S./NIS agribusinesses and cost-benefit to those agribusinesses greatly outweighed Grant #2 cost. Further, Grant #2 had no indirect costs.

USAID Grant #2 to IIDF was to support year #2 of the CARD/IIDF AgBC Project, from August 1993 to December 1994. The primary AgBC objectives were:

1. Provide commercial opportunities for U.S. and NIS agribusinesses
2. Support the transition of NIS agriculture to a market economy

At Grant #2 end, the original CARD/IIDF concept and assumptions in pursuing AgBC objectives remained valid. Grant #2 end achievements dwarfed initial grant problems.

CARD/IIDF successfully achieved its AgBC project objectives by implementing workplans and completing workplan tasks for the three main project components:

1. New Agribusiness Magazine
2. AgBC/White Church
3. AgBC/Stavropol

The areas of focus within the three components were trade, training, production, and marketing demonstrations to promote U.S. agribusiness exports and inter-NIS trade.

1. New Agribusiness Magazine

Grant #2 saw New Agribusiness Issue #1 developed, printed and distributed. Issue #1 featured 11 U.S. agribusinesses that demonstrated seed, chemical, equipment and feed additives on AgBC farm and feed operations. To support this major U.S. initiative, IIDF passed \$15,000 from Grant #2 to New Agribusiness. Over 30,000 copies of Issue #1 were distributed in Ukraine, Russia, Kazakhstan and Belarus.

Issue #2 will number 25,000 copies to be printed in Finland in late March or April. All but one U.S. firm in Issue #2— and that firm was recruited by IIDF — worked with the AgBC Project during Grant #2. Issue #2 will feature a Reader's Survey and Questionnaire. NIS agribusinesses will be asked to respond if they would like to be listed in new country-specific trade directories. There have been 300 U.S. agribusinesses contacted, and more will be, to create a U.S. Agribusiness Directory.

At the core of New Agribusiness, the AgBC Project was unparalleled at introducing U.S. and NIS agribusinesses for commercial activity. Grant #2 can take credit for supporting the U.S. private sector in starting what will probably become the leading U.S. agribusiness publication in the NIS and the leading tool for introducing U.S. and NIS agribusinesses.

2. AgBC/White Church

Grant #2 trained eighteen Ukrainians at CARD. The AgBC grain storage bins are operational and the grain dryer was tested and approved. The AgBC extruders will be fully operational soon after Grant #2 end. AgBC partner ROSS' investment was substantial and will guarantee long-term sustainability. The AgBC bin/extruder facility is a USAID success story and was visited by numerous U.S. and Ukrainian officials.

Grant #2 demonstrated the benefits of and promoted the usage of soybean meal in animal feed. Since Ukraine is too far north to grow enough soybeans to meet its needs, Ukraine will eventually become a major importer of soybeans, much as the EU is today. Thirty percent of the U.S. soybean crop is exported, and the EU imports 40% of that, or over 6 million tons at a value of \$1.2 billion. Eventually, Ukraine will be a major client for U.S. soybeans, and Grant #2 can take credit for expediting this trade opportunity for the American farmer.

Unprecedented opportunities to pursue the original AgBC objectives presented themselves in Ukraine. Thus, CARD/IIDF, Successful Farming/New Agribusiness and the Ukrainian Academy of Agricultural Sciences/Ukrainian Institute of Agricultural Economics developed an unsolicited proposal to USAID/Kiev: U.S./Ukraine AgMEET. The Ukraine Foreign Minister and the Ukraine First Deputy Prime Minister for Agriculture have written USAID/Kiev to ask that USAID finance U.S./Ukraine AgMEET.

3. AgBC/Stavropol

Seminar training on grain handling, storage and processing was held. The No-Till Seminar trained 310 Stavropol farm leaders. U.S. seed, chemicals, equipment, and feed additives were demonstrated and employed on ongoing AgBC farm and feed operations. Cattle, hogs, and poultry feed trials gave excellent, but expected results.

Mr. Dunn's performance, in spite of uncooperative partners, was exceptional. The 12 private farmers of YK Farm proved to be cooperative partners. AgBC generated income with the private farm contract, by leasing grain bin storage, and marketing the AgBC soybean crop as seed and feed.

AgBC income will continue to be generated by equipment leasing and soybean marketing. A more market-oriented AgBC staff has been put in place. Steps have been taken by Stavropol Governor Kuznetsov, as announced during his trip to Iowa, to replace the uncooperative partners.

4. CARD/IIDF

Grant #2 created a number of immediate and long-term opportunities for U.S./NIS joint ventures, trade and investment. The commercial activity was principally within the agribusiness spectrum of crop, feed and livestock production.

USAID granted two no-cost extensions and Grant #2 had no indirect costs. The 1994 IIDF Financial and Compliance Audit was unqualified, had no material findings, and found all prior year audit conditions rectified.

The IIDF Board of Directors was changed: IIDF Chair is Iowa State University CARD Director Dr. Stanley R. Johnson, and IIDF Director is Michael Doyle, International Administrator for the Iowa Department of Economic Development. The Grant #2 principle investigator was IIDF Executive Director Richard T. Gannon.

5. Grant #2 Evaluation

Grant #2 goals were achieved, but not without initial problems, a rewriting of workplans, and a redirection of resources. Grant #2 commercial goals associated with New Agribusiness were achieved beyond expectations. New Agribusiness had and will continue to have the biggest impact of Grant #2.

AgBC did not do all it said it would, due in large part to unrealistic workplans, the slow pace of local business and lack of professionalism by original U.S. Co-Managers. Hiring Mr. Tom Dunn rectified the situation in Russia, in spite of uncooperative partners. Ideal partners in Ukraine will guarantee long-term sustainability. The AgBC Project overcame numerous obstacles to implement workplans that achieved AgBC objectives. Grant #2 is justified by its cost-share, and cost-benefit due to commercial activity it created.

The American tax payer and USAID got their money's worth with Grant #2. The American tax payer would be satisfied to know that Grant #2 increased and will continue to increase U.S. agribusiness exports. USAID should be satisfied with Grant #2 output, both developmentally and commercially. USAID's investment of \$752,231 resulted in a substantial return on investment and will continue to produce returns for years to come.

B. USAID GRANT #2 SUMMARY

1. New Agribusiness Magazine

The Agribusiness Center (AgBC) Project was started by Dr. Stanley R. Johnson, Director of the Center for Agricultural and Rural Development (CARD) at Iowa State University (ISU) and the Iowa/International Development Foundation (IIDF). Since the beginning of AgBC activities in 1992, U.S. agribusinesses have been at the heart and the driving force of the AgBC Project (Tab 6).

U.S. publishing giant Meredith Corporation, based in Des Moines, Iowa, publishes Successful Farming. With a circulation of 500,000, Successful Farming is the largest paid-circulation agricultural publication in the United States. Successful Farming maintains a list of about 1,000 companies that do business with the magazine, and uses the listing in conjunction with New Agribusiness and AgBC.

During Grant #2, Successful Farming started its first Russian-language magazine called New Agribusiness. At the core of New Agribusiness are the U.S. agribusinesses that participated in the AgBC Project.

In support of New Agribusiness and its AgBC companies, IIDF passed \$15,000 from Grant #2 to the magazine and USAID later committed \$50,000 to it. However, USAID decided it was easier administratively to pass the \$50,000 through the Citizen's Network for Foreign Affairs (CNFA) instead of IIDF.

As late as the end of February 1995, Successful Farming/New Agribusiness had not received any of the \$50,000. The bureaucratic stumbling and handling the affair in this manner failed the project because it delayed AgBC U.S. agribusiness exposure in the NIS.

It is not the way to encourage U.S. agribusinesses with what could very well be the #1 tool and vehicle of U.S. agribusinesses developing the NIS market.

Issue #1

During USAID Grant #2, Successful Farming developed, edited, printed and distributed 35,000 copies of New Agribusiness Issue #1. The first issue contained 40 pages with 18 pages featuring 13 U.S. agribusinesses (Tab 9).

Of the 13, 11 of the firms have had marketing demonstrations of their agricultural inputs on AgBC farms and feed operations. Of those 11, 9 had U.S. seed or equipment being used in large-scale production at the AgBC farms and feed operations at grant end.

Here is a list of companies featured in New Agribusiness Issue #1 that had marketing demonstrations at AgBC farms and feed operations during Grant #2:

<u>Company</u>	<u>Product</u>	<u>Headquarters</u>
<u>Successful Farming</u>	<u>New Agribusiness</u>	Des Moines, Iowa
Pioneer	Seed	Des Moines, Iowa
Insta-Pro	Extruders	Des Moines, Iowa
Triple "F"	Feed Additives	Des Moines, Iowa
Iowa Ex/Im	Seed Planters	Des Moines, Iowa
Conrad American	Grain Bins	Houghton, Iowa
Shivvers	Grain Dryers	Corydon, Iowa
Ritchie	Field Sprayers	Conrad, Iowa
Sudenga	Grain Augers	George, Iowa
Kinze	Seed Planters	Williamsburg, Iowa
Monsanto	Farm Chemicals	St. Louis, Missouri

It is interesting to note that farm chemical distributed in the NIS by Missouri-based Monsanto is produced in Muscatine, Iowa. It is clear the New Agribusiness connection to Iowa and Midwest agribusiness is substantial.

New Agribusiness Issue #1 received NIS-wide circulation (Tab 5, Attachment 1). Fermer, the Russian magazine equivalent to Successful Farming in the NIS, is the joint venture partner with Successful Farming in New Agribusiness.

There were 75 copies of New Agribusiness mailed to agribusinesses in the United States (Tab 4, Appendix A).

Issue #2

Issue #2 will number 25,000 copies and is on the presses in Finland, to be printed in late March or April. All but one U.S. agribusiness in Issue #2— and that firm was recruited by IIDF — worked with the AgBC Project during Grant #2. Issue #2 will feature a Reader's Survey and Questionnaire. There will be articles on AgBC U.S. agribusinesses, U.S. aid groups in the NIS, and an interview with ABC/Stavropol U.S. Co-Manager Tom Dunn (Tab 5, Attachment 2). It is of note that an interview with Mr. Dunn was printed in the Feb. 1995 issue of Successful Farming (Tab 5, Attachment 3).

IIDF Executive Director Richard Gannon wrote the article, "List your Agribusiness in New U.S./NIS Trade Directories", to be included in Issue #2 (Tab 5 Attachment 4 in English and Russian). NIS agribusinesses that want to be included in the new trade directories are asked to respond with company contact and product information. CARD/IIDF and Successful Farming/New Agribusiness have started to collect U.S. and NIS agribusiness company contact and product information to compile the following new trade directories:

1. U.S. Agribusiness Directory
2. Ukraine Agribusiness Directory
3. Russia Agribusiness Directory

The directories will be distributed in the U.S. and NIS to promote commercial activity. Other country-specific agribusiness directories will be compiled, printed and distributed, if there is a sufficient number of agribusinesses replying from that former Soviet republic.

Issue #3

Grant #2 training in Stavropol played an important role in adding value to Issue #3. "John Deere Conquers the Caucasus", an article by Stavropol journalist Mikhail Kolbasov, was written following John Deere's participation in the AgBC/Stavropol No-Till Seminar in June. The article will appear in Issue #3 (Tab 5, Attachment 7). IIDF recruitment of U.S. agribusiness giant John Deere for the No-Till Seminar could prove decisive in obtaining John Deere support of New Agribusiness. Other plans for Issue #3 advanced.

2. AgBC/White Church

USAID/WESTNIS Training Mission to CARD

In September, 1993, eighteen Ukrainian participants visited CARD/IIDF in Iowa on a WESTNIS training mission. They were selected by CARD/IIDF, WESTNIS/Ukraine Project Coordinator Jim Akers, and AgBC/White Church U.S. Co-Manager David Wampler.

The Ukrainian delegation was comprised of representatives of CARD/IIDF; AgBC/White Church Ukrainian Co-Manager Anatoly Nikiforenko, AgBC/White Church partner Agro-industrial Association ROSS (ROSS); the Ukrainian Institute of Agricultural Economics (UIAE); Ukrainian agronomists, private farmers, and faculty members of the White Church Agricultural Institute.

CARD conducted the training, focused on soybean seed production, soybean storage, handling, and processing for feed production. Animal health and nutrition were studied. Soybean oil processing and value-added packaging were also addressed as well as food wholesale and retail distribution (Tab 8).

This Grant #2 training program focused on soybeans since the primary mission of AgBC/White Church is production and processing of soybeans and soybean oil for demonstration and income purposes. Training was conducted in the classroom and on-site at Iowa agribusinesses and a major grocery chain.

AgBC/White Church Trade and Exports

In December, 1993, the AgBC, which is based at ROSS feedmill in White Church, initiated a for-profit barter operation. Working through a Kiev-based export company, Sofia Transcon Industries, AgBC/White Church exchanged field peas for fuel, alleviating the shortage of fuel on farms in White Church area.

AgBC/White Church and ROSS obtained one ton of fuel from Sofia Transcon in exchange for three and one half tons of field peas. One ton of fuel was subsequently exchanged for four tons of field peas with local farms, thus making AgBC a 1/2 ton profit of field peas for every ton of fuel traded. One hundred tons of field peas were eventually traded. Sofia Transcon, which has an export license, shipped the field peas to Western Europe (Tab 2, Page 6).

The exchange would have continued but fuel became more abundant, thus making this exchange undesirable and forcing it to cease. In the short time it was viable, it was profitable and it demonstrated the importance of marketing and exchange in agricultural production. This achieved the AgBC objective to cause trade between Ukrainian farms. This demonstrated that trading opportunities potential of the ROSS feedmill in working with other agribusinesses. The ROSS partners are very cooperative and showed strong interest in the AgBC throughout Grant #2.

Benefits of U.S. Seed Seen

The 1993 crops were planted using Pioneer Hi-Bred seed corn and Stine Seed Company seed beans. Even though the two firms are the world premier corn and soybean seed companies, respectively, the 1993 crop did poorly.

The corn crop yield was expected to be at approximately 70 centaurs per hectare but the reported yield was only about 50 centaurs per hectare. The soybean crop sustained some damage due to an early frost, and against the advice of Mr. Wampler, ROSS chopped it for livestock feed. According to Mr. Wampler, the soybean crop was not damaged sufficiently enough to prevent the beans from reaching full maturity (Tab 1, Page 1).

Low corn yield was caused by inferior harvesting equipment and improper techniques, which is typical of most farms in the former Soviet Union. A decision was made not to plant U.S. seed varieties in 1994, which turned out to be the hardest year for Ukrainian crops in over a decade, due to drought and low rainfall. The yields on 3,000 hectares of soybean fields in the immediate vicinity of White Church were much lower than average, at 8 centaurs per hectare. The corn crop was also badly damaged by dry weather, yielding 30 centaurs per hectare, which is over 20 hectares below average.

ROSS and area farms learned the value of improved U.S. seed genetics, and the importance of strict adherence to U.S. crop production and harvesting techniques. When preparations were being made to ship a 40' container with 18 tons of Stine soybeans to ROSS for 1995 planting, ROSS requested that IIDF provide detailed instructions, and if possible, supervision, for planting and harvesting (Tab 5, Page 7).

ROSS Expanded Soybean Acreage

In anticipation of the oilseed processing facility at the ROSS feedmill becoming operational, ROSS increased its contracts with farms for soybeans. In 1994, ROSS had contracts for 1,200 tons of soybeans. For 1995, that figure was increased to 3,200 tons. Another positive result of ROSS' expanded soy processing capabilities is that it is having an effect not only on neighboring farms, but on adjacent regions of Ukraine as well.

Soybeans will be grown for ROSS in the Kiev region itself, where White Church is located, and also in Chernigov and Kirovograd regions. This creates a base of potential customers for U.S. soybean production and processing equipment manufacturers as well as U.S. soybean seed companies.

Oilseed Processing Equipment

In early 1993, ROSS received an Insta-Pro Model 2500 extruder and Model 900 cooler as part of USAID Grant #1. Grant #2 allowed to increase AgBC/White Church oilseed processing capability to 30 tons of raw soybeans per day. To achieve this capacity, IIDF identified the necessary equipment to be added to the extruder and cooler already in White Church.

A 40' container with one Insta-Pro Model 2500 extruder, three Model 1500 oil presses (expellers), and one Model 900 cooler was shipped to White Church in May, 1994. The manufacturer, Insta-Pro, provided blueprints for incorporating the equipment already in White Church into a single system with the new shipment. ROSS allocated a renovated building to house the system on the territory of its feedmill. The Insta-Pro oilseed processing line will be operational in early 1995.

It has taken the AgBC longer than expected to install the bin/extruding facility because of the slow pace of business and hidden obstacles in installing new-to-market equipment. However, there is no doubt that the total AgBC bin/extruder operation will become operational and profitable because of the strong commitment and investment by ROSS. The AgBC is a showcase of U.S./Ukraine partnership and many U.S. and Ukrainian officials have visited it.

The near- and long-term results make it clear this was a worthy project to pursue. The project showed the benefits of using soybeans, thus achieving a major objective. The American Soybean Association gave the AgBC project a "No Objection" letter and said the project would promote the use of soybeans in livestock feed (Tab 7).

Since Ukraine is too far north to grow all the soybeans it will eventually need for feed, Ukraine will necessarily become a major importer of soybeans, much as Western Europe is today. Thirty percent of the U.S. soybean crop is exported, and the European Union (EU) imports 40% of that, or over 6 million tons at a value of \$1.2 billion.

Since Iowa grows 20% of the U.S. soybean crop, Iowa exports 1.2 million tons of soybeans to the EU, at a value of \$250 million. Eventually, Ukraine will also be a major client for U.S. soybeans, and AgBC and Grant #2 can take credit for advancing this.

Grain Drying and Storage Bins

Under USAID Grant #1, nine grain storage bins and one dryer bin were shipped to White Church. At the start of Grant #2, the bins, produced by Shivvers Inc., Sudenga Industries, and Conrad American, were being assembled at AgBC/White Church.

A 5 kilometer gas line was dug by ROSS to the bin site to supply natural gas to operate the grain dryer bin. Grain bin assembly suffered temporary setbacks, such as shortage of wire and theft of an encased vertical auger for the dryer bin, for which a replacement had to be shipped.

AgBC/White Church's greatest failure was in having Mr. Wampler as manager. Mr. Wampler's performance was less than satisfactory, and many times damaging, due to: 1) his misrepresentation of IIDF and the AgBC Project to USAID and Ukrainian officials, 2) his inaccurate statements, and 3) his lack of proper oversight of the grain bin construction (Tab 4, Page 11). Mr. Wampler was unqualified for this unsupervised position and should not have been hired.

VOCA assisted IIDF in finishing electric wiring of the bins. The eight grain storage bins are operational and are being used to store grain (Tab 5, Page 1). In October, 1994 the dryer bin passed a safety inspection by the Ukrainian State Gas Commission and start-up was approved. The dryer was safely started and tests were completed.

Final start-up procedures will be done in March, 1995, thus making the grain bin site fully operational. The facility will soon start to generate income for the AgBC by charging a processing fee for drying and extruding grain.

VOCA Farmer-to-Farmer Missions

Beginning in June, 1994 IIDF initiated a discussion with VOCA/Kiev about sending VOCA specialists to White Church to advance the work on the grain bins at AgBC/White Church. It was decided to send Mr. Dunn, an agricultural engineer and the U.S. Co-Manager of AgBC/Stavropol, to White Church prior to the VOCA specialists' mission. Mr. Dunn traveled to Ukraine in August, 1994.

CNFA/Kiev and VOCA/Kiev were extremely helpful in arranging Mr. Dunn's visit. Mr. Dunn inspected the grain bin system first and noted what work had to be done. Before departing, he left ROSS personnel instructions on mechanical installations of control panels, temperature probes, etc. He also inspected the condition of the Insta-Pro oilseed processing equipment, and the U.S. planting equipment.

Mr. Dunn's mission helped the two VOCA specialists better prepare for their mission in October, 1994 (Tab 4, Attachment F). The two VOCA volunteers received training from Shivers Inc., the bin manufacturer, prior to their departure for Ukraine. They spent two weeks in White Church and had a successful mission, completing all but a small part of the wiring.

Trivial shortages make themselves felt even at large agribusiness associations like ROSS and underscore the overall difficulty of administering projects in Ukraine. Because wiring was not completed, the VOCA specialists could not test the electrical connections between the bins, which necessitated another mission to AgBC/White Church by Mr. Dunn in December, 1994.

Prior to Mr. Dunn's December trip to White Church, ROSS technicians completed the wiring following VOCA specialists' instructions. Mr. Dunn identified the technical tasks that needed to be completed and instructed ROSS technicians on how to finish them. Following his departure, ROSS technicians finished many of the required tasks on the bins and conducted test runs of the whole system.

Mr. Dunn will return to AgBC/White Church in March, 1995 for final start-up the dryer bin and first inspection of the storage bins under operation. His trip will be paid for by VOCA and State of Iowa appropriations.

At Grant #2 end, the storage bins were completed and operational. The bins took longer to finish than had been anticipated due to shortages of various materials in Ukraine. Gas hook-up for the dryer bin took a year instead of the planned three months. Future projects involving construction and equipment installation in Ukraine should allow three to four times longer to complete than would normally be allowed in the United States. IIDF would like to note that ROSS was very cooperative and AgBC/White Church had far less difficulties than AgBC/Stavropol.

U.S./Ukraine Commercial Activity

During Grant #2, a reverse trade mission for 23 Ukrainian agribusinesses, sponsored by the Overseas Private Investment Corporation (OPIC), U.S. Embassy in Kiev, and the Greater Des Moines Chamber of Commerce, was held in Des Moines. CARD/IIDF officials actively participated in the mission.

Although ROSS was not represented, one of the Ukrainian participants, Bilotserkivsilmas, was from the city of White Church (Tab 4, Appendix J). IIDF assisted Bilotserkivsilmas, which is currently the only manufacturer of forage harvesters in the NIS, in identifying potential U.S. joint venture partners.

Trade mission delegates expressed knowledge of AgBC/White Church, thus showing that AgBC concept is gaining publicity and there is a considerable amount of interest on the part of Ukrainian agribusinesses in the AgBC project.

Cargill, David Sweere's group, Dr. Robert Bidwell, and other agribusiness have contacted ROSS. They have found ROSS to be one of the more innovative and progressive agribusiness associations in Ukraine. The ROSS feedmill presents real trade opportunities for these agribusinesses.

CARD/IIDF networked between U.S. and NIS agribusinesses as part of its mission in promoting U.S. agribusiness interests in that region (Tab 5, Attachment 17). Grant #2 made it possible to turn AgBC/White Church into one of the most commercially viable USAID agribusiness projects in Ukraine.

AgBC Partner Appointed Ukraine First Deputy Prime Minister

A significant change with respect to the AgBC project in Ukraine has been the appointment of CARD/IIDF's scientific partner, Dr. Peter Sabluk, to the post of Deputy Prime Minister for Agriculture in November, 1994 by Ukraine President Kuchma.

In January, 1995 Dr. Sabluk was further promoted to the position of First Deputy Prime Minister for Agro-industrial Complex. There are only three First Deputy Prime Ministers, the other two overseeing economic reform and national security. Dr. Sabluk retained the directorship of UIAE and continues to be actively involved in the AgBC project and U.S./Ukraine AgMEET.

His appointment will serve to promote the AgBC concept in the process of restructuring Ukrainian agribusinesses. Progressive officials like Dr. Sabluk will expedite policy reform in Ukraine's approach to agriculture, food security and food distribution.

Ukraine Foreign Minister Supports U.S./Ukraine AgMEET

IIDF has a long-standing practice of forging close working ties with federal and local governments of nations which host its projects. In September, 1994 Mr. Gannon had two personal meetings at the United Nations with Ukrainian Minister for Foreign Affairs Gennadi Udovenko. The cost of the trip to New York was covered by IIDF funds.

The meetings helped strengthen the support for the AgBC project in Ukraine and increased the awareness of the Government of Ukraine of the efforts exerted by USAID, IIDF and CARD to assist Ukrainian agricultural reform.

Mr. Gannon briefed Minister Udovenko on the progress of AgBC/White Church and the new CARD/IIDF initiative: U.S./Ukraine AgMEET. Minister Udovenko signed a letter in support of that new initiative addressed to USAID Administrator J. Brian Atwood (Tab 4, Appendix G).

It was especially encouraging that Minister Udovenko took a personal interest in AgBC/White Church and U.S./Ukraine AgMEET because he had been the director of a farm near White Church.

Following the meeting, Minister Udovenko sent a letter to Deputy Prime Minister Dr. Sabluk in which he outlined some issues that he thought the project should address (Tab 5, Attachment 8).

U.S./Ukraine AgMEET

Unprecedented opportunities to pursue the original AgBC objectives presented themselves in Ukraine. Thus, CARD/IIDF, Successful Farming/New Agribusiness and the Ukrainian Academy of Agricultural Sciences/Ukrainian Institute of Agricultural Economics developed an unsolicited proposal to USAID/Kiev: U.S./Ukraine Agricultural Marketing, Exports/Trade, Extension and Training (U.S./Ukraine AgMEET).

Marty Robinson, former VOCA/Ukraine Director, is drafting the final design for U.S./Ukraine AgMEET. Mr. Robinson networked with many USAID officials in Kiev and Washington as well as Ukrainian agricultural officials. Over 300 U.S. agribusinesses have been identified, qualified and contacted about AgMEET.

The Ukraine Foreign Minister and the Ukraine First Deputy Prime Minister for Agriculture have written USAID to ask that USAID/Kiev finance U.S./Ukraine AgMEET (Tab 4, Appendix G and Tab 5, Attachment 9). The proposal will be presented soon.

Conclusion

Under Grant #2, the AgBC Project trained eighteen Ukrainian agribusiness officials at CARD. The AgBC storage bins are operational and the dryer bin and extruders will soon be running.

The AgBC overcame major obstacles and is poised to start generating income. ROSS' investment as cost-share was substantial and will guarantee success. AgBC/White Church serves as a good example of using patience as a tool for success.

ROSS are ideal partners and the CARD/IIDF partnership with ROSS will continue after Grant #2. Grant #2 cost-share and cost-benefit greatly outweighed Grant #2 cost in Ukraine.

3. AgBC/Stavropol

Seminar Training on Grain Handling, Storage and Processing

Grant #2 continued the seminar program which had been started at the inception of the AgBC Project. A seminar on U.S. grain handling, storage and processing was held at the project's Egorlyk Farm in November, 1993. AgBC/Stavropol grain bins and extruder were used as demonstration models (Tab 6, Addendum Page 10).

Classroom part of the seminar was short, with most time devoted to hands-on equipment demonstrations. The seminar was taught by a company representative of Shivers, Inc., the manufacturer of the drying system of the grain bins, and a representative of Insta-Pro, manufacturer of the extruder. Of the fifty seminar participants, forty-five completed and returned questionnaires. All of them rated seminar usefulness, presentation effectiveness, and instructors' knowledge as "very good" or "excellent".

The hands-on format of the seminar was suggested by AgBC/Stavropol management. Experience accumulated by AgBC/Stavropol indicated that description of equipment capabilities would have a far greater impact during its actual operation, as opposed to conference room presentations. The seminar was recorded on videotape, which was later played to IIDF management, Shivers Inc. and Insta-Pro to demonstrate its effectiveness. The success of the June, 1994 No-Till Seminar was based upon the success of the November, 1993 seminar.

Stavropol Farm Managers Mission to Iowa

Managers of the two Stavropol farms, Chapaev and Egorlyk, that had participated in the project since its inception in 1992, were brought to Iowa on a training mission aimed at educating them about the functioning of U.S. agribusiness (Tab 1, Page 3).

In the course of their ten-day mission in December, 1993, the Stavropol farm managers visited eleven agribusiness locations across Iowa. A special emphasis was placed on production and processing of soybeans, which has always been the main focus of AgBC/Stavropol. Time was also spent discussing the problems of AgBC/Stavropol and creating a plan for better coordination between the management of Chapaev and Egorlyk farms and AgBC/Stavropol.

Grant #2 Crop Production

Harvesting of the 1993 crop fell within the scope of Grant #2, although planting was done under Grant #1. The Chapaev and Egorlyk farms planted 650 hectares of corn and 300 hectares of soybeans. AgBC/Stavropol project crops were planted after the farms had planted their own crops, which resulted in project crops having to catch-up to the Russian crops planted at the appropriate time (Tab 6, Pages 3-4).

Pioneer Hi-Bred seed corn and Stine seed beans proved themselves superior again, and most U.S. crops caught up with Russian crops by September. However, the Egorlyk farm, skeptical of eventual maturity of the AgBC project crop, chopped all project soybeans for silage in August, 1993 without consulting with AgBC/Stavropol management. This eventually benefited the AgBC because the estimated value of the chopped soybeans was used by AgBC/Stavropol in drafting contractual agreements with the Egorlyk farm in 1994 (Tab 5, Page 9).

The 1994 crop was planted using new U.S. equipment, purchased by Grant #2 and exported from Iowa (Tab 3, Page 2). As at AgBC/White Church, the 1994 AgBC crop was damaged by the most severe drought in years. Different areas went six weeks to four months without rain (Tab 4, Page 4). It is noteworthy that even under these severe conditions, AgBC/Stavropol project crops were showing much less moisture stress than Russian crops due to better seed and planting technology. Moisture was excessive, however, in November and December which greatly complicated harvesting and drying. The equilibrium moisture of the ambient conditions precluded natural drying.

Mr. Dunn's performance as AgBC/Stavropol U.S. Co-Manager was exceptional, in spite of uncooperative partners (Tab 4, Pages 9-11). A summary description of the problems with the Russian partners faced by Mr. Dunn was included in the FY94 Fourth Quarter Report (Tab 4, Page 4-11). In brief, Russian operators at the Chapaev and Egorlyk farms repeatedly misused equipment and ignored instructions of the AgBC U.S. Co-Manager Mr. Dunn. Most of the corn crop at the Chapaev farm was chopped for silage, though after notifying the AgBC/Stavropol project management. By contrast, operators at the private YK Farm, with which the AgBC signed a corn production contract in 1994, diligently followed Mr. Dunn's advice.

Losses occurred during corn harvesting due to lack of proper harvest equipment. Specifically, Russian shelling combines tend to crack too many corn kernels because the cylinder speed can not be set for "slow". Russian combines are just as ill-suited for harvesting soybeans and even detrimental if the crop is used for seed. Up to 30% or more of the crop is left in the field because harvesters do not have "floating heads" and the cylinder speed is poorly adjusted.

Services of a capable young Russian lawyer were employed to ensure that all provisions of the Russian law were included in the crop division contracts (Tab 1, Attachment 18). The contracts for both farms were almost identical and gave 100% of both the 1993 corn and soybean crop plus 100% of the 1994 corn crop to the farms while giving 100% of the 1994 soybean crop to AgBC (Tab 5, Page 9). The purpose of the exchange was to make the 1994 soybean crop available to AgBC for marketing as seed and feed.

An interesting lesson was learned that should be considered for future contract negotiations. Since the Egorlyk Farm traded their soybean crop while still in the field, they had no incentive to harvest it because it was no longer theirs. So they delayed harvesting and this resulted in a lower yield.

Experience of Grant #2 1993 and 1994 crop production indicates that U.S. seed varieties show better performance even under unfavorable growing conditions. Coupled with proper planting and harvesting technologies, superior U.S. seed genetics offer increased yield, quality and profits to Russian crop producers. Farms around Stavropol are paying higher prices for U.S. seed. Progress of privatization and increased efficiency of Russian farms has led to a greater demand for U.S. corn and soybean seed.

Grain Drying and Storage Bins

Assembly components for the grain drying and storage bins, manufactured by Shivers Inc., Conrad American and Sudenga Industries, were shipped to Stavropol (as well as to Ukraine) in the spring of 1993, under Grant #1. One dryer bin and four storage bins were assembled at two respective sites, Egorlyk and Chapaev farms, shortly after the beginning of Grant #2. The bins were used to store the 1993 and 1994 crop. Bin storage space was also leased from AgBC by a company from Iowa, RAAN USA, Inc., to store its 1993 Stavropol popcorn crop.

The dryer bin at the Egorlyk site was damaged by two explosions in November and December, 1994. These two incidents occurred after the wiring of the safety system had been altered to circumvent the gas shutoff system without the knowledge of Mr. Dunn (Tab 1, Page 2). IIDF investigated the incident and advised USAID. The Egorlyk farm only admitted partial fault, and given its financial situation, it could not bear the entire cost of repairing the bin. Following negotiations, an agreement to divide the cost of repairs between the Egorlyk farm, the bin manufacturer and IIDF was signed in April, 1994.

The U.S. grain drying and storage bins became instantly popular with the Stavropol farmers. The popularity was demonstrated by the fact that the cash-stripped Egorlyk farm agreed to come up with its one third, almost \$11,000, to cover the dryer repair bill. Perhaps a stronger indication of the popularity of the grain bin technology was the fact that the bin manufacturers, Shivers Inc., Conrad American and Sudenga Industries, have entered negotiations with Russian partners regarding the possibility of manufacturing and assembling of bin components locally (Tab 11, see Letters from Shivers, Sudenga and Conrad American). These are just three of the AgBC companies whose entry into the NIS market they themselves attribute to the AgBC Project (Tab 11, All Letters).

Oilseed Processing Equipment

Under Grant #1, one Insta-Pro Model 2500 extruder and one Model 900 cooler were shipped to AgBC/Stavropol and placed at the Egorlyk farm. Grant #2 called for expanding AgBC/Stavropol's oilseed processing capabilities. To achieve this, one Insta-Pro Model 2000 extruder, two Model 1500 oil presses, one Model 900 cooler, and auxiliary parts were purchased and exported by Grant #2.

Soybean processing facilities became pioneer ventures in the process of restructuring inefficient NIS grain utilization and animal feed systems. In animal feeding, one half ton of soybean meal obtained through extrusion produces the same results as two tons of grain. In addition to soybean meal, soybean extrusion yields food-grade soybean oil for human consumption without need for further processing (Tab 2, Page 10).

The Grant #2 shipment of Insta-Pro equipment was temporarily placed into storage at the Stavropol Scientific Research Institute of Agriculture because IIDF did not feel that the Egorlyk and Chapaev farms could utilize it efficiently. Egorlyk started its Grant #1 extruder and cooler but failed to continue operation. Egorlyk management wanted to wait until a new building was built to house the facility. The new building was to be clean enough to process food-grade soy oil.

To achieve the greatest Grant #2 market promotion impact, Grant #2 Insta-Pro equipment will be placed at a private agribusiness operation where it will be in constant operation and well maintained. The equipment can extrude all types of oilseeds, including soybeans, sunflower, field peas and rape seed.

U.S. Planting Equipment Purchases

At the beginning of Grant #2, AgBC/Stavropol had in its possession one Kinze planter and one Broyhill field sprayer. Grant #2 market promotion and training programs called for additional planting machinery to be used during planting operations and for demonstration purposes. AgBC/Stavropol experience was taken into account when identifying the equipment. Mr. Dunn's previous experience at AgBC told him that the Grant #1 Broyhill sprayer was not built heavy enough for use on the rough Russian fields.

Grant #2 paid for a major capital investment in AgBC. In March, 1994 three 40' containers left for Stavropol carrying the following equipment: two Kinze 2000 eight row (70 cm) planters; one 20 ft. John Deere 750 (19 cm row spacing) no-till drill; one Ritchie Bestway 1000 field sprayer with a 60 ft. wheel boom; and undercarriage to retrofit the existing Broyhill 750 gallon field sprayer. Also included were 1,350 fifty-pound bags of Stine soybean seed (Tab 3, Page 2).

No-Till Seminar Trainees

This new equipment was successfully used during 1994 planting operations and June, 1994 No-Till Seminar. The No-Till seminar was held at AgBC/Stavropol June 14-16, 1994. The following companies, recruited by IIDF, attended and presented marketing, educational and training seminars: John Deere, Kinze, Monsanto, Uniroyal Chemical, Cargill Seeds, and ICI Seeds (Tab 3, Page 3 and Attachment IV).

The seminars attracted 310 farm leaders from around Stavropol krai. They showed great interest in the seminar focus: no-till farming and conservation tillage. John Walter, Senior Editor of Successful Farming and Co-Editor of New Agribusiness, attended the seminar to report on it for New Agribusiness, a seed broker from Iowa investigated the AgBC's seed potential, a VOCA representative spoke about VOCA programs, and a DAI consultant from Washington, D.C., networked participants.

Farm implements owned by AgBC/Stavropol were demonstrated: the John Deere no-till drill, one of the Kinze planters, and the Ritchie field sprayer. Questionnaires were distributed to all participants and 104 were completed and returned.

A summary and analysis was made of the returned questionnaire data. It deserves special attention and a close reading because it reveals valuable information and contains a large amount of data (Tab 3, Attachment V).

The most significant finding for IIDF, because of our ability to recruit U.S. manufacturers, is that almost 75% of the respondents stated that within two years they were planning to purchase U.S. agricultural machinery, seed and/or fertilizer.

The No-Till Seminar delivered a tremendous punch for the Grant #2 workplan. Grant #2 training goals were realized by the large U.S./NIS scope, objectives achieved and output of the No-Till Seminar. Major U.S. agribusinesses traveled to Stavropol to participate and this significant cost-share has never been calculated. Companies have reported sales because of the seminar, the AgBC Project and New Agribusiness (Tab 10).

Feed Trials for Cattle, Hogs and Poultry

AgBC/Stavropol, in conjunction with Triple "F"/Insta-Pro, arranged with the Stavropol Scientific Research Institute of Livestock Raising and Feed Production to conduct three separate feed trials for swine, livestock and chickens (Tab 3, Pages 3-4 and Attachment VI).

The cost of the trials was \$6,000. Triple "F"/Insta-Pro provided \$3,000 and IIDF provided the remaining \$3,000 with Grant #2 funds. Triple "F"/Insta-Pro also supplied 60 fifty pound bags of Vitamin-Trace Mineral Premixes to be used during the trials. The trials were conducted from June to October, 1994 (Tab 5, Pages 13-14 and Attachment 20). In all three cases, the improved rations resulted in lower mortality rates and higher slaughter weights. The feed trail final reports are very detailed and worth dissemination.

Properly formulated feed rations, containing protein-rich soybean meal and feed premixes, are key to a dramatic reduction in wasteful use of grain as feed and an increase in animal production output. By demonstrating it conclusively, the feeding trials were an important and successful part of Grant #2 training/marketing by the AgBC Project and its companies.

AgBC Corn Contract with 12 Private Farmers

In May, 1994 AgBC/Stavropol signed an agreement with a group of private farmers, known as the "YK Farm". The group consisted of twelve private farmers who had combined their assets and talents in early 1992 to operate a truly private farm. Six of the twelve were agricultural engineers with a variety of education and experience in agricultural production, marketing, and equipment engineering (Tab 3, Page 4). The YK farmers owned nearly 700 hectares of land on which they planted winter wheat and corn (Tab 5, Page 12).

YK Farm contracted with Mr. Dunn and AgBC/Stavropol to grow 90 hectares of corn. AgBC/Stavropol provided fertilizers, Harness herbicide, the Broyhill sprayer, and one Kinze planter. YK Farm provided land, labor, fuel and other machinery. Under the contract, YK Farm received 75% of the crop and the AgBC 25% (Tab 3, Attachment VII). Depending on the price of corn, AgBC will recover more than its investment, even with the sharp fall of the ruble against the dollar during the last quarter of Grant #2.

The crop was affected by extremely dry weather, but was still better than at the surrounding big farms. The YK farmers expressed their intention to continue working with AgBC/Stavropol. Cooperation with and support for YK Farm reflected AgBC/Stavropol's efforts at achieving one of the Grant #2 objectives: support the transition of the NIS agriculture to a market economy.

Marketing of AgBC Soybean Crop

Grant #1 and Grant #2 gave AgBC/Stavropol sufficient crop production experience to draw definite conclusions regarding the adaptability of specific soybean varieties to Stavropol's growing conditions. AgBC/Stavropol's experience has been corroborated by the experience of Instek Co., the official representative of the Monsanto Group in the North Caucasus region.

Crop production results showed that the best variety was Stine 1480. Average yields with Stine soybean genetics were 32 centaus per hectare, which was significantly higher than what Russian genetics were capable of producing (Tab 5, Page 10). The AgBC effort to introduce high-yield U.S. seed varieties spearheaded the effort of creating in Stavropol and surrounding states a market for U.S. soybeans and agricultural inputs needed to produce and process the beans.

The AgBC/Stavropol marketing plan for soybeans explored all routes. International companies expressed interest to IIDF to sell soybeans as seed to Central and Western Europe, capitalizing on the lower costs of land and labor in Russia. In fact, Monsanto used a similar sales strategy for Russian-grown soybeans by providing the necessary chemicals and soybean growing technology (Tab 5, Page 10). Agro Iowa, RAAN USA and W.J. Export-Import spoke about this option (Tab 5, Page 22). If some of the soybeans, for whatever reason, lacked the necessary quality to be used as seed, which was the case with part of the 1994 soybean crop, they could be sold as feed.

The more solid option for AgBC involved the creation of a stable soybean market in the North Caucasus, which includes Stavropol krai, by expanding the soybean processing capabilities (Tab 5, Page 11). To achieve that, IIDF actively assisted Triple "F"/Insta-Pro in its efforts to market and sell oilseed processing equipment. In this respect, the AgBC extruders served as an important market promotion function. AgBC/Stavropol is due much of the credit for promoting and marketing the idea of soybean extrusion in North Caucasus.

Iowa-based Agro Iowa created and made a substantial investment in a subsidiary in Stavropol to take over the AgBC soybean seed program. At a considerable investment, Agro Iowa has registered four varieties of Stine soybeans in Russia and three Stine varieties in Ukraine (Tab 5, Page 14). A recent inquiry may lead to a \$500,000 sale of Stine seed for Agro Iowa (Tab 10, Stine Seed Co. Letter).

AgBC Staff

As AgBC/Stavropol has been successful in assisting the marketing efforts of U.S. agribusinesses, especially Iowa agribusinesses, IIDF and the State of Iowa will continue to provide support for AgBC/Stavropol after Grant #2. The AgBC future lies in privatizing production phases, marketing its resources and commercial potential, and servicing individual U.S. and NIS agribusinesses (Tab 5, Pages 17-19). To this end, staff changes took place in February, 1995.

IIDF did not renew its contracts with AgBC/Stavropol Administrative Director, Pavel Sedine, and Marketing Director, Sergei Boudzinski. A former CARD student in marketing, Igor Terebilenko of Stavropol, will lead AgBC. He is a recent member of Dr. Ludmila Petrova's Stavropol Scientific Research Institute of Agriculture. Mr. Terebilenko currently has a short-term contract in the international department of the Stavropol branch of Tokobank, one of the oldest and largest privately-owned banks in Russia.

AgBC/Stavropol Accountant, Irina Savchenko, retained her position and was assigned new administrative functions after the departure of Mr. Sedine. Ms. Savchenko works part-time for a private trading company, which signals the close ties of AgBC to the Stavropol agribusiness community. The skills of the new staff add significant value to the potential of AgBC/Stavropol. It is expected that with an experienced and driven staff, AgBC/Stavropol will soon realize commercial results.

Conclusion

Under Grant #2, AgBC/Stavropol conducted successful planting and harvesting seminars using U.S. farm technology and equipment. Crop production underscored the importance of correct application of U.S. agricultural inputs. Grain drying and storage bins became operational at the beginning of the grant and were successfully used throughout Grant #2.

Oilseed processing equipment was operated and being readied for private leasing. Soybean extrusion technology was marketed in the North Caucasus. Feeding trials accomplished the goal of demonstrating the value of a properly formulated diet. AgBC/Stavropol cooperated with a private farm in corn production. No-till planting equipment and technology were found to be highly effective under Stavropol conditions.

IIDF actively supported the efforts of U.S. agribusinesses aimed at probing trade possibilities in the Russian market. AgBC generated income by leasing grain bin storage during Grant #2. AgBC income will continue to be generated by equipment leasing and soybean marketing. A more commercially-oriented staff has taken over AgBC.

4. CARD/IIDF

U.S./NIS Commercial Activity Created

IIDF succeeded in attaining the Grant #2 objective of providing U.S. and NIS agribusinesses commercial opportunities in large part because of its cooperation with New Agribusiness. Several of the companies advertising in Issue #1 have reported to Co-Editor John Walter (Tab 10, Successful Farming Letter) an increase in commercial activity as a result of Issue #1:

* Tyler Manufacturing, Benson Minnesota, reported a potentially large sale of its sprayers for conservation tillage systems. The lead was generated from a half-page "advertorial" in New Agribusiness Issue #1. Issue #2 will contain four pages from Tyler. This success story, which involves two engineers from Minsk, Belarus, has been reported in the pages of Successful Farming (January 1995, Pages 46-47).

* The Iowa-based grain storage and handling equipment manufacturers - Shivvers, Sudenga, and Conrad American - are exploring a possible sale and demonstration project near Saratov, Russia, in part as a result of their New Agribusiness involvement.

* Monsanto is helping with distribution of New Agribusiness, because the publication offers the company a unique information environment in which to present detailed information on conservation tillage systems. Based on its positive experience, the company will present four pages in Issue #2, versus two in Issue #1.

* Uniroyal, likewise, based on the favorable response to New Agribusiness Issue #1, will help with distribution of Issue #2.

* Kinze Manufacturing is expanding its description of their no-till planter in the publication based on the favorable response of buyers to the company's four-page insert in Issue #1.

It is clear commercial activity has been created by AgBC and New Agribusiness. However, to measure the increased activity in dollars is difficult because of the reluctance of the companies to volunteer the information.

Triple "F"/Insta-Pro was able to market its soybean extrusion technology with hands-on equipment demonstrations during seminars and feed premixes during feeding trials organized by AgBC. In addition, Insta-Pro credits AgBC and IIDF in helping it arrange "... several good contracts..." (Tab 10, Insta-Pro Letter). A bare-bones Insta-Pro extruding facility can cost over one hundred thousand dollars.

New Agribusiness Issue #1 introduced and AgBC assisted one of the advertisers, Clean Burn, to establish a distributorship in Stavropol (Tab 5, Page 16).

Iowa-based Agro Iowa created and made a substantial investment in a subsidiary in Stavropol to take over the AgBC soybean seed program. At a considerable cost, Agro Iowa has registered four varieties of Stine soybeans in Russia and three Stine varieties in Ukraine (Tab 5, Page 14). A recent inquiry may lead to a \$500,000 sale of Stine seed for Agro Iowa (Tab 10, Stine Seed Co. Letter).

Elite Genetics began negotiations with the Stavropol-based All-Russian Sheep and Goat Breeding Institute (VNIIOK) on the establishment of a joint Russian-American school of ovine genetics (Tab 10, Elite Genetics Letter and E-mails).

In the 1993 AgBC Final Report, Des Moines-based Pioneer Hi-Bred International, in conjunction with AgBC, had 1992 NIS sales of \$4.8 million (Tab 4, Appendix M). As reported to IIDF, Pioneer Hi-Bred's 1994 NIS sales were \$21.5 million. Pioneer Hi-Bred has been associated with AgBC since its inception. Pioneer had a 2-page advertisement in New Agribusiness Issue #1 and will have a 2-page advertisement in Issue #2. The NIS sales of Pioneer Hi-Bred International during Grant #2 represent a decisive cost-benefit.

U.S. seed from Pioneer Hi-Bred International, Stine Seed Company, and ICI Group, set new standards for crop yields despite adverse weather conditions and inept handling by big former state farms. This will cause increased sales of U.S. seed.

The nature of the AgBC/Stavropol as an on-going project allowed John Deere, Kinze, and Ritchie Bestway to prove the effectiveness and superiority of their equipment under realistic field conditions.

A large number of potential Ukrainian and Russian customers were introduced to the capabilities and quality of U.S. seed and farm implements at both AgBCs.

A strong indication of the popularity of the grain bin technology is the fact that the bin manufacturers, Shivvers Inc., Conrad American and Sudenga Industries, have entered negotiations with Russian partners about the possibility of manufacturing and assembling of bin parts locally (Tab 10, see Letters from Shivvers, Sudenga and Conrad American).

1993 & 1994 IIDF Financial and Compliance Report

It is the unqualified opinion of the certified public accounting firm of McGladry & Pullen, LLP that the 1994 IIDF Financial and Compliance Report, presents fairly, in all material respects, the financial position of IIDF (Tab 11). However, there were two immaterial findings (Tab 11, Pages 20 and 21).

Page 20 deals with Mr. Dunn's expense receipts that were stolen at the Moscow airport. IIDF will implement a policy that will do all possible to keep this from happening again. Page 21 deals with the need for IIDF to have a provision in its drug policy specifying actions that will be taken against IIDF employees in violation. To rectify this, IIDF has adopted the State of Iowa drug policy.

The 1994 audit found all prior year audit conditions rectified. This speaks well of Mr. Gannon, who took over as IIDF Executive Director on January 26, 1994. The 1994 audit period represents almost his first year as executive director. His achievements demonstrate unique skills in project planning, administration, and personnel management, while being results-driven and focused on assisting to introduce and promote U.S./NIS agribusiness joint ventures, trade and investment.

IIDF Board and Management

In a successful effort to improve the quality of IIDF management, Mr. Gannon was appointed executive director in January, 1994. Mr. Gannon has extensive knowledge and experience in agricultural development and international trade. His Peace Corps service included projects with USAID/Afghanistan and USAID/Mali. He owned and managed an export/import company in the United States and spent a year in Africa with it. He spent three years with the Iowa Department of Agriculture as International Trade Specialist for Value-Added and Food Ingredients Exports before resigning to take a personal services contract with USAID in Africa (Tab 2, Page 1).

The policy-making IIDF Board of Directors underwent changes as well. Co-Chair John Chrystal resigned in August, 1994. The terms of other Board members expired at the end of December, 1994. At a meeting of the Board's Executive Committee, it was decided to reduce the number of Board members to an effective number and elect a new Board.

The new Board members are: CARD Director Dr. Stanley R. Johnson and Michael Doyle, International Administrator for the Iowa Department of Economic Development (Tab 5, Page 20). IIDF's new policy-making board and management are due much of the credit for Grant #2 attaining its goals.

Total AgBC Project Financing

The AgBC Project was started as part of a broad initiative in Iowa to provide support for the political and economic reforms in the former Soviet Union, while encouraging U.S. agribusinesses to identify and evaluate trade and commercial opportunities.

The initiative to establish the AgBCs in the NIS has been supported by private U.S. agribusiness contributions, the State of Iowa, CARD/IIDF, and three federal grants. To date, funding for AgBC has been provided from these sources:

1. The U.S. Trade Development Program [now U.S. Trade and Development Agency (TDA)] provided the start-up grant of \$500,000 in 1992.
2. The U.S. Agency for International Development (USAID) followed with two grants: USAID Grant #1 of \$500,000, and USAID Grant #2 of \$752,231, for a total of \$1,252,231.
3. Since 1991, the Iowa Legislature has appropriated State of Iowa funds to finance the Centers totaling \$1,095,500. This has been supplemented by a \$250,000 contribution by CARD/Iowa State.
4. Commercial investment in the project to date has totaled \$3,057,987.

Overall investment provided for the development of the AgBCs totals \$5,905,218, with \$1,752,231 or slightly less than 30%, obtained from TDA and AID grants.

However, Grant #2 saw considerable additional cost-share from NIS partners, U.S. agribusinesses and the State of Iowa that was never calculated.

The AgBCs represent an established initiative with timely developmental and commercial objectives, funded to a significant extent by private and state-level participants.

The AgBCs are established and have completed the legal documents and registrations for functioning on a purely private basis. The installation of storage and processing equipment incorporating U.S. technologies and technical services is complete.

The AgBCs are well positioned to undertake new initiatives as each AgBC is headed in its own unique and separate direction. AgBC/White Church is ideally poised to impact Ukrainian agriculture, at this rare moment in history, with U.S./Ukraine AgMEET. AgBC/Stavropol has already started to evolve into a trade center, assisting U.S. and local agribusinesses. Since 1988, the Iowa/Stavropol Sister State partnership has done much in the areas of culture and education that have helped to create a friendly trade environment.

5. Grant #2 Evaluation

USAID Grant #2 was awarded for the CARD/IIDF unsolicited proposal entitled "U.S. Agribusiness Centers in the NIS", dated March 12, 1993. The USAID Grant #2 award in the amount of \$752,231 is dated August 3, 1993 (Tab 12).

USAID Grant #2 was to support the second year of the AgBC Project. As stated in the award, the broad program goals were as follows:

1. Support the restructuring of state and collective farms by providing training programs on modern management methods and market economic organization.
2. Help to rationalize the pricing system by increasing the availability of technology that will better utilize local resources and generate expanded local marketing opportunities.
3. Demonstrate the value of U.S. technology, equipment, products, and methods by increasing the efficiency of agricultural production and processing in the immediate region of each Agribusiness Center through the use of such U.S. technology, equipment, products, and methods of management, production, and processing.
4. Support U.S. exports, trade, and investment by providing U.S. companies with a means to demonstrate their products and services in a practical agriculture system and by providing them with access to agricultural decision-makers in Russia, and the Ukraine.

USAID oversight and assessments throughout the life-of-project permitted the redirection of resources to meet the changing circumstances and needs of the AgBC Project.

An evaluation of the AgBC Project will show that all goals were achieved, but not without initial problems. There was a redirection of resources and the implementation of a major project component that was envisioned conceptually but never specifically referred to in the proposal nor award; that being New Agribusiness. Grant #2 commercial goals associated with New Agribusiness were achieved beyond expectations.

USAID's confidence in the new IIDF board and management was demonstrated by its granting two no-cost extensions. The unqualified 1994 IIDF Financial and Compliance Report, which rectified all prior year audit findings, is solid evidence of IIDF's ability to administer USAID grants.

Although AgBC did not purchase all the equipment listed in the award, the no-cost extensions allowed for resources to be redirected to meet changing circumstances. AgBC did not do all it said it would, due in large part to unrealistic workplans, the slow pace of local business, and lack of professionalism by the first U.S. Co-Managers.

At the beginning of Grant #2, the U.S. Co-Manager of AgBC/Stavropol was Mr. Phil Leino. His performance was questionable, as it was reported he seldom visited the farms. He did not attempt to complete some workplan tasks and had little to show as output. He made the mistake of talking about everything and doing little about anything. The situation was rectified when his contract was not renewed and Mr. Dunn replaced him.

Mr. Dunn's performance was exemplary, even in the hostile working environment created by the Russian partners. Having the wrong partners assigned to AgBC/Stavropol by the Stavropol krai administration was the biggest failure in Russia.

Patience and the proper criteria must be used when choosing a NIS partner. Fortunately, AgBC/White Church chose the right partner. Mr. Wampler's performance was less than satisfactory, and many times damaging. He was unqualified for this unsupervised position and should not have been hired. Even still, AgBC/White Church, because of its cooperative partner, is a success story. The substantial long-term investment by ROSS will guarantee AgBC sustainability for years to come.

It is the opinion of this investigator, that the AgBC proposal was unrealistic. It was too aggressive, overly optimistic and possessed a naive view of the commercial viability of the project, local market circumstances, and speed at which developmental changes are made. In spite of an unworkable workplan, as laid out in the proposal, AgBC overcame numerous obstacles to implement a workplan that did achieve the original objectives.

This investigator observes that although the original unsolicited proposal came from CARD and IIDF, USAID awarded Grant #2 only to IIDF. This observation must be qualified by admitting all facts about the reasoning for the decision are not known. Some initial grant problems could have been averted if CARD had been the prime contractor. This has been rectified with the new CARD/IIDF project: U.S./Ukraine AgMEET.

CARD is the prime contractor for U.S./Ukraine AgMEET. The subcontractors are IIDF, Successful Farming/New Agribusiness, UIAE and UAAS. U.S./Ukraine AgMEET will continue to aid the commercial activity started by Grant #2. It would be unfortunate if USAID/Kiev did not fund U.S./Ukraine AgMEET, if only for its commercial value.

New Agribusiness had and will continue to have the biggest impact of Grant #2. The magazine, if it continues, will have a greater impact than any other U.S. agribusiness effort in the NIS. New Agribusiness received its first USAID funds from Grant #2. The magazine was incorporated into the AgBC Project because it met and satisfied many of the AgBC workplan needs towards achieving AgBC goals.

Grant #2 is justified by its cost-share alone, the cost-share of both AgBC U.S. agribusinesses and the AgBC Ukrainian and Russian partners. It can be successfully argued that AgBC's association with New Agribusiness and resulting commercial activity will increase the grant's cost-benefit more than enough to also justify Grant #2. Therefore, Grant #2 cost of \$752,231 is justified and matched many times over by Grant #2 cost-share and cost-benefit.

In fact, the real Grant #2 end cost-share is estimated to be at least 2-3 times greater than Grant #2 cost. This is an estimate because of the difficulty in calculating a real cost-share. Grant #2 cost-benefit is even more difficult to estimate, and even more so for the long-term, because of the reluctance of U.S. agribusinesses to report sales. However, some of the AgBC U.S. agribusinesses have been willing to credit the AgBC for an increase in immediate and future commercial activity (Tab 10).

The American tax payer and USAID got their money's worth with Grant #2. The American tax payer would be satisfied to know that Grant #2 increased and will continue to increase U.S. agribusiness exports. USAID should be satisfied with Grant #2 output, both developmentally and commercially. USAID's investment of \$752,231 resulted in a substantial return on investment, and will continue to produce returns for years to come.

TAB DIRECTORY

1. FY94 First Quarter Report
2. FY94 Second Quarter Report
3. FY94 Third Quarter Report, with Attachments
4. FY94 Fourth Quarter Report, with Appendixes
5. FY95 First Quarter Report, with Attachments
6. Final Report to USAID Grant #1, with Addendum
7. American Soybean Association "No Objection" Letter
8. "USAID/WESTNIS Training Program for Ukraine" Report
9. AgBC U.S. Agribusinesses Ads in New Agribusiness Issue #1
10. AgBC U.S. Agribusiness Letters Citing Trade Results of AgBC Project
11. 1993 & 1994 IIDF Financial and Compliance Report
12. USAID Grant #2 Award to IIDF

IOWA INTERNATIONAL DEVELOPMENT FOUNDATION

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**First Quarter Activities Report
Grant Inception (September 30, 1993)-December 31, 1993**

Ukraine Site: White Church

A. Corn Crops

Harvest of the corn crop began in early October. There was expected to be an overall average yield of seventy centners per hectare which is approximately twenty centners higher than the average yield for this area. However the yield reported by the farms were much less. At the present time, three hundred metric tons of corn have been delivered to the Agribusiness Center and it is believed that another eighty tons will be delivered in the very near future. This amount is close to half of what we should have received.

B. Soybean Crops

Due to an early frost in Ukraine, the soybean crop was damaged. Against the wishes of the American manager of the Agribusiness Center the soybean crop was subsequently chopped for livestock feed.

C. Soybean Oil Processing

The American manager has made contacts and gathered information in Ukraine on soybean oil processing which is the next proposed venture of the Agribusiness Center. He will be returning to the United States on January 13th, 1994 and will have several meetings with companies here which will possibly be involved in the ordering and shipping of this soybean oil processing equipment to Ukraine. The American manager will then return to Ukraine on January 31st, 1994.

Russian Site: Egorlyk Farm

A. Corn Crops

As of December 11, 1993 all of the corn crops from this farm have been harvested. The estimated field averaged 130 bu/A with the full season variety (Cecilia) yielding about 140 + bu/A and the shorter season variety (Martisa) yielding from 110-120 bu/A. There were some harvest and handling losses.

B. Grain Bins

The grain drying bins on this site suffered some unexpected damage this quarter. Two explosions occurred in the bins at the farm, one on November 19, 1993 and one on December 5, 1993. These two incidents occurred after the wiring of the safety system had been altered to circumvent the gas shutoff system. Apparently one burner of the drying bin kept turning off at night and the Russian operators decided, without consulting the American manager, to keep the gas on by wiring around the safety system. It is possible that during this cold period (10 Degrees Fahrenheit) the nighttime gas pressure was reduced and the flame detector got cold enough to shut the system down as it is

designed to do. Because the gas had been tampered with, the flame detector no longer shutoff the gas when the flame went out and subsequently gas built up in the bin ultimately resulting in an explosion. The Russian operators failed to reinstall the safety system after the first incident therefore resulting in the destruction of the bin in the second explosion. The American manager of the Egorlyk Farm is certain that the safety systems were discussed in great detail with the Russian managers and believes that it is not a lack of knowledge of these safety systems that caused this incident.

Chapayev Farm:

A. Corn Crops

The Chapayev farm had approximately 40 ha left on December 11, 1993. (A few days before our American Manager returned to the United States) Again this farm used a corn picker followed by a Don 1500 combine to shell the corn. Unfortunately, much loss occurred during handling. It is estimated that the field yield averaged 110 bu/A on this non-irrigated farm. A portion of this corn has been fed and the rest is being dried and stored in the on-site bins.

B. Grain Bins

There have been no problems with the bins on this farm to report. Currently the newly harvested corn is being dried and stored in the grain bins.

Stavropol Farm Managers' Visit

Vladimir Savchenko and Mikhail Baranov, managers of the Egorlyk and Chapayev Farms, respectively, visited Iowa on November 30, 1993- December 10, 1993.

Discussions were held concerning the specifications of planting and grain processing equipment that is planned to be shipped to Stavropol in January and February of 1994. They were also taken on industry and farm tours to eight different facilities.

A special emphasis during the visit was placed on soybean oil production which is the next major venture of the Agribusiness Centers. At the present time, soybean (as well as sunflower) oil production constitutes one of the most profitable lines of activity in Russian agriculture.

Much time was devoted to discussing the problems which have been encountered by the Agribusiness Center in 1993. Mr. Savchenko and Mr. Baranov were not discouraged by them and rated the whole project as very useful.

Second Quarter Report
U.S. Agribusiness Centers in the NIS Grant Number
CCN-0006-G-00-3127-00
January - March 1994

I. Project Overview

The Iowa International Development Foundation (IIDF) has made significant strides during the second quarter toward fulfilling its two complementary goals of: 1) supporting the reform of the agriculture and food systems in Russia, Ukraine, and other former Soviet republics through direct education and training and by examples provided by U.S. agribusiness activities and, 2) supporting the efforts of U.S. companies interested in entering the NIS markets by demonstrating their products and technical expertise at the Agribusiness Centers. IIDF focused second quarter efforts on:

- restructuring the project's management and organization
- securing necessary planting and processing equipment and crop inputs
- working with Russian and Ukrainian government officials to assure continued support
- planning training seminars
- promoting the project's goals and activities.

Management and Organization

In an effort to improve the quality of the project's management and reporting, the IIDF hired Dick Gannon as its new Executive Director. Mr. Gannon has extensive experience in agricultural development and international trade. As a Peace Corps Volunteer in Afghanistan, Mr. Gannon was assigned to work with USAID/Afghanistan agricultural officers in the Helmund River Valley Project in southern Afghanistan. He transferred to Africa and as an agricultural Peace Corps Volunteer in Mali, Mr. Gannon wrote and was received grants from USAID/Mali. After the Peace Corps, he returned to Mali with his own import/export company for a year, with a focus on African agricultural exports. Subsequently, the Iowa Department of Agriculture employed him as International Trade Specialist/Value -Added and Food Ingredients Exports. Mr. Gannon traveled abroad extensively, attending food/ingredient trade shows to represent major U.S. agribusinesses: ADM, Cargill, Land O' Lakes, and others. After serving with the Iowa Department of Agriculture, he took a personal services contract with USAID/Niger where he managed a \$23 million agricultural export program.

IIDF has further changed the management of its Agribusiness Center in Stavropol (ABC/S). Phil Leino stepped down as the U.S. Co-manager of ABC/S at the end of January, when his contract ended. His replacement, Tom Dunn, began working for IIDF on February 23. Tom Dunn has had extensive experience of working in Stavropol over the past two years, including the position of ABC/S Co-manager. Complementing his first-hand knowledge of the farms, Russian agricultural equipment, and the growing

season in Stavropol, Tom Dunn also has a diversified engineering background which is essential to keeping farming equipment operational during the planting and harvesting seasons. He has a B.S. in Agricultural Engineering and over a decade of practical farming experience.

In addition to changes in personnel, the ABC/S modified its Russian organizational structure and registration to represent more accurately the educational nature of the project. The Foundation's Agribusiness Center in White Church, Ukraine (ABC/W), continued to take shape administratively. A bookkeeper was hired and financial records were organized. The Center also got an official seal (an absolutely necessary item under local procedures to conclude any contract) and opened its own bank account.

Equipment and Crop Inputs

As in 1992 and 1993, the Agribusiness Center project will plant 3600 acres of corn and soybeans this year. Throughout the winter, the IIDF concentrated on securing the appropriate equipment and crop inputs. Purchases included planters, a no-till soybean drill, a field sprayer, extruding equipment, seed corn, soybean seed, herbicides, insecticides and office equipment. (See Section III for details on the equipment). This year, for the first time, the project has the necessary complement of machinery, proper genetics and herbicides to fully utilize U.S. agriculture technology in the production of corn and soybeans in Stavropol, Russia.

Government Support

IIDF has been active in promoting the application of the Agribusiness Center model to other regions of the former Soviet Union. At the Russian government level, John Chrystal, Co-Chair of IIDF, has several meetings a year with such high-positioned officials as Deputy Prime Minister Alexander Zaverukha (who oversees government agricultural programs) and Minister of Agriculture Victor Khlystun. He met with them in January after the ABC/S' annual Board of Directors meeting. Presently, Agribusiness Centers are under consideration for regions of central Russia and the Far East.

In Ukraine, the Agribusiness Center in White Church received much government attention as well. In August, 1993, Prime Minister Kuchma's visit to ABC/W was nationally televised. Organizationally and structurally, ABC/W is regarded as a progressive pilot project by major U.S. and international development organizations. Citizens Network pays close attention to the progress of the center to use its experience in their own projects. World Bank officials visited the ABC/W site in April, 1994, and consider it a possible model for the Bank's agriculture restructuring program in that country.

Training Seminars

Educational programs are part of the Agribusiness Center project and they have evolved with the Centers. Based on its experience with educational seminars held in 1992 and 1993, IIDF has concluded that the most effective format for training courses is one which allocates at least half of the time to hands-on field equipment demonstrations. As a result, IIDF initiated plans to hold "Field Days" seminars in Stavropol in June of this year. The seminars will focus on planting techniques and will feature representatives from participating U.S. companies to demonstrate their equipment and technologies.

Promotional Activities

IIDF and Successful Farming magazine are cooperating to promote the Agribusiness Centers and their participating U.S. companies. Successful Farming, the largest U.S. paid agricultural publication, teamed up with a large Russian agricultural magazine, Farmer, to create a totally new publication to address various aspects of private farming. This new Russian-language magazine, New Agribusiness, will be published in Moscow and have a circulation of 50,000 copies. Three issues will be printed in 1994.

New Agribusiness will be disseminated throughout the NIS. The publication will address practical issues of running a private farm in the post-Soviet environment. It will cover the activities of both Agribusiness Centers as pioneers in the field of agriculture and food systems restructuring. Its targeted audience includes emerging private farmers and managers of newly privatized state farms. The publication has received considerable support from U.S. agriculture-related companies, including such giants of the agribusiness industry, as Pioneer Hi-Bred and Cargill.

II. Work Plan Activities

Stavropol Site:

The work plan for ABC/S includes five major areas of activity:

- soybean production
- corn production
- livestock production
- grain handling and storage
- training programs.

The most urgent priorities for the past quarter were the identification of the necessary planting equipment and soy processing equipment, and selection of the appropriate accessories and of a comprehensive package of repair/replacement/service parts. Additionally, the selection of corn and soybean seed varieties suitable for the Stavropol conditions was necessary at this time to ensure availability of the desired

varieties in Stavropol at planting time. In selecting the equipment and inputs, IIDF was able to apply the knowledge that it has gained through the prior two years of experience, including: the actual length of the growing season; the level of experience and efficiency of the laborers provided by the cooperating farms; responsiveness of the regional government to requests of ABC/S managerial staff.

In February and March, the staff of the Iowa International Development Foundation made the necessary purchases and organized the shipment of equipment and seed to ABC/S. The container with Insta-Pro equipment was loaded on February 16. In addition to the extruder, oil presses, screw conveyers and spare parts packages, sixty bags of Triple "F" Nutrition feed premixes were loaded into the container to be used for the Stavropol livestock feeding demonstrations. IIDF Executive Director, Richard Gannon, and Program Manager, Andrei Koudriavtsev, were present during the loading of the container to ensure proper securing of all materials inside the container. The container was shipped by Sea Land shipping company via the port of Riga, Latvia. It arrived in Riga on March 22 and in Stavropol in April.

Thomas Dunn, the new U.S. Co-Manager and crop specialist, arrived in Stavropol on March 27, 1994.

1) Soybean Production

IIDF has implemented plans for soybean production without any modifications. In accordance with the work plan, preparations for the 1994 soybean planting season were made in March, the last month of this reporting period. Throughout the quarter, Mr. Dunn maintained contact with the Chapaevskoye and Egorlykskoye Farms to ensure the allocation of necessary acreages for no-till planting of soybeans, planned for the 1994 planting season. Upon arrival in Stavropol, Mr. Dunn finalized plans for planting soybeans over the course of meetings with the Directors of the Chapaevskoye and Egorlykskoye Farms. Planting is due to begin in early May.

2) Corn Production

Preparations for the 1994 corn production went according to the work plan. In February and the first two weeks of March, Mr. Dunn worked with IIDF Des Moines specialists to secure the timely delivery to Stavropol of the necessary corn crop inputs for the beginning of the planting season. He finalized preparations for planting upon his arrival in Stavropol. Mr. Dunn has encouraged Russian crop specialists to provide their suggestions and recommendations on possible improvements in planting practices. The Russian and American co-managers are targeting early May for the start of the planting season.

3) Livestock Production

Livestock production was scheduled to begin in March at the Egorlykskoye Farm facilities. This program has been postponed as a result of consultations between the Egorlykskoye Farm management and IIDF project staff. The reason for postponement was timing: beginning the feeding demonstration at the start of the planting season would have resulted in the farms' inability to devote the needed attention and resources to the feeding demonstrations. Furthermore, postponing the start of the program will allow time for the second shipment of extruding equipment to be installed, thereby providing full capacity extruding for the project.

The ABC/S has tentative plans to start the feeding demonstrations in late June, following the Field Days seminars. The Foundation expects the demonstrations to continue throughout the Fourth Quarter (July-September).

4) Grain Handling and Storage

Construction of one 36 foot drying bin and four 36 foot storage bins at each farm site was completed in October, 1993. The bins became operational and were loaded with grain in November.

5) Training Programs

IIDF Executive Director, Dick Gannon, initiated plans for "Field Days" planting seminars.

White Church Site:

The Agribusiness Center in White Church, Ukraine, was formed in early 1993, following the dissolution of the Agribusiness Center in the Kakhovka Oblast. The Ukrainian partners are the APK (Agri-Industrial Association) ROSS, based in White Church, and the Institute of Agrarian Economics in Kiev. APK ROSS is comprised of farms, food and livestock feed processing units, and other business units connected with agricultural production. ROSS has been undergoing decentralization and privatization in the past two years. As a result, it now has its own privately-held bank which reduces its dependence on government subsidies. Other units of ROSS are also scheduled for privatization. The most significant of them, for the purposes of the current project, is the feed-mill factory. The feed-mill's proximity to the ABC/W and its high-quality manufacturing capabilities make it the perfect complement to the soybean processing center.

During the second quarter, the main focus of the activities connected with ABC/W was on the soybean oil processing system in White Church. Following a series

of discussions and meetings throughout the summer and early fall, the Ukrainian and U.S. partners decided to concentrate the efforts of ABC/U on the production of food-grade oil and protein-rich soybean meal for livestock feed. The Ukrainian partners in the project fully recognize the benefits of higher protein feed and embrace the idea of creating a full-line oil processing operation. With their American partners, they determined the optimal capacity of the facility at this stage of the project to be 32-36 tons of soybeans per eighteen hour two-shift work day.

In January, 1994, David Wampler returned to Iowa for two weeks to discuss the specifics of the soybean oil processing system. The Foundation found Insta-Pro equipment to be the most suitable for the purposes of the project and began working to identify the particular models of the system's components. The new facility will utilize the extruder and cooler already in White Church by incorporating them into a complete extrusion-expelling line of equipment. The capacities of the new extruders, oil presses and coolers had to be matched to the existing equipment to ensure even and constant processing. The equipment chosen includes another Model 2500 extruder, 900 cooler and three 1500 oil presses.

IIDF has postponed the shipping of soy processing equipment to White Church to allow for adequate engineering time. Since an already existing building had to be utilized to house the facility, designing the most space efficient equipment set-up required more planning time. Positioning the equipment in the most efficient way would reduce the cost of the system by cutting out the unnecessary auxiliary components and allowing more funds to be used toward the purchase of the actual processing machinery. The shipment with soybean processing equipment for ABC/W is now scheduled to leave the United States in mid-May.

In December, 1993, the Agribusiness Center initiated a for-profit barter operation aimed at providing the center with operating capital and at the same time supplying local farms with badly needed gasoline. ABC/W spearheaded a barter arrangement to exchange one ton of gasoline for three and a half tons of peas. The gasoline was then traded to area farms at the rate of one ton of gasoline for four tons of peas which Ukrainian farms have in abundance. The trading was arranged with a Kiev-based company, Sofia Transcon Industries. That company is an importer of fuel and has licenses to export peas to West European countries. The Agribusiness Center received one half ton of peas profit for every one ton of gasoline that was traded. One hundred tons of peas have been traded so far.

III. Equipment and Crop Inputs

Stavropol Site:

Most of the purchases of equipment and other agricultural inputs under the current grant were completed during the second quarter. This included additional soybean

processing equipment for the Egorlyk Farm processing facility, and also seed, chemicals, and planting machinery for the spring planting operations.

The first items IIDF selected were the corn planters. The Foundation had initially considered purchasing a Case-IH six-row planter. However, due to the hectares and logistics involved in the 1993-1994 Work Plan, it was necessary to have two eight-row planters. Also, due to the fact that ICI had canceled a large order of Kinze 70 cm planters, they were available in Williamsburg, IA, at considerable savings to comparably equipped competitive planters.

The general technology of the Kinze planter design at least equals the competition and the technology for seed placement of the Kinze/John Deere planters is considered to be the best available on the market today. The Tru-Vee opener design with the co-located gage wheels opens an undisturbed, uniform depth seed trench and the Vee press wheels firm moist soil around the seed while leaving uncompacted soil for easy, rapid emergence. An added advantage of the Kinze planters for this particular project is that the Stavropol farms have had experience with a Kinze planter in the two previous planting seasons.

Each of the two Kinze eight-row 70 cm planters was identically equipped. They had eight wave fluted no-till coulters, KM 3000 population monitors, dry starter fertilizer attachments, insecticide attachments with in-furrow, "T" banded and banded application methods, and brush type soybean meters. IIDF and Tom Dunn, the ABC/S co-manager selected a full complement of repair/replacement/service parts for the two planters, taking into consideration Kinze's repair parts history for these planters plus engineering judgment on possible part failures that could not be easily remedied in a foreign field.

The second item needed for this planting season was a 20 foot no-till soybean drill. Although several companies make good no-till drills, the technology of the John Deere 750 drill is unique and widely believed to be superior to the competition. The no-till coulters mounted on the drill frame have a more advanced design than the coulters used by much of the competition. In the Winter of 1994, for the first time ever, John Deere offered the 750 drill in a 20 foot width.

Although the purchase of the drill was arranged through John Deere's European office in Mannheim, Germany, the drills are manufactured in Ankeny, IA. Mr. Richard Hook was the project engineer for the 20 foot drill during the design and development phase. He is now the production engineer and, thus, has superior knowledge of the drill's construction and functional qualities. He spent several hours with Tom Dunn and Richard Gannon reviewing the drill's features, operation, servicing, and potential problems. With his input, the equipment specifications for the drill were designated to match the needs of the Egorlyk and Chapayev farms. Additionally, utilizing John Deere's service parts history and Tom Dunn's experience in Stavropol, IIDF compiled a comprehensive list of service parts necessary to operate the drill on a remote site.

Another piece of agricultural machinery needed for the Stavropol planting operations was a field sprayer. In the spring of 1992, the American side had supplied the farms with a 750 gallon Broyhill sprayer which had a spray boom not nearly strong enough for the Russian conditions and an undercarriage that could not be adjusted to match 70 cm row spacing which is standard in Russia. Additionally, there were no spare diaphragms for either the pump or control valve and no marking system. In the spring of 1993, Monsanto supplied a foam marker system and ABC/S used Russian shampoo to produce the marking foam for pre-plant incorporated (PPI) spraying. However, failures of diaphragms in both the pump and the control valve (repair diaphragms were made in the field from tractor tire inner tubes) and repeated frequent boom failures prevented the sprayer from effective operation.

IIDF took into account its initial experience during the selection of another sprayer for Stavropol. The new sprayer was required to have a heavy-duty sprayer boom and an undercarriage that would adjust to fit 70 cm row spacing. The Foundation considered sprayers from several different companies, but the final choice was a sprayer built by Ritchie Industries. This Ritchie Bestway sprayer was equipped with a heavy-duty 60 foot wheel boom, foam markers, a Raven electronic sprayer control valve and a 1000 gallon tank. For retrofitting the current Broyhill sprayer, the above wheel boom, sprayer control valve, repair parts for the diaphragm pump and Ritchie Bestway undercarriage were also ordered together with ample foam marking material for the 1994 planting season. The spare parts package was also designed to fit operation of the sprayer in Stavropol.

Selection of seed varieties was the next step in the process of preparation for the planting season. Although Stavropol is on the latitude of the Twin Cities in Minnesota, it has a growing season comparable to northern Missouri. Consequently, in order to achieve optimum yields it was necessary to select varieties with fuller season maturities. In all cases for both corn and soybeans, official Iowa State University yield tests together with company yield trials and expert observations were employed to make varietal selections.

ICI agreed to supply all of the necessary seed corn. That company has a number of appropriate varieties already shipped to the neighboring krai, Krasnodar. Selection of the five best suited varieties for Stavropol was made from the locally available stock. These varieties are ICI 8272, ICI 8388, and ICI 8532 for the Egorlyk farm and ICI 8344, ICI 8310, and ICI 8532 for the Chapayev farm.

Stine Seed Company, which has supplied all the soybean seed for the project to date and whose genetics are among the best in soybean breeding, agreed to supply all the soybean seeds for the 1994 planting at their cost of \$9.00 per bag. The Foundation selected new, fuller season varieties for the soybeans. They are Stine 2250, an excellent early to medium bean for Stavropol, and Stine 3210, a medium maturity bean for Stavropol. There was a total of 675 fifty pound bags of each variety. Both farms will

have their hectares evenly divided between the two varieties. In the future, even fuller season soybeans might be tried.

The herbicides available in Russia and appropriate for the crops are Monsanto's Harness and Roundup and ICI's Trophy (Roundup and Trophy are used for no-till planting). In conversations with Monsanto's Russian manager, Henry Briggs, it was indicated that a Russian government 60% subsidy program for herbicides, similar to last year's, had been approved. However, no funds have been committed to the program thus far.

The insecticide, Dyfonate, was shipped with the original cargo in 1992. Due to the fact that there was no equipment available to apply this product, it has never been used for the purpose of the Stavropol project. This year the Dyfonate will be applied "T" banded during corn planting.

In order to improve communications with the Stavropol office, a Cannon 330 copier and a Panasonic KXF 90B fax and telephone answering system were purchased by Tom Dunn in Moscow on his way to Stavropol, on March 28, 1994. The systems have since been installed and are now fully operational.

ABC/S already has Insta-Pro Model 2500 extruder and a Model 900 cooler. This equipment enabled the Egorlyk Farm, where it is situated, to process soybeans into meal (extrusion) but soybean oil could not be expelled without oil presses. Consequently, the goal was to increase the extrusion capacity and add oil expelling capabilities to the system.

The scale of operations on the cooperating farms in Stavropol required a relatively small processing facility -- with a capacity of about ten metric tons per eight hour shift. IIDF followed the standard procurement procedures to ensure competitive bidding on the extrusion and oil pressing machinery. Andrei Koudriavtsev of IIDF contacted The French Oil Mill Machinery Company, Anderson International, and Insta-Pro. The first two companies did not manufacture any equipment less than industrial size which would have been suitable for an on-farm processing operation. Insta-Pro specializes in designing extrusion and expelling equipment which could be used farmers' cooperatives and associations.

To achieve the objective of a ten ton per day capacity, the Model 2500 extruder and Model 900 cooler already on the farm had to be complemented with a Model 1500 extruder, two Model 1500 horizontal presses, and some auxiliary equipment. Interchangeability of the spare parts was also taken into account.

White Church Site:

ABC/W's decision to pursue the processing of soybeans as its prime area of activity reflects long-term goals, as well as short-term benefits.

Soybean processing facilities will be pioneer ventures in the process of restructuring current inefficient grain utilization and animal feed systems in the former Soviet Union. At the present time, up to one half of all grain produced in the former Soviet republics is used as a carbohydrate source of livestock feed. Such use of the grains leads to a tremendous waste of resources: it takes two tons of grain to produce the same results as a half ton of soybean meal.

Adding protein-rich feed components to presently used livestock grain rations will provide better animal feed in the short term, and also increase the amount of grain available for domestic consumption and export. Another major benefit of nutritionally-balanced feed rations is the reduction, almost by half, of the time it takes the animals to reach slaughter weight. Improved nutrition will also reflect positively on the quality of the meat.

Extrusion is a method of food processing that has been in use for over fifty years. Machinery used in the current project is dry extrusion equipment (as opposed to wet extrusion) which capitalizes on the heat generated through friction as the sole source of heat to cook and dehydrate the product. Soybeans can also be processed by roasting (subjecting them to a gas flame or other heat source for short periods of time to achieve cooking). The beans are then ground or flaked before mixing in the diet. However, a major disadvantage of roasting is that no rupture of the oil cells occurs. Extrusion, on the other hand, ensures rupturing of the oil cell walls which results in increased digestibility of the oil, release of the natural anti-oxidants and lecithin.

Soybeans are particularly attractive as extrusion material because they contain not only high quality protein (38-42%) but are also a rich source of energy owing to the oil which they contain (18-22%). These qualities make soybeans an excellent source of both energy and protein in all types of livestock and poultry feed.

Thus, the overall effects of higher protein feed are increased quantity and better quality of meat combined with more grain available for domestic consumption in and export. Expelling soybean meal will yield oil ready for human consumption. Soybean oil has a domestic market and can also be exported at competitive world prices.

IV. Proposed Activities for the Third Quarter

Stavropol Site:

1) Soybean Production

ABC/S will complete the planting of soybeans during this next quarter, including field preparation, the application of herbicides and actual planting. Work will begin to

install the second shipment of soybean processing equipment and to make the entire line operational.

2) Corn Production

ABC/S will complete the planting of corn during this next quarter, including field preparation, the application of herbicides and actual planting

3) Livestock Production

ABC/S will initiate the feeding demonstrations in late June, utilizing the full complement of extruding equipment.

4) Grain Handling and Storage

The work plan related to the bins did not provide for any operations other than regular maintenance of the facility. However, due to the accident with the drying bin at the Egorlykskoye Farm special repair provisions have to be made. The accident was caused by ignition of the natural gas used for operating the bin's grain drying system. The final report on the reasons for the explosion is still pending. At the February 1, 1994, meeting of the ABC/S Board of Directors meeting, all sides decided that the Egorlykskoye Farm, IIDF, and the manufacturer of the drying system, Shivvers, Inc., would each pay for one third of the cost of restoring the drying bin to original operating condition.

5) Training Programs

"Field Days" seminars are planned for June, 1994. The seminars will take place over several days and will: (i) demonstrate U.S. technology to Russian participants, (ii) help U.S. companies find new business contacts in Southern Russia and, (iii) instruct and train Russian in the proper care and maintenance of U.S. equipment. The seminars will focus on the practical and applied aspects of planting. Representatives of participating U.S. companies will showcase their equipment and technologies. The seminars will have a target audience of new private sector farmers and managers of recently privatized state farms.

John Walter, Successful Farming's senior conservation editor will represent both New Agribusiness and Successful Farming at the Field Days seminar in Stavropol in June, 1994.

To ensure maximum effectiveness and impact, the Foundation changed the schedule of seminars on American equipment maintenance from March to June. June is the optimal time for such seminars because it allows the instructors to address any problems which arose during the planting season.

Seminars on extrusion technology will also be held following the installation of Insta-Pro equipment presently en route to Stavropol.

With all seminars, IIDF will supply USAID with lists of participants and their affiliations. The Foundation will also tabulate the results of seminar evaluation forms.

White Church Site:

1) Grain Storage and Handling

The grain bins in White Church, Ukraine, were erected in October, 1993, and storage bins were filled in November of that year. The drying bin was almost complete, but unusually cold weather forced the completion of the work to be postponed until spring. The Ukrainians provided a five kilometer extension of the natural gas pipeline to fuel the drying bin. At the end of November, when work on the bin was postponed, the gas pipeline was only several hundred meters short of the bin. The drying bin will become fully operational in the spring of 1994.

2) Soybean Production

IIDF will ship the second installment of soybean extruding equipment to ABC/W in May. Efforts to make the comprehensive system operational will begin.

3) Training Seminars

Once the grain handling and storage systems are fully operational and the soybean processing facility is on-line, ABC/W will hold applied technology seminars to demonstrate the functioning of the equipment.

Third Quarter Travel Plans

Richard Gannon, the new Executive Director of IIDF, will travel to Ukraine and Russia in June and will participate in the Field Days seminars in Stavropol. The itinerary of his trip will include discussions with management of ABC/S and ABC/W, and the local participants of the Agribusiness Centers, regarding plans to achieve self-sustainability, crop utilization, and coordination of the feeding demonstrations. The trip will allow on-site inspections of the Agribusiness Centers' progress in the first half of 1994. Tom Dunn will coordinate Mr. Gannon's trip to Stavropol and David Wampler will coordinate his visit with APK ROSS and Dr. Sabluk's Institute of Agrarian Economics.

V. Activities Leading to Viable Business Venture

IIDF has assisted over a dozen companies in exploring Russian and Ukrainian market opportunities and has purchased and permanently installed their equipment at the

farms. A number of these companies have either hired in-country sales agents or are investigating long-term production capabilities through the establishment of joint ventures.

The Agribusiness Centers greatly enhance each cooperating U.S. company's efforts to establish itself on the NIS market for several reasons. First of all, because they serve as a "working example" and fill an educational role, the equipment is demonstrated in operation to potential customers during hands-on seminars.

Second, the nature of the Agribusiness Centers as an on-going project allows the equipment to prove its effectiveness and superiority under realistic field conditions.

Third, the fact that domestic farms and agribusiness enterprises were able to effectively utilize U.S. technology and equipment in their operations will have a far greater effect on local farmers than one-time promotions or purely demonstration projects.

Fourth, the Agribusiness Centers serve as testing grounds for U.S. equipment. For example, poor performance of the Broyhill sprayer in Stavropol indicated the need for more durable and heavily built spraying machines. Planting experience showed that seed varieties need not be selected on the basis of geographical position to achieve highest yields.

Fifth, because the Agribusiness Centers will have used a wide variety of agricultural equipment, they will have the potential to consult on service and repairs for any equipment that may be acquired by nearby farms.

A few of the U.S. companies already engaged in business in Russia, as a result of IIDF's efforts include the following:

- **Meredith Corporation's New Agribusiness magazine** will report on the U.S. agricultural techniques applied in Russia, new equipment, ways of organizing farm services on a cooperative basis and other topics vital to independent farmers in an emerging market economy.
- **Shivvers, Inc., Sudenga and Conrad American** have teamed up to create a joint venture to manufacture some of the components for their grain drying and storage systems locally.
- **Triple F, Inc.** has hired a full-time field representative in Stavropol Krai.

- RAAN, another Iowa-based company, has begun agricultural production in the Stavropol krai. In 1993, RAAN planted 1,000 acres of popcorn, which is a high-demand commodity on the Russian market. The popcorn crop was stored in ABC/S's grain bins under an agreement with the Center. RAAN hires local farmers to do field work and provides equipment and seed.

One more aspect of IIDF's assistance to private enterprises in the former Soviet Union involves information referral services and limited consulting functions. IIDF maintains contact with major U.S. consulting and legal firms with offices in the NIS, as well as diplomatic missions of those new nations. IIDF's information gathering in 1993 enabled it to compile a 35-page Guide to Doing Business in Russia, which it has disseminated to participating companies.

**Third Quarter Report
U.S. Agribusiness Centers in the NIS
Grant Number CCN-0006-G-00-3127-00
April-June 1994**

I. Third Quarter Overview

The Third Quarter of the U.S. Agribusiness Centers (ABC) in the NIS entailed a comprehensive effort, including the planting of crops, the initiation of feed demonstrations, planting technology seminars, continued work on equipment installation and strategic planning for self-sustainability. IIDF accomplished all the tasks and goals articulated in the work plan described in the previous quarterly report. In addition, ABC/Stavropol completed unplanned work with a local group of private farmers.

In June, 1994, IIDF was awarded a two month, no-cost extension (Extension #1). The month of July combined with Extension #1 (August and September) will be regarded as the Fourth Quarter for reporting purposes. IIDF is in the process of requesting another no-cost extension (Extension #2).

II. Third Quarter Work Plan Activities

A. Executive Director's Trip to Russia and Ukraine.

IIDF Executive Director Richard Gannon traveled to Russia and Ukraine, June 10-26 for his first visit to the ABCs. A main point of his trip was to identify the most effective and expeditious means for the ABCs to start generating income. He made progress by refining plans for the sale of soybean seed, soybean meal and food-grade soybean oil for ABC/Stavropol. A processing fee for extruding soybeans and selling the extruded soybean oil will provide ABC/White Church with two incomes.

At ABC/Stavropol, Mr. Gannon co-directed the "Planting Technologies Seminars" with Mr. Vladimir Khvorostyanov, ABC/Stavropol Russian Co-Manager and Director of the Stavropol Affiliate of the Russian Academy of Management and Agribusiness. According to Stavropol State Lieutenant Governor Sheyanov, close to 1000 people from Stavropol and other regions of Russia have participated in ABC training programs since the inception of ABC/Stavropol: "We believe that the years during which the Agribusiness Center functioned were productive and had a positive influence on agriculture under the conditions of a difficult transition to a market economy.... A good foundation for cooperation has been laid."

In Ukraine, Mr. Gannon met with the two ABC/White Church Ukrainian partners and U.S. Co-Manager, David Wampler, to assess the program and develop plans for the installation of the extruders and their incorporation into the turnkey soybean storage and processing operation.

Mr. Gannon met with Catherine Norris, USAID/Moscow and David Sprague, USAID/Kiev to discuss current performance and the future of the ABC project. Please see his attached June Trip Report (Attachment I, II and III) for more details. In addition, Mr. Gannon left both mission officers copies of IIDF's unsolicited pre-proposal for USAID Grant #3: U.S./NIS Agricultural Marketing, Exports, Extension and Training (AgMEET).

B. ABC/Stavropol:

New Equipment

At the beginning of this reporting period, three 40 ft. shipping containers carrying two Kinze 2000 eight row (70 cm.) planters; one 20 ft. John Deere 750 (19 cm. row spacing) no-till drill; one Ritchie Bestway 1000 field sprayer with a Raven sprayer control monitor and a 60 ft. wheel boom; an additional 60 ft. wheel boom, Raven sprayer control monitor, and undercarriage to retrofit the existing Broyhill 750 gallon field sprayer, and 1,350 bags of Stine soybean seed. A fourth 40 ft. shipping container with Insta-Pro extruding/extracting equipment and 3,000 lbs. of livestock pre-mixes for feeding trials was in transit from Iowa to ABC/Stavropol.

Preparations were undertaken to expedite transfer of the containers to trucks at Riga, Latvia, and facilitate customs clearance of this humanitarian aid cargo upon reaching Stavropol. Also, arrangements were made to expedite the assembly of all the planting equipment, as the shipped equipment consisted mostly of unassembled boxes or bundles of parts. Four empty shipping containers, two from the Egorlyk Farm and two from the Chapayev Farm were moved to the Stavropol Agricultural Research Institute and arrangements were made with the Institute and the two farms to do the assembling.

On April 26, 1994 the shipping container with the Insta-Pro equipment arrived in Stavropol. This equipment was off-loaded from its container into two of the four containers at the Institute.

Concurrently, plans were made to take delivery of 406 bags of ICI seed corn from the ICI warehouse in Krasnodar. The corn was trucked to and stored at the Stavropol Agricultural Research Institute. Prices were obtained from seven different agricultural supply warehouses on the herbicides Harness, Roundup, Acetol (a Harness substitute) and Glisol (a Roundup substitute). Arrangements were made to purchase 2800 liters of Harness at a Rostov warehouse.

Crop Planting

Planting commenced about a week later than expected due to delays of the containers at Riga port. Customs clearance was done in Stavropol and produced no further delays owing to the cooperation on the part of local authorities.

The summary of planting at the Chapayev Farm is as follows: approximately 95 hectares of Stine 2250 soybeans planted on May 18-20; approximately 80 hectares of Stine 3210 soybeans planted on May 21-23; approximately 110 hectares of ICI 8532 corn planted on May 19; approximately 110 hectares of ICI 8310 corn planted on May 21-22; approximately 110 hectares of ICI 8532 (50H), ICI 8272 (50H) & ICI 8388 (10H) corn planted on May 23-24; and approximately 110 hectares of ICI 8344 corn planted on May 24-26.

The summary of planting at Egorlyk is as follows: approximately 85 hectares of ICI 8272 corn planted on May 23-25; approximately 120 hectares of Stine 2250 soybeans planted on May 26-28; and approximately 120 hectares of Stine 3210 soybeans planted on May 29-June 1.

The reporting period ended with the majority of the crops in very good condition, especially considering the lateness of the planting and the dry growing season to date.

Seminars

The "Planting Technology Seminars" were held at ABC/Stavropol July 14, 15 and 16. Stavropol State Lieutenant Governor Sheyanov and IIDF Executive Director Gannon opened and closed both sessions. The following companies, recruited by IIDF, attended and presented educational and training seminars: JOHN DEERE, KINZE, MONSANTO, UNIROYAL CHEMICAL, CARGILL SEEDS AND ICI SEEDS.

The Stavropol Affiliate of the Russian Academy of Management and Agribusiness, one of the ABC/Stavropol Russian partners, provided excellent conference facilities equipped with TVs and VCRs. The Academy also had on-site dining and lodging for company representatives and seminar participants who did not reside within close proximity of the Academy's location.

The seminars were widely publicized in Stavropol Krai and adjacent regions through newspaper, television and radio coverage with an emphasis on private farmers. John Walter from SUCCESSFUL FARMING magazine attended the seminars to report on them in the second issue of the Russian-language New Agribusiness. A seed broker from Iowa investigated the ABC's soybean seed potential, a VOCA representative spoke about VOCA programs and a DAI consultant from Washington, D.C. networked participants.

The 310 farm leaders and private farmers who attended showed great interest in the seminar focus: no-till farming or conservation tillage. No-till is a new concept to them and they appreciated its benefits, such as up to 73% economy of diesel fuel during planting combined with equal or higher crop yields. No-till not only reduces the number of trips across the field, saving on input costs, but also minimizes the adverse effects on soil and the environment. The company representatives discussed no-till farming and marketed their seed, herbicide and equipment as part of a no-till package.

Farm implements owned by ABC/Stavropol were demonstrated: a JOHN DEERE no-till soybean drill, a KINZE 8 row corn planter and a RITCHIE field sprayer. The agenda for the seminars is Attachment IV: Program of the Russian-American Agribusiness Centers' Seminars. For more details of the seminars, please see page 3 of Attachments I, II, III.

Questionnaires were distributed to the 310 seminar participants and 104 were completed and returned. The returned questionnaires are summarized and analyzed in Attachment V: Summary and Analysis of Questionnaire Responses from the ABC/Stavropol Planting Technologies Seminars. This document contains some interesting findings and warrants a close reading. Perhaps the most significant finding for IIDF because of our ability to recruit U.S. manufacturers is that almost 75% of the respondents stated that within two years, they are planning to purchase U.S. agricultural machinery, seed and/or fertilizer.

Feeding Trials

ABC/Stavropol in conjunction with Triple "F", Inc. arranged with the Stavropol Scientific Research Institute of Livestock Raising and Feed Production to conduct three separate feeding trials for swine, dairy and broiler chickens. The estimated cost of the trials is \$6,000. Of that amount, Triple "F", Inc. provided \$3,000 and IIDF provided the remaining amount. Triple "F" also supplied 60 bags of Vitamin-Trace Mineral Premixes to be used during the trials.

The purpose of the feeding trials is to determine the effectiveness of using Triple "F" nutrition technology in feeding hogs, dairy cows and chicken broilers. Results of these trials will be provided in the next quarterly report.

Attachment VI contains the text of the contract with the Stavropol Scientific Research Institute of Livestock Raising and Feed Production.

C. ABC/White Church

New Equipment

In April, the details of the soybean oil processing system for White Church were finalized. The shipment, consisting of one Model 2500 Extruder, three Model 1500 Oil Presses and one Model 900 Cooler, left the United States in a 40' container on May 29. Included in the shipment were an encased vertical auger to replace the one stolen from the grain dryer bin and 80 fifty pound bags of LND Swine Base Mix 2420. The Base Mix 2420 is used to balance low nutrient density diets based on grain and soybean meal. The mix is intended for use by APK Ross farms in combination with soybean meal to be produced with U.S. equipment. The 40' container with the extruding equipment arrived at ABC/White Church on July 4, 1994.

Crop Planting

The work plan for 1994 did not provide for any planting to be done by ABC/White Church. However, APK ROSS doubled the acreage of soybeans planted this year to 4,000 hectares in anticipation of the installation of grain processing equipment at ABC/White Church. Also, the U.S. Co-Manager of ABC/White Church made arrangements with Pioneer Hi-Bred to donate seed to plant a test plot with 14 varieties of hybrid corn.

III. Private Farming/Business Activities

ABC/Stavropol:

In late May IIDF concluded an agreement with a group of private farmers, whose farm adjoins the Egorlyk Farm, to grow an additional 90 hectares of ICI 8388 corn.

On May 30, 1994, while working at the third brigade of the Egorlyk Farm, Ivan Kuzimnov, a leader of a private farm, approached Tom Dunn and inquired if ABC/Stavropol had any corn or soybean seed available for planting.

This farm is known as the "YK Farm", representing the first letters of the last names of the two farm leaders. The group consists of twelve private farmers who combined their assets and talents at the first opportunity in early 1992 to operate a truly private farm. Six of the twelve are graduate engineers with a variety of experiences and talents in agricultural and other types of machinery. All twelve are intelligent and industrious with broad complementary capabilities.

Their operation has been generally prosperous, but has been handicapped by regulatory foot-dragging. Primarily due to these problems (governmental support for true private farmers has been essentially non-existent), they did not have funds to purchase seed for the last 90 hectares of 1994 crops.

The YK Farm is adjacent to the Egorlyk Farm. The farm has excellent land, although it is not irrigated; a good line of well-maintained machinery; adequate facilities, but no electricity and in general is an impressive operation for their scale, especially when compared to former state or collective farms.

After discussing the situation via phone with Mr. Gannon, Mr. Dunn decided to enter into the attached contract (Attachment VII). ABC/Stavropol had leftover seed corn that had been donated by ICI and which probably would have been useless if not used in 1994. And in order to do the job properly, herbicide and fertilizer would need to be purchased. The total cost outlay was estimated at \$3500. Actual cost for Harness herbicide was \$795 and for fertilizer \$2715 for a total of \$3510.

ABC/White Church:

On May 7, 1994 Marty Robinson (VOCA), Jim Asher (CNFA), David Trever (Insta Pro) and his associate visited ABC/White Church. A cost study was performed to determine the feasibility of making bio-lubricants from soybeans or alternative oil seed such as rapeseed. By producing their own lubricating oils, the Ukrainians would lessen their dependence on imported products and therefore reduce cash outlays. Since Ukraine is heavily dependent on oil products, such an application of oil seeds could potentially grow on a national scale. The profit potential of such operation is substantial.

Another important aspect of this process is that it permits the use of oil seeds from areas which were contaminated after the accident at the Chernobyl nuclear power plant. Contamination is not eliminated completely, but it is reduced so significantly that meal, the by-product of oil seed processing, can be safely used for livestock feed when mixed with other ingredients. And contamination of the seeds bears no influence on the quality or characteristics of the lubricating products.

This technology was developed by Insta Pro, a division of Triple "F". IIDF maintains contact with company representatives to assist them in preparing a cost assessment for such operation in White Church. IIDF will continue to assist APK ROSS in planning the installation of such a system if studies continue to be positive.

IV. Third Quarter Expenditure Summary

1. Salaries and Benefits

IIDF employs three managers to administer its NIS projects: Thomas Dunn, the U.S. Co-Manager at ABC/Stavropol, David Wampler, the U.S. Co-Manager at ABC/White Church and Russian-native Andrei Koudriavtsev, the Project Manager in IIDF's Des Moines office.

Mr. Dunn was compensated at the rate of \$1,846 every two weeks. Mr. Wampler was compensated at the rate of \$1,731 every two weeks plus for \$210 monthly insurance. In May new year-long emergency medical evacuation insurance was purchased for the Wampler family for \$740. Andrei Koudriavtsev's salary was \$961.54 every two weeks.

Total Salary and Benefits for the period: \$32,039.35

2. Allowances

The living allowance for both on-site managers is currently \$500/month. This allowance is used to cover in-country expenses such as food, interpretation and translation services, the cost of local transportation, etc.

Tom Dunn's allowance for this quarter was \$1500. David Wampler's allowance for this quarter was \$1500.

Total Allowances for the period: \$3,000

3. Subcontract/Consultant

No subcontract or consulting service charges were incurred during the past Quarter.

Total Subcontract/Consultant for the period: \$0

4. Training/Trials

IIDF contributed \$3,000 to conduct three separate feeding trials for swine, dairy and broiler chickens with the Stavropol Scientific Research Institute of Livestock Raising and Feed Production. The trials will demonstrate the value and benefits of proper rations for livestock and poultry raising. Because of the priority of these feeding trials, this cost was expensed here because our Russian partners covered the costs of the "Planting Technology Seminars" and Extension #1 runs out before harvest thus making harvesting seminars not possible.

Total Training/Trials: \$3,000

5. Travel

IIDF Executive Director Gannon traveled to Russia and Ukraine for his first visit to the ABCs. He co-directed the no-till seminar, met with IIDF's partners and USAID officials, and refined plans for the ABCs to start generating income. Transportation and accommodations were provided free of charge in Stavropol and White Church by the NIS partners. Expenses associated with the trip included \$120 for Mr. Gannon's NIS visas, \$1,264.95 for international air travel, \$509 for Moscow-Stavropol and Moscow-Kiev round trips and \$763 for hotel. M&IE for Mr. Gannon was \$1,023.

Total Travel: \$3,679.95.

6. Other Direct Costs

This category includes all expenses necessary to support the project. Expenses were \$966.18 for electronic mail, \$279.38 for operating supplies, \$197 for postage, and \$339.55 for telephone communications. Another major expense was repair of the damaged grain drying bin at ABC/Stavropol - \$10,988. A FAX machine and copier were purchased for the ABC/Stavropol office for \$1300.52 Other expenses included \$78.75 in bank charges for wire transfers.

Total Other Direct Costs: \$14,149.38

7. Equipment/Seed Purchases

ABC/White Church received the rest of the machinery necessary to set up a full line of grain processing equipment which will enable it to produce food grade oil and protein-rich meal for animal feed: one Model 2500 extruder, three Model 1500 presses, one Model 900 cooler and spare parts for the whole system. The price of that equipment was \$117,997, including door-to-door shipping. Side hooks were welded to the inside of the container at a cost of \$103.43.

A second 900 cooler was supplied to ABC/Stavropol. Combined with grain processing equipment already there, it will be possible to set up two independent grain processing operations. The cost of the cooler with exhaust fan and hood was \$6,500.

Additional sensor cables and extension cables were purchased for the Ritchie field sprayer which had been sent to ABC/Stavropol in March, 1994. The cost of the cables was \$226.91. Shipping charges for equipment sent to ABC/Stavropol the previous quarter were \$10,099.61.

ABC/Stavropol received \$11,351 to purchase herbicide and \$3,626.25 to purchase inputs for contract planting with a private farm for a total of \$14,977.25.

Total Equipment/Seed Purchases: \$149,904.20

V. Proposed Activities for the Fourth Quarter

ABC/Stavropol:

Tom Dunn, the U.S. Co-Manager of ABC/Stavropol, is scheduled to return to Iowa on July 23 under the terms of his contract. He will return to Stavropol in mid-August to continue as ABC Co-Manager for Extension #1. Mr. Dunn will be provided with a round-trip airplane ticket to Stavropol via Moscow.

Mr. Dunn will supervise the installation and start-up of the two lines of soybean extruders at two separate sites, oversee preparations for harvest, and the marketing of the soybean seed. Marketing soybean seed does not violate the Bumpers Amendment because the project design called for it and the American Soybean Association provided us with a "no objection" letter.

Tom will receive the container and oversee the repair of the damaged grain dryer on the Egorlyk farm.

Some of the feeding trials will be completed and the results will be available. However, some of the feeding trials can not be completed during Extension #1 due to the time-on-feed required by the animals.

The VOCA Farmer-to-Farmer program will be pursued to get additional assistance for Mr. Dunn.

Copies of New Agribusiness Issue #1 will be distributed and material for Issue #2 will be collected.

ABC/White Church:

David Wampler, the U.S. Co-Manager in White Church, is scheduled to return to Iowa on July 17. In concurrence with others and after analyzing the situation in detail, IIDF has decided it is no longer necessary to station someone at ABC/White Church permanently.

The plan for ABC/White Church is to have Tom Dunn, the ABC/Stavropol Co-Manager, travel to White Church with the Stavropol agent of Insta-Pro, the U.S. manufacturer of the soybean processing equipment. They will identify and recommend what remains to be done and advise APK ROSS, IIDF's partner, on the next steps for installing the extruders and auxiliary equipment, and what kind of short-term technical assistance and training will be needed.

Officials with the VOCA Farmer-to-Farmer program have given initial approval to assist in the completion of ABC/White Church.

Copies of New Agribusiness Issue #1 will be distributed and material for #2 will be collected.

IIDF/Des Moines:

ABC fourth quarter operations will be coordinated from here. IIDF plans to request Extension #2 to keep Tom Dunn in Stavropol as long as possible with the rest of the Grant #2 money, as suggested by Catherine Norris.

IIDF will host the two ABC/Stavropol Russian staffers, Sergei and Paul, as they will be visiting Iowa. Their airfares and most of their other costs will be covered under another program.

IIDF will contribute \$5,000 to New Agribusiness and will continue to work closely with John Walter of SUCCESSFUL FARMING on the distribution of Issue #1 and preparation of Issue #2. Issue #1 of New Agribusiness prominently features the ABCs and the U.S. companies that have participated in the ABC marketing demonstrations.

Because of the strong and synergistic tie between the ABCs and New Agribusiness, the completion of Grant #2 will adversely impact future issues of New Agribusiness. IIDF was the first to support New Agribusiness with USAID money in the amount of \$10,000 with the final amount to be \$15,000. Although USAID now plans to contribute \$50,000 to New Agribusiness, it will not pass the tranche through IIDF.

VI. IIDF's Unsolicited Pre-Proposal to USAID for Grant #3

As it is necessary to maintain and repair agricultural equipment whether its located in the U.S. or Russia, IIDF's utmost concern is that after the completion of Grant #2, the ABC equipment will breakdown and become a white elephant. This will happen without continued IIDF involvement because our NIS partners lack the experience and knowledge to conduct international business transactions that would be required to keep the ABC equipment maintained and repaired. Although IIDF received \$200,000 in State of Iowa appropriations for FY '95 starting July 1, 1994, this is not enough money to complete the work at the ABCs.

Attachment VIII is IIDF's unsolicited pre-proposal to USAID for Grant #3: U.S./NIS Agricultural Marketing, Exports, Extension and Training (AgMEET). AgMEET is a solid concept with a historical basis and the need and rationale for the new initiatives are established. AgMEET will keep the ABC equipment from breaking down and becoming a white elephant.

Dr. Stanley Johnson states in Attachment IX that the second World Bank loan to Ukraine will be for the establishment of Farm Service Centers which are in many ways modeled after ABC/White Church. ABC/White Church has an opportunity to remain in front of this World Bank effort if given additional time and money to complete its work. That the World Bank came to our idea is a tribute to the foresight of IIDF and our NIS partners.

Attachment X is a letter from Russian Federation Deputy Prime Minister Alexander Zaveruha to John Chrystal dated July 11, 1994 requesting support for agribusiness centers. Attachment XI is a letter from Stavropol State Lieutenant Governor Sheyanov to Catherine Norris dated June 17, 1994 requesting continued support of ABC/Stavropol. USAID/Kiev has received a letter signed by the Ukrainian Minister of Agriculture requesting continued support of ABC/White Church. This letter was made possible by one of our Ukrainian partners, Dr. Peter Sabluk, Director of the Institute of Agricultural Economics of the Ukrainian Academy of Agricultural Sciences.

The new IIDF has addressed past performance and has reason to be encouraged about the ABC future. Even though it has taken us longer to do what we had planned, our setbacks have value. The ABC setbacks serve as a model of the pitfalls that will be encountered by the overwhelming majority of NIS farmers in their evolution from centrally-planned to market-driven agriculture.

NIS farmers will be faced with the same obstacles the ABCs met and overcame, and the dissemination of ABC information in the NIS is the focus of New Agribusiness. ABC history, experience, and operations serve as realistic evolutionary models in the privatization of NIS agriculture.

IIDF and our NIS partners have come a long way together and we are now at the point to show impact. We trust that USAID will acknowledge this and fund AgMEET.

ATTACHMENTS

- I. June Trip Report to USAID/Washington
- II. June Trip Report to USAID/Moscow
- III. June Trip Report To USAID/Kiev
- IV. Program of the Russian-American Agribusiness Center's Seminars
- V. Summary and Analysis of Questionnaire Responses from the ABC/Stavropol Planting Technology Seminars
- VI. Contract with the Stavropol Scientific Research Institute of Livestock Raising and Feed Production
- VII. Production Contract for 90 Hectares of Commercial Corn
- VIII. IIDF's unsolicited pre-proposal to USAID for Grant #3: U.S./NIS Agricultural Marketing, Exports, Extension and Training (AgMEET).
- IX. Letter from Dr. Stanley Johnson to Mr. John Chrystal, dated June 17, 1994
- X. Letter from Russian Federation Deputy Prime Minister Alexander Zaveruha to Mr. John Chrystal dated July 11, 1994 requesting support for new agribusiness centers.
- XI. Letter from Stavropol State Lieutenant Governor Sheyanov to Catherine Norris dated June 17, 1994 requesting continued support for ABC/Stavropol.

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

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To: Mr. Marcus L. Winter
Economic Development Specialist
USAID/ENI/ED/AG, Rm. 3725A - NS
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July 12, 1994
Page 1 of 4

Re: JUNE TRIP REPORT

Dear Marc:

Thank you for your 22-Jun-94 letter approving our request for a no-cost two month extension for Grant #CNN-006-G-00-3127-00. Both Cathy Norris and David Sprague had indicated their approval of this when I met with them in June. I was encouraged by their attitude in that they both showed an appreciation for the change in IIDF leadership and a willingness to work with us. Ms. Norris said they want to give New Agribusiness magazine \$50,000. Since IIDF has already funded the magazine \$10,000 from our grant, I suggested that she could pass the money through IIDF and she indicated this was an option.

After meeting with our partners and seeing our joint venture operations, I am especially encouraged about our potential to utilize the seed and equipment we have on-site. The Atribusiness Centers (ABC) have opportunities to become profitable as well as impact and demonstrate how the Russian and Ukrainian seed and feed industry will necessarily have to evolve.

In your letter you wrote that USAID/Kiev said our Ukrainian Country Representative has left the country. This is not quite accurate. David Wampler, his wife, and two children are scheduled to depart Ukraine on July 16. Mr. Sprague and I spoke about this and I assured him of our continued commitment. In concurrence with others and after analyzing the situation in detail, IIDF has decided it is no longer necessary to station someone at ABC/White Church permanently.

Our plan for ABC/White Church is to have Tom Dunn, U.S. Co-Manager at ABC/Stavropol, travel to White Church with the agent of INSTA-PRO, the U.S. manufacturer of the extruding equipment who is also in Stavropol. They will identify and recommend what remains to be done in order to install the extruding equipment. Using their report we will plan a strategy to send technical assistance to supervise the initial installation and train operators. The 40' container with the equipment arrived at ABC/White Church 4-Jul-94.

Both Ms. Norris and Mr. Sprague expressed concerns that the equipment would become inoperable at project end. I assured them this was my utmost concern also and that I would do everything possible to keep this from happening. Ms. Norris seemed very impressed with Mr. Dunn's abilities and accomplishments. She suggested that we utilize the rest of the grant money to keep Mr. Dunn in Stavropol as long as possible which I will do as well as the same with short-term technical assistance to ABC/White Church. We will have sufficient grant funds to request an additional no-cost extension to follow the first extension.

A main point of my trip was to identify the most expeditious means to make the ABCs profitable. This fall, ABC/Stavropol has an opportunity for income in selling its soybean crop for seed. Once the extruders begin operating, both ABCs will start receiving processing fees for extruding soybeans to produce soybean meal for protein in livestock feed.

This spring, ABC/Stavropol planted 30 tonnes of soybeans and since soybeans aren't hybrid like corn, soybeans can be used year after year for seed. The soybean fields have been properly planted for certification and the crop should meet quality standards for registration. We plan to sell most of the harvest to a seed broker who will then license the seed on to marketeers. This activity holds the greatest potential for sustainability and has very strong and long-term potential for impact as well because of NIS's lack of Western soybean seed genetics.

In addition, for providing some of the inputs and planting 220 acres of corn for a group of private farmers, ABC/Stavropol will receive one quarter of the crop which at current and projected corn prices, is a very good deal for both participants. The private farmers have expressed a desire to plant soybeans on contract next year to continue our soybean seed operation.

ABC/White Church has an opportunity for income because of its location at a progressive feedmill. The feedmill just received an order for 2,000 tonnes of chicken feed for export to poultry ranchers near Moscow. At the feedmill, we have eight 18,000 bushel bins and a 13,600 bushel drying bin for a total storage capacity of 157,600 bushels. All bins are 36' in diameter and inter-connected with augers. We plan to install the extruders near to and connect them by auger with the bins for an incorporated system to produce soybean meal for the feedmill and food-grade soy oil. A processing fee for extruding the soybeans will sustain ABC/White Church once it is in operation. ABC/White Church will also realize additional income from selling the soy oil for human consumption.

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The "Planting Technology Seminars" held at ABC/Stavropol July 14, 15 and 16 could not have been more successful. Stavropol State Lieutenant Governor Sheyanov opened and closed both sessions. The following companies, recruited by IIDF, presented educational and training seminars: JOHN DEERE, KINZE, MONSANTO, UNIROYAL CHEMICAL, CARGILL SEEDS, and ICI SEEDS. John Walter from SUCCESSFUL FARMING was there to report on the seminars for the next issue of New Agribusiness. A seed broker from Iowa investigated our soybean seed potential, a VOCA representative spoke about VOCA programs, and a DAI consultant out of Washington, D.C. attended.

The 310 farm leaders and private farmers from across the Stavropol state who attended showed great interest in the seminar focus: no-till farming or conservation tillage. No-till is a new concept to them and they appreciated its benefits. No-till reduces the number of trips across the field which saves input costs and minimizes farming's impact on soil and environment. The company representatives spoke to no-till and marketed their seed and herbicide, and demonstrated the equipment as part of a no-till package. The farmers completed questionnaires and the results will be included in IIDF's next Quarterly Report due July 31, 1994.

Our ABC/Stavropol Russian partners fed and housed the company representatives at no cost at the hotel of the Stavropol affiliate of the Russian Academy of Management and Agribusiness which is where the seminars were held. The Academy is one of our Russian partners. Some of the farmers who had to stay overnight were also lodged here. The seminars received radio, television and newspaper coverage before and after with a emphasis on private farmers.

Copies of "U.S./NIS Agricultural Marketing, Exports, Extension, and Training" (U.S./NIS AgMEET), IIDF's unsolicited pre-proposal for USAID Grant #3, were left with both Ms. Norris and Mr. Sprague. U.S./NIS AgMEET is a solid concept with an historical basis, and the need and rationale for the new initiatives have been established. For USAID to drop IIDF from any future funding consideration when we are at the point to show impact is a serious mistake and a disregard for the work IIDF and our NIS partners have accomplished. A copy of U.S./NIS AgMEET is being mailed to you for review and response.

On this trip I saw the equipment we have on-site and visited with our partners to evaluate their current potential. After analyzing our situation, I have seen what needs to be done and what can be done which confirms and strengthens my previous assumptions. The original rationale in funding this project remains valid. The ABCs can be made profitable if allowed more time and money to complete what they need to do.

It must be remembered that the ABCs perform services such as hosting seminars and visitors that provide no income. If the ABCs become self-sustaining, these and other services will necessarily have to cease. This would be unfortunate because these services are truly needed and the ABCs are ideally positioned for this.

With no-cost extensions, the ABCs will be able to install the extruding equipment, train personnel, and start a soybean seed operation in Stavropol. Although IIDF received \$200,000 from the Iowa Legislature for FY'95 starting July 1, 1994, the ABCs will not survive long after USAID Grant #2 ends because the State of Iowa appropriations aren't enough to continue the ABCs.

The ABCs will require on-going U.S. technical assistance in order to repair and maintain the bins and equipment. If IIDF does not receive additional USAID money, the bins and equipment will become inoperable and become an embarrassment to all involved. This is my biggest concern and it will happen without Grant #3.

Try to appreciate that when I was in Kiev, Mr. Sprague told me USAID/Kiev was renting an airplane to fly the U.S. Ambassador and 20 people to attend a seminar put on by MONSANTO only. It is unfortunate our seminars the week before in Stavropol which were much bigger with more top U.S. agricultural companies, didn't receive such publicity. Ms. Norris apologized for not being able to attend due to a schedule conflict. This type of training and marketing including trade missions and reverse trade missions focused on U.S./NIS trade are what I am good at but they will no longer be pursued because they can't be structured to make money. It's unfortunate because these activities have compounded economic results such as U.S. companies signing agreements to manufacture parts in the NIS for export.

Under my new leadership, the ABCs are showing impact and will become profitable if I have additional time and money to do what I need to do. Your assistance and advice on how to get more USAID money and how to proceed with U.S. AgMEET is appreciated. Both Ms. Norris and Mr. Sprague expressed more optimism and a brighter future for IIDF than USAID/Washington has in the past. What I discovered on this trip was more encouraging than I anticipated and I hope you begin to share my enthusiasm. Thank you very much and I look forward to hearing from you soon.

Sincerely,
Dick
Richard T. Gannon
Executive Director



AW12JUL
cc: Files

IOWA/INTERNATIONAL DEVELOPMENT FOUNDATION

200 EAST GRAND AVENUE, DES MOINES, IOWA 50399 U.S.A.

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SPRINTMAIL X.400: (C:USA, A:TELEMAIL, O:ABCP, UN:IIDF)

INTERNET: "/G=R/S=GANNON/"@ABCP.SPRINT.COM

F A X

To: Ms. Catherine Norris
Agricultural Advisor
USAID/Moscow
Fax: 011-7-095-956-7093

July 12, 1994
Page 1 of 4

Re: JUNE TRIP REPORT

Dear Cathy:

Thank you for meeting with me on June 23 to discuss IIDF's Agribusiness Center (ABC) in Stavropol. Your willingness to work with me and my new staff is appreciated in light of IIDF's poor performance in the past. During our meeting, you said you wanted to give the New Agribusiness magazine \$50,000. Since IIDF has already funded the magazine \$10,000 from our grant, I suggested that you could pass the money through IIDF and you had indicated this was an option. If this is the option being pursued, and I hope it is, then please advise us of the USAID process and what will be required of IIDF to implement and expedite this.

Thank you also for approving our request for no-cost two month extension. Marcus Winter informed me of this in his 22-Jun-94 letter which was waiting for me when I returned to Iowa.

After meeting with our partners and seeing our joint venture operations, I am encouraged about our potential to utilize the seed and equipment we have on-site. The ABCs have opportunities to become profitable as well as impact and demonstrate how the Russian and Ukrainian seed, grain, and feed industry will necessarily have to evolve.

IIDF's Country Representative in Ukraine is leaving Ukraine on July 16. Mr. Sprague at USAID/Kiev and I spoke about this and I assured him of our continued commitment. In concurrence with others and after analyzing the situation in detail, IIDF has decided it is no longer necessary to station someone at ABC/White Church permanently.

Our plan for ABC/White Church is to have Tom Dunn, U.S. Co-Manager at ABC/Stavropol, travel to White Church with the agent of INSTA-PRO, the U.S. manufacturer of the extruding equipment who is also in Stavropol. They will identify and recommend what remains to be done in order to install the extruding equipment. Using their report we will plan a strategy to send technical assistance to supervise the initial installation and train operators. The 40' container with the equipment arrived at ABC/White Church 4-Jul-94.

Both you and Mr. Sprague expressed concerns that the bins and equipment would become inoperable at project end. I assured you this was my utmost concern also and that I would do everything possible to keep this from happening. I was happy to see that you were impressed with Mr. Dunn's abilities and accomplishments. Your advice to utilize the rest of the grant money to keep Mr. Dunn in Stavropol as long as possible will be followed. I plan to do the same with short-term technical assistance for ABC/White Church. We will have sufficient grant funds to request an additional no-cost extension to follow the first extension.

A main point of my trip was to identify the most expeditious means to make the ABCs profitable. This fall, ABC/Stavropol has an opportunity for income in selling its soybean crop for seed. Once the extruders begin operating, both ABCs will start receiving processing fees for extruding soybeans to produce soybean meal for protein in livestock feed.

This spring, ABC/Stavropol planted 30 tonnes of soybeans and since soybeans aren't hybrid like corn, soybeans can be used year after year for seed. The soybean fields have been properly planted for certification and the crop should meet quality standards for registration. We plan to sell most of the harvest to a seed broker who will then license the seed on to marketeers. This activity holds the greatest potential for sustainability and has strong and long-term potential for impact as well because of Russia's lack of Western soybean seed genetics.

In addition, for providing some of the inputs and planting 220 acres of corn for a group of private farmers, ABC/Stavropol will receive one quarter of the crop which at current and projected corn prices, is a very good deal for both participants. The private farmers have expressed a desire to plant soybeans on contract next year to continue our soybean seed operation.

ABC/White Church has an opportunity for income because of its location at a progressive feedmill. The feedmill just received an order for 2,000 tonnes of chicken feed for export to poultry producers near Moscow. At the feedmill, we have eight 18,000 bushel bins and a 13,600 bushel drying bin for a total storage capacity of 157,600 bushels. All bins are 36' in diameter and inter-connected with augers. We plan to install the extruders near to and connect them by auger with the bins for a turnkey operation to produce soybean meal for the feedmill and food-grade soy oil. A processing fee for extruding the soybeans and selling the soy oil for human consumption will sustain ABC/White Church once operation gets underway.

The "Planting Technology Seminars" held at ABC/Stavropol July 14, 15 and 16 could not have been more successful. Stavropol State Lieutenant Governor Sheyanov opened and closed both sessions. The following companies, recruited by IIDF, presented educational and training seminars: JOHN DEERE, KINZE, MONSANTO, UNIROYAL CHEMICAL, CARGILL SEEDS, and ICI SEEDS. John Walter from SUCCESSFUL FARMING was there to report on the seminars for the next issue of New Agribusiness. A seed broker from Iowa investigated our soybean seed potential, a VOCA representative spoke about VOCA programs, and a DAI consultant out of Washington, D.C. attended.

The 310 farm leaders and private farmers from across the Stavropol state who attended showed great interest in the seminar focus: no-till farming or conservation tillage. No-till is a new concept to them and they appreciated its benefits. No-till reduces the number of trips across the field which saves input costs and minimizes farming's impact on soil and environment. The company representatives spoke to no-till and marketed their seed, herbicide, and equipment as part of a no-till package. Equipment owned by ABC/Stavropol was demonstrated: JOHN DEERE 20' no-till soybean drill, two KINZE 8 row corn planters, and a RITCHIE field sprayer. The farmers completed questionnaires and the results will be included in IIDF's next Quarterly Report due July 31, 1994.

Our ABC/Stavropol Russian partners fed and housed the company representatives at no cost at the hotel of the Stavropol affiliate of the Russian Academy of Management and Agribusiness which is where the seminars were held. The Academy is one of our Russian partners. Some of the farmers who had to stay overnight were also lodged here. The seminars received radio, television and newspaper coverage before and after with an emphasis on private farmers.

Copies of IIDF's unsolicited pre-proposal for USAID Grant #3, "U.S./NIS Agricultural Marketing, Exports, Extension and Training" (AgMEET), were left with both you and Mr. Sprague. AgMEET is a solid concept with an historical basis, and the need and rationale for the new initiatives have been established. For USAID to drop IIDF from any future funding consideration when we are at the point to show impact is a serious mistake and a disregard for the work IIDF and our NIS partners have accomplished.

On this trip I saw the equipment we have on-site and visited with our partners to evaluate their current potential. After analyzing our situation, I have seen what needs to be done and what can be done which confirms and strengthens my previous assumptions. The original rationale in funding this project remains valid. The ABCs can be made profitable if allowed more time and money to complete what they need to do.

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Ms. Norris
June Trip Report

July 12, 1994
Page 4 of 4

It must be noted that the ABCs perform services such as hosting seminars and visitors that provide no income. If the ABCs become self-sustaining, these and other services will necessarily have to cease. This would be unfortunate because these services are truly needed and the ABCs are ideally positioned for this.

With no-cost extensions, the ABCs will be able to install the extruding equipment, train personnel, and start a soybean seed operation in Stavropol. Although IIDF received \$200,000 from the Iowa Legislature for FY'95 starting July 1, 1994, the ABCs will not survive long after USAID Grant #2 ends because the State of Iowa appropriations aren't enough to continue the ABCs.

The ABCs will require on-going U.S. technical assistance in order to repair and maintain the bins and equipment. If IIDF does not receive additional USAID money, the bins and equipment will become inoperable and become an embarrassment to all involved. This is my biggest concern and it will happen without Grant #3.

Try to appreciate that when I was in Kiev, Mr. Sprague told me USAID/Kiev was renting an airplane to fly the U.S. Ambassador and 20 people to attend a seminar put on by MONSANTO only. It is unfortunate our seminars the week before in Stavropol which were much bigger with more top U.S. agricultural companies, didn't receive such publicity. Thank you for apologizing for not being able to attend due to a schedule conflict but if you had, you would have been impressed with the seminars' impact. This type of training and marketing including trade missions and reverse trade missions focused on U.S./NIS trade are what I am good at but they will no longer be pursued because they can't be structured to make money. It's unfortunate because these activities have compounded economic results such as U.S. companies signing agreements to manufacture parts in the NIS for export.

Under my new leadership, the ABCs are showing impact and will become profitable if I have additional time and money to do what I need to do. Your assistance and advice on how to get more USAID money and how to proceed with AgMEET are appreciated. Both you and Mr. Sprague expressed more optimism than USAID/Washington has done in the past. What I discovered on this trip was more encouraging than I anticipated and I hope you begin to share my enthusiasm. Thank you very much and I look forward to working with you.

Sincerely,

Dick

Richard T. Gannon
Executive Director



AR12JUL
cc: John Walter
Files

11

IOWA/INTERNATIONAL DEVELOPMENT FOUNDATION

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 INTERNET: "/G=R/S=GANNON/"@ABCP.SPRINT.COM

F A X

To: Mr. David M. Sprague
 Assistant Director
 USAID/Kiev
 Fax: 7-044-220-7079
 Cc: Jim Asher, CNFA/Ukraine
 Re: JUNE TRIP REPORT

July 15, 1994
 Page 1 of 4

Dear David:

Thank you for meeting with me on June 21 to discuss IIDF's Agribusiness Center (ABC) in White Church. Thank you also for approving our request for the no-cost two month extension. A letter from Marcus Winter dated June 22, 1994 informing me of Extension #1 was waiting for me when I got back to Iowa.

ABC/White Church will have a turnkey operation to produce soybean meal for feed and food-grade soybean oil. ABC/White Church will receive two incomes by charging a processing fee for extruding the soybeans for the feedmill and by selling the oil. The ABC will serve as a model to demonstrate how the Ukrainian feed industry can evolve to manufacture balanced feed rations.

You and I spoke about David Wampler's departure on July 16 and I assured you of our continued commitment to ABC/White Church. In concurrence with others and after analyzing the situation in detail, IIDF has decided it is no longer necessary to station someone at ABC/White Church permanently.

Our plan for ABC/White Church is to have Tom Dunn, the ABC/Stavropol Manager in Russia, travel to White Church with the agent of INSTA-PRO, the U.S. manufacturer of the extruders who is also in Stavropol. They will identify and recommend what remains to be done and advise APK ROSS, our partners, on the next steps for installing the extruders. Using their report, we will plan a strategy to send technical assistance to supervise and finalize installation and start-up, and train operators. The 40' container with the equipment arrived at ABC/White Church July 4, 1994.

Both you and Cathy Norris at USAID/Moscow expressed concerns that after project end the bins and extruders would breakdown and become a white elephant. I assured you this was my utmost concern and I will do everything possible to keep this from happening. Ms. Norris was impressed with Mr. Dunn's accomplishments and advised that we utilize the rest of the grant money for extensions to keep Mr. Dunn at ABC/Stavropol as long as possible. Mr. Dunn will advise me on what short-term technical assistance to send to ABC/White Church. We will have sufficient grant funds to request Extension #2 to follow Extension #1.

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Although Grant #2 will end after Extension #1 and #2 are completed, ABC/White Church will continue to require occasional U.S. technical assistance to repair and maintain the bins and extruders. If IIDF does not receive additional USAID money, the bins and extruders will breakdown and become a white elephant. This is my biggest concern and it will happen without Grant #3.

Copies of IIDF's unsolicited pre-proposal for USAID Grant #3, "U.S./NIS Agricultural Marketing, Exports, Extension and Training" (AgMEET), were left with you and Mr. Asher. AgMEET is a solid concept with an historical basis, and the need and rationale for the new initiatives have been established. For USAID to drop IIDF from any future funding consideration when we are at the point to show impact is a serious mistake and a disregard for the work IIDF and our Ukrainian partners have accomplished. Mr. Asher supports AgMEET and we have spoken again now that he's here in the U.S.

A main point of my trip was to identify the most expeditious means to make ABC/White Church profitable. ABC/White Church has an opportunity for income because of its location at a progressive feedmill. The feedmill just received an order for 2,000 tonnes of chicken feed for export to poultry producers near Moscow. At the feedmill, we have eight 18,000 bushel bins and a 13,600 bushel drying bin for a total storage capacity of 157,600 bushels. All bins are 36' in diameter and inter-connected with augers. We will install the extruders near to and connect them by auger with the bins for a turnkey operation to produce soybean meal for the feedmill and food-grade soy oil. A processing fee for extruding soybeans and selling the soy oil for human consumption will provide two incomes for ABC/White Church once operation starts.

In addition to agribusiness marketeer APK ROSS, our other Ukrainian partner is Dr. Petro SABLUK, Director of the Ukrainian Institute of Agricultural Economics of the Ukrainian Academy of Agricultural Sciences. Dr. SABLUK is recognized as one of Ukraine's leading agricultural economists, is highly respected, and has excellent training and translating facilities. He makes an effective partner because of his ability to get things through the bureaucracy using his top level contacts. Dr. SABLUK is ready to work with IIDF and Dr. Stanley Johnson, Director of CARD at Iowa State University. Having Dr. SABLUK as an active partner is another good reason to fund AgMEET, IIDF's proposal for Grant #3.

You had mentioned that USAID/Kiev was considering renting an airplane to fly the U.S. Ambassador and 20 people to attend a seminar put on by MONSANTO only. It's unfortunate our seminars the week before at ABC/Stavropol which MONSANTO attended with other top U.S. agricultural companies didn't receive such publicity. Below is a summary of the ABC/Stavropol seminars and an example of what IIDF, ABC/White Church, CARD and Dr. SABLUK can do together.

ABC/STAVROPOL SEMINAR SUMMARY

The "Planting Technology Seminars" held at ABC/Stavropol July 14, 15 and 16 could not have been more successful. Stavropol State Lieutenant Governor Sheyanov opened and closed both sessions. The following companies, recruited by IIDF, presented educational and training seminars: JOHN DEERE, KINZE, MONSANTO, UNIROYAL CHEMICAL, CARGILL SEEDS, and ICI SEEDS.

John Walter from SUCCESSFUL FARMING was there to report on the seminars for the next issue of New Agribusiness. A seed broker from Iowa investigated our soybean seed potential, a VOCA representative spoke about VOCA programs, and a DAI consultant out of Washington, D.C. networked participants.

The 310 farm leaders and private farmers from across the Stavropol state who attended showed great interest in the seminar focus: no-till farming or conservation tillage. No-till is a new concept to them and they appreciated its benefits. No-till reduces the number of trips across the field which saves input costs and minimizes the adverse effects on soil and environment. The company representatives spoke to no-till farming and marketed their seed, herbicide, and equipment as part of a no-till package.

Farm implements owned by ABC/Stavropol were demonstrated: a JOHN DEERE no-till soybean drill, two KINZE 8 row corn planters, and a RITCHIE field sprayer. The farmers completed questionnaires and the results will be included in IIDF's next Quarterly Report due July 31, 1994.

Our ABC/Stavropol Russian partners fed and housed the company representatives at no cost at the hotel of the Stavropol affiliate of the Russian Academy of Management and Agribusiness which is where the seminars were held. The Academy is one of our Russian partners. Some of the farmers who had to stay overnight were also lodged here. The seminars received radio, television and newspaper coverage before and after with an emphasis on private farmers.

Ms. Norris apologized for not being able to attend due to a schedule conflict but if she had, she would have been impressed with the seminars' impact. This type of training and marketing including trade missions and reverse trade missions focused on U.S./NIS trade is my strength. However, if the ABCs are to become self-sustaining, these activities will no longer be pursued because they can't be structured to make money. It's unfortunate because these activities have compounded economic results such as U.S. companies signing agreements to manufacture agricultural parts in Ukraine for export to the U.S. which, according to Mr. Asher, is happening at present in the Ukraine.

ABC/WHITE CHURCH STRATEGY

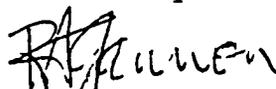
On this trip I saw the bins, extruders, and equipment we have on-site and visited with our Ukrainian partners to evaluate their current potential. After analyzing our situation, I see what has been done, what needs to be done, and what can be done. This confirms and strengthens my previous assumptions. The original rationale in funding this project remains valid. ABC/White Church will start earning income soon and can be made to be profitable if allowed more time and money to complete what it needs to do.

ABC/White Church has hosted visitors, delegations, and organized educational exchanges which provided no income. If the ABC is required to become self-sustaining, these and other services will necessarily have to cease because they can not be structured to make money. These services are truly needed and ABC/White Church is ideally placed to provide these services.

With Extension #1 and #2, ABC/White Church will be able to install the extruding equipment and train personnel to operate the turnkey operation. Although IIDF received \$200,000 from the Iowa Legislature for FY'95 starting July 1, 1994, the ABC will not survive long after USAID Grant #2 ends because the State of Iowa appropriations aren't enough to continue the ABC.

Under my new leadership, ABC/White Church is showing impact and will become profitable if I have additional time and money to do what I need to do. Your assistance and advice on how to get more USAID money and how to proceed with AgMEET for Grant #3 are appreciated. You and Ms. Norris expressed more optimism than USAID/Washington has done in the past. What I discovered on this trip was more encouraging than I anticipated and I hope you share my enthusiasm. Thank you very much and I look forward to working with you.

Sincerely,



Richard T. Gannon
Executive Director



AU15JUL1
cc: Jim Asher, CNFA/Ukraine
Files

PROGRAM **ATTACHMENT IV**
of the Russian-American Agribusiness Center's Seminar

Purpose: Learning new technologies of planting corn and soybean and demonstration the newest machinery.

Location: Stavropol Affiliate of Russian Academy of management and agribusiness, SNIISKH, v. Shpakovskoye.

Date: June 14-16, 1994 in two flows.

Duration: one day for each flow.

Invited people: chiefs of regional agricultural departments, chief engineers and chief agronomists of agricultural enterprises, directors of Farms (according to the list), specialists of agricultural departments of the Administrations of Stavropol Krai, Rostov, Penza, Volgograd Regions, Krasnodar Krai and Kalmyk Republic.

Number of participants: 400 people in two flows.

Beginning of the seminar: 12 o'clock, June 14, for the first flow and 12 o'clock, June 15, for second flow.

JUNE 14, 1994

1. Registration of participants.	9:00-12:30	
2. Seminar opening. Speech.	13:00-13:10	Alexander Shiyarov
3. Speech.	13:10-13:20	Richard Gannon
4. Lecture "Technology of No-Till Planting".	13:20-13:50	Tom Dunn
5. Results of presentation. Speech.	13:50-14:00	Vladimir Khvorostyanov

BREAK 14:00-14:10

Lectures in the groups.

Group 1. Lecture 1. John Deere machinery.	14:10-14:55
Lecture 2. Kinze planters.	15:00-15:45

Group 2. Lecture 1. Monsanto chemicals.	14:10-14:55
Lecture 2. Uniroyal chemicals.	15:00-15:45

Group 3. Lecture 1. ICI seed.	14:10-14:55
Lecture 2. Cargill seed.	15:00-15:45

Break	15:45-15:55
Group 1. Lecture 3. Monsanto chemicals.	15:55-16:40
Lecture 4. Uniroyal chemicals.	16:40-17:25
Group 2. Lecture 3. ICI seed.	15:55-16:40
Lecture 4. Cargill seed.	16:40-17:25
Group 3. Lecture 3. John Deere machinery.	15:55-16:40
Lecture 4. Kinze planters.	16:40-17:25
Break	17:25-17:35
Group 1. Lecture 5. ICI seed.	17:35-18:10
Lecture 6. Cargill seed.	18:10-18:55
Group 2. Lecture 5. John Deere machinery.	17:35-18:10
Lecture 6. Kinze planters.	18:10-18:55
Group 3. Lecture 5. Monsanto chemicals.	17:35-18:10
Lecture 6. Uniroyal chancels.	18:10-18:55

JUNE 15, 1994.

Group 1. Demonstration of John Deere drill.	8:00-9:00	Pekka Helkery
Group 2. Demonstration of Ritchie sprayer.	8:00-9:00	Tom Dunn
Group 3. Demonstration of Kinze planter.	8:00-9:00	

Groups change the places of demonstration in 1 hour.

LIST OF PARTICIPANTS

June, 14-15 1994.

<i>Group 1</i>	<i>Group 2</i>	<i>Group 3</i>
Alexandrovski District.	Blagodarnenski Dist.	Izobilny Dist.
Andropovsky Dist.	Budyonnovski Dist.	Ipatovski Dist.
Apanasenkovski Dist.	Georgiyevski Dist.	Kochubeyevsky Dist.
Arzgirski Dist.	Grachovski Dist.	Krasnogvardeysky Dist.
Stavropol Krai Ag Dept.	Rostov Region	Kirovski Dist.
Kalmyk Republic	Krasnodar Krai	Volgograd Region
Penza Region		

JUNE 15, 1994

- | | | |
|--|-------------|------------------------|
| 1. Registration of participants. | 9:00-12:30 | |
| 2. Seminar opening. Speech. | 13:00-13:10 | Alexander Shiyarov |
| 3. Speech. | 13:10-13:20 | Richard Gannon |
| 4. Lecture "Technology of No-Till Planting". | 13:20-13:50 | Tom Dunn |
| 5. Results of presentation. Speech. | 13:50-14:00 | Vladimir Khvorostyanov |

BREAK 14:00-14:10

Lectures in the groups.

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Lecture 2. Kinze planters. 15:00-15:45

Group 2. Lecture 1. Monsanto chemicals. 14:10-14:55
Lecture 2. Uniroyal chancels. 15:00-15:45

Group 3. Lecture 1. ICI seed. 14:10-14:55
Lecture 2. Cargill seed. 15:00-15:45

Break 15:45-15:55

Group 1. Lecture 3. Monsanto chemicals. 15:55-16:40
Lecture 4. Uniroyal chancels. 16:40-17:25

Group 2. Lecture 3. ICI seed. 15:55-16:40
Lecture 4. Cargill seed. 16:40-17:25

Group 3. Lecture 3. John Deere machinery. 15:55-16:40
Lecture 4. Kinze planters. 16:40-17:25

Break 17:25-17:35

Group 1. Lecture 5. ICI seed. 17:35-18:10
Lecture 6. Cargill seed. 18:10-18:55

Group 2. Lecture 5. John Deere machinery. 17:35-18:10
Lecture 6. Kinze planters. 18:10-18:55

Group 3. Lecture 5. Monsanto chemicals. 17:35-18:10
Lecture 6. Uniroyal chancels. 18:10-18:55

JUNE 16, 1994.

Group 1. Demonstration of John Deere drill. 8:00-9:00 Pekka Helkery

Group 2. Demonstration of Ritchie sprayer. 8:00-9:00 Tom Dunn

Group 3. Demonstration of Kinze planter. 8:00-9:00

Groups change the places of demonstration in 1 hour.

LIST OF PARTICIPANTS

June, 15-16 1994.

Group 1

Kurski Dist.
Levokumski Dist.
Minvodski Dist.
Neftakumski Dist.

Group 2

Novoalexandrovski Dist.
Novoselitski Dist.
Petrovski Dist.
Predgorny Dist.

Group 3

Sovietski Dist.
Stepnovski Dist.
Trunovski Dist.
Turkmenski Dist.
Shpakovski Dist.

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

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Summary and Analysis of Questionnaire Responses
 from the
 ABC/Stavropol Planting Technology Seminars
 June 14-16, 1994
 Stavropol, Russia

Seminar participants were asked to fill out a questionnaire at the end of the seminars. There were 104 questionnaires returned out of 310 participants. This confirms a finding from previous seminars in that Russians in rural areas are generally reluctant to return questionnaires because they are not accustomed to voicing their opinion.

The majority of the respondents were farmers from fully or partially privatized joint stock farms with 150 employees or more. Almost 100% of the respondents showed a strong interest in the seminar focus: no-till farming or conservation tillage. Nearly all the respondents found the seminars to be useful, wanted to participate in future seminars, and expressed a desire to receive more information on U.S. agriculture. These findings support IIDF's proposal to USAID for Grant #3: U.S./NIS Agricultural Marketing, Exports, Extension, and Training (AgMEET).

Perhaps the most significant finding for IIDF because of our ability to recruit U.S. manufacturers is that almost 75% of the respondents stated that within the next two years they are planning to buy U.S. agricultural inputs including machinery, seed, and fertilizers. We knew Stavropol held strong market potential for U.S. exports but this finding showed that the potential is stronger than we had anticipated. This supports the Marketing component of AgMEET.

IIDF and ABC/Stavropol created the four page questionnaire in Russian. It contained 12 multiple-choice questions and one question requiring a written response. Following is a summary of the questions, data obtained, and our comments:

1). Name, position, your farm, enterprise, or organization and its address.

Comments: These are available on request and will be used to create a database.

2). Field of your activities:

1. Agriculture	89	5. Administration	11
2. Food production	1	6. Scientific research	
3. Industrial production	1	7. Education	1
4. Trade	1	8. Others (explain)	

Comments: In a change from previous seminars, the vast majority of respondents were farmers and not state (Krai) or regional (Raion) administration officials. This achieved the seminar objective of targeting farmers from the privatized joint stock farms.

3). Extent of privatization of your enterprise, organization or farm:

1. Completely privatized	36
2. Partially privatized	18
3. Will be privatized	2
4. Won't be privatized	12
5. Can't be privatized legally	25

Comments: A third of the respondents were farmers from fully privatized farming operations. Over 50% of respondents worked on either fully or partially privatized farms.

4). How many people work at your enterprise, organization or farm:

1. 1 - 10	1
2. 11 - 50	20
3. 51 - 200	6
4. 201 - 500	6
5. 501 - 1500	57
6. More than 1500	7

Comments: Approximately 20% of the respondents represented small business ventures with less than 50 employees. Over 50% of the respondents were from entities with over 500 employees. Only 10% of the respondents were from entities with 50-500 employees.

5). If you're employed in agriculture, is your farm:

1. Individual private farm	1
2. Co-operative association of individual farms	1
3. Medium-size (50-150 people) joint-stock farm	4
4. Large (more than 151 people) joint-stock farm	54
5. Other	30

Comments: The private farmer who responded as representing the individual private farm belongs to a group of twelve private farmers. ABC/Stavropol contract planted 90 hectares of corn for that group of private farmers and the contract is in the attachments to this quarterly report. Over half the respondents represented the average size farm in Stavropol Krai.

6). If you are employed in agriculture, would you apply no-till planting technology?

1. Yes	43
2. Yes, if I find out more about it.	48
4. No	5

Comments: The response shows strong interest in no-till farming and demonstrates that no-till as the seminar focus was appropriate.

7). Do you receive enough information about U.S. agricultural practices?

1. Yes	19
2. Usually, no	61
3. No	17

Comments: This demonstrates the need for the dissemination of information through agriculture extension. This finding supports the Extension component of AgMEET.

- 8). Would you like to know more about U.S. agriculture?
- | | |
|--|----|
| 1. Yes | 96 |
| 2. No | 1 |
| 3. It is not directly related to my work | 1 |

Comments: The almost universal response shows a desire to know more about U.S. agriculture which is the purpose of the New Agribusiness. This supports the Extension component of AgMEET.

- 9). Are you planning to purchase U.S. machinery, seed, fertilizers, etc. in next two years?
- | | |
|---|----|
| 1. Yes | 75 |
| 2. No | 8 |
| 3. I don't use agricultural inputs in my work | 15 |

Comments: This finding supports the Marketing component of AgMEET. It demonstrates the need for U.S. companies to develop the Russian market. This may be perhaps the most interesting finding of this survey. We knew the market potential was strong but we did not expect it to be this strong.

- 10). If you answered "yes" to the last question, which method of payment would you choose ?
- | | |
|---------------------|----|
| 1. In hard currency | 4 |
| 2. In rubles | 20 |
| 3. By barter | 63 |

Comments: It is interesting to see that almost 25% of the respondents are able to purchase agricultural inputs with either rubles or hard currency. Rubles are easily converted into hard currency in Russia.

- 11). Was your participation in the seminars useful for you?
- | | |
|----------------|----|
| 1. Yes | 93 |
| 2. No | 0 |
| 3. Hard to say | 5 |

Comments: This demonstrates that the seminars had a strong impact.

- 12). What interested you most in these seminars?
- | | |
|--|----|
| 1. Opportunity to see new machinery | 66 |
| 2. Opportunity to know more about new planting technologies | 49 |
| 3. Opportunity to establish business contacts with representatives of American companies | 43 |
| 4. Acquaintance with Agribusiness Center's activities | 38 |
| 5. Opportunity to establish contacts with your Russian colleagues | 29 |
| 6. Other | 4 |

Comments: These findings indicate that all aspects of the seminars were of interest.

- 13). Would you like to participate in other similar seminars in future?
- | | |
|---------------------|----|
| 1. Yes | 91 |
| 2. I am not certain | 3 |
| 3. No | 0 |

Comments: This overwhelmingly positive response by the farmers indicates their strong desire that ABC/Stavropol host future seminars. This finding supports the Extension and Training components of AgMEET.

14). How can the organization and program of such seminars be improved?

Comments: The farmers wrote out their answers to this question. The answers can be grouped into three general categories:

1. Conduct the seminars more often.
2. Increase the length of the seminars from 2-3 days to a week.
3. Devote more time to field demonstrations of equipment.

CONTRACT

Stavropol Scientific Research Institute of live-stock raising and feed production hereinafter referred to as Executor represented by its Director, Vassily Vassilyevich Miloshenko, acting on the basis of "Operating Regulations of the Enterprise" from one side and Insta-Pro Co. and Russian-American Agribusiness Center hereinafter referred to as Customer represented by

acting on the basis

from the other side, came to the Contract about the following below:

1. Terms of the Contract

1.1 The Customer charges and the Executor takes upon himself conducting scientific research work with topic "To determine the effectiveness of using Insta-Pro premixes in feed of cows, hogs and chickens-broilers".

1.2 Scientific requirements to scientific technical production being the term of the Contract are determined by technical task (Addendum 1).

1.3 The term of completion of the work according to the is determined by the calendar plan of the work (Addendum 2).

2. The Work Costs and the Order of Payment

2.1 According to this Contract the Customer will transfer to the Executor for this work 9,500,000 rubles correspondingly to the expenses plan (Addendum 3).

2.2 The payment will be fulfilled step by step after each part of work will be accomplished with advance payment equal 30% of Contract sum.

2.3 The correction of work costs is possible with mutual agreement of both sides regarding the inflation rate determined by the Government decisions and additional agreement to this Contract.

3. The Order of Returning and Receiving the Work.

3.1 After the work will be accomplished the Executor will present to the Customer the act of return-reception of the scientific technical production with enclosure of conclusion about influence of premixes following the indices determined by the technical task (Addendum 1).

3.2 The Customer is obliged to direct to Executor signed return-reception act or motivated refuse from the reception of work within 10 days from the date of the reception of this act.

3.3 In case of motivated refuse of The Customer both sides compose double-sided act with listing of all necessary points to be finished off and terms of their completion.

3.4 If in the process of the fulfillment of this work the inevitability of receiving the negative results or unexpedientness of further work's conducting is ascertained, the Executor is obliged to stop it, informing the Customer in 3 day term after that work was stopped. In this case sides are obliged in 5 day term to consider the question of expedientness and directions of continuing the work. In case of unexpedientness of the further work's conducting, the payment to executor is fulfilled for the volume of work made in fact.

4. Responsibility if the Sides.

4.1 The Executor and the Customer are responsible for unfulfillment or improper following the obligations by their assets according to the acting Legal Code.

5. Terms of the Contract and Judicial Addresses of Sides.

5.1 Terms of the Contract:

Beginning: June 1, 1994.

End: _____

5.2 Address and the bank accounts of sides:

Executor: SSRILR, 2, Abramovoy St. Stavropol 355005 Russia;
account # 000122206 MFO 231653 in Agriprombank of RF, corr/account #
700161968

Customer:

Executed in Stavropol on June 1, 1994.

Signatures and stamps.

PRODUCTION CONTRACT
-for
90 HECTARES of COMMERCIAL CORN
07 Jun 94

(This contract supersedes prior contract of 60 hectares)

The parties to this contract are as follows:

Russian American Agribusiness Center, hereinafter referred to as ABC, represented by Thomas G. Dunn, Manager of Agricultural Operations
and

Yakshin-Kuzminov et al Private Farm, hereinafter referred to as YK Farm, represented by Ivan Kuzminov and Vassily Yakshin, two of the twelve members of this private farming operation.

TERMS OF AGREEMENT

The objective of this agreement is the cooperative efforts of ABC and YK Farm to produce and market 90 hectares of commercial corn.

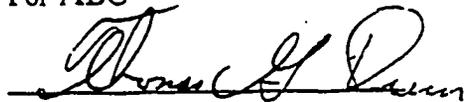
The inputs for this project will be supplied as followed.

1. ABC will supply forty five (45) bags of ICI 8388 seed corn (60,000 seeds per hectare planting population), two hundred forty (240) liters of Harness herbicide (2.5 liters per Hectare), nine (9) tons of 34-0-0 fertilizer (100 kilograms per hectare), nine (9) tons of 11-50-0 fertilizer (100 kilograms per hectare), a 1994 eight-row Kinze 2000 planter for planting all seed and applying all fertilizer and a 1992 Broyhill 750 gallon, 11.2 meter boom, field sprayer for applying all herbicide.
2. YK Farm will supply ninety (90) hectares of land that it possesses, all fuel for all field operations, all tractors and additional machinery needed to prepare field, plant, raise and harvest entire crop and all labor needed to carry out all of the farming operations for the production of this crop.
3. If drying of the harvested corn crop is required, it will be done at the ABC grain drying facility located on the Egoriyk Farm. Each party will be responsible for paying the costs associated with drying their share of the crop (25% ABC & 75% YK Farm). The costs for use of this facility will be at favorable ABC rates. Additional reasonable costs to the Egoriyk Farm for labor and electricity will also be paid by the respective parties.
4. All transportation of inputs at planting time and trucking of crop to market after harvest will be provided by YK Farm.
5. All management decisions concerning the production and marketing of this crop will be jointly made by Tom Dunn for ABC and Ivan Kuzminov and Vassily Yakshin for YK Farm. No

farming operations or marketing agreements will be made without unanimous consent of all three parties or their properly designated representatives.

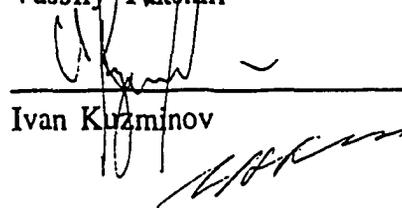
6. The total proceeds from marketing this crop will be divided as follows:
Twenty five percent (25%) of total proceeds will be paid to ABC.
Seventy five percent (75%) of total proceeds will be paid to YK Farm.

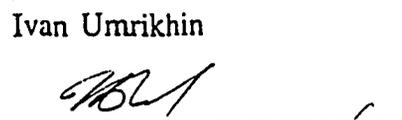
For ABC

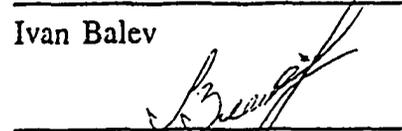

Thomas G. Dunn, Manager

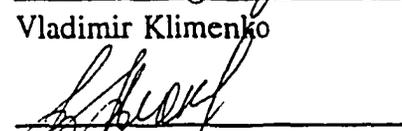
For YK Farm

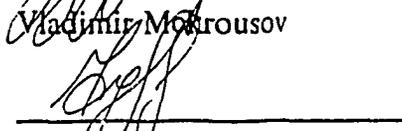

Vassily Yakshin

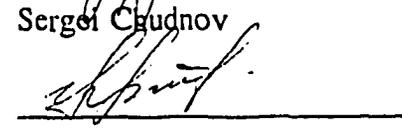

Ivan Kuzminov

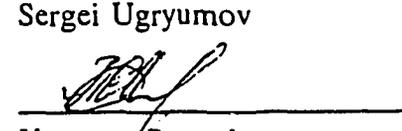

Ivan Umrikhin

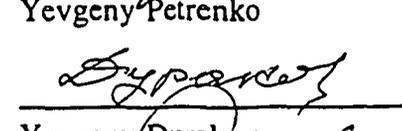

Ivan Balev

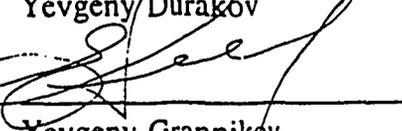

Vladimir Klimenko

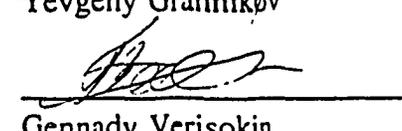

Vladimir Mokrousov


Sergei Chudnov


Sergei Ugryumov


Yevgeny Petrenko


Yevgeny Durakov


Yevgeny Grannikov


Gennady Verisokin

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U.S./NIS AgMEET

An

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to

USAID/Moscow

and

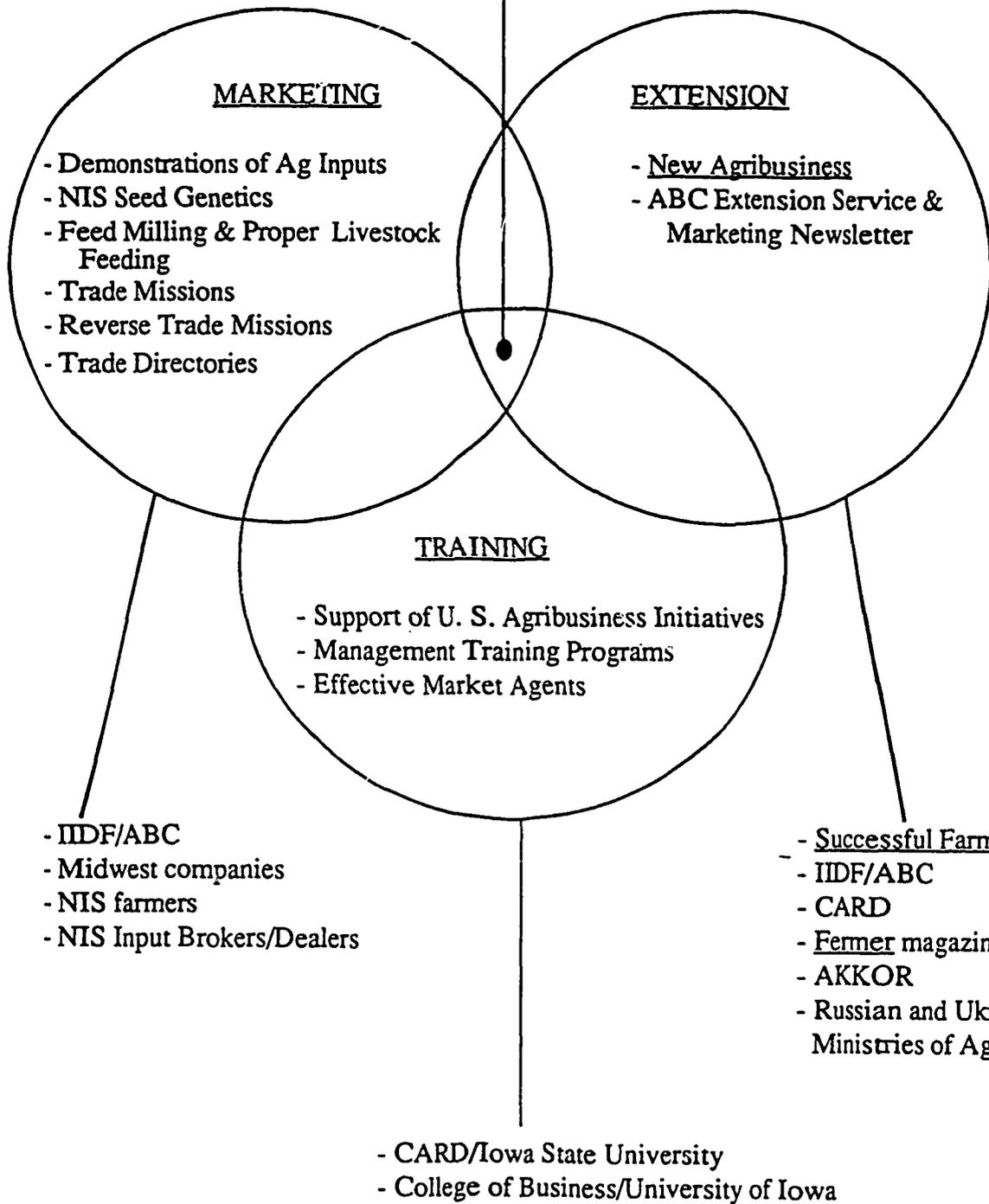
USAID/Kiev

U.S./NIS Agricultural Marketing, Exports, Extension, and Training

AgMEET

EXPORTS

IIDF/ABC



I. Project Overview

I.A. Historical Basis and New Initiatives

The Agribusiness Centers in Russia and Ukraine were started as a part of a broad initiative in Iowa to provide support for the political and economic reforms in the former Soviet Union and to supply an opportunity for U.S. agribusiness interests to identify and evaluate existing and future opportunities in the new independent states. The initiative to establish the Agribusiness Centers has been supported by the state of Iowa, the Iowa International Development Foundation (IIDF), private agribusiness contributions, three federal grants, and the Center for Agricultural and Rural Development (CARD) at Iowa State University (ISU). The grants are from the U.S. Trade Development program [now the U.S. Trade and Development Agency (TDA)], and the U.S. Agency for International Development (AID). Support provided for the development of the Centers totals \$5,905,218, of which \$1,752,231 has been obtained from the AID and TDA grants. In short, the Agribusiness Centers represent an initiative with compatible developmental and commercial objectives, which has been funded to a significant extent by participants at the state and private levels.

Two Agribusiness Centers in Russia and Ukraine have now been established and are operating to provide technical assistance, technology transfer, support in the development of markets and privatization, and opportunities for U.S. private agribusiness interests in the two new independent states. With the establishment of these Centers, including the legal documents and registrations for their functioning on a purely private basis (which was a task of some substance) and the installation of equipment incorporating U.S. technologies and management methods, the Agribusiness Centers are in positions to undertake a new initiative. This initiative will focus on agricultural marketing, extension, and training to support private sector development.

The market development activity of the Centers will support trade among farms and regions in Russia and Ukraine as well as commercial activities with U.S. firms. Trade among farms and regions in these two nations was limited under the old system. The Agribusiness Centers, by taking a role in providing local markets for agricultural commodities, can improve opportunities for trade and access the hard currency and other financial means necessary to make the new private enterprises in Russia and Ukraine effective participants in international markets and users of the agricultural technologies and management methods that are efficiently produced in the United States.

The agricultural extension program will be based on modern technologies available through the project collaborators. Featured will be the development of a farm magazine titled New

Agribusiness published by the Meredith Corporation that can provide a broad basis for communication with the new privatizing agricultural sectors in Russia and Ukraine. Also, communication methods will be used to leverage the training activities, providing opportunities for feedback, and dissemination of materials that have proven successful in a training context.

Finally, the training program will focus on management methods, technologies, and the institutional framework necessary for support of private enterprise and the efficient functioning of markets.

Thus, the proposal is for support to enhance the ongoing Agribusiness Centers in Russia and Ukraine. These Centers already have successful programs, but they lack the support necessary to leverage the programs so that the impacts reach more than local communities in which they operate.

The Centers have been a model for many other development assistance activities in the former Soviet Union, reflecting well on the foresight of the Iowa organizations, AID, and TDA, which have supported the Centers. For example, discussions are now under way with the government of Ukraine for the establishment of a network of centers (modeled in many respects on our Agribusiness Centers) as the basis for the first large agricultural sector development loan. By funding this project, the United States can continue its leadership in guiding development assistance for agriculture and agribusiness to the former Soviet Union.

Upon the successful review of this pre-proposal, the Iowa International Development Foundation will submit a detail application, with corresponding budget and appendices.

I.B. Establishment of Need and Rationale

It is now well understood that the economic reforms in Ukraine, Russia, and the other republics of the former Soviet Union have proceeded without adequate attention to the institutions necessary for the effective functioning of market economies. Prices have been liberalized, privatization is under way, orders have been opened (albeit to a limited extent), trade has been permitted, and economic policies have been set with the objective of supporting market economies. Little attention, however, has been given to how markets actually function at the most basic levels, and what are the necessary institutions for assuring their efficient functioning. Without these institutions that can support an efficient exchange, the market reforms and their impacts on the growth and development of the agricultural sectors in the former Soviet Union will be limited.

This Agribusiness Centers proposal aims directly at the institution-building and technologies necessary for the

development of efficiently functioning markets. The Agribusiness Centers themselves will be examples of institutions that facilitate marketing. These centers, through their commercial activities, will encourage trade among farms and on an interregional basis within Russia and Ukraine. Also, the Centers can be organized so that they assist the farms in participating in trade and international markets. Based in this trade, a freer expression of comparative advantage can occur, supporting the growth and development of agriculture and broad new markets for U.S. agribusiness.

The rationale for the program is to establish institutions that promote exchange, trade, and other market-related activities among farms. These same institutions (Agribusiness Centers) provide an alternative to what remains of the old hierarchical procurement system. Through trade and exchange, and the circumvention of the old procurement system, efficiencies can be generated. These efficiencies will contribute to the growth and development of agriculture, re-enforce market reforms, and generate viable partners for trade and commercial activity for U.S. agribusiness. The training program is designed to leverage the ideas that are developed and tested in the Centers. It is possible for the training program to be oriented toward U.S. technologies. The training program itself will also be leveraged, as the concept of training the trainers will be utilized. The communications and outreach components of the program will further leverage the training programs, extending the impact of the Centers and their associated activities beyond the regions in which they are located.

Many of the agribusinesses in the Midwest and other parts of the United States are relatively small firms. These firms do not normally have the capacity and information to effectively explore opportunities in international markets, especially in restructuring economies like those of the former Soviet Union. It is in these restructuring economies that significant opportunities for the development of trade and other commercial activities exist. The Centers will be organized to provide a platform from which U.S. agribusinesses can operate. Local managers will support the assessment of market opportunities for products and services. Also, the centers can provide knowledge of local regulations and other factors affecting the opportunity for trade and commercial joint ventures.

Finally, because the Centers are organized as private-sector entities, they provide successful models that can be duplicated for supporting joint commercial activity among U.S. agribusinesses and those in the former Soviet Union.

I.C. Description of Models

I.C.1. Marketing

The market development initiative of the Agribusiness Centers (ABCs) will be managed by the Iowa International Development Foundation and will focus on the agricultural input supply sector. The program targets the development and marketing of inputs that are necessary to support and sustain efficient private sector farming. This initiative incorporates three primary efforts:

- Marketing Demonstrations of Agricultural Inputs
- NIS Seed Genetics
- Feed Milling and Proper Livestock Feeding

Marketing Demonstrations of Agricultural Inputs

IIDF believes that over the long-term agricultural development can only be sustained by the private sector. The Foundation proposes to provide incentives to encourage the U.S. private sector to market within the NIS private sector. At present, a growing market in the Newly Independent States (NIS) exists for U.S. companies who supply agricultural inputs, but few of these companies are marketing in the NIS because of the expense, a lack of international marketing resources and high risks.

This innovative program offers U.S. companies attractive incentives to invest in marketing in the NIS. In international business, the cost of transportation plays a decisive role. Many times, the high cost of transportation prohibits international business. Therefore, as one incentive, this program will pay the costs associated with transporting inputs from U.S. companies to the NIS. Other incentives will be in the form of assistance from ABC to store, market, and demonstrate the U.S. inputs.

ABC will be the consignee of the containers loaded with inputs supplied by U.S. companies participating in this program. ABC will receive and store the inputs, market and assist in finding dealers and buyers of the inputs. The nature of this program encourages both U.S. and NIS companies to participate for the long-term. By having equipment and inputs installed as permanent demonstrates in the private farm operations, equipment dealers, and input brokers, the ABCs assist participating U.S. companies in building a market presence and provides them a means to explore the potential of the NIS market.

IIDF received \$200,000 from the Iowa Legislature for FY'95 starting July 1, 1994. IIDF is particularly well-situated to develop and support this project as the Foundation can rely upon an already-established presence in Russia and Ukraine. IIDF is

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also located in close proximity to Midwest agribusinesses that have a worldwide niche in crop production and storage and livestock management inputs. Attached are letters from U.S. companies detailing varied agricultural inputs of equipment and services these companies would like to market in the NIS in conjunction with this program.

The IIDF, along with its ABCs, would develop a network with private farm suppliers, would assess and identify necessary agricultural inputs, would recruit U.S. companies for participation and will provide all the logistical and managerial support.

NIS Seed Genetics

At present, multi-national seed companies export corn and soybean seed to the NIS and supply a considerable amount of seed to NIS agriculture. In order to decrease its dependence on expensive imports, the NIS must and will develop its own seed genetics appropriate to its climate and soil, probably using a combination of Western and NIS genetics.

U.S. corn and soybean seed companies enjoy a dominant position in the production of seed genetics. This is possible because the U.S. market bears the high cost of research. In order to protect their dominant share of the world market, these companies should position themselves to take advantage of the inevitable move away from imports.

This program will assist U.S. seed companies in identifying Russian and Ukrainian private partners. The U.S./NIS partners will then identify mutual input requirements and submit a business plan to IIDF/ABC.

The main focus of the NIS Seed Genetics program is to support the NIS training programs of the U.S./NIS partnerships. Training provided for on-farm management in seed production and training programs for sales agents in seed marketing must come from the West. IIDF will also provide logistical support and incentives in the form of subsidies for other inputs, research and shipping costs.

This program will have a multiplier effect through a larger market for NIS-produced seed with Western genetics and a cadre of NIS farm management and personnel trained in experience in the advantages of improved genetics.

Feed Milling and Optimum Livestock Feeding

The feed milling and animal nutrition project will build upon the soybean extruding equipment and feed technology supported by prior grants through USAID. The Agribusiness Center

in Russia has two soybean processing facilities and the Center in Ukraine has one.

Soybeans are extruded to produce soybean meal and soy oil. Soybean meal is the protein supplement of choice in U.S. feed rations. Although currently used little by Russian livestock producers, soybean meal will necessarily be fed throughout the NIS in the future. The soy oil is food-grade and is sold for human consumption.

IIDF and the U.S. manufacturer of the extruding equipment financed feed trials at the Research Institute of Animal Feeds in Stavropol. Vitamins and trace mineral premixes were also supplied along with recommendations on how to use them. At present, the Institute is conducting feed trials on hogs, poultry, and dairy, and will compare the performance criteria to their local standards. Results will show that animal health and feed efficiency are greatly enhanced if feed rations are supplemented with protein, vitamins, and minerals.

Though the equipment is in place and the feed milling and animal nutrition demonstrations are underway, this project requires the continued support of IIDF. More time is needed to supervise initial extruding operations, formulate proper feed rations and implement comprehensive feeding demonstrations. The equipment needs to be closely monitored and adjusted to achieve ideal on-line output.

NIS livestock producers can greatly improve their feeding practices through the use of protein in their feed rations. The ABCs are ideally positioned to serve as a model in soybean meal use as the protein supplement in livestock feed. Soybean meal use will sharply reduce the total amount of grain needed to produce meat thus making that grain available for other uses. The ABCs can train and instruct private feed mill operators as well as private livestock producers to formulate their own feed rations using locally available feed grains, vitamins/minerals, and grinding/mixing equipment.

The training in this section will be complemented by CARD's training component and by ISU's animal science nutritionists. Both of these training efforts will strengthen the position and impact of U.S. companies involved in livestock management, health, and nutrition.

I.C.2 Exports

The point of this component is to increase exports, both to other NIS countries and outside the NIS. This component will expose private sector exporters to market intelligence, foreign contacts, trade shows, trade missions, and reverse trade missions. The exporters will serve as models of what the export

sector will necessarily have to go through in order to become suppliers to the world.

NIS export earnings have been limited in large part because of a negative attitude toward marketing and profit seeking, and to a great lack of knowledge of processing, packaging, labeling, quality control, distribution, export documentation, shipping, and all the other necessary support functions.

This project will identify the agricultural commodities that AID is allowed to work with, and develop and implement a marketing plan to increase those exports. Food and food ingredients are a few of the exports this component targets. Confectionery sunflower seed is a good example of this, however AID may not be allowed to work in this commodity. U.S.-based Cargill is bartering seed corn for NIS sunflower seed for export. Another export commodity is wheat, which may not be allowed, either. The Stavropol region currently exports wheat to Europe to be used in baking bread. To Siberia, private Stavropol wheat brokers export wheat and realize such a high margin that they don't believe the government will allow this anomaly to last much longer.

Once the allowable commodities are identified, there will be a survey to gather market intelligence to identify what is currently exported. An export marketing plan will then be drawn-up for that which is identified. The export plan will include the allowable agricultural commodities and other exports as well. The other NIS exports will be identified by this survey. The IIDF Executive Director is well qualified to lead this effort because of his long history in international trade.

The export marketing plan will be outlined. The outline will be followed, but steps within the outline must remain flexible to meet the ever-changing world market. The outline will identify qualified foreign trade shows and inform the private sector exporters about these shows. The outline will include creating a directory of exporters and potential exporters and index those exporters by product category.

Private exporters will be recruited to attend specific trade shows and ABC/NCG will assist those exporters to attend and will attend with them to share a booth or more. ABC/NCG will distribute the trade directories from the booth and represent companies unable to attend. A fee will be charged to cover some or all costs, whatever the market will bear.

ABC/NCG will coordinate trade missions and reverse trade missions. CARD/U of I will present seminars on processing, packaging, labeling, quality control, distribution, export documentation and shipping, and other necessary export functions. IIDF will coordinate all export efforts and serve as the lead organization.

c/v

I.C.3. Extension

NIS agriculture faces problems on all sides. One area in which Americans can have a positive impact is agricultural extension for the dissemination of information. New concepts essential for NIS agriculture include no-till farming, equipment leasing, farm credit, and many others. This communications and outreach initiative not only supplies the information needs of Russian and Ukrainian farmers, but also furthers the impact of both the marketing and training sections of this program.

Through its ag-extension services, the private sector farm press, and other activities, the United States has accumulated a wealth of information on good farming practices. With appropriate assessment of what is needed in the NIS and what exists in the U.S., print and video information can be selected, translated, produced and made available for farmers across the NIS. Much of the U.S. material may not be appropriate for NIS conditions, but much of it is.

In the other direction, the NIS agribusiness environment and the opportunities it offers for American business get little press in the U.S. Yet such exposure is needed to increase the information level and comfort level of American firms which might consider doing business in the region.

Finally, up-to-date information can be provided to NIS farmers through a Russian-language periodical to keep them abreast of the latest Western techniques and technologies, and to provide coverage of developing news topics affecting NIS agriculture.

This proposal incorporates three communications outreach activities: the establishment of an "Agribusiness Center Information Service" (ABC/IS), a marketing newsletter on NIS agriculture, and a Russian language agriculture journal, "New Agribusiness."

This section is primarily private-sector driven and will be managed overall by the North Caucasus Group, Inc. (NCG), a company providing information and consulting services in southern Russia. Oversight will be provided by a board of editorial directors with representatives from Meredith Publishing, IIDF, CARD, NCG, the Russian and Ukrainian Ministries of Agriculture, AKKOR, "Fermer" magazine and others.

"Agribusiness Center Information Service" (ABC/IS)

NCG will create ABC/IS to select, translate, publicize and distribute U.S. agricultural print and video information, and to establish resource centers of such materials at the Agribusiness Centers and at Russian agricultural institutes. Relying upon Russian, Ukrainian and American board members, ABC/IS will

outline the types and sources of information generally available. The board will then compose a list of priority areas and select appropriate materials. Program coordination, translation and logistical support would be provided by the IIDF.

ABC/IS will connect to and coordinate with the Agriculture Extension Research Information Systems (AERIS), a World Bank electronic magazine program. Information impacting private sector agriculture will be identified, analyzed, referenced and filed, and further disseminated to those private sector participants not possessing a computer and modem.

ABC Marketing Newsletter on NIS Agriculture

NCG proposes to gather news and information about the NIS agricultural market, and to prepare and publish an ABC marketing newsletter to be sent to American agribusinesses, policy makers and other interested parties.

Listed below are sample news areas on which the newsletter would focus:

- Federal and local laws and decrees impacting agriculture
- Observations on the implementation or enforcement of laws
- Activities of domestic and foreign companies in NIS ag
- Events which affect food production, supply, and demand
- Trade shows, local agricultural fairs and expositions
- News of people and organizations in food production
- Demographic, economic and other statistical information

As a part of its information-gathering activities, ABC/NCG will prepare a trade directory of Russian equipment manufacturers and service firms for distribution to interested U.S. companies. IIDF will prepare a directory of U.S. equipment manufacturers and service firms for distribution by ABC/NCG.

"New Agribusiness" Magazine

IIDF has sponsored and proposes to continue to sponsor the Russian-language "New Agribusiness" magazine. "New Agribusiness" serves as a forum for the exchange of ideas and management information between American and Russian agriculturists, including farmers, researchers, Extension specialists, industry representatives and policy-makers. As a quarterly journal (32-48 pp. with an initial circulation of 50,000), it will publish news, features, interviews, and interactive exchanges that inform the process of agricultural reform and market development in Russia and Ukraine.

An editorial board has been established to assess information needs, set processes to solicit articles, and identify existing materials and areas of need for materials. It

includes representatives from Russian and American agribusinesses and farms, the farm press, and agricultural support organizations. The Editorial Directors from the representative organizations will guide the development of editorial content. The editors of Successful Farming and the Russian-language Farmer magazines will develop, translate, and produce materials as directed by the editorial board.

Included in the editorial mix will be selections of appropriate articles from the various publications of the two companies: Successful Farming, Corn Farmer, Soybean Grower, Farmer, Russian Land, and others. Emphasis will be given to farmer-to-farmer type information exchanges, some stemming from other Western assistance programs. Local knowledge from both the U.S. and Russia will be given priority as well. A section of the magazine will be devoted to farmer-to-farmer information exchanges patterned on Successful Farming's "All Around the Farm--A Page Written by our Readers."

Articles appearing in the inaugural issue of New Agribusiness (June, 1994) include the subjects of how to retrofit a corn planter for conservation tillage, ways to remodel older livestock buildings, how to build low-cost grain storage systems, and how to develop a farm cooperative. There are also features on the prospects for land reform and news from Western assistance projects--the U.S. Agribusiness Centers, VOCA, Citizen's Network, USDA, AgLink, and the like. The issue, moreover, includes 15 pages of features from ten Western agribusinesses.

Another project of New Agribusiness will be to measure the needs and interests of Russian farmers and agribusiness managers through surveys and interactive features in every issue. This effort will include a project to build mailing lists useful to companies wishing to develop the Russian market.

New Agribusiness will draw on the journalism experience of Farmer's staff and that publication's early association in Russia with the private farming movement and land reform, as well as its affiliation with AKKOR.

1.C.4. Training

The training program of the Agribusiness Centers initiative will be organized by CARD at ISU and the College of Business at the University of Iowa. Both have extensive NIS experience and, in particular, with the Agribusiness Centers in Ukraine and Russia. Also, both have operated applied training programs oriented toward support of the economic reforms of agriculture in Russia, Ukraine, and other former Soviet Union nations.

The training program will have three components, which are briefly described here:

Support of U.S. Agribusiness Initiatives

U.S. agribusinesses are continually exploring opportunities for marketing their services and products in the former Soviet Union. Training courses will be organized at the Centers, providing an opportunity for U.S. agribusinesses to demonstrate their technologies and management methods. These training courses will be supported by CARD at ISU and the College of Business at the University of Iowa. Major resources will come from U.S. agribusinesses. The courses will be short in nature, focused on no-till production and other technology, and will support market reforms. The idea is to introduce technologies that address problems related to the development and environment of NIS agriculture, demonstrate the associated technologies, and explore opportunities for organizing commercial activities that can result in the dissemination and use of the new technologies and management methods.

IIDF will sponsor trade shows around these efforts, and in further support of the marketing demonstrations of agricultural inputs where American and Russian agribusinesses can demonstrate their products.

Management Training Programs

Through past programs in Stavropol, the College of Business at the University of Iowa has a track record in developing management training programs. Management training is extremely important for the success of NIS reforms. New managers of reforming enterprises are faced with different sets of external conditions, different legal frameworks, and different institutions with which to deal. Training can support the rapid adoption of business restructuring and other activities that support the efficient functioning of the firms and enterprises in the new economic environment. Success in adapting to the new conditions and in setting the pace with which reforms will be implemented, will contribute to their ultimate success.

The training programs will be organized in modules; short-term and long-term training courses will be included. There will also be an emphasis on training of trainers. That is, the longer-term training programs will be designed to produce trainers who can then leverage the programs by duplicating them in other areas and for other sectors in the former Soviet Union. The long-term and short-term training programs will all be operated in connection with the Agribusiness Centers in Russia and Ukraine. These longer-term training programs will be one to three months in length, depending on the topic. The shorter-term training programs will be several days to one week in duration, and will be directed to working practitioners. Topics for the training programs include accounting systems, information systems, managerial finance, business planning, and marketing.

Effective Market Agents

The development of the market system in Russia, Ukraine, and other republics of the former Soviet Union will require a new set of professional services. These services will be provided by existing and new companies. And the professionals that operate these companies will require specialized training. Training in the management of the firms providing marketing services will be supplied primarily by CARD at ISU.

The Agribusiness Centers, by operating as exchanges or markets, can be used to demonstrate various marketing services. Anticipated topics include credit, sales and marketing, packaging, quality control, contract development and enforcement, risk management, R & D, and price discovery and determination. Both long-term and short-term training programs, as in the case of the management component, will be developed. The longer-term training programs will be aimed at the training of trainers. The shorter-term training programs will be aimed at practitioners, with the objective of enhancing their effectiveness as actors in the developing private sector.

III. Plan of Operation

The activities proposed will be coordinated by IIDF which has three years of direct experience in post-Soviet agriculture through management of the Agribusiness Centers. IIDF is familiar with not only with the difficulties and problems associated with the operation of the Centers, but with organizing the support to the private sector that is essential for the Centers sustained and successful operation. It is on the basis of assisting the private sector that the Agribusiness Centers will ultimately succeed. In fact, it is anticipated that the Centers will provide sufficient opportunity for the private sector that after the development efforts under this three-year grant, their impact as a model will be substantial.

The general organization for the project is shown on the attached chart. It is three inter-connecting circles, and in the area where all circles overlap, a point that represents exports. The marketing circle is U.S. and NIS private sector participants coordinated by IIDF and ABC; the extension circle participants are Meredith and NCG; and the training circle participants are CARD and U of I. Exports are located at a point where all circles overlap but do not completely encompass this area. IIDF will direct the export effort. The three circles of this program blend together and the respective organizations all build upon and complement each other's strengths, creating a synergistic, comprehensive agricultural development program.

IV. Results and Evaluation

The Agribusiness Centers program will be evaluated from two dimensions. First and more simply, the program will be evaluated on the basis of the efficiency with which it accomplishes its goals. This evaluation will be possible with the use of annual work plans. These plans will be negotiated with the Russian and Ukrainian private counterparts as well as the participants in the Agribusiness Centers projects. These work plans will specifically identify the activities to be conducted and the results anticipated. The activities will be evaluated on the basis of their cost as well as the results achieved.

A second and more difficult area for evaluation will be in the contribution that the Centers make to the on-going economic reforms. Clearly, the Centers are a small initiative relative to the economic reforms and the political and economic regulatory noise associated with the national and local government's hit-and-miss efforts toward the development of a market economy.

Nevertheless, the Centers can be evaluated for their impact. Evaluation criteria include the creation of successful commercial ventures, the establishment of training programs, the cloning of the Agribusiness Centers in other regions, and the activity level of the Agribusiness Centers. These and other performance indicators will be identified in the annual work plans, as will processes for evaluation on a routine basis by the project managers and by external evaluators.



TRIPLE "F", INC.
10104 Douglas Avenue
P.O. Box 3688
Des Moines, Iowa 50322
Phone: 515-254-1200
Fax: 515-254-1351

June 22, 1994

Iowa/International Development Foundation
Richard Gannon
200 East Grand Avenue
Des Moines, Iowa 50309

Dear Richard,

Triple "F", Inc. is an Iowa based international agribusiness company that has been in the international business since the 1970's. Triple "F" has five overseas offices and has conducted business in 77 countries.

Within the last few years we have focused our activities on three new markets, Russia, South America, and China. As you already know, doing business in Russia and the former Soviet Union has been extremely frustrating due primarily to currency problems. We are committed to this vast market due to a number of factors. Our products are specifically applicable to their problems relating to food production. These include:

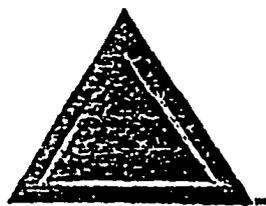
- 1)The lack of proteins
- 2)The lack of pre-mixes
- 3)Feed Formulation
- 4)Technology

All of which result in extreme differences in efficiency between our two countries.

The Iowa/International Development Foundation has been extremely helpful in developing demonstration farms which are set up with our equipment. As a result of this commitment, Triple "F" has established a liaison office in Stavropol to assist in technology transfer and language skills.

Your proposal of helping our firm move equipment and product to Russia would be a tremendous help as we begin to work primarily with privatized farms.

Triple "F" has invested approximately \$250,000 and would be prepared to invest an equal or greater amount to cover the cost of equipment, travel, and training for farms which purchase our equipment.



TRIPLE "F", INC.

TRIPLE "F", INC.
10104 Douglas Avenue
P.O. Box 3600
Des Moines, Iowa 50322 U.
Phone: 515-254-1200
Fax: 515-254-1351

Your proposal would allow us to make larger shipments, significantly reducing the freight costs and giving us a higher profile in the country. Ultimately, as the market develops, we are prepared to transfer manufacturing technology to Russia under our control.

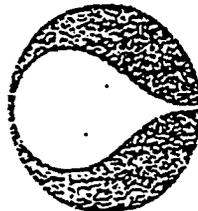
In summary, I would like to commend the Iowa/International Development Foundation's progress to date. I believe it is one of the few examples of government, universities, and private companies working together in a partnership arrangement. I would particularly like to complement John Chrystal who has had the vision and the determination to help make a difference in the former Soviet Union. We pledge our support of that vision and commitment.

Sincerely,

TRIPLE "F", INC.

Leroy J. Hanson, Ph.D.
President, C.O.O.

CARGILL ENTERPRISES, INC.
REPRESENTATIVE OFFICE, KIEV, UKRAINE



Mailing Address:
STARONAVODNITSKAYA Str., 8-B, of. 81
KIEV, UKRAINE, 252015
UTEL Tel.: (007-044) 230-2523/44/45/46/47
Tel.: (007-044) 294-8953
UTEL Fax: (007-044) 230-2524
Fax: (007-044) 294-8444

КАРГИЛЛ ЭНТЕРПРАЙСИЗ, ИНК.
ПРЕДСТАВИТЕЛЬСТВО В УКРАИНЕ

Адрес:
УКРАИНА, 252015, КИЕВ
ул. СТАРОНАВОДНИЦКАЯ, 8-Б, к. 81
УТЕЛ Тел.: (007-044) 230-2523/44/45/46/47
Тел.: (007-044) 294-8953
УТЕЛ Факс: (007-044) 230-2524
Факс: (007-044) 294-8444

TO: Iowa International Development Foundation
200 East Grand Avenue
Des Moines, Iowa 50309
Attn: Richard T. Gannon

May 27, 1994

Dear Richard,

Thanks for the invitation to be present on the "Planting Technologies Seminar" in Stavropol June 14 and 15. We will send Alexander Zholobov from our Moscow office and Gennady Eryomen from our Krasnodar seed operation. Both of them are very heavily involved in the seed business in Russia and are having a lot of practical knowledge of agriculture in Russia. They can provide a presentation on the 14th of June.

Unfortunately Eivind Djupedal nor myself will be able to attend because of existing commitments. Gennady will get in contact with you to organize the logistics required.

I will be in during the period June 20-23 and would be much interested to meet with you. I would like to propose to set up the meeting for June 21 at 10:00 am in our office. Our address is:

Cargill Enterprises Inc, Kiev
Ul. Staronavodnitskaya 8b, apt 81 (18th floor)
Kiev
Tel: (044)294-8953
(044)230-2523

Let me know if June 21 is convenient for you. I am looking forward to hear from you.

Best regards


Gerrit Huefing

CC: Gennady Eryomen, Eivind Djupedal, Alex Zholobov

JOHN DEERE EXPORT

A DIVISION OF DEERE & COMPANY



IOWA/INTERNATIONAL DEVELOPMENT FOUNDATION
Des Moines
Iowa

May 31, 1994

USA

Attention: Mr. Richard D. Gannon

001 - 515 - 242 - 4946

Subject: Seminars in Stavropol, Russia / June 14 - 16, 1994

Dear Mr. Gannon,

We have reached our people travelling in the NIS in the meantime.

We would very much appreciate to participate in above mentioned seminar. From our side Mr. Yuri Lobachevsky together with a representative from our distributor responsible for the territory of Russia would participate.

We kindly ask you to send us the detailed agenda and time schedule as well as your recommendation concerning hotel, if possible.

All other arrangements would be done by our people who would join your group at the time and location proposed by you.

Sincerely,

JOHN DEERE EXPORT
A Division of Deere & Company

K.F. Hauri
K. F. Hauri

U. Jöst
i. A. U. Jöst
U. Jöst

**UNIROYAL
CHEMICAL**

Reg. No. 97824 SCOTLAND
Reg. Office, Saltire Court, 20 Castle Terrace,
Edinburgh EH1 2EN
V.A.T. No. 436 8450 34

UNIROYAL CHEMICAL LIMITED

Kennet House
4 Langley Quay
Slough, Berkshire SL3 6EH
United Kingdom

Telephone: (0753) 603000
Telex: 290808 UCHEM G
Fax: (0753) 603077

Mr. Dick Gannon
Iowa International Development Foundation
200 East Grand Avenue
Des Moines
Iowa 50309
USA

2 June 1994

Dear Mr. Gannon,

First of all let me say that we are looking forward to participating in your "Planting Technology Seminar" to be held in Stavropol, Russia between June 14-16 this year. We see this as a good opportunity to present our company and products to prospective local buyers and users. In addition we expect to reach a wider audience through the cooperation of US Agribusiness Centres with Successful Farming's new Agribusiness newsletter and magazine.

Thank you for the outline information about your next project through which you aim to assist with NIS privatisation of agriculture. In principle we would be interested to join future seminars within the new project. I anticipate we would be able to present advice on equipment, product and expertise in the field of seed treatment. As I'm sure you know Uniroyal with its subsidiary Gustafson is a world leader in this field.

I look forward to hearing more detail of your next project and to meeting you and your colleagues in Stavropol.

Yours sincerely,

Richard Marshall
Product Development Manager
RM793

cc: MT, MMS, DJ, MAP, J. Martin.



SCHLESSMAN

SCHLESSMAN SEED CO.

SINCE 1915

11513 US ROUTE 250
MILAN, OHIO 44846
PHONE: (419) 499-2572
FAX: (419) 499-2574

Date: June 2, 1994
From: Peter J. Lynch
To: Richard Gannon, Iowa/International Development Foundation
Subject: Letter of Support

Schlessman Seed Co. is a family owned seed company based in Milan, Ohio. Since 1915 we have marketed varieties of dent, sweet, and pop corn, soybean, winter wheat, and oat. A primary objective at our Ames, Iowa research station is to develop and market superior popcorn hybrids. Any technology, information, or opportunity which supports that objective is of interest to Schlessman Seed Co. The activities of the Iowa/International Development Foundation are a source of information and support which can help Schlessman Seed Co. increase exports of its high quality popcorn hybrids to the Newly Independent States of the former Soviet Union (NIS).

Popcorn is a nutritious and healthful snack. American consumers agree: Popcorn consumption in the US has increased more than 10% per year during the past decade. Sales of popcorn in the US exceeded one billion dollars in 1992. It has been a profitable crop for seed companies to produce, farmers to grow, and firms to process into the popping corn enjoyed by consumers.

Export markets for popcorn are growing. Many in the popcorn industry feel the opportunities offered for marketing popcorn in the NIS are strong. Several U.S. firms that process popcorn are actively developing operations in the NIS. Through my efforts, there are four Schlessman popcorn hybrids being grown in the Ukraine in 1994. Popcorn can play an important role in the development of market-oriented agriculture in the NIS.

Schlessman Seed Co.'s 1994 expenditures to have the four popcorn hybrids delivered and grown in the Ukraine exceeded \$1,000 in cash and in-kind exchanges. We expect this to double in 1995. The support of IIDF will be critical for Schlessman Seed Co. to increase its exports of popcorn seed to the NIS.

Monsanto

Monsanto Co.

Volkov lane 19
Moscow 12242
Telephone: (095) 255.00.01
Telefax: (095) 255.50.01
Telex: 413.314

Монсанта Ко.

Волков пер. 19
Москва 12242
Телефон: (095) 255.00.01
Телефакс: (095) 255.50.01
Телекс: 413314

Facsimile telephone nbr

Group III Automatic: 255.50.01

FACSIMILE TRANSMISSION

Our ref. :
Date : 26.05.1994

Number of pages : 1
Facsimile nbr of
addressee (s) :

TO : Mr. John WALTER

- Senior Editor
Successful Farming, USA

CC :

FROM : H.F. BRIGGS

- Monsanto Moscow

Please telex 413314 MONS SU if you do not receive all the pages.

MESSAGE

Dear John,

I am glad to see it is all happening. I will be in Moscow on the 17th. Please ring Julia at our office, tel. nos 244.91.81/82, 255.00.01, and fix a meeting. Please let us know which Hotel you intend to stay in, then we can always contact you. At least two of our people will attend the Stavropol Seminar in June and look forward to meeting you there.

Yours sincerely,

H.F. Briggs

Agri-Development Limited

June 9, 1994

Dick Gannon
Iowa International Development Foundation

Dear Dick:

The initial efforts by Agri-Development Limited in economic development for the North Caucasus region have been concentrated in the Kabardino-Bulkaria Republic. KBR has a central location in the North Caucasus, favorable land and climate for a variety of crops and livestock, a well-diversified industrial base and a culture and attitude conducive to economic activities. Our seed project which was initiated in 1993, procured and delivered alfalfa seed and planted 900 acres. Agri-Development Limited provided technical assistance and an investment of seed stock.

Our continued agriculture programs are intended to help to rebuild the agricultural foundation of the region while at the same time developing markets for Iowa products and technology.

We certainly support and appreciate your continued efforts in these areas and look forward to a mutual effort.

Sincerely,



Carolyn Augustus
Director of Projects

1724 N. John Wayne Drive
Hwy 169 North, Winterset, IA 50273
Phone: (515) 462-4950 Fax: (515) 462-3100

BOND EQUIPMENT CORP.

P.O. Box 6 1207 Industrial Drive
Logan, Iowa 51546
(712) 644-2575 * (712) 644-2625 * FAX (712) 644-2133

May 31, 1994

Richard Gannon
Executive Director
Iowa/International Development Foundation
200 East Grand Ave.
Des Moines, IA 50309

Dear Mr. Gannon,

We were excited to learn about your program to promote exports to Russia and the Ukraine. We have discussed several large projects in the meat processing industry with people working in that area.

We are a small company, and your program may give us the boost we need to complete a projected sale. We feel it is extremely important for the continued growth of our company and others like it to expand into global exporting. For many smaller companies this would be far more difficult without the support of your organization and others like it.

We look forward to hearing more from you in the future.

Sincerely,

Christine Swilley

Christine Swilley
CEO

CS:ndj



NISACT

Mr. Richard Gannon
Executive Director
Iowa / International Development Foundation
200 East Grand Avenue
Des Moines, Iowa 50309

June 2, 1994

Dear Mr. Gannon,

The NISACT organization provides a unique combination of education, training and communication support services that are translated and tailored for international development efforts. We maintain relationships with the NIS Agribusiness Centers and work closely with Vadum Mikhailov, executive director for Center AGROINTERBUSINESS and Alichan Jkovlevich, manager for Financial Economic Sciences of the Scientific Research Institute in Moscow. They have been instrumental in the program alignment for NIS universities, business development through sales leads, commercial links and communications.

The NISACT training programs are provided as "Enhanced Courseware", combining print, computer software, and video. NISACT management presentations cover sales, service, parts, and customer relationships. The management programs are developed for on-site stand-up presentations but can easily be modified for other formats such as video, slides, overhead, and booklets. NISACT has translated existing and developed new programs. We provide video programs and software program support in any format.

We have recently developed a training program for a Canadian farm equipment manufacturer and their joint venture companies based in Russia, Kazakhstan, and Ukraine. The first phase of training was held in Canada and the second phase was presented on-site in Russia and Kazakhstan.

Our on-site training experience in Russia and Kazakhstan has provided Iowa companies with a number of benefits. Some of the key areas ensuring the best training and sales efforts are:

- Strong preshipment organization and planning
- Understandable communications and technical translations
- Knowledge of transportation systems
- Usable/adaptable presentation techniques and equipment.

NISACT has invested an estimated \$80,000 in cash and in-kind contributions for our "turn-key" training solutions development for the NIS. Our on-site investment includes manpower and translated video program development.

NISACT's mission is to provide communication and training services for domestic and foreign companies and to enhance and facilitate their economic exchange. We look forward to developing the education supports required for the Iowa/International Development Foundations mission.

Kind regards,

Allen Penkake, President

DES MOINES OFFICE • TELEPHONE: 515-265-7688 • FAX: 515-262-3708
Network of International Service Associates in Communication and Training
801 SHAKESPEARE, BOX 497 ■ STRATFORD, IOWA, U.S.A 50249

AGRICULTURE
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EDUCATION

MANAGEMENT
TRAINING

INFORMATION
SYSTEMS

AS



STINE SEED COMPANY
2225 Laredo Trail • Adel, Iowa 50003
515-677-2605 • TOLL FREE 800-362-2510
FAX (TELECOPIER) 515-677-2716

TO: Richard Gannon, Iowa International Development Foundation
FROM: Chuck Hansen
DATE: June 3, 1994
RE: Letter of Support for the Iowa International Development Foundation

Stine Seed Company has worked with the Iowa International Development Foundation and the U.S. Agribusiness Centers since the inception of the Agribusiness Center concept. Stine personnel were involved in some of the first planning trips to Russia and the Ukraine, supplying 7 days of Stine personnel resources. Stine personnel were also involved in the first educational seminars conducted in Russia and the Ukraine, supplying 3 weeks of Stine personnel resources. As a result of these travels Stine has produced and marketed Stine Brand Soybean Seed in Russia.

Stine Seed Company conducts the largest soybean breeding and development program in the world. Stine genetics are sold by virtually every seed company in the U.S. that markets proprietary soybeans of maturity groups 0 - IV. Stine's retail division ranks third in the USA market share in these same maturity groups.

Stine has not only contributed personnel resources to the Agribusiness Centers but also \$20,000 of Stine Soybeans for planting the first year of the project. Stine is interested in expanding its production and marketing program in the NIS and developing affiliations with the Russian and Ukrainian farmers and business people who are interested in this project. Stine will continue to provide personnel resources and seed to develop a market in the NIS. Total investment by Stine to date of personnel, travel, seed and domestic preparation is estimated at \$50,000.

CH/t

(FROM JCT HWYS 44 & 169 1/2 MILES WEST & 1/4 MILES NORTH ON LAREDO TRAIL)

99



P.O. Box 249
East Highway 12
Benson, Minnesota 56215
TEL: 612/843-3333
FAX: 612/843-2467

May 31, 1994

Dick Gannon, Export Director
Iowas International Development Foundation
200 East Grand Avenue
Des Moines, Iowa 50309, USA

Dear Mr. Gannon:

We are very interested in supporting the IIDF projects in the Newly Independent States (NIS). Our interest is in promoting the development of Farm Service Centers in the NIS. We envision these Farm Service Centers operating similar to the fertilizer and chemical dealerships in North America. We would propose that these Farm Service Centers would supply fertilizer, pesticides, and services to the farmers of a wide area. The services offered would be:

1. Agronomic such as soil sampling, soil analysis, crop scouting and consulting services.
2. Application such as custom fertilizer spreading and chemical application.
3. Equipment rented such as fertilizer and chemical applicators for farmers to use.

We have been developing soil sampling and soil testing equipment in collaboration with two research institutes in Minsk, Belarus. We anticipate that we can provide qualified people and equipment from there as well as from the United States.

The total retail value of the equipment for this Farm Service Center would be in excess of \$300,000 when the project is complete. Travel and personnel time would bring the total cost to probably \$400,000.

Sincerely,

Don McGrath
President

Shivvers

614 W. English • Corydon, IA 50060 • 515/872-1005



June 2, 1994

To: Dick Gannon
Fm: Steve Shivvers

Re: Letter of Support

We are interested in marketing our products in Russia and the Ukraine and have taken some steps in that direction. As one of the manufacturers from whom IIDF purchased equipment, we have already made an investment in the project.

Our grain drying equipment was installed last year on farms in Russia and the Ukraine and was used for the 1993 harvest. We have contacts in both states and believe that there is a real need for our drying equipment.

We have placed an ad in Successful Farming's new Russian language magazine and have translations for our brochures.

We strongly support IIDF's efforts to obtain federal money to assist in the development of the agricultural market. The potential is there.

We also believe that there is a very high risk factor. Further investments by Shivvers will require a fairly large degree of outside support (I assume federal) to justify our continued pursuit of this potential market.

Sincerely

SHIVVERS INCORPORATED

A handwritten signature in cursive script.

Steve Shivvers
Chief Operating Officer

SS/rj



Highway 16 West
P.O. Box 2000
Houghton, Iowa 52631
(319) 469-4141
Grand Island, NE 68802, 308-382-7207



June 8, 1994

Dick Gannon
Executive Director
Iowa/International Development Foundation
200 East Grand Avenue
Des Moines, IA 50309

Dear Dick:

This is in reply to your recent fax concerning the former Soviet Union.

We were pleased to be a part of the original grain storage equipment exported to Russia and the Ukraine to demonstrate the value of proper grain drying, storage and handling. From all indications we've received, the installations are highly successful and meet or exceed the original expectations.

We would entertain the idea of participating in shipment of additional material to Russian and/or the Ukraine. It would make sense that we would participate in a similar manner to the other companies involved in the original package.

I apologize for not getting a fax to you by June 3, but your fax was not originally directed to my attention and it took a while to find its way to the proper party.

Sincerely,

Marvin Bricker
President

MB:bsb



102



IOWA EXPORT-IMPORT

A RUAN COMPANY

FEBRUARY 3, 1994

**TO: IOWA INT'L DEVELOPMENT FOUNDATION
ATTN: RICHARD T. GANNON**

**FAX#: (515) 242-4946
PAGES: 1**

DEAR RICHARD:

I AM WRITING TO LET YOU KNOW HOW PLEASED WE AT IOWA EXPORT-IMPORT ARE AT YOUR APPOINTMENT TO IOWA INTERNATIONAL DEVELOPMENT FOUNDATION AS THEIR EXECUTIVE DIRECTOR.

YOUR AGRIBUSINESS CENTERS IN THE CIS WHILE IN USE ON THE FARMS HAVE BEEN A SHOWCASE FOR IOWA MANUFACTURERS TO DEMONSTRATE THEIR PRODUCTS. WITHOUT THE EFFORTS OF THE IOWA INTERNATIONAL DEVELOPMENT PROJECT IT WOULD BE IMPOSSIBLE FOR SMALL IOWA MANUFACTURERS TO SHOW THEIR PRODUCTS AND SERVICES IN THE CIS. SALES TO THE CIS ARE NO DIFFERENT THAN SALES IN ANY OTHER PART OF THE WORLD. YOU FIRST MUST HAVE A MEANS TO SHOW YOUR PRODUCT AND TELL YOUR STORY AND THE AGRIBUSINESS CENTERS HAVE BEEN IDEAL FOR THIS.

AS YOU ARE AWARE WE ARE THE EXPORTER OF KINZE MANUFACTURING, INC. PLANTERS TO THE CIS. EACH AREA WE PLACE A KINZE PLANTER HAS SOLD ANOTHER. OVER THE PAST 6 YEARS WE HAVE SOLD SEVERAL HUNDRED KINZE PLANTERS IN THE CIS AND OUR SALES TO THE CIS HAVE CONTINUED TO GROW TO THE POINT WHERE EXPORT TO THE CIS IS A MEANINGFUL PART OF THE KINZE BUSINESS PLAN TODAY.

I WANT TO ASSURE YOU WE WILL ASSIST YOU AS BEST WE CAN IN CONTINUED EFFORTS IN THE CIS.

KIND REGARDS,

Craig Winters
CRAIG WINTERS
PRESIDENT

aii



BOX 8 • GEORGE, IA • 51237

• Phone: (712) 475-3301
• Fax: (712) 475-3320

June 9, 1994

Iowa/International Dev. Foundation
200 East Grand Avenue
Des Moines, Ia. 50309

To: Richard Gannon
From Larry Kruse, Sudenga Industries Inc.

LK

Sudenga Industries Inc. is a manufacturer of grain and feed handling and processing equipment. We have been involved in marketing, erecting and installing various products for the improvement of the food production system in the former Soviet Union for several years.

We have recognized the immense need that the Newly Independent States (NIS) have for products which help preserve their grain crops after harvest as well as products which will improve their livestock production system and we are continuing to strive to assist the NIS in this regard.

We have made financial commitments to, and are members of, the editorial board of New Agribusiness, a news letter which is published in Moscow and distributed through out the NIS.

We will consider investing \$10,000 in kind and warehouseing of \$10,000 of inventory for resale in the NIS relative to the project proposed by Iowa/International Development Foundation for the purpose of establishing models of what equipment is necessary to develop their privatized agriculture.

Russian Consulting Services

Hemingway CIS Consulting Limited

2901 Tenth Avenue
Marion, IA 52406, U.S.A.
Phone (319) 377-8998
Fax (319) 377-5667

June 7, 1994

Mr. Kudriavzev
Iowa/International Development Foundation
200 East Grand Avenue
Des Moines, IA 50309

Dear Mr. Kudriavzev:

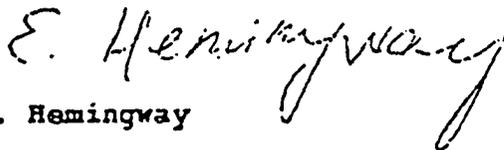
Thank you for your call on June 2, 1994. It was encouraging to hear from you personally and the Iowa/International Development Foundation.

Since our office is far away from Des Moines, we hope to be of assistance to your program by the way of referring your programs to our clients and in kind donation.

We are going through substantial changes in our company and will be more oriented toward technical translation and interpretation and business travel to Russia. If we can be of assistance to your foundation in any respect we will be happy to provide assistance in kind up to \$1,000 in the form of reduced rates of services to the clients referred by you. We will also be happy to provide 10 hours of consulting time (\$500 - \$50.00 per hour) if such a (deductible) time donation can be processed through your office. Our total in kind time/services donation will amount to \$1,500.

I am looking forward to becoming an integral part of your activities.

Sincerely yours,



E. Hemingway

EH/psj

2901 Tenth Avenue • Marion, IA 52406, U.S.A. • Phone (319) 377-8998 • Fax (319) 377-5667

JUN-07-1994 16:37

319 377 5667

96%

P.01

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Ritchie[®] INDUSTRIES, INC.

120 SOUTH MAIN, CONRAD, IOWA U.S.A. 50621 • PHONE 515/366-2525

June 3, 1994

Mr. Richard Gannon
Iowa International Development
1716 Locust Street
Des Moines, IA 50309-3023

Dear Mr. Gannon:

Ritchie Industries, Inc. is a leading U.S. manufacturer of automatic livestock watering equipment and agricultural sprayers.

Founded in 1921, our company has many years of experience and dedication in providing quality well designed products to meet or exceed livestock and grain producer needs. Our modern 150,000 square foot facility is located in the center of the United States in the heart of our prime agricultural areas. We have 110 employees and annual sales in the \$12,000,000.00 range.

Ritchie products are currently sold in the United States, Canada, Mexico, Germany, The Netherlands, France, Saudi Arabia, Japan and, Korea through a network of stocking distributors who purchase product directly from our factory. The distributors must be willing to find service oriented dealers that can deliver, install and repair our products.

Ritchie Industries is committed to world-wide export growth in conjunction with our long-term business growth goals. Russia appears to be a viable market opportunity for Ritchie. Knowing this market will take time and effort to develop we are committed to spending time and effort in doing so.

To date Ritchie has sent one of our ag sprayer and a sample of our livestock watering equipment to Russia. This month Mike Houlihan, Sales Manager for our Ritchie Bestway sprayer line, will be traveling to Russia to aid with service and technical support seminars for approximately 400 Russian farmers.

Ritchie Industries will continue to support future efforts that may enhance marketing opportunities. The ability to provide actual product for the Russian farmers is vital now for future opportunities.

We look forward to continued relations with the Iowa International Development Foundation.

Sincerely Yours,



Al Visser
Director of Sales/Marketing

North America's Choice In Livestock Watering and Field Spraying Equipment

LAW OFFICES
GAMBLE & DAVIS
A PROFESSIONAL CORPORATION

J. G. GAMBLE (1884-1946)
JAMES C. DAVIS (1857-1937)

BENNETT A. WEBSTER
ROBERT A. GAMBLE
CARLTON T. KING
JAMES D. POLSON
R. JEFFREY LEWIS
BRUCE E. JOHNSON
DAVID L. CHARLES
WILLIAM W. GRAHAM
ANTHONY A. LONGNECKER
JULIE JOHNSON MCLEAN
STEVEN J. DICKINSON
PAUL A. CURTIS

2600 RUAN CENTER
666 GRAND AVENUE
DES MOINES, IOWA 50309-2577
TELECOPY (515) 243-4588
TELEPHONE (515) 243-6251

JOSEPH G. VAN WINKLE
JAMES L. PRAY
STEVEN P. DEVOLDER
TERRENCE D. BROWN
J. RUSSELL HIXSON
JAN M. MOHRFELD
CLARK G. McDERMOTT
JASON P. THEIN

MILTON O. RIEPE
OF COUNSEL

February 1, 1994

Mr. Richard T. Gannon
Executive Director
Iowa International Development Foundation
200 E. Grand Avenue
Des Moines, IA 50309

Dear Dick:

I am writing in support of the efforts of the Foundation to promote trade and other business relationships between the State of Iowa and Russia and Ukraine. As you know, a good portion of my practice is devoted to international business transactions, and I have considerable of experience working in the former Soviet Union. I believe that the Foundation's efforts have been instrumental in helping Iowa companies develop relationships in Russia that have resulted in some business and that have the potential to expand in the future.

For example, I have been working with an international company with its U.S. headquarters in Iowa. This company is looking for a Russian partner to establish a joint venture for its product in the former Soviet Union and central Europe. My client hopes to begin discussions with appropriate governmental and business officials in Stavropol, with a view to establishing operations there. My client's selection of Stavropol as a possible location for its Russian venture is a direct result of introductions that I have received through the Foundation.

I also know of another Iowa company that participated in the Agribusiness Center in Stavropol in 1993. As a result of contacts made at the Agribusiness Center, that company has now employed a sales agent in Russia, and the company is looking at a significant expansion of its business in the former Soviet Union.

Mr. Richard T. Gannon
February 1, 1994
Page 2

I believe the company has already received some orders as a result of earlier efforts by John Chrystal and through the Agribusiness Center, but the company expects that its sales in the former Soviet Union will expand in coming years due to the contacts it has made through the Agribusiness Center and through the sales agent to whom it was also introduced through the Agribusiness Center program.

I also strongly believe that the Foundation's prospects for future successes have been greatly enhanced by your recent appointment as Executive Director. You have considerable experience with federal agencies and the federal grant process, which your predecessors lacked. You also have far more experience than your predecessors in the management of complex programs like those operated by the Foundation and in dealing with businesses as part of a public-private sector partnership. I believe this combination of skills and experience will allow the Foundation to advance its objectives even further than had been possible with any of the previous Executive Directors.

I wish you and the Foundation well in your future efforts. As always, I am happy to be of any assistance that I can in achieving the Foundation's objectives, which I believe to be very important to the State of Iowa as well as to the people of the former Soviet Union. Please let me know if there is anything I can do to help.

Sincerely yours,



Steven J. Dickinson

SJD/msa

sd-c62

IOWA STATE UNIVERSITY

Center for Agricultural and Rural Development

June 17, 1994

John Chrystal, Executive Director
 World Agricultural Development Foundation
 3660 Grand Avenue, Apt. 430
 Des Moines, IA 5003412

578 Heady Hall
 Ames, Iowa 50011-1070
 515 294-1183
 FAX 515 294-6336
 Telex 283359 IASU UR

Dear John:

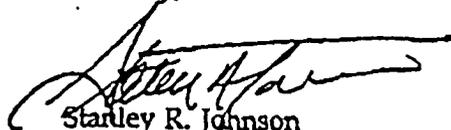
This will follow our conversation on the Iowa International Development Foundation Agribusiness Center in Ukraine and its relation to agricultural sector initiatives of The World Bank. The first World Bank loan to Ukraine for agriculture will be to support improvements in the seed production industry. This function in Ukraine has traditionally been managed by the Academy of Agricultural Sciences. The Bank loan will create private seed production plants that will be partially owned by the Academy. I expect this loan will be made before the end of the current calendar year.

The second Bank loan will be for the establishment of agricultural service centers that can support the restructuring and reforms. These service centers will be in important ways modeled after our IIDF agribusiness center. Specifically, they will introduce new technologies, provide training, and support trade among farms and in international markets. The fact that the World Bank after an extensive Agriculture Sector Review and numerous consultations with representatives of the Ukraine government has come to the Agribusiness Center idea as a key to accelerating the reforms is a tribute to the foresight of the Iowa International Development Foundation.

We have a big opportunity in the IIDF Agribusiness Center in Ukraine to provide support for this World Bank/Ukraine government initiative. Establishing the agricultural service centers will be difficult, requiring training, legal work, and an ability to communicate the idea with the Ukrainian agricultural leaders. If our agribusiness center could be fully funded and operational, it could serve as a model or training ground for the service centers that will be created by The Bank loan. In short, the existence of a well-functioning Agribusiness Center created by IIDF in Ukraine could substantially accelerate the implementation of The Bank program.

I urge you to visit with our USAID supporters about the opportunity presented by the decision of The Bank to develop a loan for agricultural service centers. In addition to supporting the reforms and The Bank initiative, funds to support the full implementation of our Agribusiness Center could provide substantial opportunity for agribusinesses in the United States as suppliers of the equipment and technology that will be required to establish the agricultural service centers in Ukraine.

Sincerely,



Stanley R. Johnson
 Director, Center for Agricultural and Rural Development
 C. F. Curtiss Distinguished Professor

/ecb

ATTACHMENT X

Председателю Правления
Айова Савингс Банк,
Айова, США

№ АЗ-ПЗЗ-П16
11.07.94г.

Джону Кристалу

Уважаемый господин Кристал,

Благодарю Вас за письмо от 21 июня. Полагаю, что Ваша поездка по России в немалой степени способствовала прогрессу в отношениях и укреплению сотрудничества в области развития сельского хозяйства.

На этом пути представляется чрезвычайно важной организация таких форм распространения передовых технологий, как создание центров агробизнеса. Мы уже имеем положительный опыт организации и функционирования такого центра в Ставропольском крае.

Весьма признателен Вам, господин Кристал, что Вы уделите заметное внимание дальнейшему распространению этой формы, выбрав на этот раз в качестве объекта Оренбургскую область.

Полагаю, что поддержав в финансовом и технологическом отношении формирующийся центр агробизнеса на базе акционерного общества "Краснохолм", Вы окажете существенное содействие развитию регионального агропромышленного комплекса.

Примите, господин Кристал, мои наилучшие пожелания.

Заместитель Председателя
Правительства Российской Федерации  А. Заверуха

Post-It™ brand fax transmittal memo 7671		# of pages >
To	<i>D. K.</i>	From <i>A. Z.</i>
Co.		Co.
Dept.		Phone #
Fax #		Fax #

Letter from Russian Federation Deputy Prime Minister Alexander Zaveruha to Mr. John Chrystal dated July 11, 1994 requesting support for new agribusiness centers.

July 11, 1994

John Chrystal
Chairman
Iowa Savings Bank
Iowa, USA

Dear Mr. Chrystal:

Thank you for your letter of June 21. I believe that your trip to Russia lent significant assistance to the progress of relations and strengthening of cooperation in the field of agriculture.

In this respect, it is extremely important to establish such vehicles of promoting advanced technologies as agribusiness centers. We already have positive experience in organization and functioning of one such center in Stavropol krai.

I am grateful to you, Mr. Chrystal, for devoting much attention to further development of this vehicle, having this time chosen Orenburg oblast as the focus of your activities.

I believe that by extending financial and technological support to the nascent agribusiness center based on the "Krasnoholm" joint-stock company you will provide tangible assistance to the development of the regional agro-industrial complex.

Mr. Chrystal, please accept my best regards.

A. Zaveruha
Deputy Chairman
Government of the Russian Federation



АДМИНИСТРАЦИЯ

Ставропольского края

17.06.94 № 02-28/1154

г. Ставрополь

ATTACHMENT XI

Агентство по международ-
ному развитию
Советнику по сельскому
хозяйству

КАТРИН НОРИС

Уважаемая госпожа Катрин Норис!

Созданный в Ставрополе Российско-Американский центр агро-бизнеса "Содружество" работает немногим более двух лет. Обе стороны в своей работе руководствуются меморандумом по взаимопониманию, подписанным договором, предусматривающим соответствующие обязанности российских и американских партнеров.

В своей практической деятельности центр направлял усилия по решению следующих основных задач:

подготовку и повышение квалификации фермеров, менеджеров, специалистов сельского хозяйства и других работников агропромышленного комплекса в условиях рыночной экономики;

внедрение современных американских технологий выращивания сельскохозяйственной продукции;

созданию условий для сотрудничества российских и американских сельскохозяйственных производителей.

Обучением на семинарах было охвачено около 1000 человек фермеров, специалистов сельскохозяйственных и других предприятий агропромышленного комплекса. Наряду со ставропольцами в семинаре участвовали и представители других регионов России.

Учебу проводили ученые и специалисты компаний американской стороны. Занятия, в основном проходили по деловому и были познавательны.

Реклама, обучение американским технологиям возделывания сои и кукурузы осуществляется на базе двух акционерных обществ - участниках агробизнесцентра.

Российская сторона обеспечивает необходимыми площадями земли, техникой, энергоресурсами, обслуживающим персоналом и

выполнение работ.

Американская - выделяет семена, гербициды и сельскохозяйственные машины.

Наглядный практический показ непосредственно в поле способствует лучшему освоению и, в конечном итоге, внедрению современных технологий на Российской земле.

Во время Вашего пребывания в крае, уважаемая госпожа Норис, Вы видели, что за эти годы создана учебная база. Это Ставропольский филиал Российской Академии менеджмента и агробизнеса с хорошо оборудованными аудиториями, гостиницей для проживания и бытовым обслуживанием слушателей и преподавателей.

Завершается строительство сельскохозяйственной выставки.

Установлены два комплекта сушилок зерна с емкостями для хранения по 2,5 тысячи тонн каждая, два экструдера с прессами, имеются две сеялки (Кинзи), одна стерневая сеялка (Джон-Дир), два опрыскивателя, то есть укрепляется и производственная база.

Считаем, что прошедшие годы деятельности агробизнесцентра были продуктивными и оказали положительное влияние на дела в сельском хозяйстве в непростых условиях перехода к рынку.

Хорошее начало совместного сотрудничества положено.

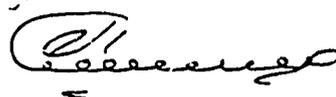
Считали бы целесообразным продолжить работу совместного агробизнесцентра, и просим Вас оказать содействие в оснащении центра необходимой техникой, оборудованием, видеопаратурой, обеспечивающими демонстрацию и комплексное обучение технологиям производства, переработки и организации реализации сельскохозяйственной продукции.

Речь идет о совершенствовании, расширении зоны производственной и коммерческой деятельности центра, что будет способствовать дальнейшему нашему плодотворному сотрудничеству.

Заранее благодарен

С уважением

Первый заместитель главы
администрации края



А.А. Шиянов

Letter from Stavropol State Lieutenant Governor Sheyanov to Catherine Norris dated June 17, 1994 requesting continued support for ABC/Stavropol.

June 17, 1994

Ms. Catherine Norris
Agriculture Specialist
USAID/Moscow

Dear Ms. Norris:

The Stavropol Russian-American Agribusiness Center "Sodruzhestvo" has been in operation for a little over two years. Both sides are guided in their work by a memorandum of understanding and a signed agreement which articulates the respective responsibilities of Russian and American partners.

In its activities, the Agribusiness Center focused its efforts on accomplishing the following goals:

- training and continued education of farmers, managers, agricultural specialists and others working in the agro-industrial complex under the conditions of market economy;
- introduction of modern American technologies of growing agricultural products;
- creating conditions for cooperation between Russian and American agricultural manufacturers

Approximately 1,000 farmers and specialists from agricultural and other agribusiness enterprises underwent seminar training. Representatives of other Russian regions took part in the seminars alongside participants from Stavropol.

Training was provided by scientists and company specialists from the American side. Training sessions were generally business like and educating.

Two joint-stock companies participating in the Agribusiness Center provide a base for popularization and training in American technologies of growing soybeans and corn.

The Russian side provides the necessary land, machinery, energy, service personnel, and labor.

The American side provides seeds, herbicide, and agricultural equipment.

Practical field demonstrations help better adaptation to and, in the long run, the introduction of modern technologies on Russian soil.

Dear Ms. Norris, during your visit to our Krai you saw that an educational base had been created in the course of these years. It is the Stavropol Affiliate of the Russian Academy of Management and Agribusiness with well-equipped classrooms and a hotel to accommodate students and instructors.

Construction of an agricultural exhibition is nearing completion.

Two sets of grain bins capable of storing 2.5 thousand tons each were erected, two extruders with oil presses were installed, we have two Kinze planters, one John Deere no-till drill, and two sprayers - in other words, the production base is being strengthened as well.

We believe that the years of Agribusiness center's operation were productive and had a positive influence on agriculture under the difficult conditions of transition to a market economy.

A good foundation for cooperation has been laid.

We think that it would be worthwhile to continue the work of the joint Agribusiness Center, and we are asking you for assistance in equipping the Center with the necessary machinery, equipment, and video systems which will ensure demonstrations and comprehensive training in production technologies, processing, and marketing of agricultural products.

The focus here is advancement and expansion of the Center's field of production and business activities which will benefit our continued fruitful cooperation.

Thank you.

Respectfully,

A. A. Sheyanov
First Deputy Head of Krai Administration

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

200 East Grand Avenue, Des Moines, Iowa 50309 U.S.A.

Tel: 515-242-4768 Fax: 515-242-4946 E-Mail: R.GANNON@ABCPSPRINT.COM

AGRIBUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

MEMORANDUM

To: see Distribution
Fm: Richard T. Gannon 
IIDF Executive Director

October 28, 1994

Re: **FOURTH QUARTER REPORT**

Please find enclosed IIDF's Fourth Quarter Report to USAID for Grant #CCN-0006-G-00-3127-00, "U.S. Agribusiness Centers in the NIS".

The report covers the fourth quarter of the Federal fiscal year: July, August and September, 1994. Your observations, comments, and suggestions are appreciated.

We would be happy to answer questions and provide additional information. Thank you very much for your advice and support.

Enclosure:
Fourth Quarter Report

Distribution:
CNorris, AID/Moscow - 2 copies
DSprague, AID/Kiev - 2 copies
MWinter, AID/W - 2 copies
SJohnson, CARD/ISU - 1 copy
JWalter, New Agribusiness/Des Moines - 1 copy
MRobinson, VOCA/Midwest - 1 copy
DLyons, IDED/Des Moines - 1 copy

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

200 East Grand Avenue, Des Moines, Iowa 50309 U.S.A.

Tel: 515-242-4768 Fax: 515-242-4946 E-Mail: R.GANNON@ABCP.SPRINT.COM

AGRIBUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

FOURTH QUARTER REPORT

**U.S. Agribusiness Centers in the NIS
Grant Number CCN-0006-G-00-3127-00
July, August and September, 1994**

I. EXECUTIVE SUMMARY

A. New Agribusiness Magazine

The U.S. Agribusiness Center project was unparalleled at bringing U.S. and NIS agribusinesses together, with the printing and distribution of 35,000 copies of the first issue of New Agribusiness magazine.

IIDF has written an article for the second issue asking NIS agribusinesses to reply if they would like to be listed in new trade directories of U.S and NIS agribusinesses. IIDF will compile company information for the following new trade directories:

For Russia: U.S./Russia Agribusiness Directory
Russian Agribusiness Export Directory

For Ukraine: U.S./Ukraine Agribusiness Directory
Ukraine Agribusiness Export Directory

Mailings from IIDF and Successful Farming will identify interested U.S. agribusinesses. The directories will be used to bring together U.S. and NIS agribusinesses for joint ventures, trade and investment.

B. ABC/Stavropol

Severe drought in Stavropol damaged crops across the krai. However, project crops showed less moisture stress due to better planting technology and seed genetics. It is expected that the soybean crop will be of the quality and quantity to certify, register and market as seed. Plans are proceeding to market soybean seed and lease the project grain bins, planting machinery and equipment to generate income.

The last shipment of grain bin equipment arrived and the damaged grain bin will be repaired by Grant #2 end. Feeding trials received such positive results that one veterinarian expressed concern that the hogs were eating so much, he was afraid they would blow up!

Tom Dunn agreed to remain as U.S. Co-Manager until Grant #2 end. Two Russian office staff were hired with State of Iowa appropriations to represent IIDF as U.S. Marketing Director and U.S. Administrative Director.

The Head of the Agricultural Department of the Russian Government met with Dr. Johnson, Mr. Gannon and Mr. Koudriavtsev in Des Moines and endorsed the CARD/IIDF proposal to USAID/Moscow: U.S./Russia AgMEET.

C. ABC/White Church

The last shipment of extruders arrived, with final installation being coordinated with VOCA, due for completion and start-up by Grant #2 end, on December 31, 1994.

Two VOCA Farmer-to-Farmer technicians spent two weeks in White Church completing the wiring of the bins and finalizing all other work on the bins.

The Ukraine Foreign Minister met with Mr. Gannon at the United Nations in New York and endorsed the CARD/IIDF proposal to USAID/Kiev: U.S./Ukraine AgMEET.

D. IIDF/Des Moines

There was a major change in leadership with the resignation of Mr. John Chrystal and the appointment of Dr. Stanley Johnson as IIDF Chair.

State of Iowa appropriations to IIDF from the Iowa Legislature were received in the amount of \$200,000 for FY'95, starting July 1, 1994 for the Agribusiness Centers project.

USAID approved Extension #2 for Grant #2, until December 31, 1994.

Under the direction of Dr. Johnson, with CARD as the prime contractor, the new CARD/IIDF proposals: U.S./Russia AgMEET and U.S./Ukraine AgMEET, are in the final stages and will soon be presented to USAID/Moscow and USAID/Kiev, respectively.

II. FOURTH QUARTER SUMMARY

A. New Agribusiness Magazine

The project had a major impact on agriculture and agribusiness across the NIS, with the printing and distribution of 35,000 copies of the first issue of New Agribusiness. The first issue contained 40 pages with 18 pages featuring 13 U.S. agribusinesses. Of the 13, 11 of the firms have had marketing demonstrations of their agricultural inputs on project farms and feed operations. Of those 11, 9 currently have seed or equipment being used in large-scale production at the Agribusiness Center (ABC) farms and feed operations.

Here is a list of companies featured in the first issue of New Agribusiness that have had or currently have marketing demonstrations at the Agribusiness Centers:

<u>Company</u>	<u>Product</u>	<u>Headquarters</u>
<u>Successful Farming</u>	<u>New Agribusiness</u>	Des Moines, Iowa
Pioneer	Seed	Des Moines, Iowa
Insta-Pro	Extruders	Des Moines, Iowa
Triple "F"	Feed Additives	Des Moines, Iowa
Iowa Ex/Im	Seed Planters	Des Moines, Iowa
Conrad American	Grain Bins	Houghton, Iowa
Shivvers	Grain Dryers	Corydon, Iowa
Ritchie	Field Sprayers	Conrad, Iowa
Sudenga	Grain Augers	George, Iowa
Kinze	Seed Planters	Williamsburg, Iowa
Monsanto	Farm Chemicals	St. Louis, Missouri

Farm chemical distributed in the NIS by Monsanto is produced in Muscatine, Iowa. It is clear the New Agribusiness connection to Iowa and Midwest agribusiness is substantial.

IIDF gave \$5,000 to New Agribusiness, raising the total given from its USAID grant to \$15,000. John Walter reported that USAID has agreed to grant another \$50,000 to the magazine. However, the money will not be passed through the IIDF grant, but rather through The Citizens Network for Foreign Affairs (CNFA).

Distribution

Fermer, the Russian language magazine equivalent to Successful Farming in the NIS, and joint venture partner with Successful Farming in New Agribusiness, had 10,000 copies of New Agribusiness inserted into its magazine and distributed to its mailing list throughout the NIS.

Twenty-five thousand copies were distributed in other ways: Fermer contracted to have copies distributed at three agricultural fairs. The Russian Ministry of Agriculture received copies to distribute through its training institutes, and agribusiness and management institutes. Monsanto received 5,000 copies to distribute. Cargill, Triple "F"/Insta-Pro and both ABCs received copies to distribute.

There were 75 copies of New Agribusiness mailed to agribusinesses in the United States. Successful Farming and IIDF mailed the magazine in a packet along with several letters in English (Appendix A). Included in the packet was a letter explaining the CARD/IIDF new initiative and asking companies to respond with a "Letter of Support".

Second Issue

For the second issue of New Agribusiness, IIDF Executive Director Richard T. Gannon drafted an article and his assistant, IIDF Finance Director Andrei Koudriavtsev, translated it into Russian. The article offers NIS agribusinesses the opportunity to be listed in new trade directories.

The article is entitled "List Your Agribusiness in New U.S./NIS Trade Directory" (Appendix B, in English and Russian). The information collected will be used to compile trade directories, as explained below. This is a unique and important concept because no other qualified directory resource like this exists. U.S. agribusinesses to be listed will be identified through mailings by IIDF and Successful Farming.

Trade directories play an important part in the new CARD/IIDF initiative AgMEET. IIDF plans to compile, print and distribute the directories to promote joint ventures, trade and investment. Separate AgMEET proposals will be presented to USAID/Moscow and USAID/Kiev. The proposals are being finalized under the direction of Dr. Johnson, with CARD as the prime contractor.

U.S./Russia Agribusiness Trade Directories

The CARD/IIDF proposal for USAID/Moscow is: U.S./Russia Agricultural Marketing, Exports, Extension and Training (U.S./Russia AgMEET). U.S./Russia AgMEET will compile the U.S./Russia Agribusiness Directory and the Russian Agribusiness Export Directory. The U.S./Russia AgMEET draft cover, diagram and outline give an initial view of the project and demonstrate the role the trade directories play (Appendix C).

U.S./Ukraine Agribusiness Trade Directories

The CARD/IIDF proposal for USAID/Kiev is: U.S./Ukraine AgMEET. It will include the U.S./Ukraine Agribusiness Directory and the Ukraine Agribusiness Export Directory. The U.S./Ukraine AgMEET draft cover, diagram and outline give an initial view of the project and demonstrate the role the directories play (Appendix D).

The potential commercial impact of the trade directories is so significant that IIDF is moving ahead with the compilation even before AgMEET is proposed to USAID.

B. ABC/Stavropol

1994 Crop Report

The fourth quarter started just two weeks after the successful completion of the "Planting Technologies Seminars". Project crops were all planted and growing well. However, there had been no rain since early May and all the crops in Stavropol krai were hurting for moisture. When planting started, some areas went six weeks without rain, with other areas reporting going four months without rain. The ABC crops were showing much less moisture stress than other crops due to better seed and planting technology.

The four fields of corn and two fields of soybeans at the Chapayev Farm were in relatively good condition with good weed control, good stands, etc. The one corn field at the Egorlyk farm was also in good condition. The first soybean field at Egorlyk had an excellent stand and was growing well, but had some broadleaf weed problems.

The second soybean field at Egorlyk was a no-till field. At planting time, instructions were given how to adjust the John Deere no-till drill for down-pressure and planting depth when going from the first soybean field (tilled) to the second soybean field (no-till). Tom Dunn explained the necessary changes to make and was assured by the farm managers that the changes would be made before planting the second field. However, no changes were made in any of the adjustments. As a result, there was too little down pressure to cut through the crop residue. That, coupled with the hydraulic system on the Russian tractor that leaked (reducing down pressure even more), resulted in a planting depth that was too shallow. In a normal weather year with adequate rain, the problem would have been much less. However, in the extremely dry conditions of this year, many of the seeds were in powder-dry soil and did not germinate.

Compounding the planting problems on this field were herbicide application problems. Mr. Dunn stressed with farm workers the importance of accurate herbicide application for no-till. Considerable time was spent on the old Broyhill sprayer adjusting booms and nozzles and cleaning and/or replacing components of the spray tips. The foam marker system was reinstalled and with new foam concentrate.

Instructions were given on the importance of using the foam marker system so that there would be no skips or overlap in the application of the herbicide. However, the tractor driver decided not use the foam markers and relied instead on workers at each end of the two kilometer field to mark for him. The result, as expected, was numerous skips and overlaps in spray pattern.

The decision was made to use Glisol as the burn-down herbicide rather than Roundup. Glisol is manufactured by a Russian chemical company using the identical active ingredient supplied by Monsanto as in Roundup. The difference is that Glisol does not contain a surfactant/adjuvant as does Roundup. In a normal weather year this would

not be a major factor with Glisol. But in hot and dry conditions such as this planting season, the weeds tend to "harden off" making it more difficult for herbicides to be ingested by the weed. The resultant was that weed kill, although considerable, was less than 100%, and the skips had zero kill.

The soybean field served in achieving the ABC objective of demonstrating the benefits of improved U.S. technology and management methods. The versatility of U.S.-manufactured Roundup over Russian-manufactured Glisol was visibly evident in a drought year. The field demonstrated that even with the best equipment, there must be continued adjustment and supervision of machinery operation. However, the no-till soybean field was a poor example of what properly executed no-till technology can do. The management decision to use Glisol instead of Roundup was prompted by a lack of funds and the readily available Glisol. In a normal year this would have been a wise decision. Other problems associated with this field had to do with the lack of desire or inability of the workers to follow basic instructions, which could have been avoided by working with private farmers, as shown with the YK Farm and detailed below.

Mr. Dunn was taken away from on-hands supervision of the soybean planting at Egorlyk by the private contract with the YK Farm. It was late in the planting season and essential to purchase herbicide and fertilizer as well as line up the sprayer, planter and seed. In addition, corn planting at Chapayev was still in progress and Mr. Dunn had to visit the three farms on a regular basis, driving three to four hours daily.

On the whole, the planting season was very successful. The mistakes made on the no-till soybean field serve as effective lessons on the necessity of accurate application of herbicides and the importance of machine adjustment. It can be noted that the John Deere 750 No-Till Drill was manufactured in Ankeny, Iowa.

At fourth quarter end, the Chapayev farm personnel had decided, against the advice of Mr. Dunn, to chop three of the poorest corn fields for silage. Mr. Dunn agreed that some of the corn crop could be chopped, as it would have a low grain yield, but certainly not all three fields. Additionally, the corn was chopped too early to achieve the maximum yield and optimum quality. Since it was already agreed in principal to the division of crops that gave the farm all of the 1994 corn crop, Mr. Dunn felt obligated to offer sound advice, but not object if it was ignored.

The one remaining field of corn at the Chapayev farm is in very good condition, especially considering the growing season. The soybeans at Chapayev are about one half harvested with yields averaging from six to eight centaurs per hectare. The crop was stunted by the drought and high soil Boron levels, which are slightly toxic to soybeans. The crop looks good except that it is shorter than normal. This poses a problem for the Russian Don combines because the headers will not cut close to the ground and many pods will be left on the plant stubble.

At Egorlyk Farm, the irrigated corn field looks to be in good condition, considering the drought. The first soybean field should out yield the Chapayev soybeans due to the fact that it was irrigated. The second no-till soybean field will produce only one third of a crop for reasons already discussed. As of October 24, harvest hasn't started at Egorlyk.

Overall, of the 525 hectares of corn planted by the ABC in 1994, 264 hectares were chopped for silage in September, and some of the remaining crops might be in poor condition at harvest time. Of the 415 hectares of soybeans, at least 60 were in a poor condition in the summer.

Division of Crops

There has not been a final decision as to the division of crops due to the fact that Russian Co-Manager Mr. Khvorostyanov advised the farm directors not to sign the contracts with ABC until both Co-Managers, ABC Board Director Mr. Varshavsky and the two farm directors had a meeting. Shortly after offering that advice, Mr. Khvorostyanov entered a Stavropol hospital in very poor health and Mr. Varshavsky has also been home sick in bed for several days. Efforts are continuing to arrange the meeting with Mr. Varshavsky, the farm directors and Mr. Dunn to settle this issue.

U.S. Soybean Seed Genetics

This spring, IIDF purchased 30 tons of soybean seed from Stine Seed Company, Adel, Iowa, one of the world's premier soybean breeders. The seed was exported to ABC/Stavropol and planted. Few U.S. seed companies export soybean seed because its low value is outweighed by the high cost of ocean freight. Also, since soybeans are not hybrid, U.S. seed firms are reluctant to export for fear of a lack of seed protection, which results in the soybean crop being used for seed the next year. Considering all these factors, ABC/Stavropol is in a unique position to market its soybean crop as seed.

Stine's Chuck Hanson and Iowa seed broker David Hemminger of Agro Iowa have been instrumental in consulting IIDF and ABC/Stavropol on marketing the seed. Mr. Hemminger participated in the "Planting Technologies Seminars" in Stavropol in June at his own expense. He recently made another trip to Stavropol to research his own project to assist private farmers and further advise IIDF on marketing the soybeans (Appendix E).

On September 28, Mr. David Hemminger arrived in Stavropol. The mission of his trip was twofold. First, as a professional seed broker with considerable experience in the international marketplace, he spent time with Mr. Dunn and ABC staff in the development of the soybean seed business. Mr. Hemminger offered consultative expertise in setting up and operating the business in Stavropol.

In addition to the consultations in Stavropol, Mr. Hemminger traveled with Mr. Dunn to Ust Labinsk on October 1, where visits were made to potential farm customers for the soybean seed and potential future contract seed growers. These visits were coordinated by Mr. Dean Sanders of ICI, a possible future partner in the soybean seed business in Krasnodar krai. Additionally, discussions were held with Mr. Vladimir Zobov, Agro-Eskort Director and Mr. Vladimir Bogdanov, Agro-Eskort Vice Director. Agro-Eskort is an impressive seed brokerage firm that had achieved considerable success marketing seed corn under contract with ICI. The two officials were interested in entering into a brokerage contract to market the ABC seed beans in Krasnodar krai. Mr. Dunn recommends that Agro-Eskort be given prime consideration for this business if other needed arrangements materialize.

Mr. Dunn and Mr. Hemminger continued on to Krasnodar where meetings were held with Mr. Brett Duffy, Cargill's Krasnodar Office Manager and Marketing Specialist. Mr. Duffy had valuable insight into marketing seed and commercial crops, both domestically and internationally. He has extensive experience with transportation of commodities including rail rates, trucking rates and ocean freight costs. Additionally, Cargill could potentially be a marketer of the ABC soybeans, as Cargill doesn't market their own soybeans in Russia. Cargill could potentially be a major future customer for the ABC commercial corn crops as well. Cargill is currently working with the Mars Candy Company on the possible buyout of a large corn processing facility south of Moscow.

The second goal of Mr. Hemminger's trip was the exploration and preliminary discussions of a possible venture with private farmers in three locations north of Stavropol. The operation would provide American equipment for planting, harvesting, drying and storing crops; American seed genetics; American management and American-based financing for production agriculture in Russia. Meetings were held in Stavropol with the directors of branches of three possible correspondent Russian banks.

A public meeting was held, primarily to introduce the prospective project to interested private farmers. About 25 private farmers attended this meeting with additional farmers interested, but unable to attend due to wheat drilling operations at the time. The prospects for this project look good and the potential for American seed companies and equipment manufacturers and private Russian farmers is substantial.

Tom Dunn's Mission to Kabardino-Balkaria

On September 7, Mr. Dunn drove to Nalcik, the capitol of Kabardino-Balkaria to meet with fellow Iowan Mr. Dennis Leith of Sierra Caucasus Development Corporation (SCDC). The trip had two commercial purposes. The first was to study the possibility of using the SCDC facility to receive, process, bag, tag, and store the ABC soybean seed prior to sale. This operation is qualified for the work as SCDC is involved in growing and bagging alfalfa for seed.

The SCDC operation has high quality seed cleaners of several types, conveyors designed for gentle handling of seed, a modern seed laboratory and generally is a first class operation. They are located on a rail spur and have rail receiving and shipping facilities. Mr. Leith is an astute business man, who has had operations of several different types in the Nalcik area for the past three years. It is obvious he would be a reliable and competent person with whom to do business. Before making any commitments, rail freight rates were studied. It turns out that the rail freight rates have inflated rapidly during the past few months. The distance of over 300 kilometers from the ABC farms to the SCDC seed plant makes shipping costs prohibitive.

The ABC is fortunate to have located a very adequately equipped seed station at Donskoe, a village about one hour north of Stavropol and located midway between the two ABC farms. The ABC has a Memorandum of Understanding with the seed station, but are waiting for final agreements with the two farms before signing a contract. Tentative arrangements have also been made with a trucking firm in Donskoe for hauling the crop from the farms to the seed station.

The second commercial purpose of the SCDC trip was to study the possibility of locating an extruder line at SCDC. There were many favorable factors with the quality of the SCDC operation in Nalcik. However, distance and the fact that few soybeans are grown in the Nalcik vicinity outweigh the positive factors. The decision on where to place the second extruder line has not yet been made. The one factor that is agreed on is that it will be located with a private operation. Several preliminary visits have been made to possible sites near Stavropol, but follow-up visits will be made before the decision is made. Mr. Gannon will visit possible sites on his next trip.

Preliminary discussions took place concerning the possibility of moving the existing extruder line from Egorlyk Farm to a private location. There are adequate facilities for the line and access to private feeding operations. The main hurdle holding up any movement with the extruder equipment is that the Russian partners have not yet, as of this writing, secured release from customs of the extruder equipment from the last shipment. Until this is done, probably early to mid-November, no solid commitments can be made.

Private Farm Contract

In May, the ABC entered into a contract with the YK Farm, a group of truly private farmers. The YK Farm is adjacent to the Egorlyk Farm. We are trying to get the YK farmers to lease the Egorlyk bin site, which will generate income for the ABC.

The private farmers of the YK Farm cooperated fully with Mr. Dunn. The project corn crop, although late, looks very good. The cooperation and attention to detail the private farmers provided helped in making a good crop. The starter fertilizer applied with the Kinze planter was a deciding factor in helping the late, moisture-stressed crop get a fast start and maximized the use of limited soil moisture.

During the summer, when other nearby non-irrigated corn crops were burning up, the YK field of corn was lush and green. It was said the field was the subject of conversation among neighboring farmers. This non-irrigated corn field compares favorably with the irrigated corn at the Egorlyk Farm, and is at least equal to the best of the four corn fields at the non-irrigated Chapaev farm.

The corn crop on the YK Farm looks to be in mostly good to very good condition, again considering the growing season. As of October 24, it is still two to three weeks away from harvest. The ABC will receive its share of the crop, which will be sold to generate income for the ABC.

Poultry Feed Trial Results

Broiler chickens were fed Insta-Pro feed premixes in trials held from June 16 to August 16, 1994 by the personnel of the Stavropol Scientific Research Institute of Animal Breeding and Feed Production of the Russian Academy of Agricultural Sciences. The site of the trials was Bogoslovskoe breeding farm, Kochubeev raion, Stavropol krai.

The trial group and the control group numbered 650 birds each. Scientific analysis of the results of the 60-day trial concluded that using Insta-Pro feed premixes for broiler chickens instead of domestic feed premixes allows to:

- increase the live mass at the end of the feeding period by 16.1%
- increase the average daily weight gain by 16.9%
- lower feed use per produce unit by 10.3%
- increase the net weight of edible chicken meat by 12.1%
- reduce mortality to 1.2%
- realize additional produce worth Rbl 53,000 by feeding chickens 1 kg of Insta-Pro premix

The remaining feed trials, co-sponsored by IIDF and Triple "F"/Insta-Pro of Des Moines, were completed on October 16, 1994. The final analysis and report have yet to be completed and issued.

The preliminary information that has been discussed is exceptionally positive, above expectations, and inquiries are already coming in from producers wishing to purchase the premixes and extruded soybean meal. There have also been inquiries by feed processors about producing the premixes under license from Triple "F"/Insta-Pro.

Requests for U.S. Seed and Equipment

During and following the "Planting Technologies Seminars" and throughout the growing season, there have been requests from farms of all descriptions, desiring to purchase planters, sprayers, no-till drills and especially grain facilities such as the project has. Financing these purchases has continued to be a problem as the equipment is not cheap, especially by Russian standards. But, the advantages are obvious and if financing can be arranged, there will be some sales. There are reports that legislation has been passed, but hasn't been implemented, that would provide such financing. This has also been one of the important subjects discussed with Stavropol Governor Kouznetsov.

Tom Dunn's Mission to Iowa

During his month stay in Iowa this summer, Mr. Dunn visited the companies that supplied seed and equipment for the project. He spent time with each equipment manufacturer going over needed minor changes in parts, assembly instructions, etc. He reported to each company about how their equipment functioned and was received by the Russians. He had photos of their equipment showing the condition of the shipment upon arrival, during assembly, in operation in the fields, and as displayed at the "Planting Technologies Seminars". Advice was given about the interest in and need for their products and the marketing potential in Stavropol.

The seed companies were advised as to the condition of their crops. Discussions were held concerning the appropriateness of the maturities of the varieties selected. The concerns of our Russian counterparts for early maturing varieties was also aired. Mr. Dunn thanked the companies for their cooperation with the project, without which the shipments could not have been made in time for the planting season. The companies appreciated the follow-up and gave continued support to the project.

Tom Dunn's Mission to ABC/White Church

Upon arriving back in Stavropol on August 22, Mr. Dunn arranged a trip to the Agribusiness Center in White Church, Ukraine to inspect the bin site and report his findings. Mr. Dunn drafted a scope of work to complete the bins and it was submitted to VOCA (Appendix F).

Egorlyk Farm Director Replaced

During late June, Mr. Savchenko, the Egorlyk Farm Director, was involved in the investigation of a murder. Court proceedings cleared him and he was released from custody in August, but in the interim, he was replaced as farm director by the Egorlyk Farm's previous director, Mr. Merzha. Mr. Dunn has had a number of meetings with Mr. Merzha and finds him to be a personable businessman and cooperative to date. For example, Mr. Merzha has agreed to IIDF's proposal for the division of crops, which gives the farm 100% of the 1993 corn and soybean crops plus 100% of the 1994 corn crop in exchange for the ABC receiving 100% of the 1994 soybean crop. Mr. Dunn is confident that other areas that were in conflict with the Egorlyk Farm with the prior director will be resolved without major confrontation.

Likewise, after the meetings with the krai administration officials, Mr. Baranov of the Chapayev Farm has been more cooperative in several meetings with Mr. Dunn. After going over the proposed contract for division of crops item by item as stated above, Mr. Baranov has verbally agreed to sign the contract. Additionally, discussions were had about other subjects of prior confrontation with his farm. He understands that the ABC needs to

move the Ritchie sprayer, Kinze planter, spare parts, and other associated equipment to Ludmilla Petrova' Institute to complete work on the units and store them in a suitable location. He has indicated concern for the units being taken off of his farm but understands that the equipment is owned and controlled by the ABC. He indicated he would not object to the move, as he previously did.

Changing ABC/Stavropol Russian Directors

Upon returning to Stavropol, Mr. Dunn held meetings with Mayor Kouzmin and Governor Kouznetsov. The meetings with the mayor and governor concerned, in part, the obvious necessity for a change of Russian directors for the future success of the ABC project in Stavropol. Two candidates were considered: 1) Sergei Anisimov, Director General of Dairy Corporation "Stavropolsky", involved in the 1992 Milk Processing Seminar; and 2) Nickolai Denezhnyi, Duma member and director of a private farm. The two are proactive in the free market economy, have invested in their businesses as proof of their commitment, and appear to be successful businessmen. It is expected that they will fully support ABC efforts to work with private agribusinesses and farmers.

Meetings were also held with Lt. Governor Shiyarov and Mr. Varshavsky concerning the problems of lack of cooperation from the two farms. Subsequent meetings with the Lt. Governor, Mr. Varshavsky and the farm directors indicated that there would be renewed commitment to provide full cooperation to the project. What was missing in all these meetings was the lack of understanding of the necessity of removing Assistant Russian Co-Manager Mr. Bessonov from the ABC project. It has been repeatedly demonstrated that he is totally incompetent and most of his activities are counter-productive to the goals of the project. Mr. Gannon stressed this point a number of times in meetings during his June trip. This matter has not been laid to rest and will not be until a change is made. The change in Russian directors would obviously correct this situation.

The shipping container with the new equipment to repair the drying system at Egorlyk Farm had arrived in Riga, Latvia on August 11, 1994. All the documents needed were prepared, but one, a letter of guarantee for customs from the Russian partners. In the meeting with the governor, Mr. Dunn requested the letter. The governor was embarrassed by the lack of cooperation and took action. However, it was another week before the required letter was delivered. A demurrage bill, largely due to the delay caused by the Russian partners, had to be paid.

The shipment was released and arrived in Stavropol on September 28, 1994. The extruder parts were off-loaded at our containers at Ludmila Petrova's Institute. The grain drying system was off-loaded at our container at the Egorlyk Farm. However, it was two and one half more weeks before the Russian partners secured the release of the containers from customs, thus delaying repairs on the grain drying system.

Misuse of John Deere No-Till Drill

To present a true picture of the fourth quarter, the misuse of the John Deere drill at Egorlyk Farm must be mentioned. The farm had agreed to store the drill in a warehouse. In early July, while visiting the farm and inspecting fields, Mr. Dunn inquired about the drill. He was told that it had been taken to a warehouse at the fourth brigade and was locked up in storage. Upon visiting the fourth brigade later that day, Mr. Dunn had discovered that the drill was hooked up to a tractor and had been used for drilling corn without his permission or knowledge.

Upon close inspection, Mr. Dunn saw shear bolts, which protect the marker arms from damage if an obstacle is struck, were sheared. The workers had used the spare shear bolts and sheared them, too. Finally, the workers had welded both left and right inner marker arms to the marker arm base assemblies. The drill was taken back to the field and, while drilling corn, it was damaged again. Both marker arm base assemblies and inner marker arms were badly bent.

The farm's chief agronomist, who had misled Mr. Dunn earlier about the drill, was at the site, but refused to present himself to Mr. Dunn. Mr. Dunn proceeded to disable the drill by removing the main drive chains and idlers and gave explicit instructions for the drill to be delivered to the nearby YK Farm for storage, where the Broyhill sprayer and one Kinze planter were being stored. New marker arm base assemblies and inner marker arms were ordered by Mr. Dunn during his trip to Iowa in August. The parts are currently awaiting shipment to Stavropol. The replacement cost of the parts will be paid by Egorlyk Farm. The drill will be stored at the YK Farm and will be used there this fall.

Conclusion

It has been a challenging growing season. Following the first two years of excellent project crops, this third crop will be comparatively modest in this drought year. Compared to Russian crops, the ABC crops are much better. There have been many positive things accomplished this year, even with the lack of cooperation from the Russian partners and farms. By not working in the vacuum of an ideal environment, the project demonstrated a true picture of the obstacles Russian agriculture has to overcome.

The opportunity to work with the outstanding group of private farmers of the YK Farm has been encouraging. Word of this cooperation is spreading widely through the private farming community. There have been many instances of private farmers coming to the ABC office to inquire about being included in the project next year. There have even been instances of private farmers finding out about Mr. Dunn's work schedule and being at his next stop to meet him. There are bright, hard working private Russian farmers waiting for the opportunity to acquire U.S. technology and management inputs. U.S./Russia AgMEET will help make this happen. Mr. Dunn is to be commended for his hard work, long hours and commitment at expediting what lies ahead for Russian agriculture.

C. ABC/White Church

ABC/White Church U.S. Co-Manager David Wampler, his wife and two children spent the first two weeks of the quarter preparing and moving back to Iowa. His contract was not renewed. His performance was less than satisfactory and at times, damaging, due to his inaccurate representations and lack of proper oversight of the grain bin construction.

ROSS Expands Soybean Acreage

In anticipation of the oil seed processing facility at ROSS's feedmill becoming operational, ROSS increased its contracts with farms for soybeans. In 1994, ROSS had contracts for 1,200 tons of soybeans. For 1995, that figure was increased to 3,200 tons. Another positive result of ROSS' expanded soy processing capabilities is that it is having an effect not only on neighboring farms, but on adjacent regions of Ukraine as well.

Soybeans will be grown for ROSS in the Kiev oblast itself, where White Church is located, and also in Chernigov and Kirovograd oblasts. This potentially creates opportunities for large-scale contract feed milling in the future. Contract feedmilling, as proposed by IIDF, will create a sustained source of income for ABC/WChurch.

Cargill Contacts ABC/White Church

Through the efforts of IIDF, the office of Cargill Enterprises in Kiev contacted ROSS. Cargill is presently investigating the possibilities of expanding the number of its joint venture production projects. Since ROSS is one of the more innovative and progressive agro-industrial associations in Ukraine today, it is a potential candidate for a joint project with Cargill.

A final decision will be made pending the results of further meetings between the representatives of ROSS and Cargill. Feasibility studies may be conducted as well. IIDF will advise USAID on any further developments in negotiations.

Arrival of Extruders

On July 4, the container with Triple "F"/Insta-Pro extruders arrived in White Church. Neither the container, nor the machinery inside it, sustained any damage during shipping, loading/unloading, and trucking. All locks and the seal were in place and the container carried no signs of having been tampered with en route.

The 40' container carried one Model 2500 Extruder, three Model 1500 Oil Presses, and one Model 900 Cooler. Also included in the shipment were an encased vertical auger to replace the one stolen from the grain dryer bin and 80 fifty pound bags of LND Swine Base Mix 2420. The Base Mix 2420 is used to balance low nutrient density diets based on grain and soybean meal. The mix is intended for use by ROSS farms in combination with soybean meal to be produced with U.S. equipment.

The equipment was unloaded from the container into ROSS storage facilities. The Shivvers vertical auger was installed in the dryer bin in September in preparation for the start-up of the grain drying system. ROSS engineers inspected the oil seed processing equipment to determine the specifications of the necessary auxiliary systems.

Tom Dunn's Mission to ABC/White Church

Upon arriving back in Stavropol on August 22, Mr. Dunn hired an interpreter and arranged a trip to ABC/White Church. He departed Stavropol via taxi to Nevinnomyssk where he met his interpreter and boarded the train for the thirty hour trip to Kiev. A CNFA/Kiev official met them at the train station and drove them to the CNFA/Kiev apartment.

The next day, they met with VOCA/Kiev. Mr. Ted Gashler, VOCA/Kiev Director, was out of town, but his staff made arrangements for their transportation to the ABC at the ROSS feedmill in White Church and arranged housing at the VOCA apartment.

Upon arriving at ROSS headquarters, Mr. Dunn met ROSS management staff. Mr. Dunn saw the computer, less keyboard (which was being repaired in a shop in Stavropol) and was told that the fax machine was stored at the ABC apartment and the car nearby. Mr. Dunn took one of the five printer cartridges from the office to be used in Stavropol. Only one cartridge had been replaced on the ABC printer in two and one half years. Stavropol just recently inserted the last of six replacement cartridges.

Mr. Dunn proceeded to the feedmill to inspect the grain system first. Mechanically, things were as he expected. There were still three roof augers to install. The hanger bearings in the roof augers were already installed but were not positioned vertically as

required. Feedmill personnel were instructed why and how to reposition the hanger bearings. If the bearings are not vertical, they act as a cantilever beam with the auger tube as the base support. If this is the case, in a relatively short time of operation, there will be fatigue failure of the metal in the auger tube. Advice was given on how to correct other mechanical problems that were observed.

The bin wiring had yet to be started and this is a large part of the project. Mr. Dunn gave basic wiring instructions, but advised that an American with wiring diagrams and experience to complete the wiring was needed. Instructions were given on mechanical installations of control panels, the computer, temperature probes, etc.

Next, Mr. Dunn inspected the building where the extruder/extractor line was to be installed. The building had been prepared for this installation, but no actual installation work had started. There were some concerns and questions about the installation drawings, but the biggest problem seemed to be the lack of confidence in installing the extruders using instructions in English, a foreign language. Mr. Dunn answered questions and gave further instructions on how the extruders should be properly placed.

Mr. Dunn inspected the extruder that had arrived last year. It had been stored outside since arriving and the extruder barrel was full of water to the level of the bullet opening in the end. He asked workers to drain the water and find a suitable location inside to store it, along with associated equipment. The grain cleaner was inspected. Aside from some minor misalignments of sprockets and the known miss-assembly of the intake auger, it appeared to be functional.

The six-row Kinze planter was located and inspected. It had the same problem with a failure of the reverser drive idler sprocket that had been experienced on both Kinze planters in Stavropol. There were failures of the no-till coulter and coulter bearing set. Spare parts for these failures are on hand in Stavropol and will be brought to White Church on Mr. Dunn's next visit, when he will supervise the initial start-up of the grain dryer.

The 500 gallon Broyhill sprayer was inspected. The boom had been removed for safekeeping, but the sprayer itself appeared to be sound with the following exception: the Ace pump and PTO shaft had been lost before the sprayer arrived at ROSS. Thus, ROSS will have to procure a spare pump before the sprayer is operable.

Some needed supplies for the grain bins were requested to be brought by the VOCA volunteers when they come in early October. The other needed items, computer keyboard, idler sprocket, coulter and bearings will be brought from Stavropol on Mr. Dunn's next trip.

While in Kiev, Mr. Dunn met with Mr. David Sweere, who has a good understanding of the situation at ABC/White Church. Mr. Sweere said that ROSS's good equipment presents many business opportunities, but that ROSS lacks capital and management to realize profit. Previously, Mr. Sweere had discussions with Dr. Johnson and Mr. Gannon about the possibility of some type of management arrangement with ROSS. Options will continue to be explored by ROSS, IIDF and Mr. Sweere.

Upon returning to Stavropol, Mr. Dunn drafted a scope of work to complete the bin wiring and it was submitted to VOCA (Appendix F).

VOCA Farmer-to-Farmer to ABC/White Church

USAID/Kiev approved VOCA, and VOCA accepted, to place Farmer-to-Farmer technicians at White Church. David Sprague, USAID/Kiev, Ted Gashler, VOCA/Kiev and Marty Robinson, VOCA/Missouri, are to be commended for moving swiftly to place two VOCA volunteers in White Church to finish the electrical wiring at the grain bins.

Estele Cook and Charley Tenholder volunteered and spent one day at Shivvers being trained in the bin wiring. They spent two weeks at ABC/White Church, from October 3 to October 14, and had a successful mission, completing all but a small part of the wiring. They were confident ROSS personnel could complete the wiring, if instructions they left were followed. Mr. Dunn is scheduled to return to White Church for the initial start-up of the grain dryer.

It is planned to send Chuck Porter, the extruder expert from Triple "F"/Insta-Pro, to White Church in November to supervise installation of the extruders. A second trip will be necessary to finalize installation and supervise start-up.

Ukraine Foreign Minister Supports U.S./Ukraine AgMEET

IIDF has a long-standing practice of forging close ties with federal and local governments of nations, which host its projects. In September, Mr. Gannon had two personal meetings at the United Nations with Ukrainian Minister for Foreign Affairs Gennadi Udovenko. The meetings helped strengthen support for the ABC project in Ukraine and increased the awareness of the Government of Ukraine of the efforts exerted by IIDF to assist Ukrainian agricultural reform. All expenses associated with the trip to New York were paid for with State of Iowa appropriations.

Minister Udovenko was in New York attending the opening session of the U.N. General Assembly. The two meetings were arranged by Deputy Russian Ambassador to the U.N., Eduard Kudryavtsev, who is an old friend of Minister Udovenko and the father of the IIDF Finance Director.

Mr. Gannon briefed Minister Udovenko on ABC/White Church and the new CARD/IIDF initiative: U.S./Ukraine AgMEET. Minister Udovenko agreed with the need and rationale of the ABC project and U.S./Ukraine AgMEET. He gave Mr. Gannon the names of several other farms and asked that they be contacted. He asked Mr. Gannon to arrange a meeting with him in Ukraine and signed a "Letter of Support". The letter is addressed to USAID Administrator J. Brian Atwood, and subsequent correspondence resulted (Appendix G).

The Ukraine Minister of Agriculture had previously written USAID/Kiev to support funding for U.S./Ukraine AgMEET (Appendix H).

It is encouraging that Ukraine President Kuchma stated in his inaugural policy address before Ukrainian parliament that, "The key to the realization of real reform in Ukraine is agriculture" (Appendix I). It is also encouraging that Foreign Minister Udovenko has had experience in agriculture. It is especially encouraging that Minister Udovenko has taken a personal interest in ABC/White Church and U.S./Ukraine AgMEET because, as he told Mr. Gannon, he had been the director of a farm near White Church.

OPIC Conference in Des Moines

On August 12, an investor conference on agribusiness in Ukraine, sponsored by the Overseas Private Investment Corporation (OPIC), U.S. Embassy in Kiev, and the Greater Des Moines Chamber of Commerce, was held in Des Moines. Ukrainian agribusiness was represented by 23 companies: 12 engaged in food processing and packaging; 6 in seed and grain production, livestock feed, and veterinary supplies; and 5 in the manufacture of agricultural equipment. U.S. agribusiness was represented by 85 companies and groups: Cargill, John Deere, Pioneer Hi-Bred, Principal Financial Group, Meredith Publishing, U.S. West, and others.

The conference provided ample opportunities for networking. Although ROSS was not represented, an equipment manufacturer from White Church, Bilotserkivsilmas, was among the Ukrainian participants. Mr. Gannon and Mr. Koudriavtsev spent time with the Bilotserkivsilmas General Director, who asked for assistance in finding a U.S. joint venture partner. Contact information on similar U.S. equipment manufacturers was given. This is what U.S./Ukraine AgMEET is designed to do. Bilotserkivsilmas is currently the only manufacturer of forage harvesters in the NIS (Appendix J).

Other agribusiness company representatives from eastern and southern Ukraine asked IIDF to introduce them to possible U.S. joint venture partners. ABC/White Church is gaining publicity throughout Ukraine, and there is a considerable amount of interest on the part of Ukrainian agribusinesses in the project.

D. IIDF/Des Moines

New Leadership

The project saw a major change in leadership during the fourth quarter. On August 10, Mr. John Chrystal resigned as IIDF Co-Chair and director of the Russian and Ukrainian joint venture Agribusiness Centers (Appendix K). Although Mr. Chrystal terminated all involvement with IIDF and the project, his resignation had minimal impact on fourth quarter results. However, it did precipitate the appointment of a new IIDF board.

It appears that the new IIDF board will have one Chair and two board members. The new IIDF Chair will probably be Dr. Stanley Johnson, Director of the Center for Agricultural and Rural Development (CARD) at Iowa State University. Dr. Johnson has been instrumental in the project since its inception and is a director of both Agribusiness Centers. IIDF Executive Director Richard Gannon will most likely follow Mr. Chrystal as director of both Centers.

One IIDF board member will probably be Mr. Loren Kruse, Editor of Des Moines-based Successful Farming, the largest paid agricultural publication in the United States. The Agribusiness Centers and participating companies are at the core of Successful Farming's first Russian-language magazine, New Agribusiness. Mr. Kruse also brings to IIDF Successful Farming's linkage with the U.S. agribusiness community.

The other IIDF board member will probably be the Director of the Iowa Department of Economic Development (IDED). This allows IDED some oversight, instead of just being a pass-through agency, for the \$200,000 in state funds the Iowa Legislature appropriated to IIDF for FY'95 starting July 1, 1994. The new IIDF board will build upon the foundation laid by Mr. Chrystal and expand the project to include broader participation from U.S. agribusinesses.

Russian Staff Hired to Represent IIDF

In July, two ABC/Stavropol staff members, who had been employed by the Russian side of the joint venture, resigned from their positions and came to Iowa at the invitation of Future Farmers of America (FFA). They spent six weeks working for the FFA in eastern Iowa, during which time they often spoke with Mr. Gannon and Mr. Koudriavtsev by phone and visited the IIDF offices in Des Moines on a number of occasions.

The two ABC/Stavropol staffers, Pavel Sedine and Sergei Boudzinski, have worked at the ABC office for a long period of time. Their duties ranged from translation and interpretation to working with Chapaev and Egorlyk farm management on a wide variety of issues. Their resignation was caused by low salaries, which were several months past due. Mr. Sedine and Mr. Boudzinski were sharing the ABC/Stavropol office with Tom Dunn, so their qualifications and abilities were well known to IIDF.

Following a series of meetings in Iowa, Mr. Gannon decided to hire Mr. Sedine and Mr. Boudzinski to represent IIDF at ABC/Stavropol. Their salaries were significantly increased and their scopes of responsibilities broadened. All expenses associated with hiring the new staff will be paid for by State of Iowa funds. Mr. Sedine and Mr. Boudzinski are contracted to Grant #2 end, with contract extensions expected.

Mr. Sedine and Mr. Boudzinski received detailed instructions regarding scope of work, reporting, accounting, and communication. Mr. Sedine was designated as U.S. Administrative Director, and Mr. Boudzinski as U.S. Marketing Director. They will be working under the direction of the U.S. Co-Manager and Mr. Gannon.

While in Iowa, Mr. Sedine and Mr. Boudzinski received training at Stine Seed Company and Triple "F"/Insta-Pro. Soybean seed marketing and extruder operation and leasing were discussed in detail. Both staff will be active participants of ABC/S soybean seed marketing operation and other for-profit operations of the Center.

Requests from USAID/Moscow

During the quarter, USAID/Moscow made several requests of IIDF and a number of correspondence resulted (Appendix L). On August 5, IIDF received a fax from USAID/Moscow Agricultural Officer Catherine Norris requesting background information on the funding of the ABC project since its inception, and IIDF input on the NIS Exchanges and Training (NET) Project for Fiscal Year 95. A follow-up message posing specific questions regarding IIDF's participation in the NET project was received.

IIDF responded by giving an account of the initial ABC funding, which was provided by the Trade and Development Agency (TDA) and administered by CARD at Iowa State University. Detailed information on the TDA stages of the ABC project is contained in the CARD final report on the TDA grant (Appendix M).

Training areas and possible candidates for the NET project were identified. Four fields of training were suggested: Agribusiness Administration, Agribusiness Value-Added Processing and Marketing, Agricultural Exports, and Agricultural Extension. IIDF's response to USAID/Moscow's e-mail message gave additional information on the training areas selected and the suggested number of participants in the training programs.

Head of Agricultural Department of Russian Government

On September 19, IIDF's Mr. Gannon and Mr. Koudriavtsev met with Alexander Kalinin, Head of the Department of Agro-Industrial Complex and Consumer Market of the Government Administration of the Russian Federation (Appendix N). Mr. Kalinin was visiting Des Moines with a Russian delegation.

Mr. Kalinin works in daily contact with senior Russian Government officials responsible for the agricultural sector: Deputy Prime Minister Zaveryukha, Minister of Agriculture Khlystun, and regional administration chiefs. Mr. Kalinin detailed the difficulties Stavropol krai had encountered this summer due to the severe draught. He emphasized the poor condition of grain crops and the tremendous damage to sheep production, which is essential to western Stavropol and reflects on the overall economic condition of the krai.

Mr. Kalinin revealed his close working relationship with Stavropol Lieutenant Governor Alexander Shiyanov, whom he meets with on a monthly basis. Lt. Governor Shiyanov personally oversees ABC/Stavropol and has been extremely helpful to the ABC project on numerous occasions in the past by resolving administrative, coordination, and supply problems. In Mr. Kalinin's words, Lt. Governor Shiyanov is "one of the most capable agricultural leaders in Russia today". Mr. Gannon briefed Mr. Kalinin on his week spent with Lt. Governor Shiyanov during his June visit to Stavropol.

Mr. Kalinin was briefed on the CARD/IIDF proposal for USAID/Moscow: U.S./Russia AgMEET. He agreed that U.S./Russia AgMEET is an innovative and necessary concept and pledged to broaden support for it at the highest levels of the Russian Government. Mr. Kalinin was impressed with the first issue of New Agribusiness magazine, with the ABC project at its core. He echoed Minister of Agriculture Khlystun, who opened the first issue with a letter of endorsement and support, on the vital usefulness and timing of the magazine.

In addition, Dr. Johnson and Mr. Kalinin, long-time colleagues, had a supper meeting together in Des Moines and discussed U.S./Russia AgMEET. They also discussed Dr. Johnson's trip to Russia in October and the agenda for his meeting with Deputy Prime Minister Zaveryukha.

USAID Evaluates Project

Russell Webster of Management Systems International contacted IIDF to say he was collecting information for the project evaluation by USAID. Contact information was provided on the Russian and Ukrainian partners and the U.S. agribusinesses that have been involved with the project (Appendix O).

The evaluation team is invited to visit ABC/Stavropol and ABC/White Church. The evaluation would be incomplete without a visit to at least ABC/White Church, which is easier to get to than ABC/Stavropol. It is impressive to observe the size of the grain bins and see first-hand the large amount of grain drying and storage on-site, as well as the capability to extrude soybeans into meal and oil.

Mr. Gannon offers to come to USAID/Washington, using State of Iowa funds, to brief the evaluation team on the project. He would be able to answer all questions and allay every concern raised about the project under the former IIDF administration.

Extension #2 for Grant #2 Approved

During the quarter, IIDF prepared and submitted a request and budget for Extension #2, and USAID approved to extend Grant #2 to December 31, 1994 (Appendix P). The Extension #2 request was for October, November and December, 1994. Extension #1, which was approved in June, extended the project through August and September.

Fourth Quarter Financial Report

The fourth quarter financial report was prepared and submitted, with the assistance of IIDF's consulting accountant (Appendix Q). IIDF hired a CPA, at the recommendation of the IIDF auditor, to prepare monthly financial statements. The accountant has addressed all findings and recommendations of the 1993 audit.

III. FOURTH QUARTER EXPENDITURE SUMMARY

Salaries and Benefits

IIDF continued its contracts with two managers: Thomas Dunn, the U.S. Co-Manager at ABC/Stavropol, and Andrei Koudriavtsev, the Project Manager in IIDF's Des Moines office. The contract with David Wampler, U.S. Co-Manager at ABC/White Church, expired on July 16, 1994 and was not extended.

Thorough evaluation of the operating conditions existing at ABC/White Church led IIDF's management to the conclusion that stationing a permanent U.S. Co-Manager was not necessary. Since IIDF has only one Ukrainian partner engaged in production, ROSS, it is easy to coordinate all operational issues with ROSS management through telephone and fax. ROSS feed-mill manager and ABC Co-Manager, Anatoly Nikiforenko, and Head of International Department, Gennady Polotchaninov, have proven to be capable and responsive counterparts in the project. Consequently, it was decided to send U.S. technical assistance to ABC/White Church on as-needed basis.

Mr. Dunn was compensated at the rate of \$1,846 every two weeks, for a total \$12,000. Mr. Wampler was compensated at the rate of \$1,731 every two weeks, for a total of \$1,941, including July's health insurance premium payment of \$210. Andrei Koudriavtsev's salary was \$962 every two weeks, for a total of \$5,772.

Total Salary and benefits for the quarter: \$19,713

Allowances

The living allowance for on-site managers is currently \$500/month. This allowance is used to cover such in-country expenses as interpretation and translation services, the cost of local transportation, etc.

Mr. Dunn's allowance for the quarter was \$1,250 (July, two weeks in August, and September). Mr. Wampler's allowance for two weeks in July was \$250.

Total Allowances for the quarter: \$1,500

Subcontract/Consultant

No subcontract or consulting service charges were incurred during the quarter.

Training

No training costs were incurred during the quarter.

Travel

Mr. Dunn returned to Stavropol as U.S. Co-Manager. His international round-trip ticket cost \$1,359 and domestic Aeroflot ticket cost \$236. Russian entry visa for Mr. Dunn cost \$95.

Total Travel for the quarter: \$1,690

Other Direct Costs

This category includes all expenses necessary to support the project. Expenses were \$1,139 for electronic mail, \$22 for postage, \$5,000 for New Agribusiness magazine, in effect a newsletter of the ABCs, \$444 was paid to USAID in reverted bank interest, and \$84 was paid for printing the grant's third quarter report.

Total Other Direct Costs for the quarter: \$6,689

Equipment/Seed Purchases

Marker parts were purchased for John Deere no-till drill for \$529.

Total Equipment/Seed Purchases for the quarter: \$529

IV. FY'95 FIRST QUARTER WORK PLAN

This quarter is for the months of October, November and December, 1994. It represents Extension #2 for Grant #2, with Grant #2 end on December 31, 1994.

A. New Agribusiness Magazine

The second issue of New Agribusiness will be printed and distributed. The second issue will have an article written by IIDF asking interested NIS agribusinesses to respond if they would like to be listed in new U.S./NIS agribusiness trade directories. IIDF will collect the replies and start compiling the directories. U.S. agribusinesses will be identified through mailings by IIDF and Successful Farming.

B. ABC/Stavropol

Harvesting of ABC corn and soybeans started in October. Mr. Dunn will supervise harvesting equipment tune-up and the quality of harvesting operations. Preliminary assessment of the 1994 crop indicates that the yields will fall below projected estimates due to unusually hot and dry summer in Stavropol krai.

Negotiations will continue with the Russian ABC participants to give all of the 1994 soybean crop to the American side in exchange for the corn crop and a package of past debts which will be written off. The size and condition of the 1994 corn crop, which suffered heavier damage than the soybean crop, will be one of the factors involved in the negotiations. Next quarter report will detail the negotiation process and state its outcome.

The soybean crop, which was planted using two Stine Seed Company seed varieties, is planned to be used not as commercial grain but as soybean seed. It is the intention of ABC/S to market that seed in Stavropol and neighboring regions, especially Krasnodar krai. The marketing plan, if implemented successfully, will achieve short- and long-term objectives. In the short run, it will demonstrate to seed growers the potential of profitably marketing seed independently of the collapsing and indebted state procurement system.

In the long run, it will place improved soybean seed genetics in the region and soften ground for the U.S. seed companies to either enter that market, or expand their operations. Another long-term objective which the ABC hopes to achieve is to facilitate the creation of a soybean distributorship and start the extensive private farmer grower and dealer network this entails.

Hogs, chickens, and cattle feeding trials, which are conducted jointly by IIDF/ABC and Triple "F"/Insta-Pro, will be concluded before Grant #2 end. Initial results are promising, especially with the hogs and chickens, and the trial reports are expected to strongly impact the local private feed industry and private livestock feeders.

The Board of Directors of ABC/Stavropol is likely to undergo significant changes. Of the four present members, two Russians and two Americans, only Dr. Johnson is expected to retain his seat on the ABC Board. John Chrystal resigned from his position as Co-Chair of IIDF, and consequently his involvement with the ABC project ended. He is expected to will be replaced on the ABC Board by IIDF Executive Director Gannon.

Mr. Gannon's nomination for Board membership will significantly improve coordination between the U.S. participants, since he works in very close contact with Dr. Johnson on matters related to the ABC project. IIDF and CARD are receiving cooperation of the federal and regional government to replace the two current Russian Board members with more business-oriented people. At the writing of this report, a list of candidates for Board positions is being reviewed in consultation with Russian ABC participants and Stavropol krai government.

Attempts will continue to be made to convince the two farms to lease the bin sites and extruders. Lease agreements will generate income for both farms and the ABC. It has been difficult, and at times impossible, to work with our Russian partners. However, it was reported that they received instruction from Moscow to start cooperating with us more.

Mr. Dunn and staff will propose candidates to replace Mr. Dunn as U.S. Co-Manager. Mr. Gannon will conduct interviews during his trip to Stavropol in November-December. The ideal candidate will be a private Russian agribusiness person, with close ties to the private agriculture and agribusiness sector in Stavropol. The candidate will possess a strong, proactive, entrepreneurial aptitude, and take a personal stake in the success at making ABC/Stavropol profitable.

ABC staff will attempt to change the office e-mail from SprintMail to RELCOM. An ABC bank account will be opened in order to pay the new U.S. Co-Manager and U.S. staff and keep business going after Grant #2 end.

The future of ABC/Stavropol lies in working with private agribusiness people and farmers, like those from the YK Farm. IIDF will continue to try and make the ABC profitable after Grant #2 end using state appropriations. However, state funds are insufficient to fund the ABC at the level required, especially when repairs are needed.

C. ABC/White Church

Installation and start-up of the grain drying and storage bins and oil seed processing equipment will be completed. In October, in cooperation with VOCA, IIDF sent two grain bin specialists, Estele Cook and Charles Tenholder, to White Church to supervise the wiring of the bins. The bins are expected to be operational in time to dry and store the 1994 grain harvest. Additionally, Tom Dunn will make a second trip to White Church to supervise the start-up of the bins and adjust the computer control system of the dryer.

In November, IIDF will send an extruder specialist, Charles Porter, to supervise the start-up of the Triple "F"/Insta-Pro oilseed extruders. Prior to Mr. Porter's arrival in White Church, APK ROSS will assemble all necessary support systems for the extruders and oil presses: augers, conveyors, electrical wiring, steam exhaust system, oil settling tanks, etc.

Dr. Peter Sabluk, Director of the Ukrainian Institute of Agricultural Economics and partner in ABC/White Church, will forward replies to IIDF from Ukrainian agribusinesses. The replies are in response to an article in the second issue of New Agribusiness offering Ukrainian firms to be listed in the new U.S./Ukraine Agribusiness Directory and the Ukraine Agribusiness Export Directory. IIDF will consolidate, index, and analyze the replies.

D. IIDF/Des Moines

Replies will be collected from Russian and Ukrainian agribusinesses responding to an article in the second issue of New Agribusiness offering them to be listed in new U.S./Russian and U.S./Ukrainian agribusiness trade directories. Interested U.S. agribusinesses will be identified through mailings by IIDF and Successful Farming.

IIDF will direct and coordinate all aspects of the project. Mr. Gannon and Mr. Koudriavtsev plan to visit ABC/Stavropol and ABC/White Church in late November - early December. Mr. Koudriavtsev's airfare and lodging will be paid for with State of Iowa appropriations. Their mission will be to conduct an on-sight inspection of the grain harvesting, storing, drying, processing, and marketing operations. They will evaluate the success at achieving the objectives of USAID Grant #2, and analyze options for the future of the project, including AgMEET.

In Stavropol, Mr. Gannon will interview potential candidates to follow Mr. Dunn as U.S. Co-Manager. The ideal candidate will be a private Russian agribusiness person, with close ties to private agriculture and agribusiness in Stavropol krai. The candidate will possess a strong, proactive, entrepreneurial aptitude, and take a personal stake in the success at making ABC/Stavropol profitable. Mr. Gannon will visit proposed private farms and feed mills to evaluate their potential to generate income with the second extruder.

IIDF will cooperate with the evaluation team that is evaluating the ABC project and submit further information as required. Mr. Gannon has offered to travel to USAID/ Washington at IIDF expense to brief the evaluation team on the project.

The CARD/IIDF AgMEET proposals will be finalized and submitted to USAID/ Moscow and USAID/Kiev. The process for collecting and drafting the FY95 First Quarter Report and Grant #2 Final Report will continue.

V. CARD/IIDF NEW INITIATIVE: U.S./NIS AgMEET

The CARD/IIDF new initiative is: U.S./NIS Agricultural Marketing, Exports, Extension and Training (U.S./NIS AgMEET). Separate AgMEET proposals will be presented to USAID/Moscow and USAID/Kiev. The proposals are being finalized under the direction of Dr. Johnson, with CARD as the prime contractor, and will be presented soon.

A. CARD/IIDF Proposal for USAID/Moscow: U.S./Russia AgMEET

The CARD/IIDF proposal for USAID/Moscow is: U.S./Russia Agricultural Marketing, Exports, Extension and Training (U.S./Russia AgMEET). It is designed to introduce U.S. and Russian agribusinesses for joint ventures, trade and investment. The U.S./Russia AgMEET draft cover, diagram and outline give an initial view of the project (Appendix C).

B. CARD/IIDF Proposal for USAID/Kiev: U.S./Ukraine AgMEET

The CARD/IIDF proposal for USAID/Kiev is: U.S./Ukraine AgMEET. It is designed to introduce U.S. and Ukrainian agribusinesses for joint ventures, trade and investment. The U.S./Ukraine AgMEET draft cover, diagram and outline give an initial view of the project (Appendix D).

Mr. Marty Robinson, former VOCA/Kiev Director now at VOCA/Midwest, is assisting with the proposal draft and budget. Mr. Robinson is considering the position as U.S./Ukraine AgMEET Project Manager.

APPENDIX

- A. New Agribusiness Packet with AgMEET Letter sent to 75 U.S. Agribusinesses by Successful Farming and IIDF.
- B. Article for New Agribusiness Issue #2 by Richard T. Gannon, *List Your Agribusiness In New U.S./NIS Trade Directory* (English and Russian).
- C. U.S./Russia AgMEET Draft Cover, Diagram and Outline.
- D. U.S./Ukraine AgMEET Draft Cover, Diagram and Outline.
- E. David Hemminger Trip Report, Stavropol, September 29 - October 9, 1994.
- F. Scope of Work for VOCA Volunteers for ABC/White Church.
- G. Ukraine Foreign Minister Udovenko Endorsement Letter.
- H. Ukraine Minister of Agriculture Karasyk Endorsement Letter (English and Russian).
- I. Financial Times Articles on Ukraine President Kuchma Inaugural Policy Address.
- J. Brief on Bilotserkivsilmarsh Joint-Stock Company in White Church.
- K. John Chrystal Letter of Resignation.
- L. USAID/Moscow and IIDF Correspondence.
- M. Final Report on USAID Grant #1, August 1993.
- N. Copy of Business Card of Alexander Kalinin, Head of Agricultural Department of Russian Government.
- O. IIDF Correspondence with Management Systems International.
- P. Request for Extension #2 of Grant #2 and USAID approval.
- Q. Fourth Quarter Financial Status Report.



Iowa/Int'l Dev Foundation
200 East Grand Avenue
Des Moines, IA 50309
U. S. A.

APPENDIX A

New Agribusiness packet
with AgMEET letter sent to
75 U.S. agribusinesses by
Successful Farming and IIDF.

APPENDIX B

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

200 East Grand Avenue, Des Moines, Iowa 50309 U.S.A.

Tel: 515-242-4768 Fax: 515-242-4946 E-Mail: R.GANNON@ABCP.SPRINT.COM

AGRIBUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

Article for
New Agribusiness Issue #2

by

Richard Gannon

IIDF Executive Director

Final Draft: 20-Oct-94

**LIST YOUR AGRIBUSINESS IN NEW
U.S./NIS TRADE DIRECTORY**

Thank you for being a NIS agricultural pioneer preparing for the present and looking to the future by reading New Agribusiness. For those of you just joining us, this is the second issue of New Agribusiness. The first issue of 40,000 copies was published in June 1994. New Agribusiness is the offspring of the U.S./NIS joint venture between Fermer and Successful Farming. Successful Farming is the largest private paid agricultural publication in the United States.

There is a close tie between New Agribusiness and the Iowa/International Development Foundation (IIDF). IIDF has joined with private Russian partners to establish a joint venture Agribusiness Center in Stavropol, Russia. Also, IIDF has joined with private Ukrainian partners to establish a joint venture Agribusiness Center in White Church, Ukraine. The U.S. Agency for International Development (USAID) has provided funding to establish the Agribusiness Centers to demonstrate U.S. seed, equipment, and management methods in large-scale crop and feed production.

The inaugural issue of New Agribusiness featured thirteen U.S. agribusinesses. Of those thirteen, eleven companies have demonstrated seed or equipment at the Agribusiness Centers. Of those eleven, nine currently have seed or equipment being used in large-scale production at the Centers' farm and feed operations.

The Agribusiness Centers have erected grain bins and installed grain dryers to demonstrate the efficiencies that can be achieved by properly drying and storing grain. There are many different types of grain bins and

grain dryers and NIS farmers will have to decide which are best suited to fit their needs. The Centers also have extruders to process soybeans into soybean meal for livestock feed and food-grade soybean oil for human consumption. Soybean meal is the protein supplement of choice in U.S. livestock feed rations.

Feed efficiency is greatly enhanced if feed rations are supplemented with protein, vitamins and minerals. The use of protein meal will sharply reduce the total amount of grain needed to produce meat. In the U.S., it takes three kilograms of feed to produce one kilogram of meat, whereas in the NIS, it takes nine kilograms of feed to produce one kilogram of meat. Thus, using protein can double the savings in the amount of grain fed to livestock, making the grain saved available for other uses. There are also many other economic benefits for using protein such as halving the time-on-feed required by livestock.

The Agribusiness Centers are asking USAID to finance a new project to assist a larger number of NIS agribusinesses. The new project is: U.S./NIS Agricultural Marketing, Exports, Extension, and Training (AgMEET). AgMEET is designed to introduce U.S. and NIS agribusinesses and promote U.S./NIS joint ventures, trade and investment.

AgMEET is compiling a trade directory of U.S. and NIS agribusinesses. You are invited to list your agribusiness in the directory. Please send the following information:

Agribusiness Name	Type of Agribusiness
Contact Name	List of Ag Equipment Manufactured (if any)
Address	List of Agricultural Products to Sell/Buy
Tel & Fax	Describe how AgMEET can help you.

Please include as much detail about your agribusiness as possible. Mail, fax or e-mail your information to one of the following:

IIDF
200 East Grand Avenue
Des Moines, Iowa 50309 U.S.A.
Tel: 515-242-4768
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IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

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AGRIBUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

ВНОСИТЕ ВАШЕ ПРЕДПРИЯТИЕ В НОВЫЙ СПРАВОЧНИК ТОРГОВЛИ США-СНГ

Спасибо Вам, пионеру сельского хозяйства СНГ, за то, что Вы готовитесь к настоящему и заглядываете в будущее, читая журнал "Новый Агробизнес". Для тех, кто только что присоединился к нам, сообщаем - это уже второй номер "Нового Агробизнеса". Первый номер вышел тиражом 40 000 экземпляров в июне 1994 г. "Новый Агробизнес" является результатом работы американо-российского совместного предприятия между журналами "Фермер" и "Саксэсфул Фарминг" ("Успешное Фермерство"). "Саксэсфул Фарминг" - крупнейшее платное сельско-хозяйственное издание в Соединённых Штатах.

"Новый Агробизнес" тесно связан с Фондом Международного Развития Айовы (ФМРА). Совместно с частными российскими партнёрами, ФМРА создал совместное предприятие Агробизнесцентр в Ставропольском крае в России. На Украине, ФМРА организовал с частными партнёрами совместное предприятие в Белой Церкви. Агентство Международного Развития США (АМР США) финансировало установление Агробизнесцентров для демонстрации американских семян, оборудования и методов менеджмента в крупномасштабном выращивании зерновых и производстве корма для скота.

Первый номер "Нового Агробизнеса" представил 13 американских компаний. Из числа тех 13, 11 компаний продемонстрировали свои семена или оборудование в Агробизнесцентрах. Семена или оборудование 9 из этих 11 компаний в настоящий момент используются Центрами в крупномасштабных операциях по выращиванию зерновых и производству кормов.

Агробизнесцентры установили зернохранилища и зерносушилки для демонстрации эффективности, которая может быть достигнута при правильной сушке и хранении зерна. Существует много различных видов зернохранилищ и зерносушилок, и фермерам СНГ надо будет самим выбирать

оборудование, которое наилучшим образом отвечает их нуждам. Центры также имеют экструдеры для переработки сои в соевый шрот для корма скота и готовое к употреблению людьми в пищу соевое масло. Соевый шрот является наиболее популярной в США белковой добавкой в кормовой рацион скота.

Эффективность корма значительно улучшается, если в кормовой рацион добавляются белки, витамины и минеральные смеси. Использование богатого белком шрота резко снизит общее количество зерна, необходимого для производства мяса. В США для производства одного килограмма мяса требуется три килограмма корма, в то время как в СНГ на производство одного килограмма мяса уходит девять килограмм корма. Таким образом, использование белков может удвоить экономию кормового зерна, что позволит использовать его для других целей. Использование белков создаёт и другие экономические преимущества, такие как сокращение вдвое необходимого для выращивания скота кормового периода.

Агробизнесцентры обратились к АМР США с просьбой о выделении финансирования для нового проекта, который поможет большему числу предприятий и хозяйств в СНГ. Новый проект называется Сельскохозяйственный Маркетинг, Экспорт, Информационное обеспечение и Обучение США-СНГ (СМЭИО). Целью СМЭИО будет наладить контакты между сельскохозяйственными предприятиями США и СНГ и способствовать созданию совместных предприятий, торговле и инвестициям.

В рамках СМЭИО в настоящий момент составляется справочник предприятий США и СНГ, занятых в области агробизнеса. Мы приглашаем Вас включить Ваше предприятие в этот справочник. Пожалуйста, предоставьте следующую информацию:

Название предприятия
Имя контактного лица
Адрес
Телефон и факс
Вид деятельности
Список производимого с/х оборудования (если таковое имеется)
Список с/х продукции, которую Вы хотели бы продать или купить
Укажите, как СМЭИО может Вам помочь

Пожалуйста, опишите Ваше предприятие как можно более подробно. Эту информацию посылайте по почте, факсу или электронной почте по одному из следующих адресов:

PDF

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APPENDIX C

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

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AGRIBUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

**U.S./Russia
Agricultural Marketing, Exports, Extension and Training**

U.S./Russia AgMEET

DRAFT

An

Unsolicited Proposal

to

USAID/Moscow

for

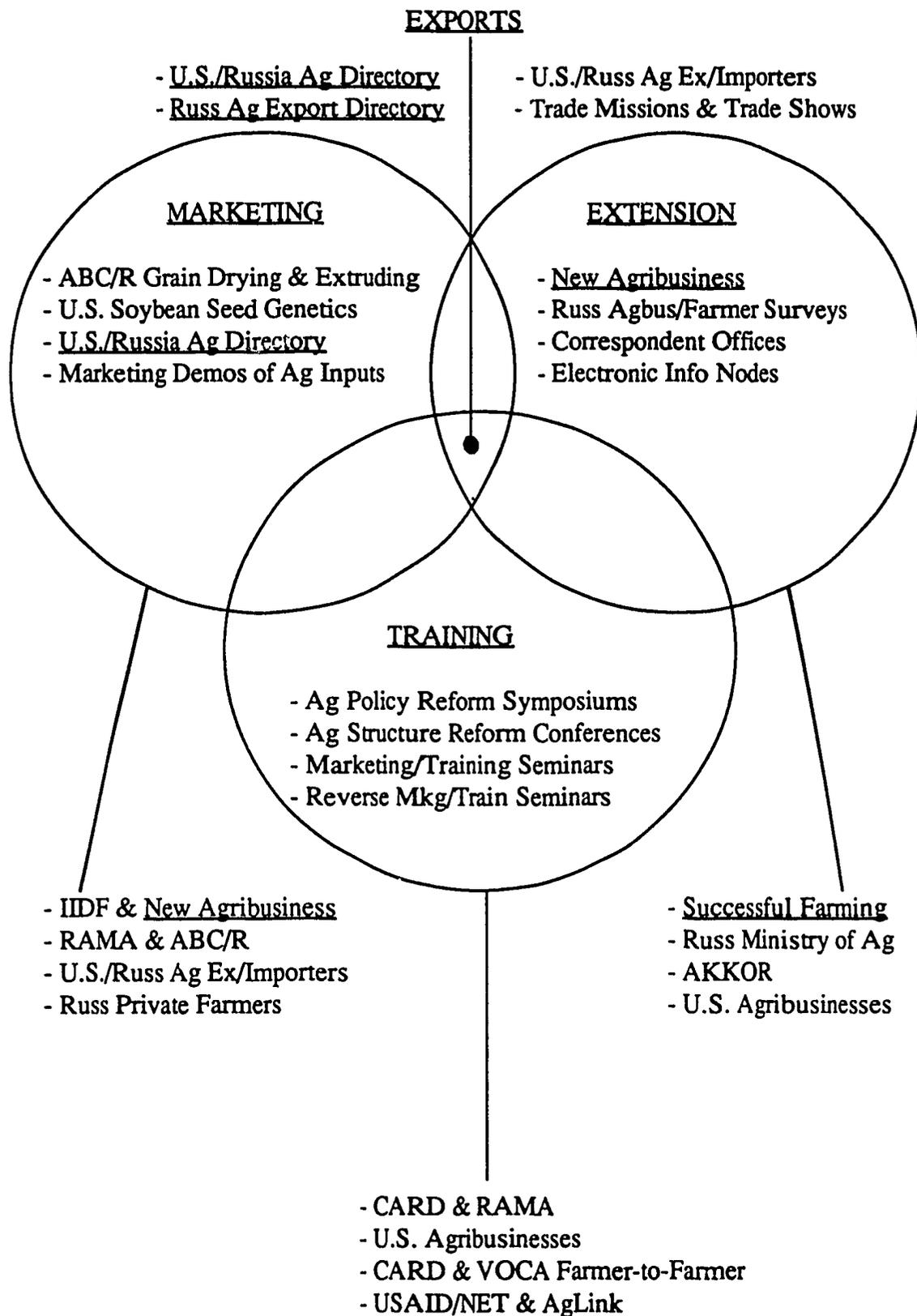
Agribusiness Center/Russia
Stavropol, Russia

by

Center for Agricultural and Rural Development/Iowa State University
Iowa/International Development Foundation
Russian Academy of Agribusiness and Management
Stavropol Scientific Research Institute of Agriculture
in collaboration with
Successful Farming/New Agribusiness, Des Moines

October, 1994

U.S./Russia AgMEET



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APPENDIX D

IOWA/INTERNATIONAL DEVELOPMENT FOUNDATION

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AGRIBUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

**U.S./Ukraine
Agricultural Marketing, Exports, Extension and Training**

U.S./Ukraine AgMEET

D R A F T

An

Unsolicited Proposal

to

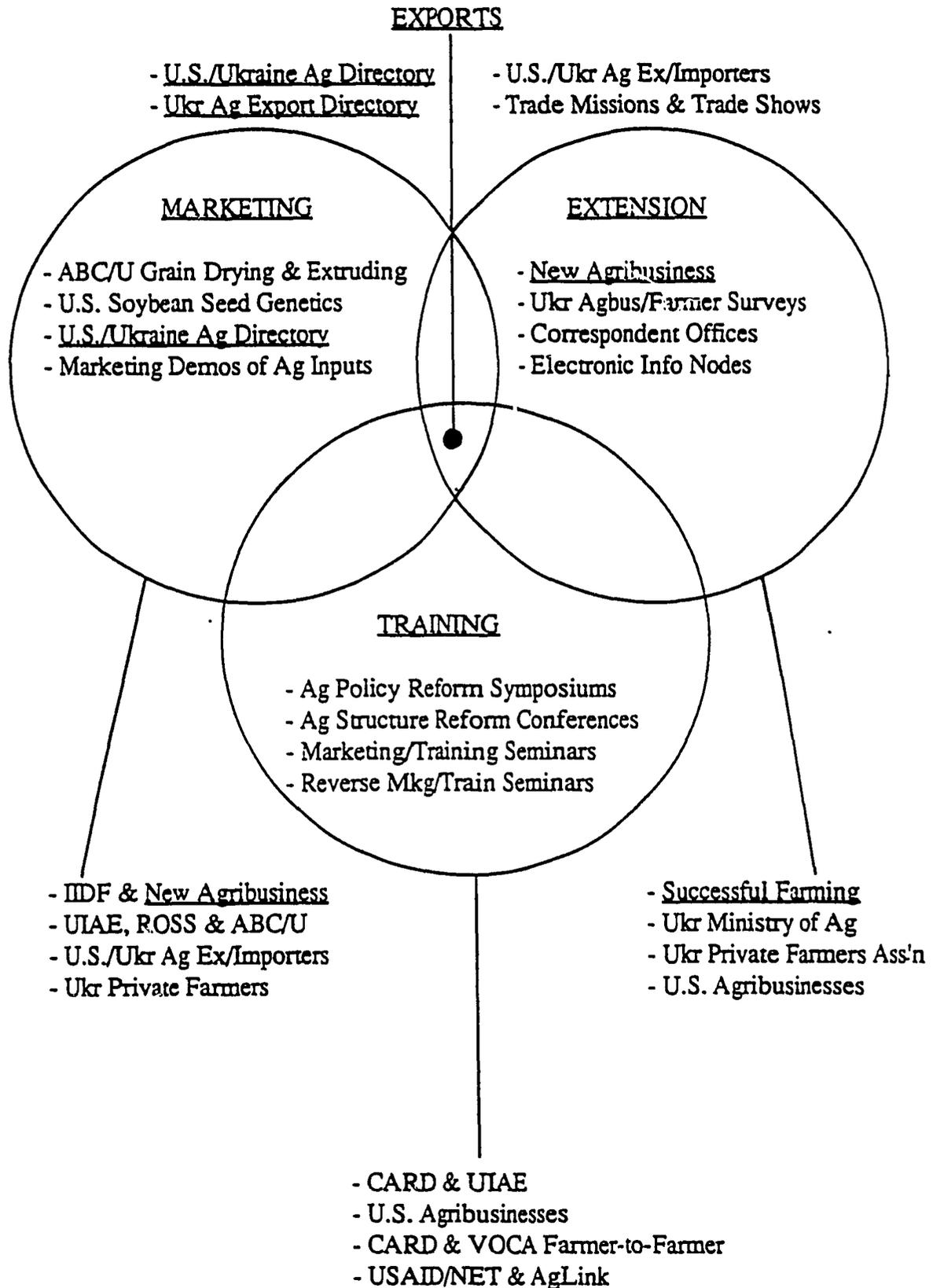
USAID/Kiev

from the
U.S./Ukraine Joint Venture Partners
of
Agribusiness Center/Ukraine
White Church, Ukraine

Center for Agricultural and Rural Development/Iowa State University
Iowa/International Development Foundation
Ukrainian Institute of Agricultural Economics/
Ukrainian Academy of Agricultural Sciences, Kiev
Agribusiness Group ROSS, White Church
in collaboration with
Successful Farming/New Agribusiness, Des Moines

October, 1994

U.S./Ukraine AgMEET



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APPENDIX E

DAVID HEMMINGER

2825 Cheyenne Circle • Des Moines, Iowa 50321

10-9-94

Mr. Dick Gannon
Iowa International Development Foundation

RE: Report from trip to Stavropol, September 29 - October 9.

As I think you know Agro Iowa wishes to establish in the Stavropol Krai three Farm Centers which would commercially farm 2500 hectares each. The Farm Centers would provide machinery, grain storage, seed, chemical, and fertilizer. The Russian farms would provide the land and labor and both Agro Iowa and Russians would split the crops. Tom Dunn, Michael Corvasich and wife Tanya and I spent many hours planning our strategy and goals for 1995.

In part, the purpose of this trip was to interview Michael Corvasich. He has been doing preliminary searching for farms and farmers and he is who invited forty farmers to come to Stavropol to meet me and talk about the project. During the week, Michael accompanied me to four meetings with bankers and four meetings with farm groups. Michael does not speak English so this is a problem but based on his enthusiasm and apparent approval by those we spoke with I have hired Michael to act as a marketing agent. Tom Dunn's talents are probably better suited for operations type work and he has plenty to be doing for a least the next month harvesting, cleaning, bagging, and certifying soybean seed.

In general I am encouraged by the conversations with the banks and the farmers. Regrettably we did not get to meet with the Lieutenant Governor. He was on vacation. His support will be essential and I may need to return to Stavropol soon to introduce myself. To obtain the quantity and quality of ground my project needs will require regional and Krai level approval.

I also feel satisfied that progress was made toward development of a marketing plan for Stine soybeans. Tom and I met with Dean Sanders, of Zeneca. He was accompanied by two gentlemen who are the owners of a company in Krasnodor that distribute Zeneca corn seed. We spent an afternoon visiting farms and that evening discussing goals and strategy and decided, pending approval from Harry Stine, we would enter into a distribution relationship. I should probably say that neither Dean or Tom were paid for their efforts nor will they likely be a future part of my efforts on behalf of Stine.

I was not able to visit the soybean fields in Stavropol. As you are aware there is a benzine shortage in Stavropol plus Tom's car is severely wounded if not dead. However, Tom described the crops as poor to mediocre. Between both farms I believe he is estimating 10,000 bushels of Stine 2250 and 6000 bushels of 3210. My guess is that we therefore can expect 7000 units of 2250 and 3000 units of 3210 that will be usable quality. It is still difficult to feel comfortable with this estimate.

The second issue of whether these varieties will be accepted by the market remains a concern. In conversations with Monsanto, and with Agro Escort in Krasnodor both parties expressed wanting earlier varieties. I suggested that Serge take the Monsanto people to Chepeyev to see the fields. According to Tom they are now mature. Given the late planting date it would seem that these varieties will work. The pessimist will say the beans matured early due to the drought. Such are the problems of marketers.

Victor Poplov and Tom visited a packaging and warehouse location for the beans. Having room for only one person, Tom went with Victor. They say everything looked good. The facility is capable of bulk storage under roof and has German cleaners and baggers. I believe they are asking 60 cents per unit to store and clean. I would suggest going with this private facility for safety and quality purposes.

The next issue will be harvest and testing of the grain. As of Friday, Tom has not presented the "Harvest Agreement" to the farms. He just could not find a car or driver to take him. I assure you it was not from lack of trying. We just have to assume they will be interested. Given that harvest probably begins next week we should know soon.

Assuming I.D.F. does receive the beans the next step will be to test for germination. I suggest Serge and Paul should sample the seed and find a lab to test the seed. I can help with finding a lab. With regards to Paul and Serge, I had several opportunities to discuss their future intentions. One opportunity was at dinner at Paul's mother's house. A most enjoyable evening. They want to become involved in soybean seed sales. Their concerns are how best to incorporate their efforts. How can they market without a car, and where can they get credit to offer their customers delayed payment terms.

The first issue I suggest has no alternative. Paul and Serge and whoever else should form a private company. This company would then be a distributor for Stine. As a distributor they would:

1. purchase seedstock from Stine to provide growers to increase
2. pay growers like ABC for the production, warehousing, and additional services they may provide
3. pay Stine royalty fees on sales.

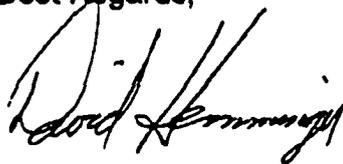
If Serge and Paul were to sell 3000 units this season and produce 10,000 next spring their credit needs until November 1995 would be \$12,500 for 1994 grower payment, \$5000 for royalty payment and \$6000 for 1995 parent seed needs. I believe Stine is prepared to offer credit for their royalty but not seedstock. Would I.D.F. offer credits to their "customers" Paul and Serge or other distributors willing to purchase ABC's grower services?

As to a need for a car by Paul and Serge. It is hard to deny that those in marketing must have access to their customer. Given there is no automobile insurance in Russia I would be hesitant to purchase a car. Good used automobiles of Russian made cars can be bought for three to five thousand dollars. I would suggest this again would be an appropriate investment by I.D.F.

I am presenting many new ideas. The demand for soybeans will definitely grow. InstaPro is just beginning to receive verified Russian data to the feed efficiencies of soybean meal versus sunflower cake. As these results spread and as the animal population begins to increase demand for soybeans will too. Unfortunately with little current demand soybean prices remain low (300,000 rubles/metric ton) and therefore small margins for all. What I am suggesting is a bet on behalf of Stine and I.D.F. that Serge and Paul will be viable distributors and that soybeans will be adopted in Russia.

So ends my observations and suggestions. Marketing assistance remains a necessity in Russia. All of this for Russia is just too new. I look forward to working with you to develop a plan beneficial to us all.

Best Regards,



David M. Hemminger

DMH/jm

APPENDIX F

SCOPE OF WORK FOR VOCA VOLUNTEER FOR ABC/WHITE CHURCH

There are two prime tasks involved with the US Agribusiness Center's project with APK ROSS at White Church, Ukraine. One task is the completion of the grain handling, drying and storage system combined with the checkout, startup and successful operation of the system. The other task is the installation of the extruder/extractor line combined with the checkout, startup and successful operation of this system.

The first responsibility, the grain systems, will require an individual with both technical skills and experience in the installation of the mechanical components associated with this system. Also needed will be the ability to read and understand wiring diagrams and the ability to transfer these schematics into electrical power control circuits. Included is the need to parallel wire a Comp-U-Dry computer control unit into the manual control circuits of the Shivvers continuous flow, in-bin grain drying system. This individual should also have a background in harvesting agricultural crops and the ability to direct the harvest and drying operations. The person with these skills and experience would also have the ability needed to thoroughly check out both the mechanical and electrical components of this grain system for proper assembly and operation including a testing of all the safety circuits of the drying system. Finally, for this phase of the project, the individual will need to thoroughly screen the ROSS personnel who will be involved in the operation of this system in the proper servicing and maintenance of this equipment, proper procedures for startup of the system, operation of the system and shutdown of the system.

The second responsibility involved with this project, the extruder/expeller line, will require an individual with both technical skills and experience in the installation and operation of this system. The ability to configure the units of this system into a workable setup combined with the ability to direct the fabrication of materials handling equipment to complete the system will be needed. Again, the ability to read and understand wiring diagrams combined with the ability to transform these schematics into electrical power control circuits will be needed. For example, the 125 hp electric motors on the extruders require the use of "Y"/Delta starting circuits. This individual will need to be familiar with the wiring of these and other types of control circuits. The individual will again need to check out all the components of this system for proper assembly and operation, short of actually introducing material to be processed. If possible this individual should have experience in the startup of both extruders and expellers, but if not, this expertise will be provided by the Agribusiness Center. Finally, for this phase of the project, the individual will need to thoroughly screen the ROSS personnel on the servicing and maintenance, proper startup procedures, operation and shutdown of the components of this system.

This individual will be working under the supervision of an agricultural engineer experienced with these systems. This project engineer will be on site to initially brief the volunteer on everything that will need to be done. It is anticipated that the project engineer will be on site another couple of times, as needed, during the completion of the two phases of the project, but supervision, the majority of time, will be by remote communications. Therefore, the individual will need to be able to communicate technical as well as other types of information accurately and be precise in following of directions to carry out the needed tasks. The ROSS personnel this individual will be working with will have some technical skills, but they will not be experienced with any of the equipment being installed.

Under optimum conditions, that this project could be completed in three to four weeks. However, it more likely will take six to eight weeks to complete. It may be necessary to send two separate individuals if it is not possible to find one person with all the skills and experience necessary.

APPENDIX G

September 28, 1994

Mr. J. Brian Arwood
Administrator
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
Department of State
Washington, DC 20523

Dear Mr. Arwood:

After learning more about the activities of the Agribusiness Center in Belaya Tsirkov, Ukraine — the Ukrainian/American joint venture that you financed in part — I am encouraged about its present and future impact on Ukrainian agriculture and agribusiness.

The Agribusiness Center serves as a successful model of partnership between Ukrainian and American agro-industrial enterprises. It demonstrates the economic advantages of mutually beneficial cooperation between Ukraine and America.

Continued financing of the Agribusiness Center will support the establishment of future agricultural joint ventures. Additional funds will assist to create opportunities for trade between Ukraine and America.

Sincerely,



Hennadi Udovenko
Minister for Foreign Affairs



Gennadi UDOVENKO

Minister
for Foreign Affairs of Ukraine

offra ^{Kyiv} 2026-33-79

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

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AGRO-INDUSTRIAL OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

FAX

To: Mr. J. Brian Arwood
Administrator
U.S. Agency for International Development
Fax: 202-647-0148

October 3, 1994
Page 1 of 2

Dear Mr. Arwood:

The Ukraine Minister of Foreign Affairs, Mr. Gennadi Udovenko, met with me last week in New York. I briefed him on the Agribusiness Center in White Church, Ukraine. Minister Udovenko showed a genuine understanding of the Agribusiness Center as he used to be the director of a nearby farm.

Foreign Minister Udovenko asked that the project be expanded to encourage the establishment of other agribusiness joint ventures. He was in favor of IIDF's proposal for USAID Grant #3: U.S./NIS Agricultural Marketing, Exports, Extension and Training (U.S./NIS AgMEET). The U.S./NIS AgMEET plan for Ukraine (AgMEET/Ukraine) is written expressly for Ukraine and is designed to introduce American and Ukrainian agribusinesses. AgMEET/Ukraine will facilitate the establishment of joint ventures and this will result in an increase of both American and Ukrainian trade and exports. By bringing U.S. and Ukrainian agribusinesses together, AgMEET/Ukraine will accomplish what Minister Udovenko suggested.

The attached letter, signed by Minister Udovenko, asks that you consider providing additional funding to the Agribusiness Center. The Agribusiness Center is poised to evolve and AgMEET/Ukraine provides for the next steps in its evolution. We hope that Minister Udovenko's letter receives a favorable response from USAID. Thank you very much.

Sincerely,



Richard T. Gannon
Executive Director

cc: TMcMahon, AID/Kiev
DSprague, AID/Kiev
JBecker, AID/W
MWinter, AID/W
SJohnson, CARD/ISU

September 28, 1994

Mr. J. Brian Arwood
Administrator
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
Department of State
Washington, DC 20523

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Sincerely,



Hennadi Udovenko
Minister for Foreign Affairs



Gennadi UDOVENKO
Minister
for Foreign Affairs of Ukraine

offru Kyiv 2026-33-79



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

13 OCT 1994

Mr. Richard T. Gannon
Executive Director
Iowa/International Development Foundation
200 East Grand Avenue
Des Moines, Iowa 50309

Dear Mr. Gannon:

Mr. Atwood has asked me to reply to your letter of October 3, 1994 concerning additional support for the Agribusiness Center in White Church, Ukraine.

We appreciate very much the interest and past work of the Iowa/International Development Foundation in increasing agricultural business relationships between U.S. and Ukrainian firms. The establishment of joint ventures with private or privatizing Ukrainian organizations has been the core of our agricultural program to date. The support of Minister Udovenko for an expansion of such activities is an encouraging sign, although there are clearly some policy changes which need to be made by the Ukrainian government before we can expect very significant growth in U.S./Ukrainian joint business ventures.

Our records indicate that we have not received your AgMEET/Ukraine proposal as of this date. We will review the proposal as soon as it is received. However, a final funding decision will depend on several factors including: a) the results of an agricultural assessment in Ukraine to be conducted this year; b) overall fund availability; and c) to be consistent with country level programming, the comments and endorsement of USAID/Kiev.

Thank you for your continued interest in supporting USAID Ukrainian development efforts.

Sincerely,

Richard Johnson
Director,
Office of Enterprise
Development
Bureau for Europe and
The New Independent States

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

200 East Grand Avenue, Des Moines, Iowa 50309 U.S.A.

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AGRIBUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

FAX

To: Mr. Richard Johnson, Director
Office of Enterprise Development
Bureau for Europe and The New Independent States
U.S. Agency for International Development
Fax: 212-736-7566

October 24, 1994

Page 1 of 1

Dear Mr. Johnson:

Thank you for replying for Mr. Atwood with your letter dated October 13, 1994. Your recognition and respect for our work at increasing relationships between U.S. agribusinesses and private or privatizing Ukrainian agribusinesses is appreciated. Our efforts will now undertake an even broader and more concerted scope with the appointment of Dr. Stanley Johnson as IIDF Chair following the resignation of Mr. John Chrystal.

It is encouraging that President Kuchma stated in his inaugural policy address before Ukrainian parliament that, "The key to the realization of real reform in Ukraine is agriculture." It is also encouraging that Ukraine Foreign Minister Udovenko has had experience in agriculture. It is especially encouraging that Minister Udovenko has taken a personal interest in the Agribusiness Center in White Church because, as he told me, he used to be the director of a farm nearby. During my meeting with him at the United Nations, he gave me the names of several other farms that he wanted us to contact and asked that I meet with him during my next visit to Ukraine. Our New York meeting was arranged by my assistant's father, Deputy Russian Ambassador to the UN Eduard Kudryavtsev.

At Dr. Johnson's direction with CARD as the prime contractor, we are finalizing our proposal: U.S./Ukraine Agricultural Marketing, Exports, Extension and Training (U.S./Ukraine AgMEET). U.S./Ukraine AgMEET is designed to introduce U.S. and Ukrainian agribusinesses for joint ventures, trade and investment. Des Moines-based Successful Farming will implement the extension component with New Agribusiness magazine. We are confident that after analyzing all factors, the impact and cost-benefit of U.S./Ukraine AgMEET will justify its funding. Please call if I can provide any further information. Thank you very much.

Sincerely,



Richard T. Gannon
Executive Director

cc: TMcMahon, AID/Kiev
DSprague, AID/Kiev
DSharma, AID/W
MWinter, AID/W
SJohnson, CARD/ISU

Mr. Terrence McMahon
Mission Director
USAID\Ukraine
U.S. Embassy
19th Floor
8\10 Esplanada Street
252023 Kiev, Ukraine
Tel: \044\ 220-5589
Fax: \044\ 220-7079

APPENDIX H

Dear Director McMahon:

The second World Bank loan Ukraine for agriculture will be to establish Farm Service Centers. These Farm Centers are in many respects modeled after our Agribusiness Center in Belava Tsekov. Our Agribusiness Center is a joint venture between Agricombine ROSS \ROSS\, Iowa International Development Foundation \IIDF\, Center for Agricultural and Rural Development \CARD\ at Iowa State University under the direction of Dr. Stanley Johnson, and the Ukrainian Institute of Agricultural Economics. The fact that the World Bank after an extensive Agriculture Sector Review and numerous consultation with representatives of the Ukrainian government has come to the Agribusiness Center idea is a tribute to the foresight of the American and Ukrainian Agribusiness Center joint-venture partners.

The Agribusiness Center grain drying and storage bins are erected and the soybean extruding equipment is due to arrive any

03096

day. U.S. technical assistance will be required to install the extruding equipment, supervise initial startup production, and train ROSS personnel to manage the facility. However, USAID Grant #2 for the Agribusiness Center will end soon. It would be unfortunate if this major Ukrainian \U.S. investment were to end now. Therefore we respectfully request that you approve and

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additional time and money to the Agribusiness Center. The extra time and money is necessary to complete Grant #2 work and further evolve the partnership for Grant #3.

Please consider for USAID Grant #3 to IIDF their proposal "U.S.\NIS Agricultural Marketing, Exports, Extension and Training" \U.S.\NIS AgMEET\ . This solid concept has a historical basis and the need and rationale for new initiatives have been established. The fact that the IIDF proposal remains flexible to meet the Ukrainian needs is key for long-term economic sustainability. Grant #3 to IIDF is necessary and we look forward to your positive response.

Sincerely,

Yu. Karasyk
**Minister of Agriculture
and Food of Ukraine
Yu. Karasyk**

**МІНІСТЕРСТВО
СІЛЬСЬКОГО ГОСПОДАРСТВА
І ПРОДОВОЛЬСТВА УКРАЇНИ**

(Мінсільгосппрод України)

282001, м. Київ, Хрещатик, 24
тел. 296259

телефакс 131118 «Лідо»
р. рахунок № 121408 ОПБРУ
Укредитромбанк МФО 30003



**МИНИСТЕРСТВО
СЕЛЬСКОГО ХОЗЯЙСТВА
И ПРОДОВОЛЬСТВИЯ УКРАИНЫ**

(Минсільгосппрод України)

282001, г. Киев, Хрещатик, 24
тел. 296259

телефакс 131118 «Лідо»
р. счет № 121408 ОПБРУ
Укредитромбанк МФО 30003

№ _____

На № _____

в/а _____

М-р Теренс МакМэхон
Директор Миссии
USAID\Украина
Посольства США
19-й этаж
252023 Киев, Украина
Тел: \044\ 220-5589
Факс: \044\ 220-7079

II Мировой Банк выдает Украине определенную сумму для создания центров Фермерской Службы. Эти центры по структуре во многом схожи с нашим Агробизнесцентром в Белой Церкви. Наш Агробизнесцентр является совместным предприятием между Агрокомбинатом РОСЬ /ROSS/, Айовским Международным Фондом Развития /IIDF/, Центром сельского хозяйства и Развития деревни /CARD/ при Айовском Государственном Университете, которым руководит Д-р Стенли Джонсон и Украинским Институтом аграрной экономики.

Благодаря усилиям и стараниям со стороны Американских и Украинских партнеров из СП Агробизнесцентр, после тщательного исследования сельскохозяйственного сектора Украины, а также в результате ряда встреч с представителями Украинского правительства возникла идея создания Агробизнесцентра.

03096

Принадлежащие Агробизнесцентру емкости для сушки и хранения уже собраны, а оборудование для экстракции соевых семян должно прибыть в ближайшее время. Потребуется техническая помощь для установки, запуска и наблюдения за работой экстракционного оборудования, а также для обучения персонала.

Однако вторая финансовая поддержка от Агентства международного развития США /USAID Grant #2/ для целей Агробизнесцентра в скором времени оканчивается. Будет очень жаль, если это важное Украинско-Американское исследование на этом закончится. В связи с этим мы убедительно просим Вашей поддержки для продления срока и выделения средств Агробизнесцентру. Дополнительные время и средства необходимы для завершения работ по Grant #2 и дальнейшего участия в третьей финансовой поддержке от Агентства международного развития США /Grant #3/.

Просим рассмотреть вопрос о выделении Grant #3, предложенной IIDF, под названием: "U.S./NIS - Сельскохозяйственный маркетинг, Экспорт, Расширение и Обучение" /U.S./NIS AgMEET/. Эта серьезная конкуренция вызвана исторической необходимостью, а также реальной потребностью в проявлении новых инициатив. Факт налицо, что предложения типа IIDF отвечают потребностям Украины и являются важными для долгосрочной экономической стабильности. Для IIDF Grant #3 необходима, мы надеемся на Ваше положительное решение.

С уважением,

Министр сельского хозяйства
и продовольствия Украины
Ю.М. Карасик

Ю.М. Карасик

Kuchma plans big reforms for Ukraine

FINANCIAL TIMES WEDNESDAY, OCTOBER 12, 1994

By Matthew Kaminski in Kiev

Ukrainian President Leonid Kuchma yesterday outlined a radical economic reform programme in an inaugural policy address before parliament.

Mr Kuchma, elected in July, confronted the communist-dominated chamber with plans to privatise land, overhaul agriculture and cut state subsidies as part of Ukraine's first real attempt at reform. The president also claimed wide powers to implement the steps even in the face of opposition from parliament.

Mr Kuchma's speech, which had been postponed several times, is the first clear public indication that the Ukrainian president intends to support comprehensive market reforms. His address is a direct challenge to the conservative legislature and to western governments, which Kiev will now expect to deliver on promises of substantial aid.

The broad strokes of Mr Kuchma's reform programme come from the preliminary deal agreed with the International Monetary Fund last week on a \$360m loan, the country's first since independence. But Mr Kuchma, defying expectations of some western observers who doubted whether the former missile factory director would ever be fully converted to the cause of market reforms, went beyond that text.

After outlining Ukraine's economic predicament, the president said the only way to ensure "true independence" and prevent "colonial status" was to stabilise the currency and inflation, overhaul the taxation system to lure businesses back from the growing shadow economy, and reform financial services.

Although Mr Kuchma campaigned on a pro-Russian platform, he couched his economic programme in national terms. Mr Kuchma, still viewed suspiciously by some nationalist politicians who fear he seeks a reunion with Russia, warned parliamentarians that economic reforms are crucial if Ukraine is to survive as an

"Our banks are not strong enough to fight and compete with Russian banks," he said in his now fluent Ukrainian. "We must do a lot to ensure economic sovereignty."

Against strong parliamentary opposition, Mr Kuchma also endorsed land and property privatisation only days after Mr Alexander Moroz, the conservative parliamentary chairman, vowed to oppose these measures.

The other bold step, awaited by World Bank negotiators keen on structural reform, was the call to overhaul agriculture, potentially Ukraine's most profitable industry but now heavily subsidised.

"The key to the realisation of real reform in Ukraine is agriculture," Mr Kuchma said.

Mr Kuchma also endorsed large-scale privatisation, currently stalled, and the decentralisation of the economic control currently exercised by central ministries. Both steps face strong opposition in parliament and among some ministries.

Mr Kuchma warned that he would not permit parliament to hamper his economic plans. "Political changes are needed, too," he told MPs. "Parliament cannot interfere in the affairs of the president [and] ... does not have the power to act independently on economic reform."

With the constitution unclear on division of powers, Mr Kuchma claimed the power to appoint regional government heads, unilaterally establish the division of power between the president and the legislature and eventually replace the Brezhnev-era constitution.

He also appealed to international financial institutions for further aid, such as the \$1bn promised at Naples' G7 summit, to promote reform. He said "we cannot solve energy problems on our own" and saw a need for external financing to cover the chronic balance of payments gap, now at \$3bn.

His speech was seen as a direct attack against the communist-dominated parliament which poses the greatest poten-



**PERSONAL
VIEW**

When Ukraine became an independent country in 1991, it was poorly prepared. The state lacked elementary

national institutions, and our terms of trade deteriorated sharply, as Russia raised its energy prices in 1992, leading to a severe structural balance of payments deficit.

During the past couple of years, Ukraine has also been the victim of misconceived economic policies. As a result, it was hit by hyperinflation of 10,155 per cent in 1993, as well as a drastic fall in production, a sharp decline in the standard of living, and corruption. But to its credit, Ukraine enjoyed democratic presidential elections and a smooth transfer of power this summer.

By 1994, the economy was in a terrible state, with two overwhelming problems facing the country. First, the budget deficit was projected at 20 per cent of gross domestic product for this year. Second, our trade deficit was running at \$3bn a year. I have made the solution of these two challenges my political priority, because if they are not brought under control, the very survival of Ukraine could be endangered.

To make my priorities clear to the international community, I invited Mr Michel Camdessus, managing director of the International Monetary Fund, as my first official foreign guest after being elected President of Ukraine in July. Two months later, Ukraine concluded its first agreement with the IMF, on a Systemic Transformation Facility (STF), finally signed yesterday.

We are initiating comprehensive economic reforms in Ukraine, drawing on the successful experiences of other countries in transition from administrative command economies to a market economy.

We have been successful in maintaining our budgetary revenue at about 40 per cent of gross domestic product. But our first step will be to bring down the budget deficit for this year to 10 per cent of GDP.

To accomplish this, we have decided to undertake some important reforms. We shall unify our exchange rate and abolish all import subsidies, although that will bring about substantial price increases of imported oil and natural gas. Similarly, to reduce large subsidies for coal, we shall allow the domestic price of coal to rise. Certain agricultural prices

Ukraine's blueprint

President Leonid Kuchma outlines the case for further aid



Leonid Kuchma: 'People are prepared to bear the costs'

will also have to rise, and rents will be gradually increased to reduce housing subsidies, but compensation will be given to the disadvantaged and a social safety net will be developed.

The National Bank of Ukraine is already pursuing a responsible monetary policy. It has brought inflation down to 2.5 per cent a month in both July and August of this year, though certain parliamentary decisions in August have led to a number of agricultural credits that have boosted inflation in September and depressed the free market exchange rate.

The second step will be taken at the beginning of next year. It is my intention that Ukraine shall conclude a fully-fledged "stand-by" agreement with the IMF this year. I then want my government to implement a macro-economic stabilisation programme. The budget deficit must not be larger than can be financed - at about 5 per cent of GDP.

Prices will be further liberalised and domestic trade completely so. All remaining export restrictions can then be abolished. In parallel, I intend to activate small-scale privatisation and initiate a mass privatisation before the end of this year.

Our present tax system is a

shambles, with far too many loopholes and tax rebates. I have instructed my administration to put the system into order before December. Draft legislation has already been drawn up, cutting tax rebates to reasonable levels by international standards.

The short-term symbol of success will be the stabilisation of the national currency, the hryvnia, in terms of both domestic prices and the exchange rate. Therefore, I want to peg the exchange rate of our currency from the beginning of 1995 and exchange our provisional coupon currency for our national currency. Its stability will symbolise Ukraine's maturing statehood.

The people of Ukraine have decided to put the economy right and we are prepared to bear the costs of adjustment. However, our economic situation is difficult, and our imports have already been reduced to a bare minimum. Further reductions would cause more suffering than I can justify to my people.

I am appealing to the international community to provide Ukraine with serious financial support now that Ukraine has become serious about reform-

ing its economy. We are already working closely with the IMF, the World Bank and the EBRD, but we shall need bilateral financing from the Group of Seven and other western countries, as well as Russia, which is *de facto* our main creditor.

The G7 promised Ukraine financial support of \$4bn at its summit in Naples last July. This financing should now be forthcoming.

Ukraine's need for international financing is quite obvious. Even after severe cuts in our imports, the current account is likely to amount to \$3bn next year. Essentially, the whole deficit is being caused by imports of oil and natural gas from Russia. Therefore, international financing needs to be made available for our energy payments to Russia.

Our international reserves are run down and they need to be replenished by at least \$1bn. In order to introduce the hryvnia, Ukraine will need a stabilisation fund of \$1.5bn, so that a stable exchange rate can be defended. Altogether our financial needs for 1995 amount to \$5.5bn, and the IMF has assessed our balance of payments need for the rest of this year at almost \$1bn.

A first tranche of the STF will provide us with \$360m, but that will not be enough. We have proposed to the US that \$200m of unused technical assistance grants be transferred into balance of payments grants. For the rest, we hope for matching funds from other countries.

One of Ukraine's many advantages is that its foreign debt is actually limited, at about \$7bn, including the arrears on energy deliveries from Russia and Turkmenistan, while we estimate that our total export of goods and services will amount to \$15bn this year. A large part of our current debt consists of arrears that need to be regulated and rescheduled so that we can repay them.

As our economy becomes more open, we also hope to attract substantial foreign investment. With an excellent geographical location and a highly educated labour force, Ukraine is well placed to achieve high economic growth in the future.

But our chances of success will be greater if we receive appropriate international financial support to facilitate our transition until private investments start flowing in.

The author is president of Ukraine

Ukraine expects lowest grain harvest in over a decade

By Matthew Kaminski in Kiev

Ukraine, the former Soviet Union's bread basket blessed with exceptionally fertile soil, yesterday announced it expects this year's grain harvest to be the lowest in over a decade.

The gross harvest, including corn, will stand at 37.7m tonnes this year, 6.4m less than expected and a 17 per cent drop on last year's 45.6m tonne harvest, according to the Ministry of Agriculture.

However, Mr Viktor Gluzdeyev, a government spokesman, told Interfax-Ukraine news agency yesterday that Ukraine does not plan to make up the gap with imports and that the harvest is sufficient to meet domestic demand.

The large state-run sectors produced a 35m tonne harvest yield, short of an expected 40.7m tonnes. The tiny private farms showed slightly better average yields.

Overall, average grain yields

will be 28.6 centners per hectare, roughly half western European levels.

The blame for the lower yields - the spring crop was also down 40 per cent - rests partly on a drought this year and on the slow pace of Ukraine's attempts to overhaul the agricultural sector, which is ruled by powerful lobbies.

Declining production might jump start reform, however. Structural changes urged by the World Bank include land reform, privatisation of food processing and farm infrastructure such as grain silos, and liberalisation of domestic trade in products.

Experts say reforms are needed to improve incentives for farmers who are currently forced to sell at low state-set prices, and to restructure the inefficient collectives still dominant in Ukraine.

Mr Neil Spence, an agricultural consultant, said the fault

lies with the government's controls on prices and trade, not with farmers or the land, since average yields at state and private farms are half those achieved on farms participating in joint-ventures with western firms.

A Ukrainian government spokesman this week outlined plans to eventually put 60 per cent of land in public hands - the state currently owns 93 per cent.

Subsidies to Ukraine's agricultural sector eat up half the state's annual budget and feed inflation. Economic advisers argue farming can survive without the credits and even compete on western markets.

Ukrainian President Leonid Kuchma in a policy speech last week endorsed farm reform, including plans to decentralise control within powerful ministries such as agriculture.

"The key to the realisation of real reform in Ukraine is agriculture," he said.

**"BILOTSERKIVSILMASH"
JOINT-STOCK COMPANY**

13 Pershoho Travnaya Blvd., Bila Tserkva, Kiev Oblast, 256400 Ukraine

Tel: (04463) 3-43-43/3-40-47

Fax: (04463) 5-36-29

Current Business:

Production and trade in agricultural machinery and equipment, spare parts and consumer goods; transportation and middleman services

Affiliated Enterprises (including Joint Stock Companies): Agrotechmash joint venture in Vratsa, Bulgaria

Current Ownership: Joint stock ownership

Products Now Produced: Forage harvesters (only ones currently being produced in the CIS); harrows; wind rowers; forage shredders; grass cutters; automobile spare parts; bicycle carriages

Buyers & end-users of products currently produced: 87% - direct sales to state and collective farms; 7% - state order; 6% - retail trade

Annual Sales: 5.7 million USD (20% of sales are in barter)

Description of distribution system: Direct shipments; dealer arrangements; trading houses; own trading facilities

Current & Previous Exports: 1993 - 266,424 USD; 5 months of 1994 - 259,033 USD

Capacity production levels: 24,600 forage harvesters

Percentage of capacity presently used: 65%

Description of Present Plant or Other Business Assets:

The plant possesses casting, forging, cold-stamping, welding, assembly, thermal treatment, metal-cutting and electroplating equipment; numerically-controlled machine-tools and conveyor lines.

Aggregate Size: 56.3 hectares: two production areas at a distance of 4 km from each other, including a production area amounting to 111,254 square meters; 400 square meters of trading facilities and 17,358 square meters of storage facilities. Total area of all buildings is 239,210 square meters.

Number of Buildings: 63

Description of partially completed buildings: A new building with the area of 68,000 square meters is nearing completion (90%).

Description of land available for expansion: 25 hectares

Estimated value of property, plant and equipment: 4.5 million USD (January 1, 1994 state appraisal done in coupons)

Dates of Construction: 1950

Defense Industry Production, if any: N/A

Number of Employee Working in:

Management: 54 **Technical:** 819 **Other:** 2,972

Annual Payroll (Unit of Currency USD): \$1,600,000

Relevant Production Statistics:	<u>1990</u>	<u>1991</u>	<u>1992 *</u>
Historical Unit Shipments:			
(forage harvesters)	12,000	10,000	16,000
Raw materials used:			
(tons of black metals)	820	720	1,100
Percentage procured locally:	60	70	80
Percentage imported within Ukraine:	40	30	20
Energy used (thousand kW/hr):	6,500	6,200	6,800
Inventories/finished goods: pcs	875	920	1,150

*1993 figures: sales- 10,000 units; raw material inputs up to 85% procured locally.

Principal local bank: Prominvestbank

Coupon Account Balance: 3 million USD

Hard currency Account Balance: 50,000 USD

Environmental consequences: All pollution created is within acceptable Ukrainian standards

Condition of local infrastructure: The plant has 2 storage facilities, trucking department, 2 boilers, rail spurs, 2 stores, 4 canteens and 1 restaurant. Central supply of water, gas and electricity

Access to major transportation:

Surface transportation: Own truck transportation and rail spurs

Railroads: Rail spur joining the plant's facilities with Bila Tserkva Railroad Station (Pivdenno-Zakhidna Rail Department)

Airport(s): Access to Boryspil Airport and Zhulyany Airport

Waterways: N/A

Special capabilities of Enterprise: Great potential for expansion and diversification of production

Other activities of Enterprise in undertaking to increase revenues: The plant is not only engaged in production but also offers a wide range of services; the plant is currently acting as a dealer of a German company (agricultural machinery) and a FIAT dealer

BUSINESS PROPOSAL

Joint venture production of self propelled fodder harvesting machinery and other agricultural machinery, units and parts

Potential Suppliers of raw materials:	Dnipropetrovsk Iron and Steel Works
Potential buyers of products or services:	Farms, primarily in Ukraine
Estimated annual units sold:	1,500-2,000
Estimated Annual Sales:	\$4-6 million US
Estimated Annual Profits:	\$1.2 -1.8 million US
Desired Future Ownership:	Joint-stock company
Equipment Needed:	Machine-tools; accessories; assembly lines
Description of Desired Foreign Participation:	Know-how and equipment as a share in a joint venture capitalization fund
Resources Desired from a U.S. Company:	Undetermined
Proposed location:	Bila Tserkva
Total value of Project:	Undetermined
Describe your investment this project:	Land, buildings, utility payments, skilled labor
Estimate of the value of your investment:	\$40,000 US

Is Your Enterprise Currently exploring joint cooperation with foreign firms?
Yes, partners for marketing and selling proposed products are already being lined up.

Are there American firms with whom you have had previous contact, or with whom you would like to meet? No previous contacts, would like to meet with agricultural machinery manufacturers

C. J. OLSON

APPENDIX K

JOHN CHRYSTAL
Chairman, Iowa Savings Bank
Box 75, Coon Rapids, Iowa 50058

Bank (712) 684-2271
Home (712) 684-5468
Fax (712) 684-2909

August 10, 1994

Post-it® Fax Note	7671	Date		# of pages	1
To	DICK GANNON	From	SANDRA SLAY		
Co./Dept.	IIDE	Co.			
Phone #		Phone #			
Fax #		Fax #			

Governor Terry E. Branstad
State Capital
Des Moines, Iowa 50319

The Honorable Governor Branstad:

This letter is to notify you of my resignation as co-Chairman of the Iowa International Development Foundation, and as a director of that Foundation's agricultural joint ventures in Russia and Ukraine.

I appreciate the help and trust you, your staff and Mr. Marvin Pomerantz, co-Chairman have given me in my efforts of the past four years. My leaving as co-Chairman now will have minimal effect on the farm projects. The machinery, grain bins and repair parts are in the area ready for use. The crops are growing and feed trials are in place. In any case, in respect to the farm project, I think you have ample time to choose a new person. It is both a glad and sad parting for me. It was a fruitful day when you, Dr. Victor Lishchenko and I gave birth to the idea.

At this point, I would like to share some thoughts with you, Governor. From the very beginning it has been difficult for Americans to operate agricultural joint ventures located in the old Soviet Union. The current Russian and Ukrainian economic and political structures are different from those of the past. The countries are in turmoil.

A third harvest will be gathered this fall and much technology transfer has occurred through this project. There is great commercial interest in Iowa products used there. I am pleased with the results of a difficult situation.

As with most international projects of this nature, shortcomings occurred as a result of mistakes on both sides, but benefits greatly outweigh troubles. It continues to be my wish that the American side would be more understanding of the difficulties their partners have experienced or are currently experiencing. We need to remember that the Soviet Union was a superpower. As you know, "joint" does not always mean the same to both sides.

As the state and national aid organizations have become more stratified and less flexible, I have become uncomfortable. The way I see it, to the aid organizations form has become as important as function. As American aid to Eastern Europe continues, it has become increasingly academic and bureaucratic. Our dollars are more costly to spend and less effective. It is critical that our efforts remain practical.

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JOHN CHRYS TAL
Chairman, Iowa Savings Bank
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Governor Terry E. Branstad
Page 2
August 10, 1994

I have spent my life in business, and am an admirer of action and results. Success will seek advice and failure won't use it. I am convinced we should not offer advice on economic structure, or democracy, or other non-specific subjects. Developed countries such as the former Soviet Union will create their own structures. Our advice (unless genuinely sought) is worthless, and may even be damaging.

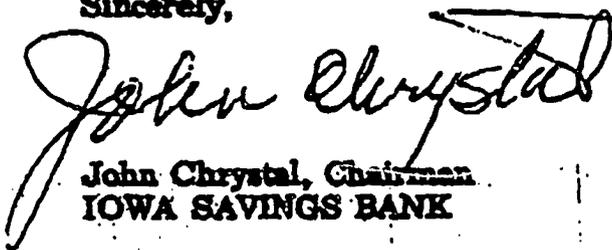
We should tell them "how to", not "what to".

The Agri-Business Centers project can have a bright future. I believe joint ventures are the most difficult and by far the best way to help. After initial co-management, I would recommend that these projects have only Russian or Ukrainian management with American advisors.

I have considered resignation for some time, and now the time has come. I am sending a copy of this letter to those Russians, Ukrainians, and Americans without whose efforts the project would have been a failure. Circumstances have changed and I am unable to adjust.

I have spent thirty five years working mostly at my own expense with Russians and Ukrainians. It is the most important non-business aspect of my life. I will continue working through government in my role as Director of the Overseas Private Investment Corporation. I will also continue through private business and personal effort to work with these people in need that I have come to love.

Sincerely,

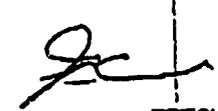


John Chrystal, Chairman
IOWA SAVINGS BANK

JC/wc

cc: Marvin Pomerantz

I will still be working on the beef cattle and soybean project through other avenues for 1995.
My best to you.





United States Agency for International Development

MOSCOW

FAX CORRESPONDENCE

Telephone: (7-095) 956-4281,
Local and International Fax: (7-095) 956-7093, (7-095) 956-7092
(Via Satellite)

Date: AUG. 5, 1994

No. pages including cover:

To: DICK GANNON

2

cc:

Fax: 515-242-4946

From: CATHY NORRIS

Subject: QUESTIONS REGARDING ABC PROJECT

Message Reference Number:

Dick - I tried to e-mail you the attached message but I don't have the correct address, apparently. If you could e-mail me a reply at: cnorris@USAID.GOV, it would be faster than a fax and then I will have your correct address. The e-mail to Tom Dunn went through. Thanks Cathy

o: ismtrp@BASA14001@Servers [ABC.STAVROPOL@abcp.sprint.com]
ismtrp@BASA14001@Servers [R.GANNON@abcp.sprint.com] ?
Cc:
Bcc:
From: Catherine W. Norris@PROJECTS@MOSCOW
Subject: Questions Regarding ABC Project
Date: Friday, August 5, 1994 11:59:44 RST
Attach:
Certify: Y
Forwarded by:

FOR THOMAS DUNN, Stavropol and DICK GANNON, Des Moines

Dear Tom and Dick, I appreciated the chance to talk with both of you during your recent trips to Moscow, and I look forward to meeting with you again to track the Iowa project's progress. I have several important questions which I hope between the two of you we can find answers.

1. We received a letter from A.A. Shiyarov asking for USAID support of the Russian-American Agribusiness Center. (This letter was faxed by the Iowa International Development Foundation office in Iowa on July 20, but the letter is dated June 17.) Shiyarov requests AID to assist in supplying the Center with video equipment with which to conduct training. No amount of money is mentioned. Are you aware of this request, and if so, do you support it and could you provide some additional information? What specifically are they asking for? Would it be appropriate to fund this through the cooperative agreement? Or are they looking for additional AID funding? When the contract with AID expires, what will be the status of the Agribusiness Center? Will the Russian Academy for Management and Agribusiness take it over?

Could you provide some information about TDA financing of the Stavropol Agribusiness Center? As I understand it, the centers in Russia and Ukraine were initially funded by TDA and then the AID grants were made. When did the TDA funding begin? Does the ABC still receive any TDA funding? A TDA report states that "TDA provided partial funding (\$500,000) to establish centers in Russia and Ukraine to provide training on U.S. agricultural equipment and technology. The Program was coordinated by Iowa State University. U.S. exports associated with this program already total \$10.6 million." Do you have any information on these exports? What kind of equipment was sold? Was the U.S. equipment to be used on the demonstration farms considered part of these exports? To whom in Russia were the exports sold? When did the sales take place? Are equipment sales still occurring? How did the ABC promote the exports?

3. As I think I mentioned to you, our NIS Exchanges and Training Project provides for short term training in the U.S. (3 to 4 weeks) in courses and visits directly connected to the Mission's projects. I'm putting together the agricultural training plan for FY 95 (begins October 1). If you can identify some relevant areas of training (such as agribusiness management) and potential candidates connected with the Iowa project, I'll be happy to consider including them in the plan. I don't need anything too specific right now, just a general outline which can be filled in or changed later. The important thing is to get our request in early.

I would greatly appreciate any information you can give me even if partial and particularly for question #2 as soon as possible. Best regards, Cathy

AUG-05-1994 07:30

7+095+9567092

P.02

Message: Reply to CNorris 8/5/94 Fax

iidf/abcp
Tue, Aug 9, 1994
5:04 PM

TO: ("RFC-822":<cnorris(a)usaid.gov>, SITE:INTERNET)
CC: ("RFC-822":<mwinter(a)usaid.gov>, SITE:INTERNET)
BC:
RE: Reply to Catherine Norris fax of 8/5/94

Dear Cathy,

Thank you for your fax of 8/5/94. Here is our correct e-mail addresses:
Sprintmail X.400: (C:USA, A:TELEMAIL, O:ABCP,UN:IIDF)
Internet: "/G=R/S=GANNON/"@ABCP.SPRINT.COM

Following is our reply to your 3 questions:

1. Stavropol Lt. Governor Sheyanov follows closely the progress of ABC/Stavropol and extends his personal assistance in advancing the project whenever possible. One of the Lt. Gov.'s top priorities is expanding the training base of ABC/Stavropol - the Stavropol Affiliate of the Russian Academy of Management and Agribusiness. Over the past three years, the Stavropol Academy hosted training sessions for almost one thousand people. The Academy has gone through renovation and now has new telephone lines, a hotel with accommodations for 200 people, classrooms for 300 trainees, a computer classroom, and two classrooms equipped with VCRs. However, to make future seminars more effective, the Academy needs more equipment which the Russian side can not afford to purchase on its own. The specific needs of the Academy were outlined in a letter from the Lt. Gov. to John Chrystal dated June 17, 1994: 20 Personal Computers, equipment for two video classrooms, training videos, copiers to duplicate educational materials, video cameras and film editing equipment to produce educational films.

We support the Lt. Gov.'s request but had no input into the equipment he requested. We can provide you a list of equipment we would recommend but would need some time to consult with the Academy's director first. Let us know if you want us to get you a list we would support. Without question, additional equipment for training will assist the NIS marketing efforts of participating U.S. manufacturers. Better training equipment will help increase U.S. exports as proven by the successful ABC/Stavropol "Planting Technologies Seminars" in June. However, this equipment was not budgeted under our current grant and therefore we can not fund it. The Lt. Gov.'s request is for additional AID funding.

The ABC/Stavropol Russian-American Agreement was extended for two more years, through spring of 1996, and IIDF will continue its participation as funding permits. Some changes in ABC's organizational structure will be necessary after USAID funding for the project runs out. ABC/Stavropol will start to generate 3 incomes: soybean seed marketing, processing fee for extruding soybeans, and selling the extruded oil. Other options to generate income being explored are the contract leasing of ABC equipment to private farmers and continued contract planting with private farmers. We contract-planted 90 hectares of corn with an excellent group of private farmers. We know our future lies with this group and other similar groups of private farmers and private agribusiness people. However, as stated in our request

Message: Reply to CNorris 8/5/94 Fax

for approval for Extension #2, which I hope you received by fax, it will be necessary to have Tom Dunn on-site during Extension #2 to supervise the initial start-up of the ABC income-generating activities.

We addressed the soybean seed marketing issue raised in the 7/19/94 fax from you and Marc Winter in our Third Quarterly Report and Request for Approval for Extension #2. Again, the ABC/Stavropol soybean seed marketing activities are not in violation of the Bumpers Amendment to the Foreign Assistance Act. These activities were planned for in the original proposal and there has been no change in the vision of the project, project design, nor project implementation. In fact, ABC/Stavropol has previously marketed soybeans as seed for the 1993 planting. The American Soybean Association (ASA) provided a "no objection" letter because they recognized that we were encouraging the use of soybeans. The ASA would not have agreed if we were only producing soybeans without value-added processing. Processing soybeans into meal for livestock feed is consistent with the ASA objective to increase soybean use in the NIS.

2. The TDA grant was awarded to CARD at Iowa State U. Dr. Stanley Johnson was the principle investigator on the contract and IIDF was a subcontractor. The TDA subcontract from CARD to IIDF started in April, 1992 and ended in March, 1993. The ABCs no longer receive TDA funds, however, seed and equipment sales are still occurring. Other questions you asked concerning the \$10.6 million in U.S. exports are answered in CARD's final report. Marc Winter called me about this, I referred him to CARD, and he should have received the final report from CARD by fax.

3. We are pleased that you asked us to identify some relevant areas of training for your FY 95 agricultural training program. As we all know, the training should concentrate on and support private farmers and private agribusiness people and their activities. The areas and candidates we recommend support ABC/S's private farmers and private agribusinesses associated with the ABC income-generating activities. We have identified some of the candidates and can identify more if you give us the go-ahead. The training areas and candidates are as follows:

A. Agribusiness Administration:

We have identified private Russian farmers and agribusiness people and the U.S. manufacturers who would be willing to train them to lease, operate, and maintain the ABC/Stavropol equipment. A lease agreement will generate income for ABC/Stavropol and continue the marketing efforts of the U.S. manufacturers to increase U.S. exports to the NIS. We can arrange short courses on how to write lease agreements. ABC/S has two INSTA-PRO extruding lines. INSTA-PRO here in Des Moines will train the leaseholders of the extruders. SHIVERS, the grain bin manufacturer, will train the leaseholders of the two turnkey grain drying/storage facilities located at the 2 farms. JOHN DEERE, KINZE, and RITCHIE, all located near Des Moines, will train the leaseholders of the drill, planters, and sprayers.

Six candidates we recommend come from the group of 12 private farmers who we contract planted for this spring. The six are graduate engineers in Agricultural Engineering or Mechanical Engineering. Also, the two Russian staffers at ABC/S have resigned and are now in private business for themselves and are planning to pursue the opportunities created by ABC/S. They are both good, solid, driven, and honest fellows and we recommend both as candidates.

Message: Reply to CNorris 8/5/94 Fax

Their names are Sergei Budinsky and Paul Saidin. In addition, we recommed Victor Popov, formerly #2 at the Stavropol affiliate of the Russian Academy of Agribusiness and Management. He was either fired or resigned because of impossible working conditions oweing to his integrity and competence. He also wants to explore the private agribusiness opportunities created by ABC/S and we have a lot of confidence in and respect for him.

B. Agribusiness Marketing and Value-Added Processing:

The candidates in this area will be trained by STINE, the world leading soybean genetic company, located here in Des Moines. STINE will train on contract planting, certification, cleaning, bagging, labeling, and marketing of soybean genetics. The candidates we recomend are from the group of candidates we recommended previously and will identify the exact candidates if we get the go-ahead from you. The INSTA-PRO activities can be included here as value-added processing. Training in contract extruding, contract feedmilling, and associated grain and feed commodity trading activites can be pursued and Iowa has the manufacturers who are willing to provide this training. Candidates can be identified at your request.

C. Agricultural Exports:

One person I recommend to bring to the U.S. for training in this area translated for me during the 3 day ABC/S seminars in June. I am not easy to translate for because I am so driven but she kept up with me and impressed me with her competence. She is a graduate in Economics and works as an accountant for a private commodity trading firm in Stavropol. They export wheat to Siberia and act as brokers between the Stavropol growers and Siberian bakers. I mentioned her and her firm's activities in my Third Quarter Report. She's married with 2 kids and about 35 years old if gender is considered. I don't have her name but can easily get it. Other candidates can be identified.

D. Agricultural Extension:

A private journalist has helped Tom Dunn and ABC/S at his own expense. His name is Michael Kolbasov and he wrote 2 articles on the ABC/S June seminars to be published in New Agribusiness Issue #2. A third article on the 1994 activites of ABC/S is planned for New Agribusiness. We recommend Michael for the program and he can be trained here in Des Moines by John Walter at New Agribusiness.

Sincerely,

Richard T. Gannon
IIDF Executive Director

Thomas G. Dunn
ABC/Stavropol Manager

IGJE-6558-8448

Message: RFC Training Plan for FY ...

("RFC-822": <amikhailichenko(a)usaid.gov>, SITE:INTERNET)

Fri, Sep 2, 1994

1:03 AM

TO: IIDF/abcp

CC:

BC:

RE: Training Plan for FY 1995

RFC-822-Headers:

X-Incognito-SN: 235

X-Incognito-Format: VERSION=2.00 Beta-26 ENCRYPTED=NO

Dear Richard,

Thank you for your reply to Cathy Norris concerning the training matter. We also received an official request from Stavropol Lt. Governor Sheyanov to include six or seven people into our training plan for FY 1995. He wants to train them in area of "Cooperative Farming". This fiscal year 1994 AID provided several trainings in the US, which were called as "Starting Agricultural Cooperative". Now we received your proposal to train six + two + 1 Russians in Agribusiness Administration; ? number of people in the area of Agribusiness Marketing; ? number of people in the area Agricultural Exports and Agricultural Extension.

In order to put our training plan together I will need your immediate response on following questions. They are very simple and if you will give me just a very short and clear answers it will be just enough to put your request in our plan. To do so please contact Lt. Governor again to be sure your nominees are the same people as in his request or not. All I need right now is:

1. Subject Area
2. Training Objectives
3. Number of People

Please be advised that Ag Office received only 289 slots for 1995 and we cannot accept to many people. The ideal request would content three or four training areas and ten people for each subject. Because we have a very limited number of slots and too many candidates already, Please prioritize your list of people. Thank you.

QPJE-5078-4188/20

APPENDIX M

**U.S./Iowa Agribusiness Centers
in Russia and Ukraine**

**Final Report
August 1993**

**Iowa International Development Foundation
Center for Agricultural and Rural Development, Iowa State University**

Executive Summary, August 1993

The Iowa International Development Foundation (IIDF) and the Center for Agricultural and Rural Development (CARD) at Iowa State University developed the Agribusiness Centers Project in Russia and Ukraine to fulfill two primary objectives:

- to provide trade and commercial opportunities for U.S. agribusinesses
- to support the transition to a market economy in the Newly Independent States (NIS)

The project has continued activities that were initiated by IIDF and CARD to achieve these two objectives. The following is a summary of trade developments which resulted from participation in the Agribusiness Centers Project by U.S. companies. In addition Agribusiness Centers Project activities since April 1992 are reported, and a complete budget summary through March 1993 is attached. (See Attachment #1.)

Highlights from Year One: April 1992-July 1993

- The U.S. Department of State provided a U.S. Air Force C-5B transport plane to ship supplies to the two agribusiness centers. The shipment included: 800 pounds of Stine seed corn, 91,500 pounds of Stine soybean seed, more than 300 gallons of herbicides and insecticides, one planter, two sprayers, eight pallets of medical supplies, and three pallets of tools from the United States. (Reported in six-month interim report.)
- In 1992 We planted about 2,000 acres of corn and soybeans at the centers, employing no-till and conventional tillage practices with the on-site assistance of three retired Iowa farmers. (Reported in six-month interim report.)
- We successfully completed a ten-week series of five summer short courses attended by approximately 800 Russians and 350 Ukrainians. The courses were conducted by representatives from 15 agribusinesses and ten agricultural economists, who presented information about market economy and management. Both lectures and written materials were translated into Russian. (Reported in six-month interim report.)
- The project has received \$396,673 in corporate contributions, \$69,250 in private contributions, and \$1,435,000 from government agencies. In addition, the U.S. Department of State provided \$1,000,000 in transportation. (Reported in six-month interim report.)
- We have involved 22 companies in this project, and seven of them now have hired representatives in the former Soviet Union. (Reported in six-month interim report.)

- We shipped grain processing equipment valued at more than \$400,000 to the agribusiness center farms in October in order to conduct processing demonstrations. Installation of the equipment began in March 1993 and is nearly complete at both centers. (Reported in six-month and February 1993 interim reports.)
- We participated in the World Food '92 exhibition in Moscow from November 9-12, 1992 with five U.S. agribusinesses: Shivers, Inc. (a grain storage equipment manufacturer), Stine Seed Company (a soybean seed production company), Deardorff and Associates (a manufacturing consulting firm), Pioneer Hi-Bred International (a corn seed production company), and Sudenga Industries (a feed processing equipment manufacturer). (Reported in February 1993 interim report.)
- Phil Stanhope, IIDF Executive Director, and Dr. Stanley Johnson and John Chrystal, Co-chairs of the project, visited the NIS, including Russia, Kazakhstan and Ukraine to review and discuss sites for additional agribusiness centers. (Reported in February 1993 interim report.)
- We sent a team of three specialists—Dr. Nabil Said, Triple F Company, Steve Huck, Heart of Iowa Cooperative, Myron Danzer, West Central Cooperative, and Phil Stanhope, IIDF Executive Director—to White Church Region in Ukraine and Stavropol Krai in Russia to conduct feasibility studies for expanding the agribusiness centers activities to include feed milling and livestock feeding. (Reported in February 1993 interim report.)
- The project was awarded a \$750,000 grant from the U.S. Agency for International Development for a proposal submitted for 1993-1994. (See Attachment #3.)
- The following U.S. businesses have worked in conjunction with the Agribusiness Centers Project and have made more than ten million dollars in sales of seed and equipment in the NIS: Pioneer Hi-Bred International, Des Moines, Iowa; Stine Seed Company, Adel, Iowa; Triple F Company, Urbandale, Iowa; Shivers, Inc., Corydon, Iowa; and Koch Supplies, Kansas City, Missouri. (See Attachment #1.)

WHITE CHURCH AGRIBUSINESS CENTER

- CARD hosted a group of Ukrainian agribusiness center cooperators: Governor Ivan Markovich Kapshtik, Kiev Oblast, Dr. Peter Sabluk, Director of the Institute of Agrarian Economics for Ukraine, his wife, Anuta Sabluk, Dr. Alexander Shpichak, Head of Price Department in the Institute, and Dr. Alexander Melnik, Senior Scientist at the Institute. During their visit we discussed the possibility of establishing another agribusiness center in the White Church Region in the Kiev Oblast, and the development of a training program for this center. (Reported in February 1993 interim report.)

- IIDF hosted a second group from Ukrainian agribusiness center cooperators from the White Church Region in the Kiev Oblast: Vladimir Y. Eysmont, Representative to the President of Kiev for the White Church Region, Yuri Y. Luzan, Chairman of the Agro-Industrial Association "Ross", Peter M. Kopachevskiy, Deputy Director of the Agro-Industrial Association "Ross", and Victor Boiko, Doctor of Economics at the Ukrainian Scientific Research Institute in Kiev. The Ukrainians presented joint venture documents for an agribusiness center in White Church, and we continued our discussion about the agreement. (See Attachment #2.)
- The new agribusiness center has been established in the White Church Region in the Kiev Oblast of Ukraine. The four partners in this venture include IIDF, CARD, the Institute for Agrarian Economics for Ukraine, and the Agro-Industrial Association "Ross". (See Attachment #2.)

STAVROPOL AGRIBUSINESS CENTER

- The partners at the Stavropol Agribusiness Center have already signed a 1993 agreement, and recently developed a workplan for 1993, which includes both the crop production and educational programs. The plan, particularly the demonstration aspect, calls for more involvement by U.S. agribusinesses. (See Attachment #3.)
- An inspection team from the U.S. Agency for International Development (AID) visited the Agribusiness Center in Stavropol in late July 1993. The team consisted of Catherine Norris, Agricultural Advisor, USAID, Patrick Pugh, Program Officer, Citizens Network Agribusiness Alliance, and two native Russian AID program specialists. The purpose of the visit was to evaluate the positive outcome of the center and report to USAID in Washington, DC. (See Attachment #3.)

Future

The Agribusiness Centers Project is focused on new business and commercial activity in order to achieve the two goals of the project in the former Soviet Union. The centers will continue to assist in laying the groundwork for future business dealings in the NIS by broadening the exposure of U.S. agribusinesses to Russian and Ukrainian buyers through demonstrations of American technology and an ongoing educational program in the NIS.

The U.S./Iowa Agribusiness Centers in Russia and Ukraine have helped set the stage for trade and commercial activity between U.S. agribusinesses and the NIS, by providing opportunities for relationships to develop, and also by educating both sides in terms of expectations for doing business. Therefore, this project can play an important role in the transition to a market economy in the NIS.

Attachment #1 Trade and Commercial Activities

The Agribusiness Centers Project has and continues to provide U.S. agribusinesses and Russian and Ukrainian enterprises opportunities to make contact and develop business relationships. In conjunction with their participation with the Agribusiness Centers Project, five U.S. businesses have made more than ten million dollars in sales of seed and equipment in the NIS. The table below illustrates the dollar amounts in actual sales during 1992.

Trade Developments Resulting from the Agribusiness Centers Project

Company	1992 Sales in NIS (\$)
Pioneer Hi-Bred International Des Moines, Iowa	4,782,647.74
Stine Seed Company Adel, Iowa	1,666.00
Triple F Company Urbandale, Iowa	262,378.00
Shivvers, Inc. Corydon, Iowa	70,000.00
Koch Supplies <u>Kansas City, Missouri</u>	<u>5,500,000.00</u>
Total	10,616,691.74

Company participants involved with the 1992 Agribusiness Center short courses who did not generate actual sales with enterprises in the NIS did report that they were able to make new contacts and start working relationships, therefore laying the groundwork for future business dealings. Additional companies, such as Hy Line International in West Des Moines, Iowa, have developed trade leads through their contacts at the short courses. In addition, after visiting Russia and Ukraine, company representatives reported that they have a better idea of the expectations that Russians and Ukrainians have about doing business with U.S. companies, and most found that the expectations in the NIS are often quite different from their own.

Attachment #2 White Church Agribusiness Center

Since suspending activity at the agribusiness center on the Kherson Region, we have focused our efforts in Ukraine on establishing a new center in the Kiev Oblast. With the assistance of Dr. Peter Sablnk, Director of the Institute of Agrarian Economics for Ukraine, we have established a working relationship with the Agro-Industrial Association "Ross" in the White Church Region in the Kiev Oblast.

From April 26 through May 3, 1993, IIDF hosted a delegation representing our potential Ukrainian partners for an agribusiness center in White Church. The group consisted of Vladimir Y. Eysmont, Representative to the President of Kiev for the White Church Region, Yuri Y. Luzan, Chairman of the Agro-Industrial Association Ross, Peter M. Kopachevskiy, Deputy Director of the Agro-Industrial Association Ross, and Victor Boiko, Doctor of Economics at the Institute of Agrarian Economic for Ukraine in Kiev.

The purpose of the visit was to negotiate a joint venture between IIDF, CARD, the Agro-Industrial Association Ross, and the Institute of Agrarian Economics for Ukraine to develop an agribusiness center in the White Church Region of Ukraine. Because of solid working relationship already established between CARD and the Institute of Agrarian Economics for Ukraine, it is a definite advantage for the agribusiness center to be located in the Kiev Oblast. This new joint venture will replace the agribusiness center in the Kherson Region.

Since reaching a preliminary agreement with our Ukrainian partners in May, the new agribusiness center has been established in the White Church Region. All grain handling and processing equipment that was shipped to the NIS late in 1992 was transported to White Church, where David Wampler of Shivvers Incorporated, Corydon, Iowa, organized the installation of the equipment and the laying of concrete foundations for the grain bins. In addition, 1,000 hectares of corn and soybeans were planted at the White Church site.

To provide continuity to the storage and drying process at White Church, Wampler was selected to manage the agribusiness center in White Church, and he and his family moved to Ukraine in mid-July. He continues to oversee the final phases of construction of the grain handling equipment, and is working with the Ukrainian partners to develop educational programs involving U.S. companies. While in Ukraine, Wampler will also represent Shivvers, Incorporated in order to continue business dealings with the Ukrainians.

Our next objective involves all partners signing the joint venture documents, after which work may begin on the 1993/94 workplan for the center.

Attachment #3 Stavropol Agribusiness Center

The partners at the Stavropol Agribusiness Center have already signed a 1993 agreement. And, a new manager, Dr. Phil Leino, moved to Ukraine in late May. Dr. Leino and the Russian partners have recently developed a workplan for 1993, which includes both the crop production and educational programs. The plan, particularly the demonstration aspect, calls for more involvement by U.S. agribusinesses. As in White Church, 1,000 hectares of corn and soybeans have been planted, and construction of the grain processing equipment is nearing completion.

A preliminary educational program has been outlined, and includes a series of practical demonstrations of U.S. technology by representatives of the U.S. companies that manufacture the equipment. These demonstrations will provide not only valuable technical information to the Russians, but will give both sides the opportunity to develop new business contacts. Also, in early 1994 a team of Mid-west agribusinesses will be assembled and will travel to the Stavropol Agribusiness Center to meet with interested Russian agribusiness entrepreneurs and to give presentations about their products and equipment. In addition, Dr. Leino has met with in-country representatives from companies such as Pillsbury and has successfully recruited them to visit the center to discuss their activities in the NIS.

Additional contact with representatives from the Citizens' Network and U.S. Agency for International Development (USAID) has given the Stavropol Agribusiness Center a great deal of exposure. An inspection team from the USAID visited the agribusiness center in Stavropol in late July 1993. The team consisted of Catherine Norris, Agricultural Advisor, USAID, Patrick Pugh, Program Officer, Citizens Network Agribusiness Alliance, and two native Russian AID program specialists. The purpose of the visit was to evaluate the positive outcome of the center and report to USAID in Washington, DC.

The inspection by USAID had a positive impact on the Stavropol Agribusiness Center. Since visiting the agribusiness center, the USAID representative in Russia has contacted the U.S. on-site manager and offered to facilitate in the purchase and shipping of additional equipment to the center. Additionally, USAID approved a \$750,000 grant for the agribusiness centers for 1993-1994.

Attachment #4 Final Budget Report

7

ON-CAMPUS EXPENSES FOR TOP CONTRACT 427-46-11-06-0154

07/19/93

Budget Category	Budget \$	May 92	June 92	July 92	August 92	Sept 92	Oct 92
Salaries & Wages	\$32,500.00		\$7,859.99	\$4,516.82	\$4,957.05	\$4,882.91	\$4,757.91
Benefits	\$9,100.00		\$1,657.03	\$1,155.62	\$1,281.49	\$1,241.81	(\$66.13)
Supplies	\$1,500.00	\$155.39	\$238.83	\$154.10		\$4,038.77	
Travel	\$0.00		\$59.00		\$114.20		\$114.20
Computer Usage	\$15,000.00			\$145.30	\$294.53		
Other:							
Project Support	\$5,000.00						
Communication	\$5,000.00		\$1,365.40	\$269.97	\$51.52	\$362.25	
Postage	\$450.00						
Total Direct	\$66,550.00	\$135.39	\$10,960.25	\$6,861.81	\$6,620.79	\$10,493.74	\$4,797.98
Indirect Cost	\$37,536.00		\$53.51	\$26,757.32	\$25,466.51	(\$32,001.29)	\$4,303.25
TOTAL	\$104,086.00	\$135.39	\$11,013.76	\$33,619.13	\$32,087.30	(\$21,507.55)	\$9,101.23

Budget Category	Balance from Above	Nov 92	Dec 92	Jan 93	Feb 93	Mar 93	Balance Remaining Budget - Invoices
Salaries & Wages	\$5,723.32	\$4,767.91	\$4,747.91	(\$3,996.51)	\$3,475.00	\$12,841.44	(\$16,112.43)
Benefits	\$3,818.19	\$914.32	\$914.16	(\$1,511.15)	\$567.79	\$3,208.12	(\$275.06)
Supplies	(\$3,047.09)			\$5.76			(\$3,052.85)
Travel	(\$267.40)						(\$267.40)
Computer Usage	\$14,650.17						\$14,650.17
Other:							
Project Support	\$5,000.00						\$5,000.00
Communication	\$350.86	\$1,062.37	\$523.70		\$1,263.41	\$1,400.73	(\$3,921.35)
Postage	\$450.00						\$450.00
Total Direct	\$26,678.04	\$6,744.60	\$6,185.77	(\$1,501.90)	\$5,328.20	\$17,450.29	(\$3,528.92)
Indirect Cost	\$12,952.50	\$1,967.17	\$2,765.29	\$2,536.17	(\$118.04)	\$7,154.62	(\$1,352.71)
TOTAL	\$39,630.54	\$8,711.77	\$8,951.06	(\$2,965.73)	\$5,210.16	\$24,604.91	(\$4,881.63)

Budget Category	Balance from Above	Apr 93	May 93	Jun 93	Jul 93	Aug 93	Balance Remaining Budget - Invoices
Salaries & Wages	(\$16,112.43)	(\$3,515.34)	\$2,072.70				(\$14,554.77)
Benefits	(\$275.06)	(\$1,153.78)	\$523.29				\$335.43
Supplies	(\$3,052.85)						(\$3,052.85)
Travel	(\$267.40)						(\$267.40)
Computer Usage	\$14,650.17						\$14,650.17
Other:							
Project Support	\$5,000.00						\$5,000.00
Communication	(\$3,921.35)	\$1,678.55		\$694.39			(\$4,244.29)
Postage	\$450.00						\$450.00
Total Direct	(\$3,528.92)	(\$2,990.57)	\$2,595.99	\$694.39	\$0.00	\$0.00	(\$3,229.73)
Indirect Cost	(\$1,352.71)	(\$1,225.14)	\$1,064.36				(\$1,190.93)
TOTAL	(\$4,881.63)	(\$4,215.71)	\$3,660.35	\$694.39	\$0.00	\$0.00	(\$5,019.66)

IIDF SUBCONTRACT INFO FOR 12-89153-22 ON TOP CONTRACT 427-46-11-06-0154

04/27/93

Budget Category	Budget \$	Invoice #/Date:					
		#1 - April 92	#2 - May 92	#3 - June 92	#4 - July 92	#5 - Aug 92	#6 - Sept 92
Salaries & Wages	\$132,000.00	\$2,308.00	\$13,352.32	\$13,248.46	\$12,266.70	\$11,989.10	\$11,957.50
Benefits	\$38,960.00		\$2,350.08	\$815.08	\$815.10	\$1,369.17	\$525.10
Supplies	\$15,554.00	\$3,452.16	\$2,517.56	\$1,714.97	\$657.86	\$1,039.44	\$755.42
Equipment	\$26,200.00	\$5,240.00	\$10,544.29	\$1,103.23			
Travel	\$142,100.00	\$7,410.26	\$7,127.33	\$28,118.76	\$65,624.40	\$25,169.45	\$16,234.15
Other:							
Ag. Admin	\$1,500.00				\$14,677.92	\$1,362.50	
Orientation	\$39,600.00			\$10,256.00	\$15,670.55	\$6,032.74	\$276.67
Total Direct	\$395,914.00	\$18,410.42	\$35,891.58	\$55,255.50	\$109,732.53	\$47,062.40	\$29,748.94

Budget Category	Balance from Above	Invoice #/Date:					Balance Remaining Budget - Invoices
		#7 - Oct 92	#8 - Nov 92	#9 - Dec 92	#10 - Jan 93	#11 - Feb 93	
Salaries & Wages	\$66,877.92	\$20,003.25	\$10,835.50	\$7,241.80	(\$908.70)	\$8,102.50	\$21,603.77
Benefits	\$33,085.47	\$786.13	\$523.58	\$261.03	\$261.03	\$261.03	\$30,972.67
Supplies	\$5,416.59	\$1,501.09			\$432.27	\$1,000.04	\$2,483.19
Equipment	\$9,312.48						\$9,312.48
Travel	(\$7,584.35)	\$13,354.50	\$2,480.00		\$3,306.00	\$1,457.65	(\$28,382.50)
Other:							
Ag. Admin	(\$14,660.42)		\$3,150.00			\$985.00	(\$18,795.42)
Orientation	\$7,364.04						\$7,364.04
Total Direct	\$99,811.73	\$35,644.97	\$16,989.08	\$7,502.83	\$3,290.60	\$11,806.32	\$24,578.23

Budget Category	Balance from Above	Invoice #/Date:					Balance Remaining Budget - Invoices
		#12 - Mar 93					
Salaries & Wages	\$21,603.77	\$6,269.80					\$15,333.97
Benefits	\$30,972.67	\$261.03					\$30,711.64
Supplies	\$2,483.19	\$1,164.38					\$1,318.81
Equipment	\$9,312.48						\$9,312.48
Travel	(\$28,382.50)	\$9,478.24					(\$18,904.26)
Other:							
Ag. Admin	(\$18,795.42)	\$4,685.00					(\$14,110.42)
Orientation	\$7,364.04						\$7,364.04
Total Direct	\$24,578.23	\$21,858.45	\$0.00	\$0.00	\$0.00	\$0.00	\$2,719.78

Account ended: March 31, 1993
Balance: \$ 0.00

APPENDIX N

ADMINISTRATION OF THE GOVERNMENT
OF THE RUSSIAN FEDERATION

Alexander A. KALININ

Head of the Department
of the agroindustrial complex
and the consumer market

Krasnopresnenskay, 2
103132 Moscow

Tel: (095) 205-63-54.
(095) 205-85-98
Fax: (095) 205-58-53.
(095) 205-43-30

APPENDIX O

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

200 East Grand Avenue, Des Moines, Iowa 50309 U.S.A.

Tel: 515-242-4768 Fax: 515-242-4946 E-mail: RGANNON@ABCPSPRINT.COM

AGRO-INDUSTRIAL OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

F A X

To: Mr. Russell Webster

MSI

Fax: 202-488-0754

September 26, 1994

Page 1 of 2

Dear Russ:

Thank you for calling to request contact information for your evaluation of our project: "U.S. Agribusiness Centers in the NIS", funded in part by USAID Grant #CCN-0006-G-00-3127-00. We invite the evaluation team to visit the Agribusiness Center in Stavropol, Russia (ABC/R) and White Church, Ukraine (ABC/U).

Our American manager of ABC/R has impressed USAID/Moscow Ag Advisor Cathy Norris and others. He is:

Tom Dunn, Manager
Russian/American Agribusiness Center
Tel/Fax: 7-865-222-4556
Home: 7-865-224-9894

The evaluation would be incomplete without an interview with him.

To evaluate ABC/U, it is necessary to contact both of our Ukrainian partners. They are:

Dr. Peter Sabluk
Director
Ukraine Institute of Ag Economics
Tel: 7-044-261-4821
Fax: 7-044-266-0539

Gennady Polotchaninov
Chief, External Relations
ROSS
Tel/Fax: 7-044-635-3258

It would be expeditious if whoever contacts them is fluent in Russian.

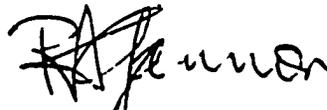
The project is closely tied to New Agribusiness, the first Russian-language magazine of Des Moines-based Successful Farming, the largest paid agricultural publication in the United States. It's imperative to speak with its co-editor:

John Walter, Co-Editor
New Agribusiness
Tel: 515-284-2802
Fax: 515-284-3127

Almost all of the U.S. agribusinesses that received advertorials in New Agribusiness Issue #1 demonstrated seed or equipment on the ABCs.

The U.S. agribusinesses who have exported seed and equipment to Russia and Ukraine because of project would be very happy to speak with you. We are compiling a contact list and will fax it to you. Please contact me if you require further information. Thank you very much.

Sincerely,



Richard T. Gannon
Executive Director

EVALU926

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

200 East Grand Avenue, Des Moines, Iowa 50309 U.S.A.

Tel: 515-242-4768 Fax: 515-242-4946 E-mail: R.GANNON@ABCPSPRINT.COM

AGRO-INDUSTRIAL OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

FAX

To: Mr. Russel Webster
MSI
Fax: 202-488-0754

October 3, 1994
Page 1 of 4

Dear Russ:

Thank you for requesting company contact information regarding the "U.S. Agribusiness Centers in the NIS" project. The following companies have been directly involved with the project or have cooperated with IIDF at various stages.

1. AGRI-DEVELOPMENT LIMITED

1724 N. John Wayne Drive
Hwy 169 North, Winterset, IA 50273
Tel: 515-462-4950
Fax: 515-462-3100
Contact: Carolyn Augustus
Dennis Leigh

2. THE BROYHILL COMPANY

North Market Square, P.O. Box 475
Dakota City, NE 68731-0475
Tel: 402-987-3412
Fax: 402-987-3601
Contact: Bryce Broyhill

3. CARGILL ENTERPRISES, INC.

Staronavodnitskaya Str., 8-B, off. 81
Kiev, Ukraine, 252015
Tel: 7044-294-8953
Fax: 7044-294-8444
Contact: Gerrit Huetting

4. CONRAD AMERICAN

Highway 16 West, P.O. Box 2000
Houghton, IA 52631
Tel: 319-469-4141
Fax: 319-469-4402
Contact: Marvin Bricker

5. FARMLAND FOODS, INC.

P.O. Box 7527
Kansas City, MO 64116-0227
Tel: 816-891-1200
Fax: 816-891-1258
Contact: Stephen Carpenter

6. GAMBLE AND DAVIS
2600 Ruan Center, 666 Grand Avenue
Des Moines, IA 50309-2577
Tel: 515-243-6251
Fax: 515-243-4588
Contact: Steven Dickinson

7. GIC AGRICULTURAL GROUP
208 North Washington Street
Alexandria, VA 22314
Tel: 703-684-1366
Fax: 703-684-1369
Contact: Richard Gilmore

8. HELENA CHEMICAL COMPANY
3525 Vandalla
Des Moines, IA 50306
Tel: 515-262-7232
Fax: 515-262-4051

9. IOWA EXPORT-IMPORT TRADING COMPANY
Export agent for KINZE MANUFACTURING
512 Tuttle Street
Des Moines, IA 50309-4618
Tel: 515-245-2464
Fax: 515-245-2878
Contact: David Winkels

10. JOHN DEERE DES MOINES WORKS
P.O. Box 1595
Des Moines, IA 50306
Tel: 515-289-3054
Fax: 515-289-3308
Contact: Gary Lohmann
R. W. (Dick) Hook

JOHN DEERE EUROPE
Mannheim, Germany
Tel: 49-621-8104-550
Contact: Luc de Bishop
Pekka Holkeri

11. KOCH SUPPLIES INC.
1411 West 29th Street
Kansas City, MO 64108
Tel: 816-753-2150
Fax: 816-561-3286
Contact: Benjamin Khayet

12. LAND O'LAKES, INC.
P.O. Box 116
Minneapolis, MN 55440-0116
Tel: 612-481-2222
Contact: Rosemarie Kelly

13. MAXCARE INTERNATIONAL

1200 35th Street, Suite 403-3

West Des Moines, IA 50266

Tel: 515-224-1188

Fax: 515-224-0088

Contact: S. P. "Paul" Singh

14. MONSANTO AGRICULTURAL COMPANY

800 N. Lindenberg Blvd.

St Louis, MO

Tel: 314-694-2007

Fax: 314-694-2776

Contact: Jim Enyart

15. PIONEER HI-BRED INTERNATIONAL, INC.

6800 Pioneer Parkway, P.O. Box 316

Johnston, IA 50131-0316

Tel: 515-270-3152

Fax: 515-270-3106

Contact: Jack Watson
Arnold Lemker

16. RITCHIE INDUSTRIES, INC.

120 South Main

Conrad, IA 50621

Tel: 515-366-2525

Fax: 515-366-2551

Contact: Terry Williams

17. SHIVVERS, INC.

614 W. English

Corydon, IA 50060

Tel: 515-872-1005

Fax: 515-872-1593

Contact: Carl Shivvers

18. STINE SEED COMPANY

2225 Laredo Trail

Adel, IA 50003

Tel: 515-677-2605

Fax: 515-677-2716

Contact: Harry Stine
Chuck Hansen
Bill Belzer

19. SUDENGA INDUSTRIES, INC.

Box 8

George, IA 51237

Tel: 712-475-3301

Fax: 712-475-3320

Contact: Larry Kruse

20. TRIPLE "F", INC.
10104 Douglas Avenue
Des Moines, IA 50322
Tel: 515-254-1200
Fax: 515-254-1351
Contact: Dr. Leroy Hanson
Tom Welby

21. UNIROYAL CHEMICAL LIMITED
World Headquarters
Middlebury, CT 06749
Tel: 203-573-2400
Fax: 203-573-3394
Contact: John Martin

Kennet House, 4 Langley Quay, Slough
Berkshire, SL3 United Kingdom
Tel: 44-753-603051
Fax: 44-753-603077
Contact: Richard Marshall

22. VERMEER MANUFACTURING CO.
Box 900
Pella, IA 50219-0900
Tel: 515-628-3141
Fax: 515-628-7731
Contact: Mary Andringa

23. WEST CENTRAL COOP
P.O. Box 68
Rhalston, IA 51459
Tel: 712-667-3200
Contact: Wayne Seaman
Myron Danzer

Please call me at 515-242-4789 if I can be of further assistance to you. I will be happy to go to Washington, D.C. to meet with the evaluators of the project.

Sincerely,



Richard T. Gannon
Executive Director

APPENDIX P

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

200 EAST GRAND AVENUE, DES MOINES, IOWA 50309 U.S.A.

TEL: 1-515-242-4768 FAX: 1-515-242-4946

SPRINTMAIL X.400: (C:USA, A:TELEMAIL, O:ABCP, UN:IIDF)

INTERNET: *G=R/S=GANNON/@ABCP.SPRINT.COM

FAX

To: Marcus Winter, USAID/Washington
Catherine Norris, USAID/Moscow
David Sprague, USAID/ Kiev

August 6, 1994
Page 1 of 6

From: Dick Gannon, IIDF/Des Moines
Tom Dunn, ABC/Stavropol

Dick Gannon
Tom Dunn

Re: **REQUEST FOR APPROVAL OF EXTENSION #2**

This is to request your approval of Extension #2 for U.S. Agribusiness Center (ABC) Grant #CCN-0006-G-00-3127. Extension #2 is needed in order to complete work at ABC/Stavropol, Russia and ABC/White Church, Ukraine. This Extension #2 request is for a no-cost three-month extension for October, November, and December, 1994.

Funding for Extension #2 is available due to programmatic changes and actual expenditures falling below projected expenses. Numerous unknown variables affecting extruder installation existed when Extension #1 was planned and we were cautious and realistic in planning the work we could complete. It would have been financially irresponsible and a mismanagement of program implementation if we had proceeded in any other manner. All the extruding equipment has now arrived on-site. We have clarified what can and needs to be done and have identified the Extension #2 workplan.

VOCA officials have given their initial approval to provide technical assistance to advise and supervise extruder installation at ABC/White Church through their Farmer-to-Farmer Program. The extruder manufacturer, INSTA-PRO, will provide technicians to approve final installation and startup procedures. Two trips may be necessary but only airfare is budgeted for INSTA-PRO experts as the ABC/White Church Ukrainian partners will pick up the hotel, M&IE and other travel-related costs. Extruder installation at ABC/Stavropol will be managed by Tom Dunn, the ABC/Stavropol U.S. Co-Manager, and by the INSTA-PRO Russian agent stationed in Stavropol.

Extension #2 will allow for the harvesting of the corn and soybean crops, initial marketing of the soybeans as seed, and completion of the feeding trials. ABC/Stavropol planted 525 hectares of corn and 415 hectares of soybeans. Extension #2 will permit the ABC to acquire its share of the corn and soybean crop, which will provide an income and be a major step toward profitability. Without Extension #2, ABC/Stavropol will not get its share of the crop because Mr. Dunn will not be there to supervise it. In addition, Mr. Dunn must be on-site to supervise the receipt of the ABC share (25%) of the corn crop from the 90 hectares we contract-planted for the group of 12 private farmers.

Extension #2 calls for the two farms to give ABC/Stavropol all of the soybean crop in exchange for all of the corn crop. The soybean seed certification process has started and germination tests are planned. If the soybeans are viable as seed and marketable as seed, ABC/Stavropol will pay necessary costs associated with the marketing. Some of these costs will be to load, store, unload, transport, clean, bag, and market the seed.

The ABC/Stavropol soybean seed marketing activities are not in violation of the Bumpers Amendment to the Foreign Assistance Act. These activities were planned for in the original proposal and there has been no change in the vision of the project, project design, nor project implementation. In fact, ABC/Stavropol has previously marketed soybeans as seed for the 1993 planting. The American Soybean Association (ASA) provided a "no objection" letter because they recognized that we were encouraging the use of soybeans. The ASA would not have agreed if we were only producing soybeans without value-added processing. Processing soybeans into meal for livestock feed is consistent with the ASA objective to increase soybean use in the NIS.

The ABC/Stavropol animal nutrition feeding trials were structured in a series in order to obtain more accurate results for hogs, dairy and poultry. This series of feed trials and the time-on-feed required by the hogs and cattle make Extension #2 necessary. The feed trials for the broiler chickens will finish during Extension #1. Early in Extension #1, there was no mortality in the chickens, which the Russian veterinarian found unusual. One result the veterinarian expects will be 10-15% improved feed performance over the control group. Also, early in Extension #1, the animal nutritionists overseeing the swine trials stated that "...they had never seen their animals to be so enthusiastic about the feed."

New Agribusiness Issue #2 will feature the ABC/Stavropol animal nutrition trials in the INSTA-PRO advertorial. INSTA-PRO contributed \$3,000 plus the vitamin and mineral pre-mixes used in the trials. INSTA-PRO is very satisfied with the implementation of the trials and preliminary results, and these trials will assist INSTA-PRO in their NIS marketing efforts. Complete trial results and other marketing material to assist U.S. participating manufacturers to increase exports to the NIS will be collected during Extension #2 for New Agribusiness Issue #2. The distribution of Issue #2 will be coordinated by the ABCs during Extension #2.

PIPELINE ANALYSIS AND SPREADSHEET:

The following pipeline analysis and spreadsheet show actual and revised projected expenses and projected expenses for Extension #2. The analysis lists the major expenses in the seven budget categories: salaries and benefits, allowances, subcontractor/consultant, training, travel, other direct costs and equipment/seed purchases.

IIDF is proposing to finance Extension #2 with monies which were previously budgeted, but which will not be expended due to a combination of programmatic changes and actual expenditures falling below projected expenditures. Extension #2 will allow IIDF to fully and effectively utilize available resources to bring this stage of the ABC project to a point of closure.

The pipeline analysis contains three parts: GRANT #2 END details funds that were budgeted from April 1, 1994 to through July 31, 1994; EXTENSION #1 details a revised budget through September 30, 1994; and EXTENSION #2 details the proposed budget through December 31, 1994.

GRANT #2 END:

April 1, 1994 to July 31, 1994

Total projected expenses for the period of April 1 to July 31, 1994 were \$237,517. Actual expenses during this period were \$225,930. Consequently, the period ended with a balance of \$11,587. This money will be budgeted for Extension #2.

Salaries and Benefits:

Projected expenditures for the period in this category were \$37,149. Actual expenses were \$41,042. Period-end balance was (\$3,893).

Allowances:

Projected expenses in this category were \$2,000. Actual expenses amounted to \$3,750. Period-end balance was (\$1,750).

Subcontractor/Consultant:

No subcontractor or consultant fees were incurred during this period. Period-end balance was \$5,000.

Training:

Projected expenses for training were \$3,409. Those monies were to be used for the Planting Technology Seminars that took place at ABC/Stavropol in June. Since the Russian partners financed the seminars, the \$3,000 was used to sponsor the animal nutrition feeding trials at the Stavropol Scientific Research Institute of Livestock Raising and Feed Production. Period-end balance in this category was \$409.

Travel:

Expenses in this category were projected to be \$3,459 to cover Executive Director Richard Gannon's trip to Russia and Ukraine. While in the NIS, Mr. Gannon co-directed the Planting Technology Seminars, met with IIDF partners and USAID officials and refined plans for the ABCs to start generating income. Transportation and accommodations were provided free of charge in Stavropol and White Church by the NIS partners. Expenses associated with the trip include \$152 for visa fees, \$1,265 for international air travel, \$509 for Moscow-Stavropol and Moscow-Kiev round trips and \$763 for hotel accommodations in Moscow. M&IE for Mr. Gannon was \$771. The total-cost of the trip was \$3,460, which is a revision of what was reported in the Third Quarterly Report. State of Iowa appropriations were used to cover the difference in order to comply with what was previously budgeted. Period-end balance was (\$1).

Other Direct Costs:

This category was allocated \$26,350 for the period. Expenses were \$1435 for electronic mail, \$280 for operating supplies, \$197 for postage, \$340 for telephone communications, \$10,988 for grain bin repair at ABC/Stavropol, \$1,301 for ABC/Stavropol FAX machine and copier, \$79 in bank charges, \$443 in reverted AID bank interest, \$90 for Iowa Department of Agriculture phytosanitary certificates for the 30 tones of soybean seed exported, and other recurring and contingency expenses. Period-end balance was \$1,576.

Equipment/Seed Purchases:

Projected expenses in this category stood at \$160,150. Grain extruding equipment for ABC/White Church cost \$117,997, shipping charges were \$10,100 and container customization cost \$103. The replacement cables for the Ritchie sprayer in Stavropol cost \$227, a second 900 cooler for grain processing equipment at ABC/Stavropol cost \$6,500 and purchases of chemicals and seed for 1994 planting at ABC/Stavropol cost \$14,977. Active interest in IIDF programs displayed by U.S. companies allowed the expenses in this category to be reduced by \$6,624. These funds will be used to finance Extension #2. Period-end balance was \$10,246.

EXTENSION #1:

August 1, 1994 to September 30, 1994

During Extension #1, budget revisions and reduced expenditures will total \$29,218 and will be budgeted for Extension #2.

Salaries and Benefits:

As Mr. Wampler will no longer be working for IIDF in White Church, Extension #1 will only be covering Mr. Dunn's and U.S. Program Manager, Andrei Koudriavtsev's salaries. Mr. Dunn's salary of \$1,846 x 4 1/2 pay periods totals \$8,308. Mr. Koudriavtsev's salary of \$962 x 4 1/2 pay periods totals \$4,327. Both salaries total \$12,635, which is \$6,068 less than the amount originally budgeted for Extension #1. These funds will be used for Extension #2.

Allowances:

Living expenses at \$500/month total \$750. This is \$1,250 less than the originally budgeted amount.

Subcontractor/Consultant:

The \$5000 in this category will not be spent on Subcontractor/Consultant fees, but will be spent on Extension #2.

Training:

Harvesting technology, grain drying and soybean processing seminars will no longer be held during this period, freeing \$1500 for Extension #2.

Travel:

IIDF has now allocated \$2,500 for Mr. Dunn's travel expenses: \$1,800 for round-trip travel between Iowa and Stavropol, \$300 for round-trip travel between Stavropol and White Church, \$150 for visa fees, \$100 for Stavropol-Kiev round trip ticket for the INSTA-PRO agent in Stavropol who will accompany Mr. Dunn on his inspection trip to White Church, and \$150 for incidental travel expenses. The reduced expenditures in this area free \$3500 for Extension #2.

Other Direct Costs:

Other direct costs for communication and operating expenses will total \$1,100: e-mail at \$400 x 2 months = \$800, operating supplies \$200 and postage \$100. IIDF will also make a \$5,000 contribution to New Agribusiness magazine. The original proposed expenses for this category were \$18,000. Consequently, \$11,900 will be available for use during Extension #2.

Equipment/Seed Purchases:

No equipment or seeds were scheduled to be purchased during Extension #1.

EXTENSION #2:

October 1, 1994 to December 31, 1994

Salaries and Benefits:

Mr. Dunn's salary during this period will be 6 1/2 pay periods x \$1,846 = \$12,000. Mr. Koudriavtsev's salary during the same period will be \$962 x 6 1/2 pay periods = \$6,250. Total salaries will be \$18,250.

Allowances:

Mr. Dunn's living allowance at \$500/month totals \$1500.

Subcontractor/Consultant: None

Training: None

Travel:

Mr. Gannon will travel to the ABC/Stavropol and ABC/White Church in October to continue his efforts at generating a positive cash flow for the ABCs. His trip expenses, including \$1800 for round-trip transportation, \$1000 for M&IE and \$700 for hotel expenses, will total \$3500. Additional expenses will be covered by State of Iowa funds. IIDF received \$200,000 from the Iowa Legislature for FY'95 starting July 1, 1994.

IIDF plans to send two specialists from INSTA-PRO to ABC/White Church to supervise installation and start-up of the grain extruding equipment. INSTA-PRO will cover their labor expense and IIDF will pay for their air transportation from Des Moines to Kiev. ABC/White Church Ukrainian partners will provide local transportation and accommodations. These two round trips at \$2,000 total \$4,000.

Other Direct Costs:

IIDF has budgeted \$1,650 for this period to cover communication and operating expenses. The ABC/Stavropol soybean marketing program entails \$1,600 for storage and handling of 16,000 bushels of seed for 60 days, \$2,400 to clean and bag, \$500 to certify, and \$7,405 for trucking 12,000 bushels of seed from Stavropol to Krasnodar.

Equipment/Seed Purchases: None

IIDF Grant Extension Budget

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DESCRIPTION	TOTAL PROJECTED EXPENSES 4/1-7/31/94	GRANT #2 END TOTAL ACTUAL EXPENSES 4/1-7/31/94	REVISED EXTENSION #1 EXPENSES AUG-SEPT '94	PROPOSED EXTENSION #2 EXPENSES OCT-DEC '94
Salaries and Benefits	\$37,149	\$41,042	\$12,635	\$18,250
Allowances	\$2,000	\$3,750	\$750	\$1,500
Subcontract/Consultant	\$5,000	\$0	\$0	\$0
Training	\$3,409	\$3,000	\$0	\$0
Travel	\$3,459	\$3,460	\$2,500	\$7,500
Other Direct Cost	\$26,350	\$24,774	\$6,100	\$13,555
Equipmen/Seed Purchases	\$160,150	\$149,904	\$0	\$0
TOTAL	\$237,517	\$225,930	\$21,985	\$40,805

Projected Grant #2 End Expenses ...	\$237,517	Projected Extension #1 Expenses	\$ 51,203
Actual Grant #2 End Expenses	225,930	Revised Extension #1 Expenses	21,985
	=====		=====
Grant #2 Balance:	\$ 11,587	Extension #1 Balance:	\$ 29,218

Grant #2 End Balance \$ 11,587
 Extension #1 Balance 29,218
 =====
 Projected Extension #2 Expense \$ 40,805

MODIFICATION OF GRANT

1. MODIFICATION NUMBER: 01	2. EFFECTIVE DATE OF MODIFICATION: See Block 15	3. GRANT NUMBER: CCN-0006-G-00-3127-00	4. EFFECTIVE DATE OF GRANT: July 30, 1993
-------------------------------	--	---	--

5. GRANTEE: IOWA INTERNATIONAL DEVELOPMENT FOUNDATION P.O. BOX 93535 DES MOINES, IA 50393 CEC No.: TIN No.:	6. ADMINISTERED BY: U.S. Agency for International Development Office of Procurement Division ENI NIS Branch Washington, DC 20523-
--	--

7. FISCAL DATA: See Page 2 PIO/T No.: Appropriation No.: BPC: Allotment: Amount Obligated: \$	8. TECHNICAL/PROJECT OFFICE: ENI/ED/AG 9. PAYMENT OFFICE: M/FM/CMPD/DCB
---	--

10. FUNDING SUMMARY:	<u>Obligated Amount</u>	<u>Total Est. Amt.</u>
Amount Prior to this Modification:	\$752,231	\$752,231
Change Made by this Modification :	-0-	-0-
New/Current Total :	\$752,231	\$752,231

11. DESCRIPTION OF MODIFICATION:

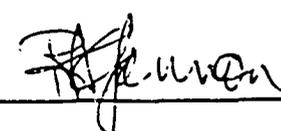
PURPOSE: The purpose of this modification is to extend the period of the grant with no additional funding.

Accordingly, the above-numbered grant is hereby amended as follows:

(Continued on Page 2)

12. THIS MODIFICATION IS ENTERED INTO PURSUANT TO THE AUTHORITY OF THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED. EXCEPT AS SPECIFICALLY HEREIN AMENDED, ALL TERMS AND CONDITIONS OF THE GRANT REFERENCED IN BLOCK #3 ABOVE, AS IT MAY HAVE HERETOFORE BEEN AMENDED, REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.

13. GRANTEE IS IS NOT REQUIRED TO SIGN THIS DOCUMENT TO RECONFIRM ITS AGREEMENT WITH THE CHANGES EFFECTED HEREIN.

14. GRANTEE: BY:  _____ Richard T. Gannon (Name Typed or Printed) TITLE: Executive Director DATE: Oct. 10, 1994	15. THE UNITED STATES OF AMERICA U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT BY:  _____ CLEMENT T. BUCHER (Name Typed or Printed) TITLE: GRANT OFFICER DATE: _____
--	---

COVER LETTER

Second paragraph, delete the date "August 2, 1994" and substitute in lieu thereof "December 31, 1994".

SCHEDULE

Section B. Period of Grant

Paragraph 1., delete "July 30, 1994" and substitute in lieu thereof "December 31, 1994".

Block 7. Fiscal Data

PIO/T NO.: 110-0006-3-3662258-1 and -2
APPROPRIATION NO.: 72-112/31037
ALLOTMENT NO.: 270-68-110-00-69-31
BUDGET PLAN CODE: WES2-93-36110-KG12
AMOUNT OBLIGATED: 0

APPENDIX Q

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

200 East Grand Avenue, Des Moines, Iowa 50309 U.S.A.

Tel: 515-242-4768 Fax: 515-242-4946 E-Mail: R.GANNON@ABCPSPRINT.COM

AGRIBUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

F A X

To: Mr. Gene Westlake
Office of Financial Management
USAID/M/EM/CMP/LC, Rm. 700 SA-2
Fax: 202-663-2744

October 21, 1994
Page 1 of 4

Re: FOURTH QUARTER FINANCIAL STATUS REPORT

Dear Mr. Westlake:

Please find attached IIDF's Fourth Quarter Financial Status Report for USAID Grant CCN-0006-G-00-3127. A hard hard is being mailed today. Please call me if you have any questions. Thank you very much.

Sincerely,



Richard T. Gannon
Executive Director

Attachments
4QREPORT

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FINANCIAL STATUS REPORT

ATTACHMENT 1

(Short Form)

(Follow instructions on the back)

1. Federal Agency and Organizational Element to Which Report is Submitted USAID	2. Federal Grant or Other Identifying Number Assigned By Federal Agency CCN-0006-G-00-3127	OMB Approval No 0348-0039	Page 1	of 3 pages
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3. Recipient Organization (Name and complete address, including ZIP code)
Iowa/International Development Foundation
200 East Grand Avenue, Des Moines, IA 50309

4. Employer Identification Number 42-1358315	5. Recipient Account Number or Identifying Number 994-198-0	6. Final Report <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	7. Basis <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual
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8. Funding/Grant Period (See Instructions) From: (Month, Day, Year) 08/01/93	To: (Month, Day, Year) 12/31/94	9. Period Covered by this Report From: (Month, Day, Year) 07/01/94	To: (Month, Day, Year) 09/30/94
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10 Transactions:	I Previously Reported	II This Period	III Cumulative
a. Total outlays	701,601.20	25,696.89	727,298.09
b. Recipient share of outlays			
c. Federal share of outlays	701,601.20	25,696.89	727,298.09
d. Total unliquidated obligations			
e. Recipient share of unliquidated obligations			
f. Federal share of unliquidated obligations			
g. Total Federal share (Sum of lines c and f)			727,298.09
h. Total Federal funds authorized for this funding period			752,231.00
i. Unobligated balance of Federal funds (Line h minus line g)			24,932.91

11. Indirect Expense	a. Type of Rate (Place "X" in appropriate box) N/A <input type="checkbox"/> Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed			
	b. Rate	c. Base	d. Total Amount	e. Federal Share

12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.

13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.

Typed or Printed Name and Title Richard T. Gannon, Executive Director	Telephone (Area code, number and extension) 515-242-4789
---	--

Signature of Authorized Certifying Official <i>R. Gannon</i>	Date Report Submitted 21-Oct-94
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FEDERAL CASH TRANSACTIONS REPORT

(See instructions on the back. If report is for more than one grant or assistance agreement, attach completed Standard Form 272-A.)

Approved by Office of Management and Budget, No. 60-RO182

1. Federal sponsoring agency and organizational element to which this report is submitted

USAID

2. RECIPIENT ORGANIZATION

Name : Iowa/International Development Foundation
 Number and Street : 200 East Grand Avenue

City, State and ZIP Code: Des Moines, IA 50309

4. Federal grant or other identification number
 CCN-0006-G-00-3127

5. Recipient's account number or identifying number
 994-198-0

6. Letter of credit number
 72001714

7. Last payment voucher number
 16

Give total number for this period

8. Payment Vouchers credited to your account
 1

9. Treasury checks received (whether or not deposited)

10. PERIOD COVERED BY THIS REPORT

3. FEDERAL EMPLOYER IDENTIFICATION NO. 42-1358315

FROM (month, day, year)
 07/01/94

TO (month, day year)
 09/30/94

11. STATUS OF

FEDERAL

CASH

(See specific instructions on the back)

a. Cash on hand beginning of reporting period \$ 8,076.02

b. Letter of credit withdrawals 65,709.18

c. Treasury check payments

d. Total receipts (Sum of lines b and c) 65,709.18

e. Total cash available (Sum of lines a and d) 73,785.20

f. Gross disbursements 25,696.89

g. Federal share of program income

h. Net disbursements (Line f minus line g) 25,696.89

i. Adjustments of prior periods

j. Cash on hand end of period \$ 48,088.31

12. THE AMOUNT SHOWN ON LINE 11J. ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING

Days

13. OTHER INFORMATION

a. Interest income \$ 39.76

b. Advances to subgrantees or subcontractors \$

14. REMARKS (Attach additional sheets of plain paper, if more space is required)

15.

CERTIFICATION

I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement

AUTHORIZED
 CERTIFYING
 OFFICIAL

SIGNATURE



TYPED OR PRINTED NAME AND TITLE

Richard T. Gannon
 Executive Director

DATE REPORT SUBMITTED

21-Oct-94

TELEPHONE (Area Code, Number, Extension)

515-242-4789

THIS SPACE FOR AGENCY USE

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

200 East Grand Avenue, Des Moines, Iowa 50309 U.S.A.

Tel: 515-242-4768 Fax: 515-242-4946 E-Mail: /G=R/S=GANNON/@abcp.sprint.com
AGRIBUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

MEMORANDUM

To: See Distribution
Fm: Richard T. Gannon, IIDF Executive Director *R. Gannon* January 30, 1995
Re: **FIRST QUARTER REPORT**

Please find enclosed IIDF's First Quarter Report to USAID for Grant #CCN-0006-G-00-3127-00, "U.S. Agribusiness Centers in the NIS". The report covers the first quarter of the Federal fiscal year: October, November, and December, 1994.

This period represents the no-cost Extension #2 requested by IIDF and approved by USAID in the "Modification of Grant". This is the last quarter of the grant and the last quarterly report. The Final Grant Report will be delivered in February.

Your observations, comments, and suggestions are appreciated. We would be happy to answer questions and provide additional information. Thank you very much for your advice and support.

Enclosure:
First Quarter Report

Distribution

DSprague, AID/Kiev - 2 copies
CNorris, AID/Moscow - 2 copies
MWinter, AID/W - 2 copies
SJohnson, CARD/ISU - 1 copy
MDoyle, IDEED - 1 copy
JWalter, New Agribusiness - 1 copy

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

200 East Grand Avenue, Des Moines, Iowa 50309 U.S.A.

Tel: 515-242-4768 Fax: 515-242-4946 E-Mail: /G=R/S=GANNON/@abcp.sprint.com
AGRI BUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

FIRST QUARTER REPORT

U.S. Agribusiness Centers in the NIS
USAID Grant #: CCN-0006-G-00-3127-00
October, November and December, 1994

I. EXECUTIVE SUMMARY

A. New Agribusiness Magazine

The U.S. Agribusiness Center project, which is at the core of New Agribusiness magazine, remained unparalleled at introducing U.S. and NIS agribusinesses. Issue #1 featured 11 U.S. agribusinesses that demonstrated seed, chemical, equipment and feed additives on ABC farm operations. Over 30,000 copies of Issue #1 were distributed in Ukraine, Russia, Kazakhstan and Belarus.

CARD/IIDF, UIAE and Successful Farming/New Agribusiness implemented steps in creating new country-specific trade directories:

U.S. Agribusiness Directory
Ukraine Agribusiness Directory
Russia Agribusiness Directory

The directories will be distributed in the U.S. and NIS. Their purpose is to introduce and facilitate joint ventures, trade and investment between U.S. and NIS agribusinesses.

The quarter saw Issue #2 plans finalized, with printing due next quarter. All but one company advertising in Issue #2 has worked with or is currently working with the ABC project, and that company was recruited by IIDF. Plans for Issue #3 progressed.

B. ABC/White Church

The eight grain storage bins are operational and are being used to store grain. Two VOCA Farmer-to-Farmer technicians completed a successful two-week mission on the bins. Tom Dunn traveled to White Church in December to advance bin and extruder installation. The dryer was ignited and its test was successful. The dryer and bins will receive final approval in February. Extruder start-up is slated for April.

The project's Ukrainian scientific partner, Dr. Peter Sabluk, was appointed Ukraine First Vice Prime Minister for Agriculture. Ukraine Foreign Minister Gennadi Udovenko wrote a second letter in support of the ABC project and its new initiative: U.S./Ukraine Agricultural Marketing, Exports, Extension and Training (U.S./Ukraine AgMEET).

U.S./Ukraine AgMEET, the unsolicited proposal to USAID/Kiev from CARD, IIDF, UIAE and Successful Farming/New Agribusiness, is in the final drafting stages. Former VOCA/Kiev Director Marty Robinson is finishing the final version and budget, while collaborating with and networking the numerous responsible officials.

C. ABC/Stavropol

ABC/Stavropol received 94.4 tons of soybeans as its share of the 1994 crop. To generate immediate income for the ABC, 33 tons will be sold as feed, at \$150-\$200/ton. And 61.4 tons were delivered to a seed station to be tested, bagged, and tagged for seed. Between \$250 and \$300 per ton is the price offered for Stine soybean seed in Stavropol.

The ABC will receive up to \$6,000 as its share from the corn crop contract it had with the private farmers at the YK Farm. The dairy cattle, swine and chicken feed trial results were overwhelmingly conclusive in demonstrating the value of a balanced ration. ABC/Stavropol will not continue with its current partners, and has started talks with Dr. Ludmila Petrova, "Niva" Association Director, who was to have been the original partner.

Three Iowa businesses with Stavropol offices have expressed interest in lease agreements: RAN USA, Inc., Agro Iowa, and AmeriSource. A lessor for extruder #2 will be chosen in the next quarter. Talks are underway with the 3 companies to privatize part or all of the ABC farm activities, while leaving marketing, training and exchange activities with the ABC.

D. CARD/IIDF

Dr. Stanley Johnson, Director of the Center for Agricultural and Rural Development (CARD) at Iowa State University, took over as IIDF Chair, and under direction, IIDF managed the ABC project. Former VOCA/Kiev Director Marty Robinson is drafting the final version and budget for U.S./Ukraine AgMEET.

Tom Dunn, U.S. Co-Manager of ABC/Stavropol, completed his contract at year end and returned to Iowa. ABC/Stavropol staff Sergei Boudzinsky and Paul Seydin continued to represent the American side. In addition, Irina Savchenko, Mr. Dunn's assistant, was hired as ABC/Stavropol Finance Director and Accountant.

This is the last quarter of the grant, and last quarter report. Remaining grant funds were re-programmed, and together with State of Iowa funds, 18 tons of soybean seed were purchased and shipped to ABC/White Church and 18 tons to ABC/Stavropol. Agro Iowa, an international seed broker, registered 3 varieties of Stine soybean seed in Ukraine and 4 in Russia, at a considerable investment.

II. FIRST QUARTER SUMMARY

A. New Agribusiness Magazine

Issue #1

Extensive efforts were undertaken to distribute Issue #1 of New Agribusiness during the quarter. Russian Fermer magazine inserted 10,000 copies in its own issue to be sent to Fermer subscribers. VOCA distributed 5,000 copies; Monsanto - 5,000 copies; Agribusiness Academy in Moscow - 2,000 copies; Russian Association of Cooperatives and Farmers' Organizations (AKKOR) - 1,000 copies; Russian Ministry of Agriculture - 500 copies; ABC/Stavropol and Triple "F"/Insta-Pro - 360 copies; CNFA - 360 copies; Tyler - 180 copies (in Minsk, Belarus); Cargill - 180 copies; and Uniroyal - 180 copies.

Copies of New Agribusiness were distributed at major Russian agricultural trade shows: Siberian Fair - 1,000 copies and Moscow World Food & World Agro - 500 copies. Remaining copies were sent out by request and distributed at conferences, congresses, and meetings. A number of copies were sent to Kazakhstan. Successful Farming and IIDF distributed several hundred copies in Iowa and the Midwest. An update on distribution of Issue #1 was prepared by New Agribusiness Russian Co-editor Valentin Berezin (Attachment 1).

Issue #2

New Agribusiness Issue #2 will be printed in the next quarter. The following U.S. agribusinesses have paid for advertisements: Pioneer Hi-Bred - 2 pages; Triple "F"/Insta-Pro - 2 pages; Shivvers, Conrad American and Sudenga - 1 page; Kinze - 4 pages; Monsanto - 4 pages; R. J. Manufacturing - 1 page; Tyler - 4 pages; Comtek - 1.5 pages; and Uniroyal Chemical - 1 page. All but R.J. Mfg., who was recruited by the IIDF Executive Director, have worked with or are currently working with the ABC project.

Issue #2 will feature a Reader's Survey and Questionnaire. There will be articles on Tyler, Monsanto, VOCA, CNFA, Winrock International, an interview with ABC/Stavropol U.S. Co-Manager Tom Dunn, and other items (Attachment 2). An interview with Mr. Dunn was printed in the Feb., 1995 issue of Successful Farming (Attachment 3).

CARD/IIDF and Successful Farming/New Agribusiness continued to develop plans to create the U.S. Agribusiness Directory. Successful Farming, the largest paid-circulation agricultural publication in the United States, maintains a list of 1,000 U.S. companies that do business with the magazine. Mailings will go to U.S. companies asking for company contact and product information to be used to create the U.S. Agribusiness Directory. The directory will be distributed in the NIS, much as is New Agribusiness. The purpose of the directory is to introduce U.S. companies to NIS companies.

IIDF Executive Director Richard Gannon wrote the article, "List your Agribusiness in New U.S./NIS Trade Directories", to be included in Issue #2 (Attachment 4 in English and Russian). NIS agribusinesses that want to be included in the new trade directories are asked to respond with company contact and product information. Country-specific trade directories are planned: Ukraine Agribusiness Directory, Russia Agribusiness Directory, and others. The purpose of the directories is to give marketing exposure to the firms.

Distribution of Issue #2 will generally follow the pattern of distributing Issue #1. However, Ukraine will receive a much larger number of copies. Future issues will receive extensive distribution by the office of the Ukraine Deputy Prime Minister for Agriculture, Ukraine Minister of Agriculture, Ukrainian Academy of Agricultural Sciences, Ukrainian Institute of Agricultural Economics and the U.S. agribusinesses operating in Ukraine: Pioneer, Kinze, Cargill, Triple "F"/Insta-Pro, Monsanto, Shivvers, Sudenga, Conrad American, and others.

John Deere Division Engineer Richard Hook, at the Des Moines Works, helped IIDF identify and equip the John Deere No-till Drill for ABC/Stavropol in March of 1994. Mr. Hook wrote IIDF for additional copies of New Agribusiness Issue #2 for in-house distribution (Attachment 5). IIDF forwarded his request to Successful Farming Senior Editor and New Agribusiness Co-Editor John Walter. Mr. Walter replied to Mr. Hook, offering to meet to discuss how New Agribusiness can assist John Deere's marketing efforts in the NIS (Attachment 6).

Issue #3

"John Deere Conquers the Caucasus", an article by Stavropol journalist Mikhail Kolbasov, was written following John Deere's participation in the ABC/Stavropol No-Till Seminars in June. The article will appear in Issue #3 (Attachment 7). Other plans for Issue #3 advanced.

Ag Correspondent Offices & Internet Gateways

Successful Farming/New Agribusiness, CARD, IIDF and UIAE are proposing to establish Correspondent Offices with Internet gateways in the U.S./Ukraine AgMEET project. These offices and their purpose will be explained in detail in the final version of U.S./Ukraine AgMEET.

B. ABC/White Church

Ukraine First Vice Prime Minister Dr. Peter Sabluk

A significant change with respect to the ABC project in Ukraine has been the appointment of CARD/IIDF's scientific partner, Dr. Peter Sabluk, to the post of Vice Prime Minister for Agriculture in November by Ukraine President Kuchma. In January, 1995 Dr. Sabluk was further promoted to the position of First Vice Prime Minister for Agro-industrial complex. There are only three First Vice Prime Ministers, the other two oversee economic reform and national security. Dr. Sabluk retained the directorship of the Ukrainian Institute of Agricultural Economics (UIAE) and continues to be actively involved in the ABC project and U.S./Ukraine AgMEET.

His appointment will serve to promote the ABC concept in the process of restructuring Ukrainian agribusiness. The pace of agricultural reform in Ukraine has been slower than in Russia, owing in part to a low degree of government support for private and privatizing agribusiness enterprises. Appointment of progressively-thinking officials like Dr. Sabluk to agricultural posts will expedite policy reform in transforming Ukraine's agriculture, food security and food distribution.

According to Dr. Sabluk, private farmers and gardeners accounted for 40% of Ukraine's agricultural production in 1994. Yet private producers own only 5.6 million hectares, out of a total of 41.9 million hectares of farmland in the country (69.4 % of the country's total area). Therefore, private farmers accounted for 40% of production, while holding only 13% of the land. This fact alone illustrates the potential of private Ukrainian agriculture and emphasizes the need for fast reform to achieve modern productivity. The government of President Kuchma has stated repeatedly that market-oriented reforms in the agro-industrial sector will be a top priority in the 1995 economic plan.

Ukraine Foreign Minister Gennadi Udovenko

As sign of Ukraine's commitment to agriculture, Ukraine Foreign Minister Gennadi Udovenko wrote a second letter in support of the ABC project and its new initiative (Attachment 8 in Ukrainian, with English translation).

Minister Udovenko, a former farm director from near White Church, outlines some of his own issues in his letter, that he finds necessary for the project to address. The letter from Minister Udovenko was sent on his own initiative and addressed to Dr. Sabluk.

U.S./Ukraine AgMEET

Following the foreign minister's letter, Dr. Sabluk wrote USAID/Kiev Deputy Director David Sprague to ask USAID/Kiev to review and consider funding the new project (Attachment 9). Dr. Sabluk outlined the timeliness of the project: U.S./Ukraine Agricultural Marketing, Exports, Extension and Training (U.S./Ukraine AgMEET). Dr. Sabluk has assigned Dr. Victor Boyko and Dr. Vasily Shlapak to be the AgMEET project coordinators for UIAE (Attachment 10).

U.S./Ukraine AgMEET is an unsolicited proposal to USAID/Kiev from CARD, IIDF, UIAE, and Successful Farming/New Agribusiness. Mr. Walter wrote a letter to USAID/Kiev Director Greg Hugher to explain the resources at his disposal to involve the U.S. private sector in the project (Attachment 11). The Future Farmers of America (FFA) will assist with project implementation.

The final version and budget are being drafted by former VOCA/Kiev Director Marty Robinson. Mr. Robinson has spent a considerable amount of time in networking with those responsible, in order to tailor the project to meet present and future needs. The unsolicited proposal will be presented to USAID/Kiev soon.

Crops In White Church Region

It was a difficult year for Ukraine agriculture in general. Drought and low rainfall caused the lowest crop harvest in years. The yields on 3,000 hectares of soybean fields in the immediate vicinity of White Church were much lower than average, at 8 centaurs per hectare. The corn crop was also badly damaged by dry weather, yielding 30 centaurs per hectare, which is over 20 centaurs below average. The White Church area harvested below average yields for two years in a row.

VOCA Farmer-to-Farmer to ABC/White Church

Two VOCA grain bin specialists, Estle Cook and Charles Tenholder, traveled to ABC/White Church in October, 1994 to work on the Shivers grain bins. Mr. Dunn prepared their scope of work, after his visit to ABC/White Church in August (Attachment 12). In Ukraine, Mr. Cook and Mr. Tenholder received the utmost cooperation and assistance from VOCA/Ukraine Director Ted Gashler and the VOCA office staff, without which, the mission could not have succeeded.

On October 4, Mr. Cook and Mr. Tenholder arrived at the ABC/White Church bin site. Their mission was to: 1) wire and change the burners in the two dryers; 2) install all sensors in the drying bin and hook-up all components; and 3) wire the grain spreaders in the six storage bins. Two days before they were to depart Ukraine and with their mission nearly completed, they ran out of wire. The ROSS feedmill could not obtain the needed quantity of wire in time. Wire was needed to link the main breaker and the control box of the bins. Three spreaders on the south bins also needed wire.

When it became obvious that wire would not be obtained before their departure, Mr. Cook and Mr. Tenholder proceeded to instruct the Ukrainian crew on how to finish wiring the bins. They gave detailed instructions on: all operations of the drying system, lighting the burners, taking samples of grain being dried, and other procedures.

In their trip reports, Mr. Cook and Mr. Tenholder advised that a grain probe and moisture tester were needed (Attachment 13). These instruments were delivered to ABC/White Church by Mr. Dunn in December, as detailed below. The specialists praised

the working abilities and commitment of the Ukrainian crew, who worked with them. They were satisfied with the ability of the ROSS interpreter, especially his command of technical terms.

USAID funds were used to pay only for Mr. Tenholder's round trip ticket to Ukraine. All other costs were covered by VOCA, IIDF and ROSS. The wiring work on the bins was finished in early November. Natural gas was hooked up at the same time, and dryer start-up was approved, after the site passed a safety inspection later in the quarter.

Tom Dunn's Mission to ABC/White Church

In December, Mr. Dunn and ABC/Stavropol Technical Director Sergei Boudzinsky traveled to ABC/White Church to continue work on the bins and extruders. They were scheduled to take a direct flight from Stavropol to Kiev on December 13, and come back by train at the end of the week. The flight left twice a month and their trip was planned around it. However, that flight on December 13 was canceled, probably owing to escalating hostilities in neighboring Chechnya. They left for Moscow the following day, where Mr. Dunn obtained a Russian visa to re-enter the country on the way back from Ukraine.

Mr. Dunn and Mr. Boudzinsky arrived in Kiev on December 15, and were in White Church the following day. They met with ROSS Executive Director Yuri Louzan and Head of International Department Gennadi Polotchaninov. After the meeting they proceeded to inspect the bins and the extruders.

In fine-tuning the operation, Mr. Dunn identified the following technical tasks that needed to be completed: 1) grain high-temperature probes were installed to the side, not in their proper position, centered 10 inches above the floor; 2) hook-up for high-temperature on the gear box would shut down just one fan, not both, which could result in a fire; 3) the outside wear track was improperly positioned; 4) roof augers were not wired up and were aligned incorrectly. Mr. Dunn also checked on the storage conditions of the Insta-Pro equipment and found it satisfactory.

Following their departure, ROSS technicians finished many of the required tasks on the bins and conducted test runs of the whole system. Mr. Dunn will return to White Church in February to supervise the completion of the grain bin assembly and start the dryer. He will ready the bins for continuous operation and give final instructions to ROSS service personnel on operating the computer control system. His trip will be paid for by VOCA and State of Iowa appropriations.

Despite the fact that the grain bins at ABC/White Church became operational later than in Stavropol, ROSS had the advantage of capitalizing on the experience of the Stavropol farms. Prior to Mr. Dunn's trip to White Church in February, 1995, ROSS technicians, who will be servicing the bins, will travel to Stavropol to meet with the Russian bin operators. The purpose of the trip is to ensure that ABC/White Church bin operators do not repeat the mistakes of their Stavropol colleagues.

Import Duties Lifted

In October, the Ukrainian Customs Committee in Kiev attempted to impose import duties on the container with Insta-Pro extruders, which had arrived in White Church in July, 1994. The original shipping documents stated that the container in question was part of humanitarian aid project and the customs office in White Church had no problems clearing it upon arrival.

ABC/White Church Manager and ROSS feedmill manager Anatoly Nikiforenko went to Kiev and discussed the situation with the responsible customs officer. According to that officer, the customs duties on the container approached \$20,000, although the equipment inside the container fell within the category of import duty-free. Mr. Nikiforenko advised the officer of the duty free nature of the shipment. After some deliberation, the officer agreed to remove the customs duties, but requested a letter from IIDF, the U.S. exporter.

Mr. Nikiforenko and ROSS International Manager Gennadi Polotcharinov immediately contacted IIDF, and the requested letter was sent that day (Attachment 14). When the customs officer was presented with IIDF's letter, the situation was resolved.

IIDF would like to commend Mr. Nikiforenko's initiative and actions in that situation. By comparison, the ABC/Stavropol Russian participants have remained inert for almost a year in a similar situation. It also proved effective to have one ABC/White Church Manager, Mr. Nikiforenko, instead of two Co-Managers. IIDF recalled the U.S. Co-Manager, David Wampler, in July of 1994 upon the expiration of his contract, and agreed to promote Mr. Nikiforenko from Co-Manager to Manager for one chief reason: to avoid duplicity in management which led to poor overall management, because supervisory responsibilities overlapped too much.

It was possible in the case of ABC/White Church because Mr. Nikiforenko is fully capable of taking independent and responsible management decisions. It was not an option for ABC/Stavropol because Mr. Dunn's Russian counterpart was incapable of leading the project, and field operations would have been counter-productive without Mr. Dunn.

Stine Soybean Seed to ABC/White Church

In November, IIDF discussed 1995 planting preparations with ROSS. In preparation for starting up the Insta-Pro oilseed processing equipment, ROSS was concerned about the lack of superior varieties of soybean seed. According to ROSS, seeds of better varieties, such as Stine, coupled with increased soybean processing capability of ABC/White Church, would be a strong enough argument to convince area farms to plant more soybeans. IIDF considered ROSS' request for soybeans and decided that it was justified.

In November and December, IIDF negotiated the purchase of 800 fifty-pound bags of soybean seed from Stine Seed Company at a substantial discount. Arrangements were made to load a 40' container with the seed at Osage, Iowa, and ship it to the Ukrainian Black Sea port of Ilichevsk, as reported in The Des Moines Register (Attachment 15).

The container is scheduled to depart Iowa in February. ROSS will send one of its trucks to Ilichevsk to pick up the seed and deliver it to White Church. ROSS will pick up the costs of delivering the seed from Ilichevsk to White Church. Estimated time of arrival in White Church is middle March.

Once the seed arrives in White Church, IIDF will purchase planting chemicals from the Monsanto company in Ukraine. The quantity of seed that is being shipped, 18 tons, is enough to plant up to 350 hectares of land. Agro Iowa, a private company working with the project, will send their own specialist to advise planting procedures. ROSS expressed willingness to follow U.S. planting instructions, and requested that detailed instructions be given on how to best utilize these superior-quality soybean seeds.

Oilseed Processing Equipment

ROSS completely remodeled the building where the Insta-Pro extruders are placed. Concrete pads were poured inside the building and all equipment is arranged to form a processing line, as outlined in Insta-Pro blueprints. The blueprints were created by Insta-Pro engineer Frank Darcy, based on building dimensions from ROSS (Attachment 16).

Based on the 1994 soybean yields of 8 centaus per hectare on 3,000 hectares around White Church, approximately 2,000 tons of soybeans could be available for processing, while the remaining 400 tons would be used for seed.

Based on design capacities of the two 2500 Extruders, three 1500 Expellers, and two 900 Coolers being readied for start-up at ABC/White Church, the hourly processing capacity of the line should be approximately 2.2 tons/hour. According to Tom Welby and John Doud of Triple "F", the realistic capacity of the extruder line is around 80%. Based on an 8-hour work shift, the processing capacity of the extruder line can be expected to be approximately 13.2 tons.

The oilseed processing line is expected to have about 240 working days in a year. At 13.2 tons/day, this would be 3,168 tons of soybeans that ABC/White Church can process per year. Charles Porter of Triple "F"/Insta-Pro will travel to White Church in late January to supervise further installation procedures for the line.

Conclusion

The ABC/White Church storage bins are currently operational and are being used to store grain. The dryer bin will be completed next quarter in February by Mr. Dunn. Mr. Dunn will also advance the extruder installation. Chuck Porter, the extruder manufacturer expert, will arrive in White Church in late January for several days to advise and assist ROSS. Two more trips will be planned before extruder start-up, slated in April.

A 40' container of Stine soybeans seed will leave Iowa for White Church in February. The project was instrumental in getting Agro Iowa, an Iowa company, to look at Ukraine. Agro Iowa has since registered three varieties of Stine soybeans in Ukraine, a task requiring substantial investment. The project has worked to involve others in the potential trade opportunities presented by ABC/White Church (Attachment 17).

IIDF reached a new level of cooperation with ROSS, as ROSS regained interest. Frequent communications were made possible by IIDF Finance Director Andrei Koudraivtsev's fluency in Russian. ROSS is anxious to get the bin/extruder operation running. Dr. Sabluk has stated that he will appropriate government funds to the project. This Spring, ABC/White Church will start to reap the rewards of patience and doing the job right the first time.

C. ABC/Stavropol

Division of Crops

A challenging part of the ABC/Stavropol project this quarter was negotiating contracts with the Chapaev and Egorlyk farms, for a fair division of 1994 crops between the farms and ABC/Stavropol. This challenge was compounded by the fact that there was absolutely no cooperation on the part of ABC/Stavropol Russian management. Russian Co-Manager, Mr. Khvorostyanov, and his assistant, Mr. Bessonov, actively worked to thwart American efforts to reach a fair agreement with the farms.

An agreement with the farms was reached, nonetheless. The services of a capable young Russian lawyer were employed to ensure that all provisions of Russian law were included in the contracts. The contracts for both farms were almost identical and gave 100% of both the 1993 corn and soybean crops plus 100% of the 1994 corn crop to the farms while giving 100% of the 1994 soybean crop to ABC/Stavropol (Attachment 18).

1994 Final Crop Report

The past year was a very difficult year for Stavropol agriculture due to severe drought. Crops sustained heavy damage from lack of precipitation as early as planting. Moisture was excessive, however, in November and December which greatly complicated harvesting and drying. The equilibrium moisture of the ambient conditions precluded natural drying.

Egorlyk Farm planted corn on 144 hectares of irrigated land. The corn crop was 284.3 tons, or an average yield of 19.7 centaus per hectare. Soybeans were planted on 190 hectares. The average soybean yield was 1.8 centaus per hectare. Of the 33 tons of soybeans harvested by Egorlyk Farm, 17 tons were in a good condition at about 19% moisture, while 16 tons harvested in early December were at 27% moisture. By the end of December, their moisture increased 32%.

Chapaev Farm harvested 61.4 tons of soybeans, 19.2 tons of Stine 2250 and 42.2 tons of Stine 3210. Chapaev soybeans were tested for moisture and germination in November and then again in December. As of November 15, Stine 2250 was at 19% moisture and 86% germination; Stine 3210 was at 15.6% moisture and 91% germination. On December 28, Stine 2250 was at 22.3% moisture and 81% germination; Stine 3210 was at 19% moisture and 91% germination.

Egorlyk Farm soybeans are of a lower quality and they will be sold for animal feed. Chapaev Farm soybeans increased in moisture content following harvest. Nevertheless, they are suitable for use as seed. The 1994 ABC/Stavropol soybean crop, grown with Stine varieties, was higher in terms of quantity and quality compared to soybeans produced with Russian varieties by other farms.

Preparations for Soybean Seed Bagging and Tagging

In October and early November, Mr. Dunn's attention was focused on locating a suitable facility to receive, store, clean, bag, and warehouse the seed beans being grown on the Chapaev and Egorlyk farms. Transportation problems hampered his effort. First, Chechnya cut off Stavropol's supply of gasoline. Second, the inability of the Russian partners to complete the repair work on the Niva, the U.S. Co-Manager's car, or even secure the parts necessary for that work, left Mr. Dunn without transportation until he personally obtained the needed parts, straightened the rear axle, replaced the rear axle bearings, brakes, and various other items on the Niva. Marginally reliable transportation was secured.

Victor Popov from the Stavropol Scientific Research Institute of Agriculture assisted Mr. Dunn in locating a seed station facility at Donskoye. Mr. Popov provided transportation for Mr. Dunn to the station to inspect the facility and Mr. Dunn began negotiations for a contract. This seed station, "Trunovskaya", was superior to all the others considered.

First, it was located almost exactly half way between the two ABC/Stavropol seed-producing farms and just 45 minutes north of Stavropol City on a good road. Second, it was a relatively new facility with quality seed cleaning machinery in good condition. It had ample storage both for bulk seed, which was to be delivered to the station, and the bagged seed to be marketed. And, finally, the manager of the station was a reasonable person and it was possible to work out a mutually-acceptable contract (Attachment 19).

U.S. Soybean Seed Varieties

Sufficient crop production experience has been accumulated by ABC/Stavropol over the past several years to draw definite conclusions regarding the adaptability of specific soybean varieties to Stavropol's growing conditions. According to the collected data, the best results in soybean production on the territory of Stavropol krai are generated by varieties of the 0 and 1 groups, and in certain cases of the 2 group. In Krasnodar krai, it is possible to use varieties of the 0 and 1 groups, as well as later 2 and 3 groups.

The most important pre-condition for producing a high-yield soybean crop in Stavropol krai is early planting (early to mid-May), using proper no-till technology. During dry seasons, which are fairly frequent, early planting helps retain more moisture in the soil during the period of early vegetation, which guarantees a good crop stand.

Another factor to keep in mind is the existence in Stavropol of several climatic zones. For example, Egorlyk and Chapaev Farms are located 40 miles apart, but the climatic conditions on their respective fields show noticeable differences.

Conclusions regarding optimal conditions for soybean production in Stavropol have been corroborated by the experience of Instek Co., the official representative of the Monsanto Group in the North Caucasus region. Soybean varieties Stine 1480 and Stine 0450, which had been planted by ABC/Stavropol in 1993, were also tested on the fields of Instek, on land leased from the Stavropol Scientific Research Institute of Agriculture. By mutual consent, the best variety was determined to be Stine 1480.

Average yields with Stine soybean genetics were 32 centaurs per hectare, which is significantly higher than what Russian genetics are capable of producing. The results of employing U.S. soybean seed genetics are conclusive, and introduction of high-yield U.S. seed varieties should spearhead the effort of creating in Russia a market for U.S. soybeans and the agricultural inputs needed to produce and process the beans. In 1994, Stavropol farms jointly planted approximately 2,500 hectares of soybeans. The farms will increase soybean acreage once large-scale processing facilities are in place.

ABC/Stavropol Soybean Marketing for Seed and Feed

ABC/Stavropol is discussing privatizing parts or all of the ABC activities. Those with whom discussions are ongoing include Agro Iowa Group, RAAN USA Inc., and AmeriSource, Inc.

At present, companies working with ABC/Stavropol are considering two options for marketing soybeans. The first one is likely to produce faster returns on invested capital and centers around the sale of soybeans to Central and Western Europe for processing. Cheaper land and labor in Russia create a significant profit margin when selling to Western Europe, provided the soybeans are of a good quality. Several proposals have been received by ABC/Stavropol regarding this marketing option. In fact, Monsanto succeeded in growing soybeans for export from Russia by providing the necessary chemicals and soybean growing technology.

The Monsanto experience can be utilized by those private companies working with ABC/Stavropol for the purposes of their own European marketing operation. W. J. Export-Import, Inc., a U.S.-based company with whom the project is in contact, serves as a connecting link between producers in Russia and buyers in Europe. Monsanto is ready to accept guarantees from W. J. Export-Import and negotiate a cooperation agreement.

Even considering the debt-ridden financial condition of most farms and the fact that it is not easy to sell soybean seed of Russian varieties at \$170 per ton, ABC/Stavropol staff believes there is a group of buyers who would pay \$250-\$300 per ton for soybean seed of superior quality. W. J. Export-Import would guarantee to buy the soybean crop from the farms that buy high-quality seed. Seed buyers can be presented with flexible options of paying for the seed. For example, pre-paying 30% of the seed and paying for the other 70% following the sale of the soybean crop in Europe.

The second option is more time-consuming, since it involves the creation of a soybean market in the North Caucasus, which includes Stavropol krai. At present, there is not enough soybean processing capability in the region. Sales of Insta-Pro extruders would create a demand for soybeans. In 1994, soybeans in Stavropol krai were grown on a total area of 2,500 hectares. Farms are ready to grow soybeans on a larger scale if a market is guaranteed. Insta-Pro marketing efforts in Stavropol are expected to yield tangible results this year. Insta-Pro has made sales to other regions of Russia, while using their Stavropol-based agent, a former ABC/Stavropol staffer. And ABC/Stavropol can take much credit for promoting and marketing the idea of soybean extrusion.

In case some of the harvested soybeans, for whatever reason, lack the necessary quality to be used as seed, which happened this year to part of the soybean crop, they can be sold as feed. Some calculations indicate that it could even be profitable to grow soybeans for silage. Plans for the 1995 planting include the private YK farmers that we successfully worked with in 1994, and hopefully other similar private farmers to grow soybeans on contract, whether it be for ABC/Stavropol or those companies working with the project.

ABC/Stavropol staff have conducted a search for new potential partners for contract soybean production, since current partners, Chapaev and Egorlyk farms, do not offer the cooperation necessary to succeed with the project. New candidates that were proposed include Rodina farm in Apanasenkovski raion (it has 10,000 hectares of irrigated land), Lenin farm in Novoselitski raion, and Beshpagir farm in Grachovski raion. Each farm is ready to contribute up to 1,000 hectares to the project. However, the "Niva" Association, built around the Stavropol Scientific Research Institute of Agriculture, headed by respected and visionary Dr. Ludmila Petrova, is the most likely to replace Chapaev and Egorlyk farms for the ABC/Stavropol production side.

Selection Of Candidates To Lease Extruders

ABC/Stavropol staff continued their search for suitable extruder lessor candidates. Among factors taken into consideration are capital investment, location, ownership type, experience, proximity to consumers/distribution, and availability of easy access to transportation routes. A suggested agribusiness is Ozyornoye Ltd., a private partnership created by a former collective farm and five entrepreneurs.

Ozyornoye is located 20 miles south-west of city of Stavropol, in the town of Nadzornoe, Kochubeevski raion. Nadzornoe is situated on the Kuban River, which forms a natural boundary between Stavropol and Krasnodar krais. Ozyornoye has warehouses, a

lumber mill, and is now building a sausage meat plant and vegetable oil production facilities. A vacant building is available, as well as storage tanks, vertical and horizontal augers, all of which seem to be kept in very good condition. Ozyornoye is willing to cover equipment transportation and installation expenses, and provide oilseeds for processing. The road to Ozyornoye is asphalt, and the proximity of the facility to Stavropol city will make it easy to exercise management control over the operation.

In general, Kochubeevski raion of Stavropol krai has a strong oilseed production base, and has experience in processing oilseeds. Oil meal is in high demand, while vegetable oil itself has traditionally been in demand in other regions of Russia.

Another candidate for extruder #2 is the "Niva" Association, led by Dr. Petrova, as previously described. Other candidates to become lessors of the Insta-Pro extruders are 3 small Iowa agribusinesses that have an interest in Stavropol. The first one is Russian/American Agriculture Network (RAAN). RAAN has been operating in Moscow and Stavropol for several years now. Its mission is to become a profitable food production and agricultural supply business in Russia, produce wholesome packaged food products for the Russian market from crops produced by Russian farmers, and provide quality agricultural supplies and equipment to the Russian farmer. To better achieve its goals, RAAN has formed a new wholly-owned subsidiary in Russia known as A/O RAAN USA, Inc. (A/O is the Russian abbreviation for a joint stock company).

RAAN has cooperated with IIDF in the past, most notably, by renting ABC grain bins at Chapaev Farm to store its 1993 popcorn crop. RAAN's President, Charles Borden, is very enthusiastic about the future of the Russian food market and believes that carefully selected Russian managers should have the primary responsibility for his company's business operations in Russia. RAAN publishes a newsletter, RAAN News, intended to highlight the progress of the company and attract new investors.

The second small business from Iowa is Agro Iowa and its Russian subsidiary Agro Russia. This company was created by David Hemminger, an experienced seed broker from Iowa. He traveled to Stavropol twice in 1994 and found local conditions favorable for entry into the Russian agricultural market. For Stavropol, Mr. Hemminger envisions a project consisting of three Farm Units. A Farm Unit size will be defined by the number of farmers cooperating, the hectares available, but most importantly, it will be designed to most efficiently use the inputs provided, purchased, or leased. In Stavropol, the farms will produce a mix of wheat, corn, sunflowers, and soybeans.

It is anticipated that a Farm Unit might have up to 2,500 hectares. Since no private farmer owns this amount of land, the optimal farming size will be attained through leasing and custom farming. Currently, IIDF is assisting Agro Iowa in its negotiations with the Stavropol krai Administration to receive permission to lease the necessary amount of irrigated land. If such permission is given and Agro Iowa is able to raise investment capital, IIDF will consider leasing one extruding line to the company. Mr. Hemminger has indicated strong interest to lease ABC bins and planting equipment for a Farm Unit.

Private Farm Contract

YK Farm, an association of 12 independent private farmers, was first reported on in the Third Quarter Report. They are all professional farmers, and six of them have college degrees in agricultural sciences. They own nearly 700 hectares of land on which they plant winter wheat and corn.

In 1994, YK Farm offered to cooperate with ABC/Stavropol in growing corn. The two sides signed a contract to plant 100 hectares of corn. ICI corn was planted on 70 hectares and sweet corn was planted on 30 hectares. ABC/Stavropol paid for fertilizers and herbicide (Harness) and also provided the planting equipment (Broyhill sprayer and Kinze planter). The YK Farm provided land, labor, fuel and other machinery. The contract stipulated that the YK Farm was to receive 75% of the harvest and ABC/Stavropol 25%.

The corn was planted in the second half of May. Later, the YK farmers asked the ABC to replant ICI corn on a 50 hectare field, which had been planted with Russian corn. That planting was completed by June 10, 1994. Like other crops in Stavropol in 1994, the YK crops suffered from lack of precipitation. A total of 105 tons of corn were harvested at 32% moisture. The greater part of this corn was harvested from the 70 hectare field because the yield of sweet corn was very poor and the corn from the later 50 hectare field was almost completely destroyed by cut worm, rodents and pests.

The overall corn yield was 15 centares per hectare. This yield was still better than what the surrounding big farms managed to get from their fields. The YK corn will be dried at an elevator, not the Egorlyk bins, because the YK farm managed to secure a favorable barter deal: 25 liters of diesel fuel in exchange for drying 1 ton of corn. It is expected that ABC/Stavropol will receive up to \$6,000 from the YK private farm contract.

The YK farmers can hardly be blamed for poor crops. They followed all instructions given by Mr. Dunn, but the weather in 1994 was unusually harsh on all crops. The farm has stated repeatedly that they want to continue cooperation with ABC/Stavropol next year, planting more hectares in soybeans as well as corn.

Feed Trial Results

The no-cost Extension #2 granted to IIDF by USAID allowed ABC/Stavropol to conclude feeding trials aimed at demonstrating the importance and value of balanced feed rations (Attachment 20). The feeding trials were staged jointly with Triple "F" Nutrition, the animal feed division of Triple "F", Inc. Triple "F" donated the necessary feed premixes for the trials, which were shipped to Stavropol in March, 1994, together with the Insta-Pro extruding and oil expelling equipment. The cost of staging the trials was shared by Triple "F" and IIDF, with each side contributing \$3,000.

1. Broiler Chicken Feed Trials

The feed trials for broiler chickens were held on June 16 - August 16, 1994 at the Bogoslovskoye joint stock farm in Kochubeyevsky raion of Stavropol krai. That farm specializes in raising broiler chickens and was picked by Triple "F" representative and former ABC/Stavropol staffer Gregory Komnik.

The farm followed standard procedures to ensure accuracy of the trial. The control group of 650 chickens (50 cages with 13 birds each) received 1% of Russian feed premix in their rations. The test group of 650 chickens (50 cages with 13 birds each) was held in a separate building and received 0.3% of Triple "F" feed premix in their rations. Except for premix content, the exact same conditions were maintained for both groups.

Ration formulas, weight increases and other trial information were recorded for both groups. Meat of the slaughtered birds from both groups was put through chemical tests following completion of the trials.

Results of the 60-day trials enabled farm research personnel to conclude that using Triple "F" feed premixes in chicken rations results in:

- 16.1% weight increase by the end of the feeding period
- 16.9% average daily weight increase
- 10.3% decrease in the cost of producing one unit (chicken)
- increasing the output of drawn carcass to 12.1%
- lowering mortality rate to 1.2%
- Rbl 53,000 worth of additional product from using 1kg of the premix.

2. Swine Feed Trials

Results of using Triple "F" feed premixes and soybean meal in swine feed rations can be summarized as follows:

- increase in average daily weight by 15.5%
- 18% reduction in expenses on other protein additives
- 3.67% higher slaughter weight
- no significant difference in chemical composition of the meat from control and test groups
- using 1 kg of the premix allows to produce additional Rbl 27,000 worth of meat (with pork price at that time Rbl 1,300/kg).

3. Livestock Feed Trials

Livestock trials were held from June 14 to October 11, 1994 at the Kolos livestock breeding farm. Following Triple "F" instructions, 28 grams of the premix were added to 1 kg of feed in the test group. Animals in the control group received rations standard for that time of year. Both groups were comprised of 50 cows.

Inclusion of Triple "F" feed premix in livestock rations accounted for the following results:

- 8.7% increase in milk protein content
- using 3.8% less raw protein in the rations
- 1 kg of the premix allows to produce an additional Rbl 4,820 worth of milk (with milk prices at Rbl 150/kg).

Stine Soybean Seed for ABC/Stavropol

In December, IIDF negotiated a deal with the Stine Seed Company to purchase 750 fifty-pound bags of soybean seed for the 1995 planting in Stavropol. This quantity of seed is sufficient to plant 300 hectares of land, according to Stine's Bill Belzner. Stine now has a NIS agent, due to the ABC project - Agro Iowa.

Agro Iowa will advise IIDF and ABC/Stavropol about how, where, and with whom to plant the seed. There will be no seed given to the Egorlyk and Chapaev farms, as the farms do not figure in any future ABC work plans. However, ABC/Stavropol will continue to demand a fair processing fee from the grain drying and storage facilities located at both farms.

To achieve the greatest impact, the seed could be contracted for planting to the agribusiness entity which will lease one of the Insta-Pro oilseed processing lines, if that entity has the capacity to grow crops. It would also serve the purpose of the whole project to connect the planting contract of the seed with its subsequent marketing. The final

decision will have to be made no later than mid-March to allow sufficient time to move the seed to the planting location and obtain the necessary quantity of chemicals to use during planting.

New Parts for Shivers Bin

As previously reported, the dryer bin at the Egorlyk farm had been damaged by an explosion in late 1993. Following IIDF-led negotiations between Shivers, the dryer manufacturer, and Egorlyk, the cost of replacing the dryer bin had been equally divided among the three parties. A contract to that effect had been signed in April, 1994 and a container with required replacement parts was shipped soon afterwards.

After Mr. Dunn returned to Stavropol for the project in August, 1994, he supervised installation of the replacement parts and conducted test runs of the dryer. He determined that damage to several components of the dryer had not been assessed to full extent and that some parts were missing from the shipment.

Additionally, there were some oversights on the part of Shivers when the order was made. For instance, there are two continuous flow augers coming out of this bin (one to the north and one to the south). The shipment omitted all of the parts needed for the second continuous flow auger. Additionally, some parts had been destroyed in the explosion but never reported to anyone. The farm used spare parts and cannibalized from other bins without Mr. Dunn's knowledge or permission.

Stavropol Customs

ABC/Stavropol had difficulties in 1994 releasing containers with equipment from customs without paying import duties on those aid shipments. Lt. Governor Shiyarov assured Mr. Dunn that the Russian side would take care of all the responsibilities for clearing customs.

The replacement grain bin and drying system arrived in Stavropol on September 28, 1994. Russian Co-Manager's assistant, Mr. Bessonov, delayed, on purpose it seemed, the container clearing customs until October 17, 1994. In spite of this, on November 7, the installation was completed, a testimony to Mr. Dunn's initiative, drive and expertise.

ABC/Stavropol staffers Paul Syedin and Sergei Boudzinski discussed the situation with the Stavropol deputy chief of customs. The official advised that the Russian Government Humanitarian Aid Committee in Moscow had a list of all shipments classified as humanitarian aid. In cases when the shipment is labeled "humanitarian aid", but is not specifically included in the aforementioned list, the Humanitarian Aid Committee has to make a ruling.

The deputy chief of customs did not have contact information for the Committee. He said that to the best of his knowledge, most rulings of the Committee were against classifying disputed shipments as "humanitarian aid". If a shipment is not granted "humanitarian aid" status, a 23% VAT is levied on it. With the help of the Stavropol government, the situation was resolved to ABC/Stavropol satisfaction.

High VAT tax may be avoided if the decision is made to reorganize ABC/Stavropol. If ABC/Stavropol is re-registered as a joint venture joint stock company or a limited partnership, all shipments of agricultural inputs could be classified as contributions of the American side. In that case, import duties will be 0.1% of the cost of the cargo.

New Shipping Route to Stavropol

In the course of selecting a shipping company to deliver the 40' container with Stine soybean seed and Shivers dryer parts to Stavropol, IIDF re-evaluated its existing shipping routes. The former Soviet Union (FSU) is a rapidly-changing environment and periodic adjustments have to be made to meet those changes.

All containers shipped to Russia and Ukraine by IIDF or with IIDF's participation since the beginning of 1994 have gone through the port of Riga, Latvia and were then taken by truck to their final destination in Ukraine and Stavropol. At that time, Riga was considered to be the safest gateway for shipments to the European part of the FSU.

Riga itself remains one of the safest and most efficient ports in the FSU, but IIDF was advised by prospective shippers of the difficulty of assuring safe delivery of the container to Stavropol by truck, considering the distance between the two cities. Even when the shipper was willing to provide freight insurance for trucking within Russia, delivery to Stavropol was a high risk.

Taking into account the importance of this container, IIDF decided to look for Black Sea ports situated in close proximity to Stavropol. The first and obvious choice was Novorossiysk, which is located approximately 350 miles from Stavropol City, in the neighboring Krasnodar Krai. Another suggestion was the port of Ilichevsk in Ukraine. Delivery routes of shipping companies and port capabilities to unload 40' containers were considered in port selection. Novorossiysk was the final choice.

Requests for U.S. Seed, Equipment, Technology and Services

ABC/Stavropol assisted in establishing a distributorship for Clean Burn, a company that advertised in the inaugural issue of New Agribusiness. Clean Burn manufactures boilers and furnaces that operate on virtually any type of used oil and lubrication fluid, which have been drained from gear boxes, transmission boxes, hydraulic mechanisms, and the like. Clean Burn effectively utilizes otherwise unusable and potentially polluting post-products to generate heat, make steam and boil water. This technology has been invented in the USA in 1979, and was quickly embraced by farmers.

Clean Burn started exporting one year ago and already has clients in Canada, Russia, China, Poland and Japan. The offer from Stavropol came from Alexander Korobkin, an agribusiness owner and official representative of Monsanto in Southern Russia.

Mr. Korobkin offered to become the official distributor of Clean Burn furnaces and boilers in that region. He first learned of Clean Burn products from the copy of New Agribusiness sent to him by ABC/Stavropol. IIDF helped direct Mr. Korobkin's request to Clean Burn and provided additional information regarding Stavropol's conditions.

Mr. Korobkin was looking for a furnace that could heat a 3,300 sq. foot barn. Clean Burn suggested a single model CB-90-AHI or CB-90-BHI furnace, depending on outdoor temperatures, building construction, insulation and desired indoor temperature.

In December, Mr. Gannon was contacted by David Kloostra, Marketing Director of Elite Genetics. This company, located in Waukon, Iowa, is the largest sheep ovine reproduction technology company in the United States. Mr. Kloostra believes that his company can cooperate effectively with Russian and Ukrainian sheep producers.

Of particular interest to Elite Genetics is the All-Russian Research Institute for Sheep and Goat Breeding (VNIIOK), located in Stavropol. VNIIOK, the result of a merger of the European and Asian Sheep Institute, has been called the premier sheep institute in the FSU. The leading farm for VNIIOK, Temnolessky, is located 23 miles outside Stavropol City.

Mr. Kloostra envisions the creation of a joint Russian-American school of ovine genetics on the basis of VNIIOK and Stavropol sheep farms. A combined audience of sheep producers and leading Russian professors in that field could learn the most from Elite Genetics techniques and then perform the critical education process as well.

New E-Mail Carrier

To make ABC/Stavropol more accessible to Internet users, who constitute the majority of e-mail subscribers, SprintMail connection was dropped in favor of Relcom, a Russian version of Internet. Another advantage of Relcom is that it is significantly cheaper than SprintMail. Above all, ABC/Stavropol is now responsible for paying its own e-mail bill.

Relcom has a server in Pyatigorsk, south of Stavropol City. That server is also used by the Stavropol krai administration international department, Columbus Center and others. The switch to Relcom increased communication capabilities of ABC/Stavropol, since transmissions via Relcom go at 9600 baud rate compared to 2400 baud via Sprint.

However, the modem in ABC/Stavropol office, MultiTech Multi Modem V32, is old and not as fast as new modem models. Coupled with unreliability of Russian telephone lines, it leads to long waits for connection and lower connection quality. Despite all that, e-mail remains the most stable and reliable means of transmitting text messages available to the project participants.

Future of ABC/Stavropol

The end of the current USAID grant marks a new phase in the development of ABC/Stavropol. It means that substantial funding from the U.S. side is exhausted. It also means that now is the time to analyze the results of the past three years and plan the future of the project utilizing the accumulated positive and negative experiences.

The project met with success in some areas but failed to achieve the set goals in others. It is certainly true that as much could be learned from achievements as from mistakes. The ABC/Stavropol project was overwhelmingly successful in creating an entry point to Stavropol and the whole North Caucasus region for private companies, especially small businesses lacking funds to conduct market research, feasibility studies and launch test programs for their business endeavors. In fact, so much was learned from operating in Russia, that Iowa and other Midwest companies routinely call the IIDF office in Des Moines to clarify an information point or get an opinion on issues ranging from Russian legal regulations and commodity prices to shipping routes.

The No-Till Planting Seminars in June, 1994 were a big success. It would be unfortunate if ABC/Stavropol could not continue conducting marketing/training seminars like these. Seminars can be coordinated by Ms. Petrova's institute. The Stavropol Agricultural Academy, located 300 feet from the ABC/Stavropol office, is another good location. Novomaryevskoe farm, ten miles outside Stavropol City, has test plots suitable for equipment demonstrations during the seminars. An emphasis should be put on making the seminars an opportunity for business networking and negotiation of deals.

Most former state and collective farms, albeit privatized, have changed little in the way they operate. Efforts to bring efficiency into their operations are often met without enthusiasm or with hostility. These large farms can still be made part of agribusiness projects, but only if their decision-making power is very limited and tasks assigned to them are specific and simple, such as contract farming. Potential profit does not necessarily constitute a good incentive for these farms, if it is contingent on carrying out multiple and time-sensitive missions. Large farms can lease farmland, planting, harvesting, processing equipment and trucks to smaller private farms. Smaller farms are organized by enterprising and hard-working individuals, like the private farmers of the YK Farm. They make good and reliable partners, but availability of agricultural inputs is a problem.

Local government support for agricultural projects with foreign involvement is also important. It is best to establish a good relationship with both the local political administration and the regional Agroprom (Agro-industrial Department). It is up to the project managers to decide how much government involvement they want, since a "good relationship with the government" could very well be limited to getting a general and informal administration approval for leasing large areas of land from one of the big farms in the region, or getting a discount on office space rental, if the administration believes that the project is beneficial to local economy.

Another potential source of problems is duplicating management responsibilities through appointment of two equal co-managers, one from each side. A clear chain of command should be in place, otherwise blame for even the smallest problems will be endlessly shifted from one side to the other, and it will be very difficult to spend time on actually solving the problem. If an American is stationed on-site to supervise the project, the American should be fluent in Russian. Trustworthy partners are the key to project success.

These and other considerations have led IIDF to believe that the ABC/Stavropol project can not continue with its present Russian participants, if it is to become self-sustaining. Properly restructured, ABC/Stavropol can successfully exist as a coordinating, information and training center linking U.S. and North Caucasus agribusinesses. In order to achieve that, the following steps will need to be taken:

- terminate relationships with the current Russian partners and find new ones;
- reorganize ABC/Stavropol into an entity independent of the krai administration;
- open a new bank account and change its legal status from a non-profit educational organization to a joint venture limited partnership;
- maintain a permanent staff that could include a marketing manager, an administrative assistant, a technical advisor, and an accountant (most of the current staff can be retained).

IIDF is considering the "Niva" Association as the new partner because it fits the requirements of the ABC/Stavropol restructuring process. "Niva" is headed by Dr. Ludmila Petrova, a Corresponding Member of the Russian Academy of Agricultural Sciences. She is also the Director of the Stavropol Scientific Research Institute of Agriculture, around which "Niva" was created. "Niva" includes Dr. Petrova's institute, two of its affiliates, a test station, a support station, and three farms. At present, "Niva" has 400 hectares of corn, 1,000 hectares of sunflower, 500 hectares of cereals, various facilities, buildings, etc. "Niva's" processing facilities include a wheat mill, a sunflower oil-producing mill, a juice plant, a smoking plant, a pasta line, and a vacuum drying facility for fruits and vegetables. A milk pasteurizing plant, a beer brewery, and a mushroom farm are under construction. Total to-date investment is 1.5 billion rubles.

Dr. Petrova has expressed her willingness to be the Coordinator of the restructured ABC/Stavropol. It was initially intended for Dr. Petrova's institute to become one of the ABC/Stavropol Russian participants. Dr. Petrova was recommended by Dr. Johnson, who knew her through the Academy of Agricultural Sciences. In 1992, she was not included in the ABC/Stavropol project because several krai administration officials were opposed to working with her. However, U.S. managers of ABC/Stavropol, CARD, and IIDF maintained a relationship with Dr. Petrova. Mr. Dunn used her institute for safe storage of ABC agricultural implements.

During the quarter, IIDF began consulting with Dr. Petrova on the future of ABC/Stavropol, directly and through Mr. Dunn. Dr. Petrova concurred with IIDF's plan of restructuring ABC/Stavropol and provided her own input. She agreed to be the CARD/IIDF new partner and suggested coordinating ABC/Stavropol restructuring process with the her "Steppe" project.

Stavropol Research and Production Association "Steppe" will be an expansion of the "Niva" Association. "Steppe" will engage in scientific research, training, production, processing and trade. Dr. Petrova makes a special emphasis on investment and generation of profits as part of the "Steppe" mission. The project has been approved by the Russian Ministry of Agriculture, but beyond that, government structures will have no control over it. "Steppe" includes "Niva", several large research farms, and a gardening unit.

Dr. Petrova's equipment "wish list" for her project follows for information purposes only: a mill for wheat and corn; a soybean oil processing and soy flour producing facility; a feedmill; a rape-seed oil producing facility; a cheese factory; a sausage factory; high-pressure pasta lines; additional equipment for the juice factory to give it baby food production capability; bakery and confectionery equipment; equipment for producing sugar syrup and alcohol from sugar grain sorghum.

The main goals of the ABC/Stavropol in cooperation with "Steppe" could be to introduce new U.S. production and processing technologies and marketing techniques through marketing, training and exchange programs.

Conclusion

Due to severe drought, crop yield in Stavropol was much lower than had been expected. It had a negative effect on plans to market seed beans, because of the low seed-grade quality of part of the soybean crop. Despite the drought, U.S. soybean seed varieties proved their superiority once again in 1994, producing much higher results than the best Russian varieties.

ABC/Stavropol investigated and continues to study opportunities for leasing the ABC bins and equipment. The relationship with current Russian partners was re-evaluated and a preliminary decision was made to restructure ABC/Stavropol. Dr. Ludmila Petrova's Stavropol Scientific Research Institute of Agriculture is likely to become the new partner. However, many of the ABC activities are on the table for privatization.

Agreements on division of the 1994 crops were successfully negotiated with the Chapaev and Egorlyk farms. The IIDF/Triple "F" livestock, poultry and swine feeding trials were concluded and analyzed. Trial results overwhelmingly demonstrated the value of properly balanced rations in animal production. ABC/Stavropol, IIDF and New Agribusiness continued to assist U.S. companies to market in Russia.

D. CARD/IIDF

New Leadership

IIDF underwent structural changes in the last quarter of 1994. Co-Chair John Chrystal had resigned in August, 1994 and the terms of other Board members were due to expire in December. At the meeting of the Board Executive Committee, which included the Executive Director and Corporate Counsel, it was decided to reduce the number of Board members to ensure greater effectiveness of the Board in IIDF policy-making.

At present, the new Board has two members, Dr. Stanley Johnson and Michael Doyle. CARD Director Dr. Johnson has been a partner of IIDF in the ABC project since its inception. Dr. Johnson's knowledge of the ABC project, world-wide renown in international agricultural development programs, and a wide range of contacts among the top government officials responsible for agriculture, in both Russia and Ukraine, will assure future IIDF success. CARD is poised to become the primary contractor for U.S./Ukraine AgMEET.

Mr. Doyle heads the International Division of the Iowa Department of Economic Development (IDED). The State of Iowa provides offices for IIDF in the IDED building, next to the International Division. Mr. Doyle has been aware of IIDF projects since IIDF came into existence, and IIDF staff often informally briefed him on their progress. His selection is a natural step, considering his position and experience as head of the international marketing body for the State of Iowa and the respect accorded him by Midwest businesses in the area of international trade.

Meeting with UIAE Deputy Director Dr. Shpichak

On December 21, 1994 Mr. Gannon and Mr. Koudriavtsev met in Des Moines with Dr. Alexander Shpichak, UIAE Deputy Director. UIAE has been IIDF's partner in ABC/White Church for the past three years, and is to play a major role in U.S./Ukraine AgMEET. As Deputy to Dr. Sabluk, Dr. Shpichak effectively assumed directorship of the UIAE following Dr. Sabluk's appointment as First Vice Prime Minister of Ukraine for Agriculture. Dr. Sabluk, however, did not resign from his position as head of UIAE and will continue as UIAE Director and ABC/White Church partner.

Dr. Shpichak was at CARD/Iowa State to study the functioning of the American agribusiness marketing system. His mission included visits to the Chicago Board of Trade and the Kansas City Grain Exchange. His institute is becoming the leading authority in Ukraine on agricultural reform and UIAE is closely studying U.S. marketing and distribution practices for agricultural commodities.

During the meeting with Dr. Shpichak, IIDF discussed UIAE's role in the training plan of U.S./Ukraine AgMEET. Dr. Shpichak was presented with an updated copy of the proposal, which included an indicative 3-year project budget. Dr. Shpichak provided additional input on project design and steps involving UIAE. Issues, such as designation of UIAE project coordinator and assistants, communications, final budget, and others, were discussed during the meeting.

Dr. Sabluk's son, Vitaly Sabluk, will undergo a six-month training program at CARD under the direction of Dr. Johnson. Vitaly Sabluk has worked at his father's institute as coordinator for the CARD Farmer-to-Farmer program. His experience with that program puts him in a very effective position to assist with U.S./Ukraine AgMEET.

U.S./Ukraine AgMEET

The project's new unsolicited proposal to USAID/Kiev is nearing completion and will be presented soon (See section above: ABC/White Church).

Trip to Ukraine & Russia Canceled

Due to Mr. Koudriavtsev's emergency appendectomy on November 26, the planned December 3 - 17 trip to ABC/Stavropol and ABC/White Church was canceled. Mr. Gannon made the decision not to go on the trip, because the busy business schedule of the trip required Mr. Koudriavtsev's input to achieve the set goals of the mission. IIDF followed-up on the agenda of the canceled December, 1994 trip by telephone, fax, and e-mail communications. The trip was tentatively re-scheduled for the Spring of 1995.

Improved Communications Procedures

ABC/White Church obtained an e-mail modem in January, 1994, but was never able to use it due to technical malfunctions. On the other hand, telephone and fax communications with ABC/White Church are far more reliable than with Stavropol. Following the departure of Mr. Wampler, the principal contact person at ROSS was Gennadi Polotchaninov, Head of the International Department.

Mr. Polotchaninov is highly professional and very cooperative, and IIDF has been working with him in a most productive manner. Mr. Koudriavtsev's fluency in Russian contributed substantially at expediting progress with ROSS.

Telephone calls with Mr. Polotchaninov were weekly, and sometimes twice a week. Trips to White Church by the VOCA specialists and Mr. Dunn were coordinated with Mr. Polotchaninov. ABC/White Church has a fax machine and increased use was made of it in the quarter. Communications with Dr. Sabluk's office were handled similarly, with most of the information exchange being done by fax.

Mr. Gannon initiated several steps aimed at improving communications with the ABCs. For Stavropol, he communicated on a daily basis by e-mail to better direct daily operations of the ABC staff. Many of his e-mails were dispatched late at night from his home, as he could access e-mail from there and the evening allowed him more time to draft instructions and ask detailed questions.

ABC/Stavropol staff were also instructed to reply daily, when possible. When e-mail was not working, as happened during the Chechen War, messages were faxed. There were also occasional telephone conference calls, often with Iowa companies interested in Stavropol. All telephone and fax expenses were covered with state, not USAID funds.

Increased frequency of communications increased the overall effectiveness of the ABC/Stavropol operation and made the task of direct task assignment much easier. Questions and requests for information from companies are delivered to Stavropol frequently. Fax communication with Stavropol is often unreliable, while few companies and organizations have e-mail.

Des Moines Meeting With Stavropol Agribusiness

In October, Mr. Gannon and Mr. Koudriavtsev met with Valery Kurennoy, President of KVN company and a member of the Stavropol Chamber for Business Development. KVN is engaged in grain trading operations, and has accumulated a wealth

of experience in exporting Russian grain to Central and Western Europe. Mr. Kurennoy provided valuable insight on how such export operations are conducted despite frequently-imposed and often conflicting export regulations for agricultural produce.

To control agricultural exports, the Russian government issues agricultural export licenses to select export firms. All other firms and agribusinesses that wish to export must contract with the licensed exporters to sell their commodities abroad. Since the licensed exporters are private firms with no government subsidies, they only do business with established private enterprises which are most likely to honor business contracts. Such an approach leads to most exporters being truly efficient private businesses.

IIDF provided Agro Iowa President David Hemminger with an opportunity to meet Mr. Kurennoy and talk at length about the prospects for future cooperation. Companies like Mr. Kurennoy's KVN provide the best reassurance for U.S. investors that honest and profitable business operations are possible in the FSU.

Contacts With W.J. Export-Import, Inc.

In November, ABC/Stavropol staff provided IIDF with contact information for W.J. Export-Import, Inc., a New York City-based company, which is engaged in vegetable oil exports from Russia to Europe. IIDF immediately followed-up on that information to examine the possibilities of cooperation.

According to Vice President, Andrei Efremov, W.J. Export-Import has vegetable oil-producing operations in eight regions in Russia, including Stavropol krai. They specialize in exporting sunflower oil, rape seed oil, and soybean oil to Europe.

Over the past several years, W.J. Export-Import has been exporting 300,000 tons of oils annually. In 1994, the volume of their exports doubled, with 300,000 tons of oil having been exported in the first half of the year. Such an increase was partly owed to employment of experts in agronomy to increase the productivity of the growing operations.

The company provides its contracted growers with all the necessary inputs for crop production. This is done either directly with the company's own funds, or by acting as a guarantor for a third company that finances crop production. In the latter case, W.J. Export-Import assumes all risks involved in crop production because the third party contracts directly with W.J. Export-Import and not with the crop producer.

W.J. Export-Import has been highly successful in its operations and its partners include Monsanto and Cargill. IIDF, ABC/White Church and ABC/Stavropol will continue contacts with W.J. Export-Import, with a view of utilizing that company's network of contacts and business experience.

Annual IIDF Audit Begins

In December, the McGladery & Pullen accounting firm began its annual audit of IIDF. Following last year's audit, IIDF followed the suggestion of McGladery & Pullen and hired a CPA, John Stone, to supervise financial transactions on a monthly basis.

This practice all but eliminated accounting errors and ensured outside control over compliance with USAID procedures. At the request of Mr. Gannon, Mr. Stone actively assisted McGladery & Pullen auditors in proceeding with the audit.

Grant End

IIDF Accountant John Stone prepared the First Quarter Financial Report (Attachment 21). This quarter represents the no-cost Extension #2 that was approved by USAID in the "Modification of Grant" (Attachment 22). This is the last quarter of the grant, and the last quarter report.

The Final Grant Report will be delivered in February. It was encouraging to have been commended by Dennis Sharma, USAID/Washington, on the thoroughness and high quality of the Third Quarter Report (Attachment 23).

III. FIRST QUARTER EXPENDITURE SUMMARY

The budget attached to IIDF's request for a no-cost Extension #2, which was approved by USAID in September, 1994, projected total funds available for FY'95 first quarter at \$40,805 (Attachment 24). In addition to the \$40,805, there was \$7,283 not spent from the previous quarter, for a total of \$48,088.

Salaries and Benefits

During the quarter, IIDF employed two managers to administer its NIS projects: Tom Dunn, the U.S. Co-Manager at ABC/Stavropol, and Andrei Koudriavtsev, the Project Manager in IIDF's Des Moines office.

Mr. Dunn was paid \$12,000 for three months of contract services. The salary of Mr. Koudriavtsev was \$962 every two weeks, for a total of \$6,827. IIDF did not foresee \$577 in payroll taxes for the quarter for Mr. Koudriavtsev.

Projected:	\$18,250
Actual:	\$18,827
Balance:	(\$577)

Allowances

The living allowance for on-site managers is currently \$500/month. This allowance is used to cover such in-country expenses as interpretation and translation, transportation, living expenses, etc.

Mr. Dunn's allowance for the quarter was \$1,500.

Projected:	\$1,500
Actual:	\$1,500
Balance:	\$0

Subcontract/Consultant

No subcontract/consultant costs occurred during the quarter.

Training

No training costs were incurred during this quarter.

Travel

A planned trip to Russia and Ukraine by Mr. Gannon and Mr. Koudriavtsev was canceled due to Mr. Koudriavtsev's emergency appendectomy. The only expenses associated with that trip was \$124 in non-refundable fees charged by Russian and Ukrainian Consulates for Mr. Gannon's entry visas.

IIDF covered the cost of air travel for VOCA specialist Charles Tenholder to travel to ABC/White Church to finish the grain bins. His international round trip ticket cost \$1,567. The remainder of the cost of Mr. Tenholder's trip and the trip cost for the second VOCA specialist who went over with him, Estel Cook, was covered by VOCA and ABC/White Church Ukrainian participants.

Projected:	\$7,500
Actual:	\$1,691
Balance:	\$5,809

Other Direct Costs

This category includes all expenses necessary to support the project. These expenses were \$195 in bank wire charges, \$1,367 for e-mail use, \$20 in phone call reimbursement, \$57 for postage, and \$85 for printing.

Projected:	\$13,555
Actual:	\$1,724
Balance:	\$11,831

Equipment/Seed Purchases

Equipment purchases included \$6,591 for trucking, certifying, and bagging seed at ABC/Stavropol, \$6,460 for seven hundred fifty 50 lbs. bags of Stine soybean seed for next spring planting in Stavropol, replacement parts for Shivers dryer at ABC/Stavropol for \$3,693, and shipping charges of \$7,602.

Projected:	\$0
Actual:	\$24,346
Balance:	(\$24,346)

Grant Funds Re-Programmed

The funds not spent from the previous quarter, \$7,283, plus the unused Travel funds of \$5,809, plus the Other Direct Cost funds not spent of \$11,831 gives a total of \$24,923 to re-program. This money was re-programmed to pay for \$24,346 in Seed/Equipment costs and \$577 in Salaries and Benefits.

Grant End Summary

Total Expenditures for the Quarter:	\$48,088
Total Funds Available:	\$48,088
Balance:	\$0

IV. FY'95 SECOND QUARTER WORK PLAN

A. New Agribusiness Magazine

Issue #2 will be printed and distributed. Company contact and product information will be collected for the following trade directories: U.S. Agribusiness Directory, Ukraine Agribusiness Directory, and Russian Agribusiness Directory. Plans for Issue #3 will advance. The design for U.S./Ukraine AgMEET will be finalized, and will wait for USAID/Kiev approval.

B. ABC/White Church

Extruder expert Chuck Porter will travel to White Church to advise on extruder installation, with final extruder installation scheduled at quarter end. Extruder start-up will occur early next quarter. Tom Dunn will finish the dryer installation and give final approval in February. The entire dryer and bin facility will be completed.

C. ABC/Stavropol

Part of the soybean crop will be sold as feed and seed. Decisions will be made on privatizing parts or all of the ABC activities. Lease agreements of the ABC bins and equipment will be decided. A new direction with a new partner, Dr. Ludmila Petrova, will be pursued. Assisting U.S. agribusinesses with training and marketing in Stavropol will continue.

D. CARD/IIDF

U.S. agribusiness that worked with the ABC project will be surveyed and asked how the project helped them. This information will be included in the Final Grant Report, to be delivered in February.

The U.S./Ukraine AgMEET proposal will be finalized and presented to USAID/Kiev. There is strong promise that IIDF's future lies in Ukraine.

Trade promotion and networking with U.S. agribusiness interested in Stavropol may continue. IIDF will host Stavropol Governor Eugene Kuznetsov for four days of meetings with Midwest agribusinesses. ABC/Stavropol will be re-evaluated for future direction.

ATTACHMENTS

1. Update on distribution of New Agribusiness Issue #1 from Co-Editor V. Berezin.
2. List of advertisers and list of articles in New Agribusiness Issue #2.
3. Interview with Tom Dunn by Mikhail Kolbasov in Successful Farming, February, 1995 (English).
4. "List your Agribusiness in the New U.S./NIS Trade Directory", an article by Richard Gannon for New Agribusiness Issue #2 (English and Russian).
5. Letter from Dick Hook of John Deere Des Moines Works to IIDF regarding New Agribusiness magazine.
6. Letter from John Walter of Successful Farming to Dick Hook of John Deere Des Moines Works regarding New Agribusiness Issue #2.
7. "John Deere Conquers the Caucasus", an article by Mikhail Kolbasov for New Agribusiness Issue #3 (English).
8. Letter from Ukraine Foreign Minister Gennadi Udovenko to Ukraine Vice Prime Minister Peter Sabluk regarding ABC/White Church (Ukrainian and English).
9. Letter from Ukraine First Vice Prime Minister Peter Sabluk to USAID/Kiev Deputy Director David Sprague supporting U.S./Ukraine AgMEET (English).
10. Letter from UAE's Dr. Vasily Shlapak to Richard Gannon (English).
11. Letter from Successful Farming's Senior Editor John Walter to USAID/Kiev Director Greg Hugher.
12. Scope of Work for VOCA Farmer-to-Farmer specialists' mission to White Church.
13. VOCA Farmer-to-Farmer trip reports to ABC/White Church.
14. Letter from Richard Gannon to Ukrainian State Customs (English).
15. Article from 1/21/95 Des Moines Register on IIDF's seed shipments.
16. Copy of blueprints for placing Insta-Pro equipment at ABC/White Church.
17. Correspondence in support of ABC/White Church trade
18. Contracts between ABC/Stavropol and Egorlyk and Chapaev Farms for division of 1994 crops (English and Russian).
19. Contract between ABC/Stavropol and the Seed Station (English and Russian).
20. Triple "F"/IIDF Stavropol feed trial results (English and Russian).
21. First Quarter Financial Report to USAID
22. Letter from USAID to IIDF extending the grant through December 31, 1994.
23. Letter from USAID commending the thoroughness of the Fourth Quarter Report.
24. IIDF Grant Extension Budget.



Report of New Agribuzines (Moscow) to New Agribuzines (Des Moines) trough October 28, 1994.
From Valentin Berezin.

DISTRIBUTION OF THE FIRST ISSUE

COPIES (1,000)	WHERE
10	Subscribers to <i>Farmer</i>
5	VOCA
5	Monsanto
2	Agribusiness Academy
1	AKKOR
1	Siberian Fair
0.5	Department of Agriculture of Russian Federation
0.5	WORLD FOOD, WORLD AGRO in Moscow
0.36	Insta Pro (in Stavropol)
0.36	Citizens Network
0.18	Tyler (Minsk, Byelorussia)
0.18	Cargill
0.18	Uniroyal

Total : 26,260 copies distributed.

The rest of the copies will be sent on request, handed out in agribusiness offices in Moscow and St.-Petersburg, distributed at conferences, congresses, meetings. Trial small amount is planed to send to Kazakhstan.

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List of Advertisers

ADVERTISER	PAGES
1. Pioneer HI Bred	2
2. Insta Pro (International branch of Triple F)	2
3. Conrad-American, Inc.; Shivers, Inc.; Sudenga, Industries, Inc.	all on 1 p.
4. Kinze	4
5. Monsanto the Agricultural Group	4
6. R. J. Manufacturing, Inc.	1
7. Team Tyler	4
8. Comtek	1,5
9. Uniroyal Chemical	1

List of Articles

1. Editorial Essays	5
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4. S. Volkova. Citizens Network for Foreign Affairs	14 - 15
5. View from Russia	18 - 19
6. Readers' Survey, NA Questionnaire	21 - 22
7. M. Kolbasov. Interview with Tom Dunn, Manager of US ABC In Stavropol	27 - 28
8. Zh. Zabello. Team Tyler	29 - 30
9. Brian Foster. The Beginning Farmer	40 - 41
10. Nona Fisher. Winrock International	42 - 44
11. Three Advice to a Small Gardener.	45
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Mikhail Kolbasov, Russian agricultural journalist.

Face to face on the Russian 'frontier'

An American farmer confronts the tough issues of reforming agriculture in the former Soviet Union



Tom Dunn, Iowa farmer and adviser to Russian agriculture.

Tom Dunn has been working in Stavropol, Russia, since 1992 to help new private farmers and with establishment of the U.S. Agribusiness Center there. The center was designed to showcase U.S. farm equipment and promote agricultural reforms. It has been a tough assignment, as his recent conversation with Mikhail Kolbasov reveals.

Kolbasov: Starting something from scratch is never easy. Tell me what was it like for you to start a new assignment in an alien country.

Dunn: It was a tough job. The long-term goal of the Agribusiness Center is to improve the standard of living in Russia. We believe that Russia should start improvement of her economy from agriculture. Agriculture is the foundation of every country.

The centers have introduced our technologies—planters, sprayers, agricultural chemicals, seed, and so on—to Russian agricultural workers. I think they can really use our equipment.

Much of U.S. technology is very appropriate for the climate and soils of the Northern Caucasus region where the Center is located.

Unfortunately, some Russians still prefer to use outdated farming methods. They don't understand the advantages of new technologies. They don't

see the difference between a good job and a bad job.

Kolbasov: Of course it's impossible to change a people's psychology overnight. It should be taken into account that for years, as we say, "every initiative was prosecuted." People got the same wages for good and for bad work.

Dunn: I understand that it isn't easy to leave the past behind. And our work with old state and collective farms was like a bloody battle at first. We learned that the key problem is not people really, but the old system.

We have positive examples, too. This year we started working with several privatized farms. It was a breath of fresh air.

These farmers are smart, caring people who understand the purpose of their work. They are able to set priorities and take initiative. Private farmers are the future of agriculture in Stavropol Territory.

Kolbasov: I believe that your technologies will succeed in Russia. But many Russians still think that America wants to turn Russia into a colony.

Dunn: If we had any imperial ambitions, they would have shown long before now. Look at America's history—it is the leading champion of

democracy. We want only to improve your economy. We need an economically strong partner in world trade. If this happens, it will not only improve the standard of living in Russia, but in America as well.

Kolbasov: Your mission is certainly worthy, but not all Americans arrive in Russia with such admirable goals, do you think?

Dunn: I was just going to comment about some Americans' presence in Russia. Sometimes they don't understand clearly themselves why they have come here. Of course, most of them are entrepreneurs.

They are coming to make money, and they will probably succeed. But what's wrong with that? Your economy will benefit from this, too.

To be totally frank, your country is like a sleeping giant. You have enormous potential.

Kolbasov: Sometimes I think that Americans in Russia are experiencing the same feelings as your own pioneers. They are special people.

Dunn: I agree with you. They are like pioneers. Yes, some Americans see Russia as a new frontier. Of course your life is unstable today. But this is a land of tremendous opportunities. **SF**

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

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AGRIBUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

Article for
New Agribusiness Issue #2

by

Richard Gannon
IIDF Executive Director

Final Draft: 20-Oct-94

**LIST YOUR AGRIBUSINESS IN NEW
U.S./NIS TRADE DIRECTORY**

Thank you for being a NIS agricultural pioneer preparing for the present and looking to the future by reading New Agribusiness. For those of you just joining us, this is the second issue of New Agribusiness. The first issue of 40,000 copies was published in June 1994. New Agribusiness is the offspring of the U.S./NIS joint venture between Fermer and Successful Farming. Successful Farming is the largest private paid agricultural publication in the United States.

There is a close tie between New Agribusiness and the Iowa/International Development Foundation (IIDF). IIDF has joined with private Russian partners to establish a joint venture Agribusiness Center in Stavropol, Russia. Also, IIDF has joined with private Ukrainian partners to establish a joint venture Agribusiness Center in White Church, Ukraine. The U.S. Agency for International Development (USAID) has provided funding to establish the Agribusiness Centers to demonstrate U.S. seed, equipment, and management methods in large-scale crop and feed production.

The inaugural issue of New Agribusiness featured thirteen U.S. agribusinesses. Of those thirteen, eleven companies have demonstrated seed or equipment at the Agribusiness Centers. Of those eleven, nine currently have seed or equipment being used in large-scale production at the Centers' farm and feed operations.

The Agribusiness Centers have erected grain bins and installed grain dryers to demonstrate the efficiencies that can be achieved by properly

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drying and storing grain. There are many different types of grain bins and grain dryers and NIS farmers will have to decide which are best suited to fit their needs. The Centers also have extruders to process soybeans into soybean meal for livestock feed and food-grade soybean oil for human consumption. Soybean meal is the protein supplement of choice in U.S. livestock feed rations.

Feed efficiency is greatly enhanced if feed rations are supplemented with protein, vitamins and minerals. The use of protein meal will sharply reduce the total amount of grain needed to produce meat. In the U.S., it takes three kilograms of feed to produce one kilogram of meat, whereas in the NIS, it takes nine kilograms of feed to produce one kilogram of meat. Thus, using protein can double the savings in the amount of grain fed to livestock, making the grain saved available for other uses. There are also many other economic benefits for using protein such as halving the time-on-feed required by livestock.

The Agribusiness Centers are asking USAID to finance a new project to assist a larger number of NIS agribusinesses. The new project is: U.S./NIS Agricultural Marketing, Exports, Extension, and Training (AgMEET). AgMEET is designed to introduce U.S. and NIS agribusinesses and promote U.S./NIS joint ventures, trade and investment.

AgMEET is compiling a trade directory of U.S. and NIS agribusinesses. You are invited to list your agribusiness in the directory. Please send the following information:

Agribusiness Name	Type of Agribusiness
Contact Name	List of Ag Equipment Manufactured (if any)
Address	List of Agricultural Products to Sell/Buy
Tel & Fax	Describe how AgMEET can help you.

Please include as much detail about your agribusiness as possible. Mail, fax or e-mail your information to one of the following:

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200 East Grand Avenue
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AGRIBUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

ВНОСИТЕ ВАШЕ ПРЕДПРИЯТИЕ В НОВЫЙ СПРАВОЧНИК ТОРГОВЛИ США-СНГ

Спасибо Вам, пионеру сельского хозяйства СНГ, за то, что Вы готовитесь к настоящему и заглядываете в будущее, читая журнал "Новый Агробизнес". Для тех, кто только что присоединился к нам, сообщаем - это уже второй номер "Нового Агробизнеса". Первый номер вышел тиражом 40 000 экземпляров в июне 1994 г. "Новый Агробизнес" является результатом работы американо-российского совместного предприятия между журналами "Фермер" и "Саксэсфул Фарминг" ("Успешное Фермерство"). "Саксэсфул Фарминг" - крупнейшее платное сельско-хозяйственное издание в Соединённых Штатах.

"Новый Агробизнес" тесно связан с Фондом Международного Развития Айовы (ФМРА). Совместно с частными российскими партнёрами, ФМРА создал совместное предприятие Агробизнесцентр в Ставропольском крае в России. На Украине, ФМРА организовал с частными партнёрами совместное предприятие в Белой Церкви. Агентство Международного Развития США (АМР США) финансировало установление Агробизнесцентров для демонстрации американских семян, оборудования и методов менеджмента в крупномасштабном выращивании зерновых и производстве корма для скота.

Первый номер "Нового Агробизнеса" представил 13 американских компаний. Из числа тех 13, 11 компаний демонстрировали свои семена или оборудование в Агробизнесцентрах. Семена или оборудование 9 из этих 11 компаний в настоящий момент используются Центрами в крупномасштабных операциях по выращиванию зерновых и производству кормов.

Агробизнесцентры установили зернохранилища и зерносушилки для демонстрации эффективности, которая может быть достигнута при правильной сушке и хранении зерна. Существует много различных видов зернохранилищ и зерносушилок, и фермерам СНГ надо будет самим выбирать оборудование, которое наилучшим образом отвечает их нуждам. Центры также имеют экструдеры для переработки сои в соевый шрот для корма скота и готовое к употреблению людьми в пищу соевое масло. Соевый шрот является наиболее популярной в США белковой добавкой в кормовой рацион скота.

Эффективность корма значительно улучшается, если в кормовой рацион добавляются белки, витамины и минеральные смеси. Использование богатого белком шрота резко снизит общее количество зерна, необходимого для производства мяса. В США для производства одного килограмма мяса требуется три килограмма корма, в то время как в СНГ на производство одного килограмма мяса уходит девять килограмм корма. Таким образом, использование белков может удвоить экономию кормового зерна, что позволит использовать его для других целей. Использование белков создаёт и другие экономические преимущества, такие как сокращение вдвое необходимого для выращивания скота кормового периода:

240

Агробизнесцентры обратились к АМР США с просьбой о выделении финансирования для нового проекта, который поможет большему числу предприятий и хозяйств в СНГ. Новый проект называется Сельскохозяйственный Маркетинг, Экспорт, Информационное обеспечение и Обучение США-СНГ (СМЭИО). Целью СМЭИО будет наладить контакты между сельскохозяйственными предприятиями США и СНГ и способствовать созданию совместных предприятий, торговле и инвестициям.

В рамках СМЭИО в настоящий момент составляется справочник предприятий США и СНГ, занятых в области агробизнеса. Мы приглашаем Вас включить Ваше предприятие в этот справочник. Пожалуйста, предоставьте следующую информацию:

Название предприятия
Имя контактного лица
Адрес
Телефон и факс
Вид деятельности
Список производимого с/х оборудования (если таковое имеется)
Список с/х продукции, которую Вы хотели бы продать или купить
Укажите, как СМЭИО может Вам помочь

Пожалуйста, опишите Ваше предприятие как можно более подробно. Эту информацию посылайте по почте, факсу или электронной почте по одному из следующих адресов:

PDF
200 East Grand Avenue
Des Moines, Iowa 50309 U.S.A.
Тел: 515-242-4768
Факс: 515-242-4946
Электронная почта: /G=R/S=GANNON/@abcpr.sprint.com

Российско-Американский Агробизнесцентр
ул. Мира, д. 337, ком. 411
Ставрополь, Россия 355017
Тел/Факс: (865-22) 2-4556

Украинско-Американский Агробизнесцентр
Украинский Институт Сельскохозяйственной Экономики
ул. Героев Обороны, д.10
Киев, Украина 252127
Тел: (044) 261-4821
Факс: (044) 266-0539

Журнал "Фермер"
а./я 567
Москва, Россия 119021
Тел: (095) 204-4423
Тел/Факс: (095) 204-4212

15 NOVEMBER 1994

MR. ANDREI KOUDRIAVTSEV
IOWA/INTERNATIONAL DEVELOPMENT FOUNDATION
200 EAST GRAND AVENUE
DES MOINES, IOWA 50309

DEAR ANDY:

MR. RICHARD GANNON FORWARDED ME AN INAUGURAL ISSUE OF "NEW AGRIBUSINESS" TOGETHER WITH COPIES OF SEVERAL LETTERS ORIGINATING IN YOUR OFFICE, NEW AGRIBUSINESS OFFICE, AND SUCCESSFUL FARMING. I UNDERSTAND THAT THE SECOND ISSUE OF "NEW AGRIBUSINESS" WAS SCHEDULED FOR PRINTING 1 NOVEMBER 1994, AND CONTAINS AN ARTICLE TITLED "JOHN DEERE CONQUERS THE CAUCASUS". DICK GANNON ALSO SENT ME AN INTERPRETATION BY JANNA ZABELLO OF THE ARTICLE.

REASON FOR THIS MEMO IS TO REQUEST A COUPLE COPIES OF THE SECOND ISSUE OF "NEW AGRIBUSINESS" WHEN THEY ARE AVAILABLE (I'D LIKE ONE TO KEEP, AND I'LL FORWARD THE OTHER COPY TO JOHN DEERE MARKETING PEOPLE IN MOLINE). ALSO, I INTEND TO REQUEST PERMISSION FOR PARTIAL REPRINTING; AND WILL PLACE EXCERPTS IN OUR FACTORY NEWSLETTER IF POSSIBLE. SO ANYWAY, PLEASE SEND ME A COUPLE COPIES OF THE SECOND ISSUE WHEN THEY'RE AVAILABLE (IF POSSIBLE).

THANK YOU,



DICK HOOK

PS

PER YOUR REQUEST A MONTH OR SO AGO, I DID CALL DAVID LYONS AND HAD A NICE CHAT IN SUPPORT OF YOUR WORK AND THE IOWA/INTERNATIONAL DEVELOPMENT FOUNDATION PROCESS I WAS INVOLVED WITH LAST YEAR.

R. W. (DICK) HOOK

Division Engineer, Grain Division
JOHN DEERE DES MOINES WORKS
P.O. Box 1595, Des Moines, Iowa 50306
Tel. 515-289-3054, Fax. 515-289-3400

3308

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SUCCESSFUL FARMING

ATTACHMENT 6

FOR FAMILIES THAT MAKE FARMING AND RANCHING THEIR BUSINESS

1716 Locust Street • Des Moines, IA 50309-3023 • 515-284-3000

November 20, 1994

Mr. R.W. Hook
John Deere Des Moines Works
P.O. Box 1595
Des Moines, Iowa 50306

Dear Mr. Hook:

I received a copy of your recent communication with Andrei Koudriavtsev of the Iowa International Development Foundation. I will be sure that you receive a set of copies of the latest issue of *New Agribusiness*, which contains the article about John Deere's presence in southern Russia. Also, we would be happy to grant you permission to reprint excerpts of the article.

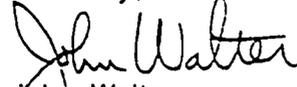
The next issue of the publication is scheduled to be printed in March 1995. Companies represented in *New Agribusiness* include Pioneer, Monsanto, Uniroyal, Kinze, Triple F, and other agribusinesses continuing to test the waters in the former Soviet Union. Perhaps this would be a good opportunity for Deere & Company to become involved in the project. For a minimal cost (\$1,225 per page), you could begin to work with us to help develop useful information for agriculture in Russia, Ukraine and elsewhere in the former Soviet Union.

I met Deere's Russia representative, Pekka Holker, in June and he was most enthusiastic about the publication.

I would be pleased to talk with you or others in the company about the project, or provide additional background information, if you wish.

Thanks for your interest in *New Agribusiness*.

Cordially,


John Walter
Editor

cc--Andrei Koudriavtsev, Jim Cornick

9.1.94
 F: (515) 242-4946
 TO: RICHARD T. GANNON
 EXECUTIVE DIRECTOR, IIDF
 FROM: J. ZABELLO

The article by Michail Kolbasov
 Russia, 355029 Stavropol,
 397/7 Lenin Str., Apt.33
 Interpreted by Janna V. Zabello
 3333 Grand Ave., Apt. 395,
 Des Moines, IA 50312

John Deere Conquers the Caucasus.

In the mid-June there is a short period of serenity on farm fields of Russia: planting is over, but it is too early for harvesting. The Russian-American Agribusiness Center used this period for holding a seminar on planting technologies in Stavropol. Stavropol is located in the South of Russia between the Black and the Caspian Seas, North to the Mountain Range of Caucasus.

Preparations for seminar has started long ago, in early spring, when agribusiness manager Tom Dunn assembled the planters of too successful companies "Kinze" and "John Deere" with his own hands, checked the planters, instructed personnel. About a thousands hectares of farm fields was seeded by these planters with American breed seeds, using American herbicide. Germination was excellent. There were no, or almost no weeds in the fields where American technology was used.

This guarantees high yields though here is draught in the Northern Caucasus this year.

Agronomists and machine operators liked both the planters and no-till technology. Intensive usage of land multiplied by periods of draughts has lead to agronomists unanimous conclusion: rich Stavropol soils are under the attack of a desert -- dust storms come with monotonous persistence.

No-till technology that was discussed at the seminar is not new to the Stavropol Territory, it was brought here by the agricultural group Monsanto, several years ago. All variants of minimum tillage technology were started testing in 1984 on 2,000 hectares. They were from minimum till, mulch till to no-till. 150 hectares were not tilled at all for 10 years.

Weeds used to kill with pesticides. But year after year the yield was from 45 to 55 centers per a hectare.

The American technology has found its home in the most unfavorable condition in so called Armaveer Wind Corridor where wind riches the speed of 40-60 meters per a second. Much was added to this technology by a talented Russian scientist Doctor of Agricultural Science Eugeny Ivanovich Riabov. Many years of survey showed the increase of moisture concentration in soil and in terms of labor force and fuel efficiency no-till technology is 35-40% more beneficial.

One would say: you have the information, go and use it on the vast expanses of the Stavropol Territory, moreover, all land here is erodible. There is a Russian saying "good intentions pave the road to hell". Farmers continue grandfathers' practices or something even worse. Scientists are smiling: before we were obliged to use new technologies, and now when farmers have experienced independence, agronomists reject, quit everything. As a result after harvesting last year soil was not managed at all and was covered by snow together with crop residue. And in spring the petrol rates went up so high that people were tempted to abandon their fields.

At that moment Russian-American Agribusiness canter have appeared with machinery, seeds, herbicides, technologies -- a "Miracle Maker".

Then came the Seminar. Some do not find anything new for themselves, others for the first time discovered all the advantages of American technology, fine planters, sprayers and seeds. Petrovsky Region is a part of Stavropol Territory where new technologies used to be launched. The head of the Agricultural Department of this Region speaks about the problems discussed on the seminar: "I personally have not heard anything new. We are working with the representatives of American companies for several years. But this year we were tactfully reminded about something that all this years we have been overlooking. We were talking about details without which it is impossible to get high yield. These peculiarities we did not know. Yes, we had similar seminars before but we could not use this knowledge. So far we are lacking the foundation allowing the technologies to show their best advantages. You would ask if Russian farmers want to have your machinery. Russian farmers dream of "John Deere" coming to their fields. But the main obstacle is the lack of

means to buy it. Let us discuss the barter opportunities: our territory is rich and we have all means for good mutually beneficial cooperation. We supply you with ample agricultural produce and you supply us with machinery in exchange.

And as a request, I would ask you to held these seminars in early spring so we will be able to improve yield already this year. Your experience is priceless!"

This remark made the announcemerit of "AIA Ltd." Valery Uzbashev even more valuable: "We are holding an exclusive right to represent in Russia the world leader in manufacturing agricultural machinery -- "John Deere". We are already discuss the variants of barter agreements. We would like to supply Russia with "John Deere" machinery, to establish a service center here. Of course we are having customs problems and other barriers, but where is a will there is a way.

Who knows may be Agribusiness will be able to bring the interests of Stavropol farmers and "John Deere" together in the nearest future."

The Seminar was highly approved by the representative of the agricultural group "Monsanto" Andrey Fomin: "Seminar was held on a very high level. All the regions, where we working, were represented here. We brought already famous products to the seminar. What do we take out? We have found new clients, strengthen the ties with partners. Our work on the Russian market, especially in the Northern Caucasus has become more dynamic. Obviously here is the biggest market for our products and technologies. Agriculture develops here more intensively than in the other regions of Russia. People are prepared to accept new technologies. And the environment itself. . . Briefly we are satisfied with the foundation that our company was building for several years straight.

The other particular feature of the Seminar in Stavropol Territory is versatility. Earlier on 10-15 companies (say chemical) were getting together and praising their products. The idea -- to get a client. And here we had a wonderful set: seed companies, machinery, chemicals. I like it very much.

I like also that excellent agricultural magazines "Successful Farming", "New Agribusiness" are represented here. We need to coordinate relationships, we need literally every step of new cooperation to be

publicized. Who knows may be "John Deere" with the help of companies like "Monsanto" will conquer the Caucasus -- in the best meaning of the word."

The seminar participants' poll showed the great interest of Stavropol agricultural workers to the new technologies offered by American companies. For example, they were asked: would you be interested in using no-till on your fields? Almost all answered yes, with a remark: if we will know more about it. Many questioned farmers complain that they have too little information about farming methodics used in the USA. People want to know much more than Russian media say. Seventy five farmers out of one hundred are going in the nearest two years to buy American seeds, agricultural machinery, micronutrient, fertilizer, herbicide and pesticide. By the way, most of them is ready for barter exchange. What else can they offer -- this is the situation common for Russia and the Northern Caucasus is not an exception. The companies able to response to this situation adequately can count on success.

I would like to share my own impressions. When I was riding a powerful creature with an emblem of running deer -- the "John Deere" planter and taking pictures of its work on the fields of the "Chapaevskoe" Joint Stock Company not far from Stavropol, I was rejoicing that planter ran smoothly, evenly, without vibration. It looked like the planter and Stavropol land are created for each other.

**ІНСТИТУТ
АГРАРНОЇ ЕКОНОМІКИ
УКРАЇНСЬКОЇ АКАДЕМІЇ
АГРАРНИХ НАУК**



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10, Heroiv Oborony str., Kiev, 252127
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№ _____ N _____

To: Mr. Richard T. Gannon
IIDF Executive Director
Fax: 8-101-515-242-4946
From: Vasily Shlapak
Leading scientist
Fax: (7-044)-266-0539
Phone: 266-06-38
Date: January 17, 1995
No. of Pages: 4 (including this page)

Message:

Dear Mr. Gannon,
Thank you for the last fax from January 18, 1995. I send to you the letter of Mr. G. Wdovenko to Mr. Peter Sabluk. Some time later on I will send it in English.

Best regards,

Vasily Shlapak

МІНІСТЕРСТВО
ЗАКОРДОННИХ СПРАВ
УКРАЇНИ



MINISTRY
OF FOREIGN AFFAIRS
OF UKRAINE

252018, м. Київ,
Михайлівська площа, 1

Fax: 7 (044) 226 31 69
Phone: 7 (044) 226-33 79
Telex: 131373 R.U.U.

252018,
Mykhaylivska sq., 1
Kyiv, Ukraine

25 11 94 № 2111/5K-02/25022
На № 251 від 02.12.94

*Шлях до
дирекції
2.11.94*

ВІЦЕ-ПРЕМ'ЄР-МІНІСТРУ
УКРАЇНИ

П. Т. САБЛУКУ

Шановний Петре Трохимовичу!

МЗС України отримало листа від Виконавчого директора компанії
INTERNATIONAL DEVELOPMENT FOUNDATION п. Річарда Т. Геннона з
пропозиціями щодо співробітництва між Україною та США в галузі
сільського господарства.

Під час мого візиту до США у зв'язку з участю в роботі 49-ої
Сесії ООН у вересні ц.р. мною з керівництвом компанії IDF були
обговорені питання створення і функціонування
Американсько-Українського Центру сприяння торгівлі та інвестиціям
в галузі сільського господарства. Ідея про доцільність створення
такого Центру була підтримана Агентством міжнародного розвитку США
(USAID).

В зазначеному листі американська сторона підтверджує свою
надзвичайну зацікавленість у подовженні ділових стосунків наших
країн в цій галузі та сподівається на їх якісний розвиток,
посилаючись, зокрема, на положення Звернення Президента України
Л. Д. Кучми до Верховної Ради, що стосуються ключового значення
розвитку сільського господарства у реформуванні української
держави.

Керівництво компанії IDF очікує від українського Уряду
конкретних пропозицій щодо подальшого розвитку зазначених
двосторонніх стосунків з акцентом на наступне:

ЗАГ. АЛІМАН
КАБІНЕТУ
МІНІСТРУ
УКРАЇНИ

28.11.94

ВХ № 20133/23

Інститут аграрної економіки
ВХ. № 251
02.12.1994 р.
№ 3 ІНСТРАХ № 1

1. Політика сільськогосподарського оподаткування на поточний рік;

2. Пропозиції щодо створення фонду всеосляної підтримки підприємців-аграріїв;

3. Заходи по узгодженню сільськогосподарської політики в українській державі з рекомендаціями та коментарями USAID щодо цього питання.

Пан Річард Т. Геннон в листі також висловлює конкретні побажання та пропозиції стосовно підтримки американською стороною розвитку Сільськогосподарського Центру в м. Біла Церква (Київська область).

Ці питання передбачається обговорити з українськими фахівцями під час візиту п. Геннона та його помічника А. Кудрявцева в Україну 13-17 грудня ц. р.

На думку МЗС, було б бажано доручити Мінсільгосппроду України підготовку по суті до зазначених переговорів.

З повагою

МІНІСТР



Г. Р. УДОВЕНКО

*TRANSLATION OF A LETTER IN UKRAINIAN
PRINTED ON MINISTRY OF FOREIGN AFFAIRS OF UKRAINE LETTERHEAD*

November 28, 1994

P. T. Sabluk
Vice Prime Minister of Ukraine

Dear Peter,

Ministry of Foreign Affairs of Ukraine received a letter from Richard T. Gannon, Executive Director of the Iowa International Development Foundation (IIDF), containing proposals for cooperation between Ukraine and the United States in the field of agriculture.

During my visit to the United States in September of this year for the opening session of the 49th UN General Assembly, I had a discussion with IIDF leadership regarding the establishment and functioning of the U.S./Ukrainian Agribusiness Center and its mission of promoting trade and investment in the field of agriculture. United States Agency for International Development (USAID) supported the idea to create this center.

In the aforementioned letter, the U.S. side reiterated its high degree of interest in continuing business relations between our two nations in this field and achieving a new level in their development. Incidentally, the letter referred to Ukraine President Kuchma's Address to Parliament, in which he stated that developing agriculture was of key importance in reforming the Ukrainian state.

IIDF is waiting for specific proposals from the Ukrainian Government aimed at further development of bilateral relations, with an emphasis on the following:

1. Agricultural taxation policies in the current year;
2. Proposals for creating a fund to provide wide support for agribusiness entrepreneurs;
3. Measures to coordinate Ukraine's ag policy with suggestions and advice of USAID.

In his letter, Richard T. Gannon also put forward proposals regarding U. S. support for the Agribusiness Center in White Church, Kiev Oblast.

These issues are expected to be discussed with Ukrainian agricultural specialists during the visit by Mr. Gannon and his assistant, Mr. Koudriavtsev, to Ukraine on December 13-17 of this year.

Ministry of Foreign Affairs thinks it will be productive to charge the Ministry of Agriculture with the task of preparing for these negotiations.

Respectfully,

(signature)

Gennadi Udovenko
Ukraine Minister of Foreign Affairs

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**ІНСТИТУТ
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№ 16.01.95 N 16/20

**Mr. David Sprague
Deputy Director
USAID/Kiev**

Establishment of free market relationships are occupying an increasing important role in the Ukrainian agricultural sector. U.S. institutions have a critical contribution to make in the process of agrarian transformation. I believe that U. S. and Ukrainian agribusiness's could develop a more active cooperation, if given an opportunity to do so.

A key role in fastening these relationships could be played by the U.S./Ukrainian project "Agricultural Marketing, Exports, Extension and Training, AgMeet" which is an unsolicited proposal which I recently received from CARD (Iowa State University) IIDE (Iowa International Development Foundation) and Successful Farming.

Project such as AgMeet are needed in order to realize the economic reforms recently declared by Ukrainian President Leonid Kutchma. This project was designed by well-known professionals who have worked when visited Ukraine and understand the special circumstances that exist in Ukraine. Dr. Stanley Johnson, Director of CARD and Chair of IIDE, and Mr. Richard Gannon IIDE Executive Director are primarily responsible for the project design. I would like to bring to you attention, that Mr. Martin Robinson, former Country Director VOCA (Kiev) and John Walter of Successful Farming have also played vital roles in the project design. Please note that Mr. Robinson is a prime candidate for project manager.

The care and expertise that went into the project design by these individuals gives me confidence that the project addresses real needs in Ukraine and proposes realistic activities. If successful in gaining financial support, the project will be jointly implemented with the Ukrainian workers of Agrarian economy, the Agribusiness Center at Bila Tserkva, and the Ross Feedmill.

I would greatly appreciate it if USAID/Kiev could review and consider the project proposal "AgMeet" for possible funding.

Sincerely,

**Peter Sabluk
Ukraine First Vice-Prime Minister
for Agroindustrial complex,
Director, Institute for Agr. Economics**

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№ 16: 01.95 N 16/20

To: Mr. Stanley Johnson
CARD Director & IIDF chair
Mr. Richard T. Gannon
IIDF Executive Director
Fax: 515-294-6336
515-242-4946
From: Vasilij Shlapak,
Leading scientist
Fax: (7-044)-266-0539
Phone: 266-0536
Date: January 16, 1995
Page: 3 (including this page)

Message:

Thank you for the U.S. / Ukrainian project "Agricultural Marketing, Exports, Extension and Training" (AgMeet). I informed Mr. Peter Sabluk. He has been promoted on last week by the President to the position of the Ukraine First Vice-Prime Minister for Agroindustrial complex.

Mr. Peter Sabluk confirmed, that Dr. Victor Boyko jointly with me, who took part in the establishment and a registration of the Agrobusiness Center at Bila Tserkva, are responsible for all kinds of the Institute activity at the joint venture including coordination of AgMeet.

Some time after receiving the unsolicited proposal and other information from you I phoned to Mr. David Sprague and asked him about a perspective for possible funding. In its turn he asked me about Mr. Peter Sabluk's attitude and Mr. Sprague stressed that it is important for a positive

decision. I explained Mr. Sabluk's attitude and promised to prepare and send a letter of confirmation.

In order to facilitate a project promotion I send the letter by fax to you.

In response to a letter sended by the Ukraine Minister of Foreign Affairs Mr. Genadiy Wdovenko to Mr. Peter Sabluk we were preparing at the Institute for Mr. Richard Gannon's visit to Ukraine. The initiatives for cooperation taken by Mr. Richard Gannon have been gressed on the letter written by Mr. Genadiy Wdovenko.

We are looking forward to Mr. Richard Gannon's visit to Ukraine in February, 1995.

Sincerely,



Vasiliy Shlapak

Attachment
c.c. Martin Robinson
John Walter

bcc: Dick Gannon, Marty Robinson, Stanley Johnson

SUCCESSFUL FARMING

ATTACHMENT 11

FOR FAMILIES THAT MAKE FARMING THEIR BUSINESS

1716 Locust Street • Des Moines, IA 50309-3023 • 515-284-3000

January 27, 1995

Mr. Greg Hugher
U.S. Agency for International Development
FAX: 202-736-7566

Dear Mr. Hugher:

I hope it's not too presumptuous for me personally to urge you to support the U.S./Ukraine AgMeet project that is to be submitted for your consideration by the Center for Agricultural and Rural Development at Iowa State University and others.

From our position here at *Successful Farming/New Agribusiness*, AgMeet appears to be an excellent vehicle for broadening agribusiness activity between the U.S. and Ukraine. We are pleased to be offered an opportunity to be included as part of the proposal's information program.

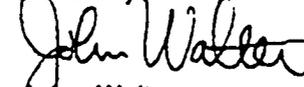
With a circulation of 500,000, *Successful Farming* is the nation's largest paid-circulation agricultural publication. *Successful Farming* maintains a list of about 1,000 U.S. companies that do business with the magazine. Our publication's readership and credibility with industry should enable us to make a genuine contribution in promoting efforts from the private sector to support agricultural and rural development in Ukraine.

Beyond the specific activities spelled out in the AgMeet proposal, we plan to continue to publicize exemplary assistance projects in the NIS, as well as recruit interest from our advertisers in participating in trade and training projects with Ukraine.

Our work over the last year in developing the Russian-language *New Agribusiness* has given us a better understanding of how to work with U.S. companies interested in the NIS. AgMeet would provide us a means to extend this effort and take advantage of the contributions already made by the many individuals and organizations associated with your programs in Ukraine.

Thanks for your time and consideration.

Cordially,


John Walter
Senior Editor

SCOPE OF WORK FOR VOCA VOLUNTEER FOR ABC/WHITE CHURCH

There are two prime tasks involved with the US Agribusiness Center's project with APK ROSS at White Church, Ukraine. One task is the completion of the grain handling, drying and storage system combined with the checkout, startup and successful operation of the system. The other task is the installation of the extruder/extractor line combined with the checkout, startup and successful operation of this system.

The first responsibility, the grain systems, will require an individual with both technical skills and experience in the installation of the mechanical components associated with this system. Also needed will be the ability to read and understand wiring diagrams and the ability to transfer these schematics into electrical power control circuits. Included is the need to parallel wire a Comp-U-Dry computer control unit into the manual control circuits of the Shivers continuous flow, in-bin grain drying system. This individual should also have a background in harvesting agricultural crops and the ability to direct the harvest and drying operations. The person with these skills and experience would also have the ability needed to thoroughly check out both the mechanical and electrical components of this grain system for proper assembly and operation including a testing of all the safety circuits of the drying system. Finally, for this phase of the project, the individual will need to thoroughly screen the ROSS personnel who will be involved in the operation of this system in the proper servicing and maintenance of this equipment, proper procedures for startup of the system, operation of the system and shutdown of the system.

The second responsibility involved with this project, the extruder/expeller line, will require an individual with both technical skills and experience in the installation and operation of this system. The ability to configure the units of this system into a workable setup combined with the ability to direct the fabrication of materials handling equipment to complete the system will be needed. Again, the ability to read and understand wiring diagrams combined with the ability to transform these schematics into electrical power control circuits will be needed. For example, the 125 hp electric motors on the extruders require the use of "Y"/Delta starting circuits. This individual will need to be familiar with the wiring of these and other types of control circuits. The individual will again need to check out all the components of this system for proper assembly and operation, short of actually introducing material to be processed. If possible this individual should have experience in the startup of both extruders and expellers, but if not, this expertise will be provided by the Agribusiness Center. Finally, for this phase of the project, the individual will need to thoroughly screen the ROSS personnel on the servicing and maintenance, proper startup procedures, operation and shutdown of the components of this system.

This individual will be working under the supervision of an agricultural engineer experienced with these systems. This project engineer will be on site to initially brief the volunteer on everything that will need to be done. It is anticipated that the project engineer will be on site another couple of times, as needed, during the completion of the two phases of the project, but supervision, the majority of time, will be by remote communications. Therefore, the individual will need to be able to communicate technical as well as other types of information accurately and be precise in following of directions to carry out the needed tasks. The ROSS personnel this individual will be working with will have some technical skills, but they will not be experienced with any of the equipment being installed.

Under optimum conditions, that this project could be completed in three to four weeks. However, it more likely will take six to eight weeks to complete. It may be necessary to send two separate individuals if it is not possible to find one person with all the skills and experience necessary.

November 6, 1994

Mr. Dick Gannon:
Iowa International Developing Corporation
DesMoines, Iowa

Dear Mr. Gannon:

Just a short note to let you know about the grain bins in Belaya Tserkov.

We wired in as much as we could with the wire we had. I talked to Ron McCaslen, Service Manager, of Shivers and he told me how to by-pass the hi-temp box missing on the project. The grain hi-temp controls were hooked up in the upper fan control box instead of the lower control box. Also, the lower gear temperature control on the main dryer bin auger was connected to the same terminal making it possible to operate the system in conjunction with the circuitrol.

I went over the wiring left with Sasha, Slovack and Zania, the three people helping us and marked the schematics needed. I believe these men are capable of completing the system. They are good electricians.

The things they need to make the system automatic is wire and 5-10 Amp fuses, 10-30 Amp fuses and one hi-temp box from Shivers and change back the three wires we by-passed on the upper burner box.

Sorry we did not have the supplies we needed but I think they can operate it manually when they get the electricity and gas to the sight.

Thank you for the opportunity to serve you. Sorry we could not operate it.

Sincerely,



Charles Tenholder

ATTACHMENT 13

Dick Gannon
200 East Grand Ave.
Des Moines, IA. 50309

I returned from the Ukraine on October 16, working on a project at Belaya Tserkova. Charles Tenholder, from Columbia, Mo. worked with me. We met Ted Gashler October 3, he brought us up to date on the project. October 4 we went to the project site and arranged to begin work. There we met with the people that would help us for the next 8 days. We did the wiring and changed the burners in 2 dryers. Installed all ceneers in the drying bin and hooked up all components. Spreaders in 6 storage bins were wired.

The wires from the transformer building to the main breaker box was not available, also from the main breaker box to the control box on the bin. Three spreaders on the south bins also needs wire.

The gas line to the bins was not completed as it was being installed by the city. After waiting 2 days for the wiring, we had to show them how to finish the project without it. Also changing the instructions to Russian and helping change the Instruction Manuel to Russian.

We went through all operations of the drying system, lighting the burners, taking samples of the grain being dried and grain in storage to protect in from insects and moisture.

They need a grain probe and moisture tester as neither was available.

The people we worked with might need some help in keeping the stored grain in good condition. They have an excellent grain system, drying and storage. (9 storage bins, 1 drying bin). The employees helping us were very knowledgeable in this system. I feel they can finish wiring and starting the gas burners.

Charles and I enjoyed this project very much. Every person was very helpful. The Interpreter was knowledgeable in this work and easy to work with. Everything went well, we only wished we could have finished the project.

I want to thank Ted Gashler, who was excellent in helping us.

Estle A. Cook

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

200 East Grand Avenue, Des Moines, Iowa 50309 U.S.A.

Tel: 515-242-4768 Fax: 515-242-4946 E-Mail: /G=R/S=GANNON/@abcp.sprint.com

AGRIBUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

October 12, 1994

Ukrainian State Customs
Belaya Tsirkiv Division
Kiev, Ukraine

Dear Customs Officer:

Please accept this letter as confirmation that the container which was received by Agri-Industrial Combine ROSS in July, 1994 contains HUMANITARIAN AID cargo and is not subject to taxes or import duties. The shipping documents clearly state this is HUMANITARIAN AID.

All equipment in that container is part of the HUMANITARIAN AID program to Ukrainian agriculture. It is given to Agri-Industrial Combine ROSS free of charge and is not intended to be returned to the United States or to be transferred to any other country. The primary purpose of the equipment is to train ROSS feed-mill personnel how to efficiently process oil seeds into food-grade soy oil and soybean meal for protein in livestock feed.

Attached to this letter are copies of the shipping documents and the packing list for the container. These documents clearly identify the cargo of the container as HUMANITARIAN AID. Thank you for your assistance with this matter.

Respectfully,



Richard T. Gannon
Executive Director

Attachments

The Des Moines Register

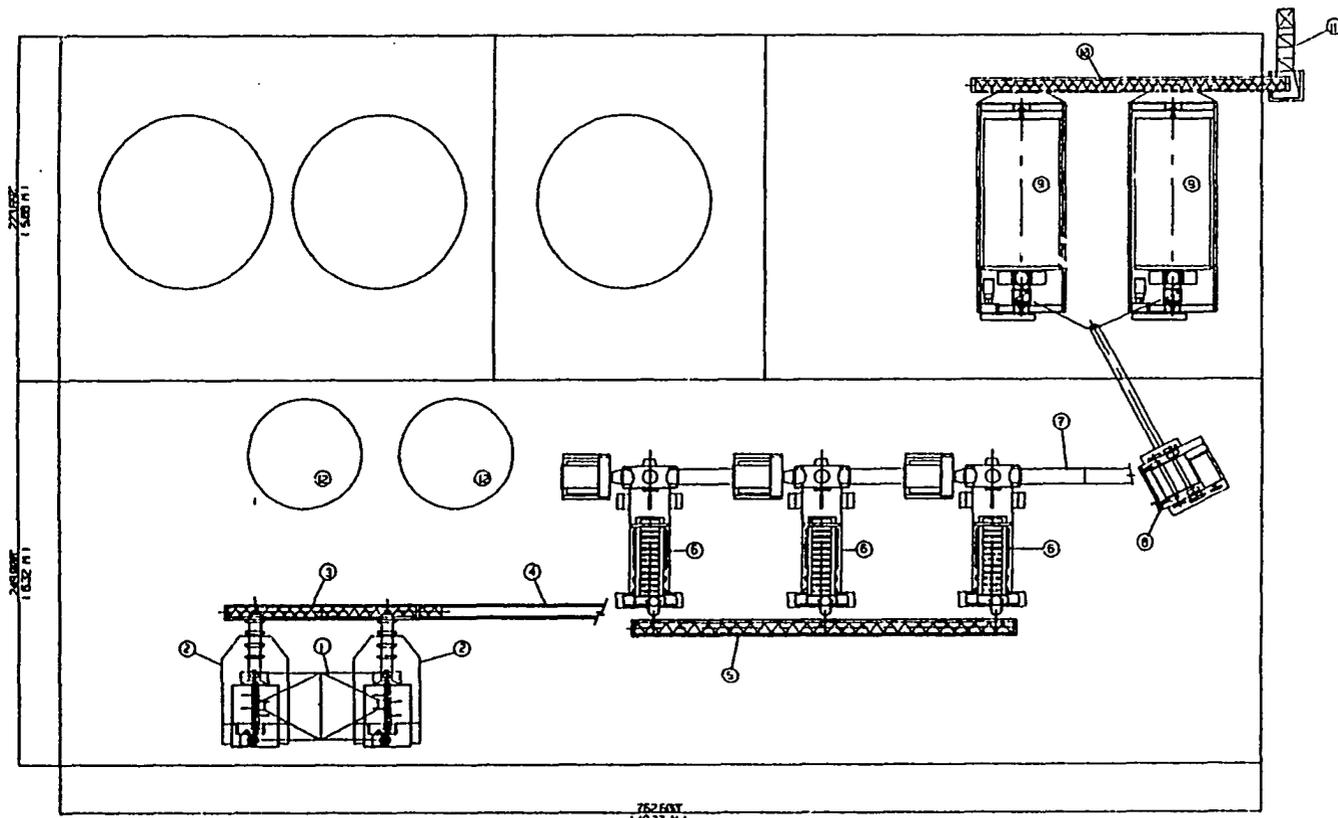
BUSINESS

SATURDAY, JANUARY 21, 1995

Seed to Russia, Ukraine

The Iowa/International Development Foundation is shipping seeds and agricultural equipment worth \$45,000 to Ukraine and Russia this month. A shipment of 18 tons of soybean seed from the Stine Seed Co. in Adel and grain handling equipment from Shivvers Inc. in Corrydon will be shipped to Russia this weekend. Another 18 tons of soybean seed will be sent from Stine to Ukraine later this month. The Iowa/International Development Foundation purchased the seed and equipment to demonstrate and promote Iowa's agricultural industry.

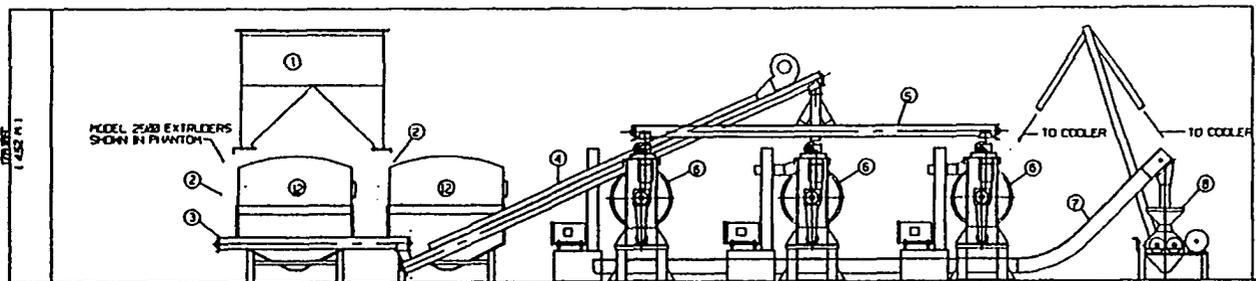
ATTACHMENT 16



- 1 - 50' X 35' DOUBLE HOPPER SURGE BIN
- 2 - 121 - MODEL 2500 EXTRUDERS - 125 HP & 2 HP DC
- 3 - 6' SCREW CONVEYOR X 18'-0" LG - 1 HP
- 4 - 6' SCREW CONVEYOR X 24' FT. W/ COOLING FAN AND AIR FLENUM - 2 HP & 1/2 HP
- 5 - 6' DISTRIBUTION SCREW CONVEYOR X 20 FT - 2 HP
- 6 - 131 - MODEL 1500 CONTINUOUS OIL PRESSES W/ KRAWNERS - 30 HP & 2 HP DC
- 7 - PRESS CAKE DRAG FLIGHT CONVEYOR - 3 HP
- 8 - 18 X 20 ROLLER MILL W/ ROLL DIFFERENTIAL AND ANGLED DISCHARGE SCREW - 10 HP
- 9 - 121 - MODEL 500 COOLERS - 3/4 HP & 1 HP (1 FAN AND CYCLOE NOT SHOWN)
- 10 - 6' COLLECTING SCREW X 16 FT - 1 HP
- 11 - LOADOUT BUCKET ELEVATOR - 1 HP
- 12 - 121 - 1000 G4. CORE BOTTOM SETTLEMENT TAPS

NOTES

- 1 - NOT ALL EQUIPMENT SHOWN IN ALL VIEWS FOR CLARITY
- 2 - OIL PUMPS NOT SHOWN
- 3 - CONVEYOR CAPACITIES @ 50% EFF: 1.35 TPD (1 EXTRUDER MEAL, 167 CFH (1.35 TPD) PRESS MEAL, 103 CFH (1.24 TPD) COOL MEAL, 103 CFH (1.30 TPD)



ATTACHMENT 17

AG DEVELOPERS. LTD.
 KIEV-ATLANTIC U.S. LTD.
 SOPHIA TRANSCON INDUSTRIES. LTD.
 (American / Ukrainian Agribusiness Companies)
 * 8 Staronovanitskaya st. Suite # 71
 Kiev, 252015 Ukraine
 Tel (044) 295-72-75; 294-93-50; 294-90-68; 294-76-47; 296-37-04
 Fax (044) 294-60-52

October 25, 1994

Stanley Johnson, Ph.D.
 Richard T. Gannon
 Executive Director
 Iowa/International Development Foundation
 Des Moines, Iowa 50309

Dear Stan and Richard:

Fax. 1-515-242-4946

I am sorry for not communicating with you sooner in regards to your project in WC. While we continue to remain interested in the eventual outcome of this project by providing a market for your potential productions as well as providing trading services, we think we may have come up with a possible solution to your concerns.

In this regard we would like to introduce you to Mr. Roger Wolfe, President of White Cloud Grain Company, of Hiawatha, Kansas. Roger is a widely respected and senior Ag service and grain elevator operator who has considerable experience in the former eastern block countries and who we have had the pleasure of meeting and working with over this past summer.

Roger has promised me that he will contact you in the nearest future upon his return to the States (he has visited here twice since July). He has inspected the WC facility and knows Jim Asher closely as well.

I really think that Roger can be a significant asset to advance this project. We have discussed same and he thinks that he may be able to provide several options which could be of interest to both you, your local partners, as well as ourselves.

Our Myronivka project continues to move forward and I am confident that we will be able to work with you on the WC project together in the future.

Warm personal regards.

Very truly yours,


 David D. Sweers
 President

Post-It™ brand fax transmittal memo 7671 # of pages ▶ |

To <i>Stan/Sandy</i>	From <i>D Gannon</i>
Co. <i>1</i>	Co.
Dept.	Phone #
Fax #	Fax #

cc: Roger Wolfe

IOWA STATE UNIVERSITY

Center for Agricultural and Rural Development

November 16, 1994

578 Heady Hall
Ames, Iowa 50011-1070
515 294-1183
FAX 515 294-6336
Telex 283359 IASU UR

Mr. David D. Sweere, President
Sophia Transcon Industries, Ltd
Ukrainian-American Joint International Agribusiness Enterprise
Ul. Staronavodnitskaya 8, Kb. 71
252015 Kiev
UKRAINE

Dear David:

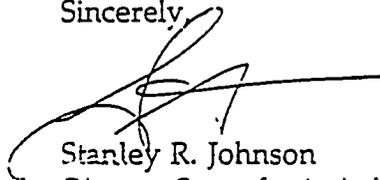
Steven Noah, a friend and former coworker, is now involved with an international firm interested in making a purchase of Ukrainian sunflower seeds. Information on the specifics for the sunflower seeds that he wishes to purchase is in the attached letter. Apparently, Steve's firm has a standing order for up to 50,000 metric tons of seeds that could be taken quickly and interest in longer-term supplies.

I am assuming that you will deal directly with Steven Noah in connection with your interest in this overture. His fax and address are at the top his letter. I have also given this information to Dick Gannon, the Executive Director of the Iowa/International Development Foundation. Perhaps during his upcoming trip to Ukraine you can discuss possibilities for cooperation.

Kindly contact me if you have questions. I hope that all is going well for you in the development of your new agribusiness center. We continue to be interested in the possibility of cooperating in a way that would involve you and your agribusiness center in the trade aspects of our agribusiness center in White Church.

Best personal regards.

Sincerely,



Stanley R. Johnson
Director, Center for Agricultural and Rural Development
C. F. Curtiss Distinguished Professor

/ecb

cc: D. Gannon
S. Noah

*Misc
Copy.*

STEVEN C. NOAH

3412 Giles Street
West Des Moines, Iowa 50265
(515)225-6644

NOVEMBER 9, 1994

DR. STANLEY R. JOHNSON
DIRECTOR
CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT
IOWA STATE UNIVERSITY
AMES, IOWA 50011

DEAR STAN:

PER OUR TELEPHONE CONVERSATION OF NOV. 8, ED SHONSEY AND I
HAVE A CLIENT WHO IS CURRENTLY IN THE MARKET FOR SUNFLOWER
SEEDS. WE ARE EXTREMELY INTERESTED IN PURCHASING UKRAINIAN
PRODUCT.

WE COULD PURCHASE UP TO 50,000 METRIC TONS OF SEEDS QUICKLY,
AND WOULD BE VERY INTERESTED IN LONG TERM CONTRACTS. WE ARE
LOOKING FOR THE FOLLOWING SPECS:

OTL CONTENT : BASIS SEED TALE GRADE 44 %
ADMIXTURE : 3% MAX
MOISTURE : 9% MAX
FREE FATTY ACID : BASIS 2% MAX 3%

STAN, I HOPE YOU CAN HELP US LOCATE THIS PRODUCT IN THE
UKRAINE. BOTH ED AND I APPRECIATE YOUR HELP.

BEST REGARDS.

SPN

**RUSSIAN/AMERICAN AGRIBUSINESS CENTER
AND STINE SEED COMPANY
CONTRACT No. 6
WITH EGORLYK JOINT STOCK FARM
about joint grain and seed production.**

Stavropol

November "4", 1994

The Stine Seed Company, hereinafter referred to as "Stine"; Russian/American Agribusiness Center, hereinafter referred to as "ABC", represented by Thomas G. Dunn acting on the basis of warrant from one side and the Egorlyk Joint Stock Company, hereinafter referred to as "Farm" represented by Alexander Nickolayevich Merzha acting on the basis of Operating Regulations from another side enter into this contract as set forth below:

1. Subject of contract:

The subject of this contract is joint activity for grain and seed production viz. the soybean and corn crops on the land of Egorlyk Farm, of Ptichye, Stavropol Krai, Russia, in 1994.

2. Responsibilities of the Sides:

In this contract the Sides agree that they have common business goals:

1. To increase the crops productivity.
2. To provide increased production efficiency by decreasing the costs of production units and purchase price of agricultural products.

In order to achieve these purposes the Sides are obliged:

The Farm - to grow and to harvest the 1994 project corn and soybean crops using the ICI corn and Stine soybean seeds as well as agricultural equipment owned and controlled by ABC. Immediately after harvesting the crop or within three working days of signing the contract, whichever is later, the Farm will give ABC and Stine possession of 100% of the 1994 soybean crop. From its side, the ABC will give the Farm possession of ABC's 25% of the 1993 corn crop, 25% of the 1993 soybean crop and 25% of the 1994 corn crop. The net effect of this change is that the Farm will receive 100% of the 1993 corn crop, 100% of the 1993 soybean crop, and 100% of the 1994 corn crop and the ABC will receive 100% of the 1994 soybean crop. In addition ABC will provide the Farm, at no cost, 16.5 tons of Stine soybean seed for the 1995 ABC project crop.

The crop quality must correspond to the GOST (State Standards).

The 1994 soybean crop grown and harvested by the Farm will be given into ABC's and Stine's possession immediately after harvesting the crop or within 3 working days from the signing of this contract, whichever is later. The ABC's right of possession arises from the signing by the

Sides of the Giving-Transferring Act of the 1994 soybean crop. The Giving-Transferring Act is an inseparable part of this contract.

Delivery of the crop to ABC's choice of destination will be arranged for and paid by ABC. The term of delivery completion is 30 days after the finish of crop harvest. The crop will be delivered in bulk by trucks with tare, gross and net weights taken at the Farm and gross, tare and net weights taken at the point of destination.

The incentive money for the labor of the Farm's workers will be provided by ABC and Stine and paid as follows:

For all yields in excess of five centaurs per hectare ABC will pay \$0.10 per centaur per hectare. For all yields in excess of ten centaurs per hectare ABC will pay \$0.20 per centaur per hectare. For all yields in excess of fifteen centaurs per hectare ABC will pay \$0.30 per centaur per hectare.

The payments will be made in roubles which will be based on the dollar conversion available in Stavropol banks at the time of payments. Payments will be made within three weeks of the conclusion of this crop's harvest or within three weeks of the signing of this contract, whichever is later. The date of the execution of the obligations of the payments for the workers labor is the day of receiving that money on the Farm's account.

3. The property responsibility of the Sides:

For evading the signing of the Giving-Transferring Act of the 1994 soybean crop the Farm will pay the penalty of 10% of the market price of the soybean crop for the day of the signing of this agreement.

If the delivery of the crop will not be completed on time and the delay is the fault of the ABC, the ABC will pay the Farm 0.1% of the market price of the crop as forfeit for each day of delay. If, however the delay is the fault of the Farm, the Farm will pay the ABC 0.1% of the market price of the crop as forfeit for each day of delay.

For refusal or in case of the transfer of the right of possession of the 1994 soybean crop to a third party, the Farm will pay the penalty of 200% of the market price of the soybean crop at that time.

4. Additional conditions of the contract:

The 1993 Work Plan is an integral part of this contract and the Sides all acknowledge that they have read and understand this document.

This contract supersedes the 1993 Working Agreement by stipulating a different division of the crops based on the principals of the 1993 Working Agreement.

This contract also acknowledges that the American Manager of the ABC has both the right and responsibility of directing the soybean crop harvest. This includes the adjustment of the combines for seed soybean harvesting, timing of the harvest, directing the delivery of the crop and any other management decisions related to the harvest of this crop.

This contract is the sole 1994 agreement between the ABC, Stine and the Farm concerning the corn and soybean crops and any prior oral or written agreement, promises, negotiations or representations not stated in this contract are of no force or effect. No amendment or modification of this contract will be valid or binding unless set forth in writing and executed by the Sides hereto.

In cases not foreseen by this contract the Sides bear the responsibility according to the Bases of Civil Laws of Russian Federation. The Sides don't bear the responsibility in a case arising from circumstances of force-major.

The terms of the contract: the beginning November 01, the completion December, 31, 1994
The addendum: Giving-Transferring Act.

5. Addresses of the Sides:

- 1. Stine Seed Company: 2225 Laredo Trail, Adel, Iowa 50003, USA.
- 2. Russian/American Agribusiness Center: office 411, 337 Mire St., Stavropol, 355017 Russia.
- 3. Egorlyk Joint Stock Farm: Ptichye, Stavropol krai, Russia.

Egorlyk Joint Stock Farm:

Игорь А.И.
Authorized Person (Please Print)

[Signature]
Signature and Title

Russian/American Agribusiness Center:

[Signature]
Authorized Person (Please Print)

[Signature]
Signature and Title

Authorized Person (Please Print)

Signature and Title

Stine Seed Company:

[Signature]
Authorized Person (Please Print)

[Signature]
Signature and Title
AMERICAN MANAGER
BSAE
STAVROPOL, RUSSIA

THE ADDENDUM
THE CONTRACT No. 6

Stavropol

November "04", 1994.

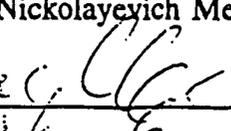
ACT
OF GIVING-TRANSFERRING
THE RIGHT OF POSSESSION

Egorlyk Joint Stock Farm transfers the right of possession of the 1994 soybean crop grown by Egorlyk Joint Stock Farm to the Stine Seed Company and to the Russian/American Agribusiness Center. The Stine Seed Company and the Russian/American Agribusiness Center gain the right of possession of the 1994 soybean crop from the moment of signing of this act.

Judicial addresses of the Sides:

Egorlyk Joint Stock Farm:

КФПТ Егорлыкское
Ф/е/е/и/и 000406803
Ковдбанк з. Ставропольский
с/с 40 237/25

Alexander Nickolayevich Merzha



THOMAS G. DURN
AMERICAN MANAGER
BSAE
STAVROPOL, RUSSIA

Russian/American Agribusiness Center:

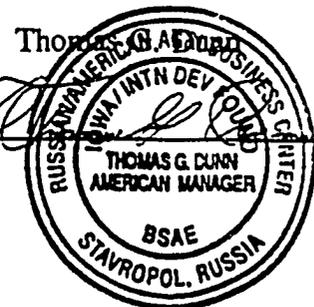
office 411, 337 Mire St., Stavropol, 355017 Russia.

Vladimir G. Khvorostyanov

Stine Seed Company:

2225 Laredo Trail, Adel, Iowa 50003, USA.

Thomas G. Durn


THOMAS G. DURN
AMERICAN MANAGER
BSAE
STAVROPOL, RUSSIA

269

КОНТРАКТ No. 6
между Российско-Американским агробизнесцентром
и компанией "Стайн Сид"
с КДП "Егорлыкское"

о совместной деятельности в области производства зерновых культур.

г. Ставрополь

" 4 " ноябрь 1994 г.

Компания "Стайн Сид", далее "Стайн", Российско-Американский агробизнесцентр, далее АБЦ, в лице полномочного представителя - Томаса Гарвина Данна, действующего на основании доверенности, с одной стороны, и КДП "Егорлыкское", далее КДП, в лице директора Мержа Александра Николаевича, действующего на основании Устава, с другой стороны, заключили настоящий контракт о нижеследующем:

1. Предмет контракта:

Предметом контракта между сторонами является совместная деятельность в области производства зерновых культур, а именно сои и кукурузы на территории КДП "Егорлыкское", с. Птичье Изобильненского района Ставропольского края, в 1994 г.

2. Обязательства сторон:

Стороны в контракте согласились с тем, что они имеют следующие деловые цели:

1. Повышение объема производства сельскохозяйственной продукции.
2. Обеспечение эффективности и экономичности производства за счет снижения стоимости единиц продукции и закупочной цены за произведенную продукцию.

Для достижения этих результатов стороны обязуются: КДП вырастить и убрать урожай кукурузы и сои 1994 г., используя семена кукурузы компании Ай-Си-Ай и сои компании "Стайн", а также сельскохозяйственную технику, контролируемую и принадлежащую на праве собственности АБЦ. Сразу после уборки КДП передает в собственность 100% полученного зерна сои урожая 1994 г. АБЦ и "Стайн". Со своей стороны, АБЦ передает в собственность КДП принадлежащие АБЦ 25% зерна сои урожая 1993 г., 25% зерна кукурузы 1993 г. и 25% зерна кукурузы урожая 1994 г. Эффект обмена состоит в том, что КДП получит 100% зерна кукурузы урожая 1993 г., 100% зерна сои урожая 1993 г. и 100% зерна кукурузы урожая 1994 г., а АБЦ получит 100% зерна сои урожая 1994 г. "Стайн", со своей стороны, обязуется через АБЦ безвозмездно обеспечить КДП семенами сои в количестве 16.5 тонн для получения урожая зерна сои согласно проекта АБЦ на 1995 г.

Качественные показатели зерна должны соответствовать ГОСТу.

Урожай зерна сои 1994 г., выращенный и убраный КДП, переходит в собственность АБЦ и "Стайн" сразу после уборки или в течение 3 рабочих дней после подписания данного контракта, в зависимости от того, что будет позднее. Право собственности у АБЦ возникает с момента подписания акта приема-передачи зерна сои урожая 1994 г. сторонами. Акт приема-передачи является неотъемлемой частью настоящего контракта.

Вид транспорта и базис поставки - самовывоз АБЦ. Срок окончания транспортировки - 30 дней после окончания уборки урожая. Зерно транспортируется насыпью автотранспортом при обязательном взвешивании в КДП и пункте доставки.

Стимулирование труда работников КДП производится за счет АБЦ и "Стайн" из расчета: за весь урожай, превышающий пять центнеров с гектара, АБЦ заплатит 0,10 доллара за центнер с гектара. За весь урожай, превышающий десять центнеров с гектара, АБЦ заплатит 0,20 доллара за центнер с гектара. За весь урожай, превышающий пятнадцать центнеров с гектара, АБЦ заплатит 0,30 доллара за центнер с гектара.

Оплата будет произведена в рублях по курсу доллара в банках Ставрополя на момент оплаты в течение трех недель со дня завершения уборки или в течение трех недель со дня подписания этого контракта, в зависимости от того, что будет позднее.

Днем исполнения обязательств по оплате труда работников считается день поступления денег на расчетный счет КДП.

3. Имущественная ответственность сторон:

За уклонение от подписания акта приема-передачи зерна сои урожая 1994 г. КДП платит штраф в размере 10% рыночной стоимости семян сои на момент подписания этого акта.

За невывоз сои в срок АБЦ платит неустойку в размере 0,1% от рыночной стоимости невывезенного зерна за каждый день просрочки.

За отказ или в случае передачи права собственности на зерно сои урожая 1994 г. третьим лицам КДП "Егорлыкское" платит штраф в размере 200% рыночной стоимости семян сои на данный момент.

4. Дополнительные условия контракта:

Рабочий План 1993 г. является неотъемлемой частью этого контракта и все стороны признают, что они читали и поняли этот документ.

Этот контракт заменяет Рабочее Соглашение 1993 г., обуславливая различное разделение урожая на основе принципов Рабочего Соглашения 1993 г.

Этот контракт также подтверждает, что американский менеджер АБЦ обладает как правом, так и ответственностью за руководство уборкой урожая. Это включает в себя регулировку комбайнов для уборки сои, время уборки, управление доставкой семян и другие решения, касающиеся уборки этой культуры.

Этот контракт - единственное соглашение 1994 г. между АБЦ, "Стайн" и КДП, касающееся урожая кукурузы и сои, и любые прежние устные или письменные соглашения, обещания, переговоры или представления, не изложенные в этом контракте, не имеют силы или действия. Никакое добавление или изменение этого контракта не будет иметь силы или действия, пока не будет составлено и подписано сторонами.

В случаях, не предусмотренных настоящим контрактом, стороны несут ответственность в соответствии с Основами гражданского законодательства РФ. Стороны не несут ответственность в случае возникновения обстоятельств форс-мажора.

Срок действия контракта: начало 4 ноября - окончание 31 декабря, 1994

Приложение: акт приема-передачи.

5. Адреса сторон:

1. Компания "Стайн Сид": 2225 Ларедо Трэйл, Адел, Айова 50003, США.

2. Российско-Американский агробизнесцентр: Россия, Ставрополь, ул. Мира, 337, каб. 411.

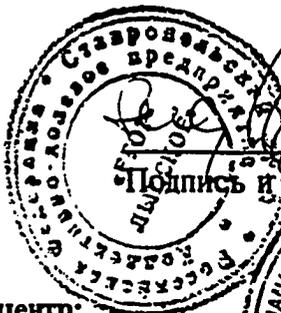
3. КДП "Егорлыкское": Россия, Ставропольский край, Изобильненский район, с. Птичьё.

КДП "Егорлыкское":

Ивертса А.М.

Ф.И.О. (просьба напечатать)

Ивертса А.М. - директор КДП
Подпись и должность



Российско-Американский агробизнесцентр:

Thomas G. Dunn

Ф.И.О. (просьба напечатать)

Thomas G. Dunn
Подпись и должность



Ф.И.О. (просьба напечатать)

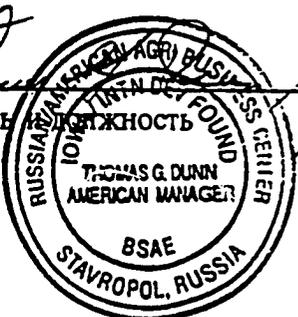
Подпись и должность

Компания "Стайн Сид":

Thomas G. Dunn

Ф.И.О. (просьба напечатать)

Thomas G. Dunn
Подпись и должность



ПРИЛОЖЕНИЕ
К КОНТРАКТУ No. 6

г. Ставрополь

“ 4 ” ноября 1994 г.

АКТ
приема-передачи права собственности

КДП “Егорлыкское” передает право собственности на урожай зерна сои 1994 г., выращенный КДП “Егорлыкское”, компании “Стайн Сид” и Российско-Американскому агро-бизнесцентру. Право собственности на урожай сои 1994 г. компания “Стайн Сид” и Российско-Американский агробизнесцентр приобретают с момента подписания данного акта.

Юридические адреса сторон:

КДП “Егорлыкское”:

Физлиц 000406803
Ковбала № 2. Ставропольский
МЧО 237125



МЕРЖА А.Н.

Signature of Merzha A.N.

Российско-Американский агробизнесцентр:

Россия, г. Ставрополь, ул. Мира, 337, каб. 411.



ХВОРОСТЬЯНОВ В.Г.

Компания “Стайн Сид”:

2225 Ларедо Трейл, Адел, Айова 50003, США

ТОМ Г. ДАНН



**RUSSIAN/AMERICAN AGRIBUSINESS CENTER
AND STINE SEED COMPANY
CONTRACT No. 5
WITH CHAPAYEV JOINT STOCK FARM
about joint grain and seed production.**

Stavropol

November 10, 1994

The Stine Seed Company, hereinafter referred to as "Stine"; Russian/American Agribusiness Center, hereinafter referred to as "ABC", represented by Thomas G. Dunn acting on the basis of warrant from one side and the Chapayev Joint Stock Company, hereinafter referred to as "Farm" represented by Mikhail Georgiyevich Baranov acting on the basis of Operating Regulations from another side enter into this contract as set forth below:

1. Subject of contract:

The subject of this contract is joint activity for grain and seed production viz. the soybean and corn crops on the land of Chapayev Farm, of Kazinka, Stavropol Krai, Russia, in 1994.

2. Responsibilities of the Sides:

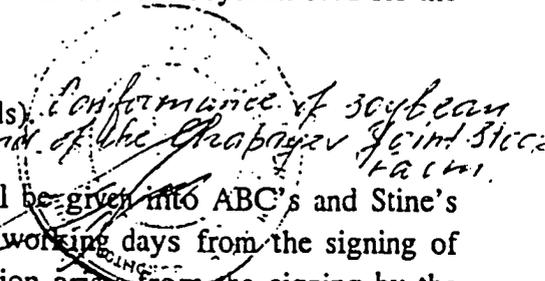
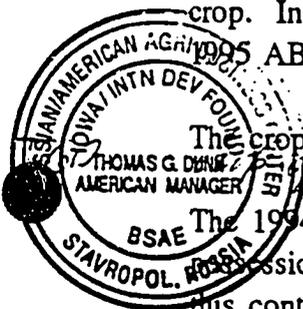
In this contract the Sides agree that they have common business goals:

1. To increase the crops productivity.
2. To provide increased production efficiency by decreasing the costs of production units and purchase price of agricultural products.

In order to achieve these purposes the Sides are obliged:

The Farm - to grow and to harvest the 1994 project corn and soybean crops using the ICI corn and Stine soybean seeds as well as agricultural equipment owned and controlled by ABC. Immediately after harvesting the crop or within three working days after signing the contract, whichever is later, the Farm will give ABC and Stine possession of 100% of the 1994 soybean crop. From its side, the ABC will give the Farm possession of ABC's 25% of the 1993 corn crop, 25% of the 1993 soybean crop and 25% of the 1994 corn crop. The net effect of this change is that the Farm will receive 100% of the 1993 corn crop, 100% of the 1993 soybean crop, and 100% of the 1994 corn crop and the ABC will receive 100% of the 1994 soybean crop. In addition ABC will provide the Farm, at no cost, 11.5 tons of Stine soybean seed for the 1995 ABC project crop.

The crop quality must correspond to the GOST (State Standards) *performance of soybean*
1994, is the responsibility of ABC and of the Chapayev Joint Stock
with GOST Farm.
The 1994 soybean crop grown and harvested by the Farm will be given into ABC's and Stine's
possession immediately after harvesting the crop or within 3 working days from the signing of
this contract, whichever is later. The ABC's right of possession arises from the signing by the



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Sides of the Giving-Transferring Act of the 1994 soybean crop. The Giving-Transferring Act is an inseparable part of this contract.

Delivery of the crop to ABC's choice of destination will be arranged for and paid by ABC. The term of delivery completion is 30 days after the finish of crop harvest. The crop will be delivered in bulk by trucks with tare, gross and net weights taken at the Farm and gross, tare and net weights taken at the point of destination.

The incentive money for the labor of the Farm's workers will be provided by ABC and Stine and paid as follows:

For all yields in excess of five centaurs per hectare ABC will pay \$0.10 per centaur per hectare. For all yields in excess of ten centaurs per hectare ABC will pay \$0.20 per centaur per hectare. For all yields in excess of fifteen centaurs per hectare ABC will pay \$0.30 per centaur per hectare.

The payments will be made in roubles which will be based on the dollar conversion available in Stavropol banks at the time of payments. Payments will be made within three weeks of the conclusion of this crop's harvest or within three weeks of the signing of this contract, whichever is later. The date of the execution of the obligations of the payments for the workers labor is the day of receiving that money on the Farm's account.

3. The property responsibility of the Sides:

For evading the signing of the Giving-Transferring Act of the 1994 soybean crop the Farm will pay the penalty of 10% of the market price of the soybean crop for the day of the signing of this agreement.

If the delivery of the crop will not be completed on time and the delay is the fault of the ABC, the ABC will pay the Farm 0.1% of the market price of the crop as forfeit for each day of delay. If, however the delay is the fault of the Farm, the Farm will pay the ABC 0.1% of the market price of the crop as forfeit for each day of delay.

For refusal or in case of the transfer of the right of possession of the 1994 soybean crop to a third party, the Farm will pay the penalty of 200% of the market price of the soybean crop at that time.

4. Additional conditions of the contract:

The 1993 Work Plan is an integral part of this contract and the Sides all acknowledge that they have read and understand this document.

This contract supersedes the 1993 Working Agreement by stipulating a different division of the crops based on the principals of the 1993 Working Agreement.

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This contract also acknowledges that the American Manager of the ABC has both the right and responsibility of directing the soybean crop harvest. This includes the adjustment of the combines for seed soybean harvesting, timing of the harvest, directing the delivery of the crop and any other management decisions related to the harvest of this crop.

This contract is the sole 1994 agreement between the ABC, Stine and the Farm concerning the corn and soybean crops and any prior oral or written agreement, promises, negotiations or representations not stated in this contract are of no force or effect. No amendment or modification of this contract will be valid or binding unless set forth in writing and executed by the Sides hereto.

In cases not foreseen by this contract the Sides bear the responsibility according to the Bases of Civil Laws of Russian Federation. The Sides don't bear the responsibility in a case arising from circumstances of force-major.

The terms of the contract: the beginning November 10, the completion December 31, 1994
The addendum: Giving-Transferring Act.

5. Addresses of the Sides:

- 1. Stine Seed Company: 2225 Laredo Trail, Adel, Iowa 50003, USA.
- 2. Russian/American Agribusiness Center: office 411, 337 Mire St., Stavropol, 355017 Russia.
- 3. Chapayev Joint Stock Farm: Kazinka, Stavropol krai, Russia.

Chapayev Joint Stock Farm:

Владимир Александрович Прохоров
Authorized Person (Please Print)

[Signature]
Signature and Title

Russian/American Agribusiness Center:

Thomas G. Dunn
Authorized Person (Please Print)

[Signature]
Signature and Title

Authorized Person (Please Print)

Signature and Title

Stine Seed Company:

Thomas G. Dunn
Authorized Person (Please Print)

[Signature]
Signature and Title



**THE ADDENDUM
THE CONTRACT No. 5**

Stavropol

November "10", 1994.

**ACT
OF GIVING-TRANSFERRING
THE RIGHT OF POSSESSION**

Chapayev Joint Stock Farm transfers the right of possession of the 1994 soybean crop grown by Chapayev Joint Stock Farm to the Stine Seed Company and to the Russian/American Agribusiness Center. The Stine Seed Company and the Russian/American Agribusiness Center gain the right of possession of the 1994 soybean crop from the moment of signing of this act.

Judicial addresses of the Sides:

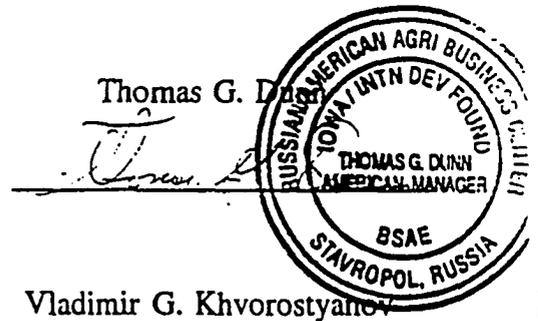
Chapayev Joint Stock Farm:

Kozinka, Russia,
Slivkovsky Rayon
Stavropol'sky Krai

Mikhail G. Baranov


Russian/American Agribusiness Center:

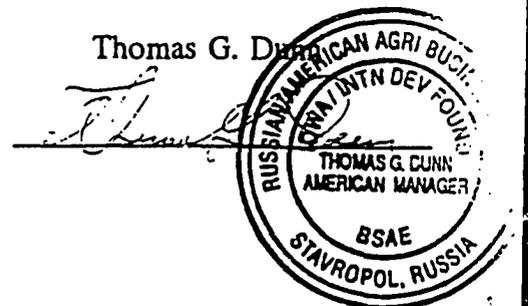
office 411, 337 Mire St., Stavropol, 355017 Russia.

Thomas G. Dunn

RUSSIAN/AMERICAN AGRI BUSINESS CENTER
TOWA INTN DEV FOUND
THOMAS G. DUNN
AMERICAN MANAGER
BSAE
STAVROPOL, RUSSIA

Vladimir G. Khvorostyanov

Stine Seed Company:

2225 Laredo Trail, Adel, Iowa 50003, USA.

Thomas G. Dunn

RUSSIAN/AMERICAN AGRI BUSI...
TOWA INTN DEV FOUND
THOMAS G. DUNN
AMERICAN MANAGER
BSAE
STAVROPOL, RUSSIA

КОНТРАКТ No. 5
между Российско-Американским агробизнесцентром
и компанией "Стайн Сид"
с СХП "Чапаевское"
о совместной деятельности в области производства зерновых культур.

г. Ставрополь

"10" ноября 1994 г.

Компания "Стайн Сид", далее "Стайн", Российско-Американский агробизнесцентр, далее АБЦ, в лице полномочного представителя - Томаса Гарвина Данна, действующего на основании доверенности, с одной стороны, и СХП "Чапаевское", далее СХП, в лице директора Баранова Михаила Георгиевича, действующего на основании Устава, с другой стороны, заключили настоящий контракт о нижеследующем:

1. Предмет контракта:

Предметом контракта между сторонами является совместная деятельность в области производства зерновых культур, а именно сои и кукурузы на территории СХП "Чапаевское", с. Казинка Шпаковского района Ставропольского края, в 1994 г.

2. Обязательства сторон:

Стороны в контракте согласились с тем, что они имеют следующие деловые цели:

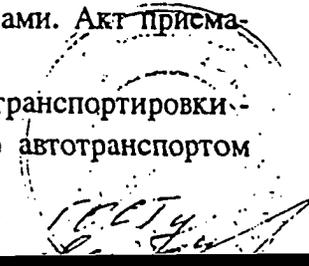
1. Повышение объема производства сельскохозяйственной продукции.
2. Обеспечение эффективности и экономичности производства за счет снижения стоимости единиц продукции и закупочной цены за произведенную продукцию.

Для достижения этих результатов стороны обязуются: СХП вырастить и убрать урожай кукурузы и сои 1994 г., используя семена кукурузы компании Ай-Си-Ай и сои компании "Стайн", а также сельскохозяйственную технику, контролируруемую и принадлежащую на праве собственности АБЦ. Сразу после уборки СХП передает в собственность 100% полученного зерна сои урожая 1994 г. АБЦ и "Стайн". Со своей стороны, АБЦ передаст в собственность СХП принадлежащие АБЦ 25% зерна сои урожая 1993 г., 25% зерна кукурузы 1993 г. и 25% зерна кукурузы урожая 1994 г. Эффект обмена состоит в том, что СХП получит 100% зерна кукурузы урожая 1993 г., 100% зерна сои урожая 1993 г. и 100% зерна кукурузы урожая 1994 г., а АБЦ получит 100% зерна сои урожая 1994 г. К тому же, АБЦ безвозмездно обеспечит СХП семенами сои компании "Стайн" в количестве 11,5 тонн для получения урожая зерна сои согласно проекта АБЦ на 1995 г.

Качественные показатели зерна должны соответствовать ГОСТу.

Урожай зерна сои 1994 г., выращенный и убраный СХП, переходит в собственность АБЦ и "Стайн" сразу после уборки или в течение 3 рабочих дней после подписания данного контракта, в зависимости от того, что будет позднее. Право собственности у АБЦ возникает с момента подписания акта приема-передачи зерна сои урожая 1994 г. сторонами. Акт приема-передачи является неотъемлемой частью настоящего контракта.

Вид транспорта и базис поставки - самовывоз АБЦ. Срок окончания транспортировки - 30 дней после окончания уборки урожая. Зерно транспортируется насыпью автотранспортом с обязательным взвешиванием в СХП и пункте доставки.



Стимулирование труда работников СХП производится за счет АБЦ и "Стайн" из расчета: за весь урожай, превышающий пять центнеров с гектара, АБЦ заплатит 0,10 доллара за центнер с гектара. За весь урожай, превышающий десять центнеров с гектара, АБЦ заплатит 0,20 доллара за центнер с гектара. За весь урожай, превышающий пятнадцать центнеров с гектара, АБЦ заплатит 0,30 доллара за центнер с гектара.

Оплата будет произведена в рублях по курсу доллара в банках Ставрополя на момент оплаты в течение трех недель со дня завершения уборки или в течение трех недель со дня подписания этого контракта, в зависимости от того, что будет позднее.

Днем исполнения обязательств по оплате труда работников считается день поступления денег на расчетный счет СХП.

3. Имущественная ответственность сторон:

За уклонение от подписания акта приема-передачи зерна сои урожая 1994 г. СХП платит штраф в размере 10% рыночной стоимости семян сои на момент подписания этого акта.

За невывоз сои в срок АБЦ платит неустойку в размере 0,1% от рыночной стоимости невывезенного зерна за каждый день просрочки.

За отказ или в случае передачи права собственности на зерно сои урожая 1994 г. третьим лицам СХП "Чапаевское" платит штраф в размере 200% рыночной стоимости семян сои на данный момент.

4. Дополнительные условия контракта:

Рабочий План 1993 г. является неотъемлемой частью этого контракта и все стороны признают, что они читали и поняли этот документ.

Этот контракт заменяет Рабочее Соглашение 1993 г., обуславливая различное разделение урожая на основе принципов Рабочего Соглашения 1993 г.

Этот контракт также подтверждает, что американский менеджер АБЦ обладает как правом, так и ответственностью за руководство уборкой урожая. Это включает в себя регулировку комбайнов для уборки сои, время уборки, управление доставкой семян и другие решения, касающиеся уборки этой культуры.

Этот контракт - единственное соглашение 1994 г. между АБЦ, "Стайн" и СХП, касающееся урожая кукурузы и сои, и любые прежние устные или письменные соглашения, обещания, переговоры или представления, не изложенные в этом контракте, не имеют силы или действия. Никакое добавление или изменение этого контракта не будет иметь силы или действия, пока не будет составлено и подписано сторонами.

В случаях, не предусмотренных настоящим контрактом, стороны несут ответственность в соответствии с Основами гражданского законодательства РФ. Стороны не несут ответственность в случае возникновения обстоятельств форс-мажора.

Срок действия контракта: начало 10 ноября 94 - окончание 31 декабря 94.

Приложение: акт приема-передачи.

5. Адреса сторон:

1. Компания "Стайн Сид": 2225 Ларедо Трейл, Адел, Айова 50003, США.

2. Российско-Американский агробизнесцентр: Россия, Ставрополь, ул. Мира, 337, каб. 411.

3. СХП "Чапаевское": Россия, Ставропольский край, с. Казинка

СХП "Чапаевское":

Генеральный директор

Ф.И.О. (просьба напечатать)



Подпись и должность

Российско-Американский агробизнесцентр:

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Thomas G. Dunn

Подпись и должность



**ПРИЛОЖЕНИЕ
К КОНТРАКТУ N 5**

г. Ставрополь

" 10 " ноябрь 1994 г.

**АКТ
приема-передачи права собственности**

СХП "Чапаевское" передает право собственности на урожай зерна сои 1994 г., выращенный СХП "Чапаевское", компании "Стайн Сид" и Российско-Американскому агробизнесцентру. Право собственности на урожай сои 1994 г. компания "Стайн Сид" и Российско-Американский агробизнесцентр приобретают с момента подписания данного акта.

Юридические адреса сторон:

СХП "Чапаевское":

с. Чапаевка
Шевченкоского р-на
Ставропольского края
РСФСР



Российско-Американский агробизнесцентр:

Россия, г. Ставрополь, ул. Мира, 337, каб. 411.

ТОМ Г. ДАНН



ХВОРОСТЬЯНОВ В.

Компания "Стайн Сид":

2225 Ларедо Трейл, Адел, Айова 50003, США

ТОМ Г. ДАНН



1994 SEED PROCESSING CONTRACT
between
RUSSIAN/AMERICAN AGRIBUSINESS CENTER
AND
SEED STATION "TRUNOVSKAYA"
10 Nov 94

This contract is entered into by the Russian American Agribusiness Center, hereinafter referred to as "ABC", of Stavropol, Russia and the Seed Station "Trunovskaya", hereinafter referred to as "Seed Station", of Donskoye, Russia.

The purpose of this contract is to provide storage and possibly seed cleaning and bagging if the seed is of sufficient quality to be marketed for Stine Seed Co. The soybean crops involved are two varieties, Stine 2250 and Stine 3210, which are being grown by ABC at the Chapayev Joint Stock Farm near Kazinka and the Egorlyk Joint Stock Farm near Ptechy (both varieties at both farms). ABC will provide for delivering the crop to the Seed Station at harvest and hauling the crop or seed from the Seed Station after storage. ABC will also provide bags and a hand-held bag closer for the bagging process done by the Seed Station.

If the crop proves to be of Seed Quality, then all of the services including receiving the bulk crop, storing the bulk seed until testing is completed, cleaning, bagging, storing the bagged seed until 01 Apr 95 and assisting in loading the seed out on trucks will be utilized. The payment from ABC to Seed Station for these services will be 70 roubles per kilogram of clean seed. The broken kernel foreign matter (BCFM) from the cleaning will remain the property of ABC and will be stored at Seed Station to be utilized by ABC prior to 01 Jan 95.

If the crop proves to not be of seed quality, then only the services of receiving the bulk crop, storing the bulk crop until 01 Jan 95 and assistance in loading the bulk crop out on trucks will be utilized. The payment from ABC to Seed Station for this service will be 25 roubles per kilogram of crop.

The first payment upon consummation of this contract will be 3,000,000 roubles due and payable within one week of signing this contract. The final payment of the remaining balance will be due and payable within one month of signing this contract or after the cleaning and bagging of the seed is completed, whichever is later.

The Seed Station "Trunovskaya" will not assign this contract or any interest herein, either voluntarily, involuntarily or by operation of law, without prior written consent of the American Manager of the ABC. This contract is the sole agreement between the ABC and the Seed Station and any prior oral or written agreements, promises, negotiations or representations not stated in this contract are of no force or effect. No amendment or modification of this contract will be valid or binding unless set forth in writing and executed by the parties hereto.

1994 SEED PROCESSING CONTRACT (cont.)

Executed this 11th day of November 1994.

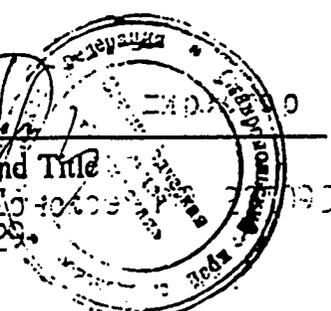
Seed Station "Trunovskaya":

Чиокин Сергей Павлович

Authorized Person (Please Print)

Расчетный счет 303403301 от. Агробизнеса в. Ставрополье
701 г. Ставрополь кор. вчет 700161202 №0 231329.


Signature and Title



Russian/American Agribusiness Center:

Thomas G. Dunn

Authorized Person (Please Print)


Signature and Title



КОНТРАКТ
по переработке зерна между
Российско-Американским Агробизнесцентром и
районной семенной станцией "Труновская"
10 ноября 1994 г.

Настоящий контракт заключается между Российско-Американским агробизнесцентром, далее "АБЦ", расположенном в г. Ставрополе, ул. Мира, 337, ком. 411, Россия, и районной семенной станцией "Труновская", далее "семенная станция", расположенной в с. Донское, ул. Подгорная, 6, Ставропольский край, Россия.

Целью контракта является обеспечение хранения и возможной очистки и упаковки в мешки семян сои, если они соответствуют качеству компании "Стайн" для реализации на рынке. Соя, используемая для этого, - двух сортов - "Стайн-2250" и "Стайн-3210", выращенная АБЦ в СХП "Чапаевское" под с. Казинка и в КДП "Егорлыкское" под с. Птичьё (оба сорта в обоих хозяйствах). АБЦ обеспечит доставку зерна на семенную станцию при уборке урожая и увезет зерно или семена со станции после хранения. АБЦ также обеспечит станцию мешками и машинкой для зашивания мешков для выполнения станцией процесса упаковки.

Если соя будет отвечать предъявляемым требованиям к качеству семян, то будут предоставлены все необходимые услуги, а именно: прием насыпного зерна, его хранение, пока не будет закончено тестирование, очистка, упаковка в мешки, хранение до 01 апреля 1995 г. упакованных в мешки семян, а также помощь при погрузке семян в грузовики. Плата АБЦ за эти услуги составит 70 рублей за килограмм очищенных семян. Поврежденное зерно, остающееся после очистки, остается собственностью АБЦ и будет храниться на семенной станции до 01 января 1995 г.

Если соя не будет отвечать требованиям качества семян, то будут предоставлены услуги только по приему насыпного зерна, его хранению до 01 января 1995 г. и помощь в погрузке по востребованию. Плата АБЦ за эти услуги составит 25 рублей за килограмм зерна.

Первая плата по завершению работы над этим контрактом будет внесена в размере 3.000.000 рублей в течение одной недели со дня подписания этого контракта. Окончательный расчет будет произведен в течение одного месяца после подписания этого контракта или после завершения очистки и упаковки (в зависимости от того, что будет позднее).

Семенная станция "Труновская" не отступит от этого контракта или своего интереса в нем вольно, невольно или под действием закона без предварительного письменного согласия американского со-директора АБЦ. Этот контракт - единственное соглашение между АБЦ и семенной станцией, и любые прежние устные или письменные соглашения, обещания, переговоры или представления, не изложенные в этом контракте, не имеют силы или действия. Никакое добавление или изменение этого контракта не будет иметь силы или действия, пока не будет составлено и подписано сторонами.

КОНТРАКТ ПО ПЕРЕРАБОТКЕ СЕМЯН 1994 г. (продолжение)

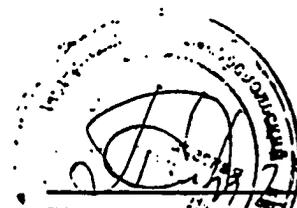
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Чиркин Сергей Павлович

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[Signature]
Подпись и должность


RUSSIAN-AMERICAN AGRI BUSINESS CENTER
TOWNA/INTN DEV FOUND
THOMAS G. LOHN
AMERICAN MANAGER
BSAE
STAVROPOL, RUSSIA

ATTACHMENT 20

SUMMARY OF FEED TRIALS BY TRIPLE "F"/INSTA-PRO

THE EFFECT OF TRIPLE 'F' VITAMIN - TRACE MINERAL PREMIX ON THE PERFORMANCE OF BROILERS

LOCATION: BOGOSLOUSKOYE, A JOINT STOCK COMPANY AT KOCHUBEYEVASKY REGION - STAUFOPOL KRAI - RUSSIA

DATE: JUNE 16- AUGUST 16, 1994

OBJECTIVE: TO COMPARE THE EFFICACY OF TRIPLE 'F' INC. VITAMIN AND MINERAL PREMIX SUPPLEMENTATION WITH THAT OF THE RUSSIAN PREMIX ON BROILER PERFORMANCE.

MATERIAL AND METHODS:

TRIPLE 'F' INC. SUPPLIED THE PREMIX THROUGH IOWA INTERNATIONAL DEVELOPMENT FOUNDATION TO BE TESTED AGAINST THE RUSSIAN PREMIX.

TRIPLE 'F' PREMIX WAS RECOMMENDED TO BE USED AT THE RATE OF 0.5% OF THE COMPLETE BROILER DIETS. HOWEVER, THE INVESTIGATORS AT STAUFOPOL ELECTED TO REDUCE THE INCLUSION RATE TO 0.3%. NO EXPLANATION WAS GIVEN.

TWO GROUPS OF BROILER BIRDS (650 ANIMALS EACH) WERE SELECTED BASED ON WEIGHT. THE BIRDS WERE RAISED IN CAGES OF 13 BIRD PER CAGE TOTALING 50 CAGE PER TREATMENT.

THE CONTROL GROUP WAS FED DIET SUPPLEMENTED WITH THE RUSSIAN PREMIX AT THE RATE OF 1% OF THE COMPLETE DIET. THE TEST GROUP WAS FED THE SAME DIET AS THE CONTROL GROUP EXCEPT IT WAS SUPPLEMENTED WITH TRIPLE 'F' POULTRY PREMIX AT 0.3% OF THE COMPLETE DIET REPLACING THE RUSSIAN PREMIX. BOTH GROUPS WERE FED FOR THE DURATION OF THE EXPERIMENT (60 DAYS).

AVERAGE DAILY GAIN AND LIVABILITY WERE CALCULATED, HOWEVER, FEED CONSUMPTION WAS NOT REPORTED BUT ENERGY CONSUMPTION PER GROUP WAS REPORTED.

TWO DIETS FED WERE FROM DAY 1-28 AND DAY 29-60. NO NUTRIENT ANALYSIS OR SPECIFICATION WERE PROVIDED. TABLE 1.

TABLE 1.
CONTROL TEST
AGE (DAYS)

INGREDIENTS %	CONTROL		TEST	
	1-28	29-60	1-28	29-60
CORN	45.00	45.70	45.00	45.70
WHEAT	10.00	15.00	10.00	15.00
SUNFLOWER MEAL	15.00	10.00	15.00	10.00
SOYBEAN MEAL	10.00	15.00	10.00	15.00
FEED YEAST	5.00	5.00	5.00	5.00
FISH MEAL	7.00	2.50	7.00	2.50
GRASS MEAL	1.60	1.00	1.60	1.00
CALCIUM CARBONATE	2.00	2.00	2.00	2.00
SALT	0.30	0.30	0.30	0.30
FAT	3.70	3.00	3.70	3.00
RUSSIAN PREMIX	1.00	1.00	----	----
TRIPLE 'F' PREMIX	----	----	0.30	0.30

RESULT AND DISCUSSION: THE ADVANTAGES OF THE TEST GROUP OVER THE CONTROL IS INDICATED IN TABLE 2.

TABLE 2
PERFORMANCE OF BROILERS 1-60 DAYS

	CONTROL	TEST	% ADVANTAGE OVER CONTROL
NUMBER OF BIRDS	650	650	----
AVERAGE STARTING WEIGHT (GRAMS)	34	34	----
FINAL WEIGHT (GRAMS)	1042	1210	16.12
TOTAL GAIN (GRAMS)/BIRD	1008	1176	16.67
AVERAGE DAILY GAIN (GRAMS)	16.5	19.3	16.97
LIVABILITY %	96.6	98.8	2.28
FEED CONSUPTION (MJ)	43.1	38.6	10.26

TABLE 3
CARCASS WEIGHT & % TOTAL YEILD

	CONTROL	TEST	% ADVANTAGE
FINAL LIVE WEIGHT (GRAMS)	1042	1210	16.12
CARCASS WEIGHT (GRAMS)	666	781	17.27
TOTAL YEILD %	63.9	64.5	0.94

ALTHOUGH THE TRIPLE "F" VITAMIN AND TRACE MINERAL PREMIX WAS USED

OUT PERFORMED THE STANDARD RUSSIAN PREMIX. BASED ON THE ADVANTAGES IN LIVABILITY AND DAILY GAIN, IT WAS CALCULATED THAT ONE KILOGRAM OF TRIPLE "F" PREMIX IS WORTH 53,000 RUBLES (17.32

US DOLLARS. THE DOLLAR RATE AT THE TIME OF THE TRIAL WAS 2050 RUBLES.

THE EFFECT OF TRIPLE "F" SWINE VITAMIN-TRACE MINERAL PREMIX ON
THE PERFORMANCE AND YEILD OF FINISHING PIGS

LOCATION: STAVROPOL- RUSSIA
DATE: JUNE 1,1994
DURATION 74 DAYS

TWO GROUPS OF PIGS WERE FED DIETS COMPRISED OF 25% EXTRUDED WHOLE SOYBEANS AND 75% BARLEY. THE CONTROL GROUP DIET WAS SUPPLEMENTED WITH A RUSSIAN STANDARD VITAMIN-TRACE MINERAL PREMIX AT THE RATE OF 1% OF THE COMPLETE DIET, WHILE THE TEST GROUP WAS SUPPLEMENTED WITH TRIPLE "F" SWINE VITAMIN-TRACE MINERAL PREMIX AT THE RATE OF 0.22% OF THE COMPLETE DIET. IT IS WORTHY TO INDICATE THAT THE CORRECT RECOMMENDED LEVEL OF TRIPLE "F" PREMIX SHOULD HAVE BEEN 0.5% OF THE COMPLETE DIET. NO EXPLANATION WAS GIVEN FOR THE SUPPLEMENTATION AT 44% OF THE RECOMMENDED LEVEL.

BELLOW ARE THE RESULTS AT THE END OF THE TRIAL.

GROUP	CONTROL -----	TEST -----
AVERAGE WT. AT START(KGS)	59.40	58.2
FINISH WT. KGS	104.30	110.1
WEIGHT GAIN (KGS)	44.90	51.9
AVERAGE DAILY GAIN (GRAMS)	607	701
AVERAGE WEIGHT PRIOR TO SLAUGHTER (KGS)	102.70	109.10
AVERAGE CARCASS WT. (KGS)	70.60	79.00
TOTAL YEILD %	68.40	72.40

THE ADVANTAGES OF TRIPLE "F" VITAMIN-TRACE MINERAL SUPPLEMENTATION (AT 44% OF THE RECOMMENDED LEVEL) OVER THE RUSSIAN PREMIX CAN BE SUMMARIZED IN THE FOLLOWINGS:

- 1- 15.5% INCREASE IN AVERAGE DAILY GAIN .
- 2- THE INVESTIGATORS REPORTED 18% REDUCTION IN PROTEIN INTAKE AS COMPARED TO THE CONTROL GROUP. HOWEVER, NO DATA WERE SUBMITTED REGARDING FEED INTAKE. ONE CAN ONLY ASSUME THAT THIS REDUCTION IN PROTEIN INTAKE IS AN INDICATION OF BETTER FEED EFFICIENCY RESULTING IN BETTER UTILIZATION OF THE PROTEIN (AND OTHER NUTRIENTS) DUE TO BETTER FORTIFICATION OF TRACE MINERALS AND VITAMINS.
- 3-AN INCREASE IN TOTAL YEILD OF 3.67% OVER THE CONTROL GROUP.
- 4-BASED ON THE ABOVE ADVANTAGES, THE INVESTIGATORS VALUED THE TRIPLE "F" PREMIX AT 27,000 RUBLES (13.17 US DOLLARS) PER KILOGRAM BASED ON DOLLAR RATE OF 2050 RUBLES AT THE TIME OF THE TRIAL.

IT IS OBVIOUS FROM BOTH THE BROILER AND THE SWINE TRIAL THAT THE DIETS WERE NOT FORTIFIED WITH ANY SUPPLEMENTAL SOURCE OF PHOSPHORUS, POTASSIUM , MAGNESIUM OR AMINO ACIDS. THE POTENTIAL

WILL BE ENHANCED WHEN THE TOTAL NUTRITIONAL NEED IS MET AS
NEEDED.

1. "To Determine the Efficiency of Using Premixes of Insta-Pro in Food Allowances of Chicken Broilers."

Place of experiment - Joint Stock Company "Bogoslovskoye" of Kochubeyevsky region of Stavropol krai. The terms of experiment - June 16 - August 16, 1994.

The base of this company corresponds to the modern technology of raising broilers.

During experiment two buildings (27, 28) with 18,000 chickens in each one were taken using the following rules:

- After selection according to the weight two groups were formed:
 - the first one, control group (building 28), 650 chickens (50 cages with 13 chickens in each) was getting the fodder with 1% of Russian premix in it;
 - the second one, experimental group (building 27), 650 chickens (also 50 cages with 13 chickens in each) was getting the fodder with 0.3% of Insta-Pro premix in it.
- The conditions of maintenance of two groups were the same.

During this experiment the following indices were considered:

- average daily weight increase after each 7 days;
- safe keeping of birds;
- fodder eating capacity.

After completion of the experiment the control slaughter of the 60 days birds was held as well as chemical analysis of meat.

The results of experiment.

Table 1.

Composition and nutritiousness of the fodder, using at the poultry plant "Bogoslovskaya".

<i>Indices</i>	<i>Mill</i>		<i>Fish mill</i>	<i>Wheat</i>	<i>Corn</i>	<i>Grass mill</i>
	<i>Soybeans</i>	<i>Sunflower</i>				
Feeding units	1.20	1.10	0.97	1.19	1.29	0.7
Metabolic energy, mj	12.90	10.51	11.36	10.50	12.40	8.60
Dry substance, g	900	900	900	850	850	900
Raw protein, g	441	432	633	46	100	189
Raw fat, g	25	38	24	15	42	30
Raw cellulose	64	46	--	24	41	255
Lysin, g	28	14.4	51.4	3.6	2.0	11.2
Methionin+Cistin, g	10.5	17.1	23.4	4.4	3.6	6.7
Calcium, g	205	3.3	67.0	0.6	0.6	18.1

Phosphorus, g	6.8	13.1	37.2	4.5	5.2	4.2
Sodium, g	1.8	0.4	10.1	0.2	1.3	0.8
Iodine, g	0.44	0.7	2.49	0.12	0.12	4.5

Table 2.

Recipes of full-ration fodders for broilers

Components	Group			
	Control		Experimental	
	Age, days			
	1-28	29-60	1-28	29-60
Corn	45	45	45.7	45.7
Wheat	10	15	10	15
Sunflower mill	15	10	15	10
Soybean mill	10	15	10	15
Feeding yeast	5	5	5	5
Fish mill	7	2.5	7	2.5
Grass mill	1.6	1.0	1.6	1.0
Lime	2	2	2	2
Salt	0.3	0.3	0.3	0.3
Fat	3.7	3.0	3.7	3.0
Russian premix	1	1	--	--
Insta-Pro premix	--	--	0.3	0.3

Note: chickens were given whey as much as they wanted.

Table 3.

Weight increase of chicken broilers

Groups	Chickens total number	Weight, g		Increase, g		Feed expenditures, m]	Safe keeping %
		At the beginning	At the completion	Full	Daily		
Control	650	34	1042	1008	16.5	43.1	96.6
Experimental	650	34	1210	1176	19.3	38.6	98.8

As you can see, during 61 days of experiment the experimental group having got fodder with Insta-Pro premix excelled the control group (with Russian premix) at the completion of the experiment in weight on 168 g or 16.12%; in daily increase on 2.8 g or 16.12%. It's very important to note that feed expenditures per production unit in experimental group are lower on

4.5 mj or on 10.26%. In this group the safe keeping was higher at the completion of experience - 98.8% against 96.6% in control group.

During control slaughter (table 4) it was determined that chickens in experimental group excelled control group in weight of carcass on 115 g or 12.16%.

Table 4.

Results of control slaughter

Group	Chickens total number	Weight before slaughter, g	Weight of drawn carcass	Output, %
Control	100	1042	666	63.9
Experimental	100	1210	781	64.5

As for chemical composition of the meat no difference between groups was discovered (table 5).

Table 5.

Chemical composition of meat, %

Groups	Moisture	Protein	Fat	Ashes
Control	71.3	21.5	6.0	1.2
Experimental	70.6	22.1	5.9	1.4

According to the data gotten during the experiment it's possible to get additional production in sum of 53,000 roubles (3060 roubles a kilo) using 1 kg of Insta-Pro premix because of higher increase of weight and safe keeping of chickens.¹

Conclustons

Using Insta-Pro premix in composition of fodder during the chickens raising allows in comparison with Russian premix:

- to increase the weight up to the end of raising to 16.1%;
- to increase average daily weight to 16.9%;
- to decrease fed expenditures per unit of production to 10.3%;
- to increase output of drawn carcass to 12.1%;
- to get safe keeping of chickens to 98.8%;
- to get additional production in sum 53,000 during feeding chickens 1 kg of premix.

¹ That time dollar rate was 2050 roubles.

2. "To determine the efficiency of using Insta-Pro premix in swine rations."

Scientific-research work on studying the efficiency of premix using in swine rations was begun on June 1, 1994.

In preparation period the work on preparation locations to conduct the experience on animals was made, the feed quality was determined and 2 experimental portions of fodder according to the company representative recommendations were elaborated.

Table 1.

Composition and nutritious value of food for swines

<i>Ration composition</i>	<i>Nutritious substances</i>
Barley	75
Soybeans ²	25
Ration contains:	
feeding units	1.225
exchange energy	11.55
dry substance	850
raw protein	164.5
digesting protein	134
fat	53
cellulose	54.25
BEV, g	544.75
starch, g	366.75
sugar, g	11.5
lisin, g	8.35
methionin+cistin, g	5.1
phosphorus, g	4.7
calcium, g	2.7
iron, mg	68.75
copper, mg	6.7
zinc, mg	34.575
manganese, mg	16.5
cobalt, mg	0.2175
iodine, mg	0.215
carotin, mg	0.275
vitamin A, ME	0
vitamin D, ME	0
vitamin E, mg	46.5

² The soybeans were preliminary extruded.

vitamin B ₁ , mg	4.275
vitamin B ₂ , mg	1.6
vitamin B ₃ , mg	11
vitamin B ₄ , mg	145
vitamin B ₅ , mg	54.25
vitamin B ₆ , mg	3.325
vitamin B ₁₂ , mg	0

This experience was conducted on the swines of the big white breed. Experience was begun on June 14, 1994. The swines of control group were being given the fodder that contained 1% of premix P 55-2, produced in the institute laboratory; the experimental group was being given the fodder which contained 0.22% of Insta-Pro premix.

The results of productive action of testing feed are presented in the table 2.

Table 2.

The results of studies

Group	Weight at the beginning of experiment	Weight at the completion of experiment	Gross weight increase	Daily weight increase	% to control group	Feeding expenditures on 1 kg increase	
						feeding units	digesting protein
Control	59.4	104.3	44.9	607	100	4.24	512
Experimental	58.2	110.1	51.9	701	115.5	3.48	418

At the completion of experiment the control slaughter of experimental animals was made with the purpose to determine the output slaughter weight of carcass. The results are in the table 3.

Table 3.

Slaughter qualities of swines

Group	Weight before slaughter	Weight after slaughter	Slaughter output
Control	102.7	70.6	68.4
Experimental	109.1	79.0	72.4

For chemical analysis of meat according to the common accepted method the samples were taken from the longest muscle of spine. The results you can see in the table 4.

Table 4.

Chemical composition of the longest muscle of spine

<i>Group</i>	<i>Common moisture</i>	<i>Protein</i>	<i>Fat</i>	<i>Ashes</i>	<i>Ca</i>	<i>P</i>
Control	75.32	21.22	2.44	1.03	0.44	0.25
Experimental	75.30	21.18	2.39	1.13	0.48	0.38

According to the gotten in this experiment results (increase of the weight, feeding expenditures for its production) it was discovered that it's possible to get 27,000 roubles of additional production using 1 kg of premix.

So, gotten results allow to make following conclusions:

1. Including of the Insta-Pro premix into ration of feeding swines on the background of extruded soybeans allows to get average daily weight increase at the level of 701 g, that is higher on the 15.5% in comparison with control and to reduce feeding and protein expenditures to 18%.
2. Slaughter output was 3.67% higher then the indices of the control group.
3. The results of the chemical analysis of meat showed that there is no essential chemical composition difference between groups.
4. It's possible to get the additional production in sum of 27,000 roubles using premix in feeding of the swines (1 kg of meat costs 1,300 roubles).

3. "To determine the efficiency of using Insta-Pro premix in cattle ration."

Scientific-research experiment for determining the efficiency of using Insta-Pro premix was conducted in collective farm-pedigree cattle plant "Kolos" of Petrovsky region in the time period from June 14 through October 11, 1994.

The work was made using rations accepted at this farm in the summer feeding period. This researching premix was being given cows in the quantity of 28 g per each head a day in composition of 1 kg of fodder (recommendation of the company) in addition to essential quantity of concentrates which were being usually given before lunch-hour milking. Because of the lack of premixes for cattle the control animals were being given mineral part of premix P 60-3-89 prepared in the institute laboratory in amount of 1% of weight.

This work was conducted on 2 technological groups of cows (50 head in each one). In each group 10 cows - analogues in productivity, time of calving, breed, age - were selected for controlling the change animals productivity. Feeding cows was group; eating capacity calculation was conducted 2-3 times a month on 5 heads from each group; productivity calculation was calculated 1 time a month by conducting control milkings; determination of fat content in milk was calculated by conducting the control milkings; biochemical studying of blood serum was conducted in the beginning and the end of experimental period and quality of the milk - in the end of experimental period.

It was discovered:

1. For the period of experiment conducting the cows of control and experimental group were being given fodder prepared at the farm with composition (% of weight): wheat - 36%, barley - 49%, peas - 5%, sunflower mill - 10%. The difference in eating fodder of general ration capacity of experimental animals wasn't essentially discovered; the residues of in control group were 9.2%, in experimental group - 7.1% of given amount of fodder. It was noted bad eating capacity of fodder which contained studying premix (in the beginning of the experiment) that's eliminated after getting used by animals in 10-20 days. In average for the period of experience the animals were being given ration the content nutritiousness of which are presented in the table 1.

Table 1.

Rations of cows in experimental period

<i>Indices</i>	<i>Groups</i>	
	<i>Control</i>	<i>Experimental</i>
<i>Ration composition, kg:</i>		
Fodder	3.5	3.8
Green mass (oats+peas)	3.7	3.8
Green mass (alfalfa)	8.5	8.7
Green mass (sudanka)	4.8	4.9
Green mass (corn)	28.6	29.3
Wheat straw	0.4	0.4
Snazh	3	3.3
<i>Ration composition:</i>		
Feeding units	14.2	14.8
Metabolic energy, mj	151	157
Dry substance, kg	15.3	16.0
Raw protein, g	2070	2154
Digesting protein, g	1414	1475
Fat, g	390	405
Cellulose, g	3736	3838
Starch, g	1735	1874
Sugar, g	1573	1615

Phosphorus, g	54	57
Calcium, g	105	108
Magnesium, g	33	34
Sulfur, g	43	45
Iron, g	4477	4587
Copper, g	278	298
Zinc, g	243	251
Manganese, g	649	672
Cobalt, g	102	110
Iodine, g	2.3	2.4
Carotene, g	2446	2506
Vitamin D, ME	387	398
Vitamin E, ME	2392	2458

2. Giving studying premix influenced definitely on cows productivity (table 2).

Table 2.

Experimental animals milk productivity

Groups	Yield of milk, kg			Fat content, %			Lactation stability, %
	Beginning of the experiment	End of the experiment	Average	Beginning of the experiment	End of the experiment	Average	
Control	13.5	9.5	11.2	3.36	4.14	3.78	70.4
EXPERIM.	13.8	10.7	12.1	3.50	4.45	3.93	77.5

At comparatively equal productivity between the groups at the beginning of the experiment (0.3 kg or 2.2%) it was gotten at the end of experiment 10.7 kg of milk that was higher on 1.2 kg or 12.6% then in control group; productivity decrease for experimental period was 70.4% that was higher on 7.1% then in experimental group. In average for the period of experiment from the cows of experimental group it was gotten 12.1 kg of milk that was 8% higher then in control one.

Also it was discovered higher content of fat in experimental group in comparison with control one. The difference was 0.95% and 0.35% although in average for the period the difference in fat content practically is absent.

3. No essential changes of carotin and glucose were discovered in blood serum of animals as well as in reserve alkalinity which practically correspond to physiological standard.

Giving studying premix promotes increase content of calcium in blood the level of which increased from 10.9 to 11.6 mg% at decrease of this index in cows of control group. Simultaneously decrease of phosphorus content takes place that tells about the lack of it in ration of experimental animals.

The content of protein in blood serum of cows in the end of experiment corresponds to physiological standard with keeping difference between these indices in the beginning and in the end of experimental period.

Table 3.

Biochemical indices of blood serum of experimental animals

Indices	Groups			
	Control		Experimental	
	Beginning of experiment	End of experiment	Beginning of experiment	End of experiment
Content of:				
calcium, mg%	11.5	10.9	10.1	11.6
phosphorus, mg%	4.6	4.5	0.7	4.1
reserve alkalinity, volume % CO	47.2	44.0	46.5	44.7
carotin, mg%	0.6	0.8	0.6	0.8
glucose, mg%	44.0	38	36.0	38
protein, g%	7.1	8.0	6.5	7.5
ketone bodies, mg%	--	--	--	--

4. In the milk of the cows which were being given studying premix it was noted increase of content of common protein (on 8.7%) including protein substances.

5. The calculations show that for milk production experimental animals expended 1.22 feeding units or 13.0 mj of metabolic energy that was 4.1-3.8% less then in control group. The expenditures of raw protein in this group were 178 g per 1 kg of milk that 3.8% less then in control group.

6. Taking into account the factors stated above it's possible to get additional milk in sum 4820 roubles (the price of milk is 150 roubles/kg).

Conclusion

Giving the cattle Insta-Pro premix allows to increase the productivity of the cows on 8% (without essential change of its fatness), to increase the protein content in milk on 8.7%, to decrease feeding expenditures for milk production on 4.1-3.8% at physiological normal condition

From : STAUROPOL RUSSIAN/AMERICAN ABC PHONE No. : 7 8652 22 45 56

Jan. 16 1995 4:51PM P10

of cows. At existing milk prices the using of 1 kg of premix allows to get additional milk in sum of 4820 rubles.

IOWA / INTERNATIONAL DEVELOPMENT FOUNDATION

200 East Grand Avenue, Des Moines, Iowa 50309 U.S.A.

Tel: 515-242-4768 Fax: 515-242-4946 E-Mail: /G=R/S=GANNON/@abcp.sprint.com
AGRIBUSINESS OPERATIONS AND PRODUCTION: IOWA, RUSSIA and UKRAINE

FAX

To: Mr. Henry Holland
Office of Financial Management
USAID/M/FM/CMP/LC, Room 700, SA-2
Fax: 202-663-2744

January 30, 1995
Page 1 of 4

Re: FIRST QUARTER FINANCIAL REPORT

Dear Mr. Holland:

Please find attached IIDF's First Quarter Financial Report for USAID Grant #: CCN-0006-G-00-3127. A hard copy is being mailed tomorrow. Please call me if you have any questions. Thank you very much.

Sincerely,



Richard T. Gannon
Executive Director

Attachments

FINANCIAL STATUS REPORT

ATTACHMENT **1**

(Short Form)

(Follow instructions on the back)

Federal Agency and Organizational Element to Which Report is Submitted USAID	2. Federal Grant or Other Identifying Number Assigned By Federal Agency CCN-0006-G-00-3127	OMB Approval No 0348-0039	Page 1	of 3	pages
--	--	-------------------------------------	------------------	----------------	-------

3. Recipient Organization (Name and complete address, including ZIP code)

Iowa/International Development Foundation
200 East Grand Avenue, Des Moines, IA 50309

4. Employer Identification Number 42-1358315	5. Recipient Account Number or Identifying Number 994-198-0	6. Final Report <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	7. Basis <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual
--	---	--	---

8. Funding/Grant Period (See Instructions) From: (Month, Day, Year) 08/01/93	To: (Month, Day, Year) 12/31/94	9. Period Covered by this Report From: (Month, Day, Year) 10/01/94	To: (Month, Day, Year) 12/31/94
--	---	--	---

10 Transactions:	I Previously Reported	II This Period	III Cumulative
a. Total outlays	727,298.09	24,932.91	752,231.00
b. Recipient share of outlays	-----	-----	-----
c. Federal share of outlays	727,298.09	24,932.91	752,231.00
d. Total unliquidated obligations	-----	-----	-----
e. Recipient share of unliquidated obligations	-----	-----	-----
f. Federal share of unliquidated obligations	-----	-----	-----
g. Total Federal share (Sum of lines c and f)	-----	-----	752,231.00
h. Total Federal funds authorized for this funding period	-----	-----	752,231.00
i. Unobligated balance of Federal funds (Line h minus line g)	-----	-----	- 0 -

11. Indirect Expense	a. Type of Rate (Place "X" in appropriate box) N/A			
	<input type="checkbox"/> Provisional	<input type="checkbox"/> Predetermined	<input type="checkbox"/> Final	<input type="checkbox"/> Fixed
	b. Rate	c. Base	d. Total Amount	e. Federal Share

12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.

13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.

Typed or Printed Name and Title Richard T. Gannon, Executive Director	Telephone (Area code, number and extension) 515-242-4789
---	--

Signature of Authorized Certifying Official 	Date Report Submitted 1/30/95
--	---

FEDERAL CASH TRANSACTIONS REPORT

(See instructions on the back. If report is for more than one grant or assistance agreement, attach completed Standard Form 272-A.)

Approved by Office of Management and Budget, No. 80-R0182

1. Federal sponsoring agency and organizational element to which this report is submitted

USAID

2. RECIPIENT ORGANIZATION

Name : Iowa/International Development Foundation
 Number and Street : 200 East Grand Avenue

City, State and ZIP Code: Des Moines, IA 50309

4. Federal grant or other identification number
 CCN-0006-G-00-3127

5. Recipient's account number or identifying number
 994-198-0

6. Letter of credit number
 72001714

7. Last payment voucher number
 16

Give total number for this period

8. Payment Vouchers credited to year account
 - 0 -

9. Treasury checks received (whether or not deposited)

10. PERIOD COVERED BY THIS REPORT

3. FEDERAL EMPLOYER IDENTIFICATION NO. 42-1358315

FROM (month, day, year)
 10/01/94

TO (month, day year)
 12/31/94

11. STATUS OF

FEDERAL

CASH

(See specific instructions on the back)

a. Cash on hand beginning of reporting period \$ 48,088.31

b. Letter of credit withdrawals - 0 -

c. Treasury check payments -----

d. Total receipts (Sum of lines b and c) - 0 -

e. Total cash available (Sum of lines a and d) 48,088.31

f. Gross disbursements 48,088.31

g. Federal share of program income -----

h. Net disbursements (Line f minus line g) 48,088.31

i. Adjustments of prior periods -----

j. Cash on hand end of period \$ - 0 -

12. THE AMOUNT SHOWN ON LINE 11J, ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING

13. OTHER INFORMATION

a. Interest income \$ - 0 -

Days

b. Advances to subgrantees or subcontractors \$

14. REMARKS (Attach additional sheets of plain paper, if more space is required)

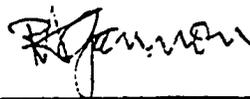
15.

CERTIFICATION

I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement

AUTHORIZED CERTIFYING OFFICIAL

SIGNATURE



TYPED OR PRINTED NAME AND TITLE

Richard T. Gannon
 Executive Director

DATE REPORT SUBMITTED

1/30/95

TELEPHONE (Area Code, Number, Extension)

515-242-4789

THIS SPACE FOR AGENCY USE

FEDERAL CASH TRANSACTIONS REPORT CONTINUATION

Approved by Office of Management and Budget No. 25-80187

(This form is completed and attached to Standard Form 272 only when reporting more than one grant or assistance agreement.)

1. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED

USAID

2. RECIPIENT ORGANIZATION (If more than one, show on item 2, SF 272)

Iowa/International Development Found.
200 East Grand Avenue
Des Moines, IA 50309

2. PERIOD COVERED BY THIS REPORT (As shown on SF 272)

FROM (month, day, year) TO (month, day, year)
10/01/94 12/31/94

4. List information below for each grant or other agreement covered by this report. Use additional forms if more space is required.

FEDERAL GRANT OR OTHER IDENTIFICATION NUMBER <i>(Show a subdivision by other identifying numbers if required by the Federal Sponsoring Agency)</i>	RECIPIENT ACCOUNT NUMBER OR OTHER IDENTIFYING NUMBER	FEDERAL SHARE OF NET DISBURSEMENTS	
		NET DISBURSEMENTS (Include disbursements less program income credits) FOR REPORTING PERIOD	CUMULATIVE NET DISBURSEMENTS
(a)	(b)	(c)	(d)
CCN-0006-G-00-3127	994-198-0	\$ 24,932.91	\$ 752,231.00
CCN-0006-00-2076	994-198-0	---	500,000.00
5. TOTALS (Should correspond with amounts shown on SF 272 as follows: column (c) the same as line 11b; column (d) the sum of lines 11b and 11i of this SF 272 and cumulative disbursements shown on last report. Attach explanation of any differences.)		\$ 24,932.91	\$ 1,252,231.00



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

SEP 28 1991

John Chrystal
Co-Chairman
Iowa International Development Foundation
P.O. Box 93535
Des Moines, Iowa 50393

Subject: Grant No.: CCN-0006-G-00-3127-00
Modification No.: 01

Dear Mr. Chrystal:

Enclosed is an original and three (3) copies of the above mentioned subject. Please sign the original and all copies of the document, retain the original, and return the remaining copies as soon as possible to:

The Agency For International Development
OP/A/OF
Room 1575, SA-14
Washington, D.C. 20523-1420

Or if hand-delivered, use the following address:

Receptionist, 15th Floor
c/o OF Unit
1100 Wilson Blvd.
Arlington, VA 22209

Your prompt return of these documents would be appreciated. If you should have any questions regarding the attached document, please feel free to contact me at (703) 875-1041.

Sincerely,

A handwritten signature in cursive script that reads "James A. Loy".

James A. Loy
Project Manager
OP/A/OF
Office of Procurement

Encl.

COVER LETTER

Second paragraph, delete the date "August 2, 1994" and substitute in lieu thereof "December 31, 1994".

SCHEDULE

Section B. Period of Grant

Paragraph 1., delete "July 30, 1994" and substitute in lieu thereof "December 31, 1994".

Block 7. Fiscal Data

PIO/T NO.: 110-0006-3-3662258-1 and -2

APPROPRIATION NO.: 72-112/31037

ALLOTMENT NO.: 270-68-110-00-69-31

BUDGET PLAN CODE: WES2-93-36110-KG12

AMOUNT OBLIGATED: 0



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

NOV 7 1994

Mr. Richard T. Gannon
Executive Director
Iowa/International Development Foundation
200 East Grand Avenue
Des Moines, Iowa 50309

Dear Mr. Gannon:

This is to commend you on the thoroughness and high quality of the Quarterly Report you recently submitted for Grant CCN-0006-G-00-3127-00. In addition to providing a wealth of information, the report provides a contextual feel of the problems being faced and progress being made that is normally not captured in such reports. For someone who has not been involved in this activity, this was very valuable in giving me the understanding I need.

In case you are confused over my role in your Grant, I am the new Project Manager for the Food Systems Restructuring Project. I will be working with Marcus Winter on all aspects of the Project and look forward to communicating with you again as we move forward.

Sincerely yours

Dennis Sharma . . .
Office of Enterprise
Development
Bureau for Europe and
The New Independent States

IIDF Grant Extension Budget

ATTACHMENT 24

DESCRIPTION	TOTAL PROJECTED EXPENSES 4/1-7/31/94	GRANT #2 END TOTAL ACTUAL EXPENSES 4/1-7/31/94	REVISED EXTENSION #1 EXPENSES AUG-SEPT '94	PROPOSED EXTENSION #2 EXPENSES OCT-DEC '94
Salaries and Benefits	\$37,149	\$41,042	\$12,635	\$18,250
Allowances	\$2,000	\$3,750	\$750	\$1,500
Subcontract/Consultant	\$5,000	\$0	\$0	\$0
Training	\$3,409	\$3,000	\$0	\$0
Travel	\$3,459	\$3,460	\$2,500	\$7,500
Other Direct Cost	\$26,350	\$24,774	\$6,100	\$13,555
Equipment/Seed Purchases	\$160,150	\$149,904	\$0	\$0
TOTAL	\$237,517	\$225,930	\$21,985	\$40,805

Projected Grant #2 End Expenses ...	\$237,517	Projected Extension #1 Expenses	\$ 51,203
Actual Grant #2 End Expenses	225,930	Revised Extension #1 Expenses	21,985
	=====		=====
Grant #2 Balance:	\$ 11,587	Extension #1 Balance:	\$ 29,218

Grant #2 End Balance	\$ 11,587
Extension #1 Balance	29,218
	=====
Projected Extension #2 Expenses:	\$ 40,805

**Final Report to USAID Grant #1
USAID Grant CCN-0006-00-2076
U.S. Agribusiness Centers Project in Russia and Ukraine
October 1992 - June 1993**

Objectives of the Project

U. S. Agribusiness Centers Project was launched in April, 1992 utilizing the already operating farm facilities in Stavropol, Russia and Kakhovka, Ukraine (in 1993 the Ukrainian site has been moved to the area surrounding the town of White Church). The Project received enthusiastic support from private agribusinesses, State and federal officials in the United States. The Centers were able to produce crops a year ahead of schedule.

However, since both Centers were based on existing farms, the Project was facing the same problem which had plagued Russian and Ukrainian agriculture for decades: inability to prevent a 30% loss of the crop due to the lack adequate drying and storage facilities. That problem threatened to frustrate the entire effort of the Agribusiness Centers because inability to preserve excellent crops could rapidly undermine the credibility of American technologies which the Centers were intended to promote.

The only viable solution to that problem was to install U.S. manufactured drying and storage equipment. This decision was the result of careful consideration and much attention was paid to local conditions.

Another major benefit of drying and storage equipment is that it allows to preserve not only the volume of the crop, but its quality and nutritional value as well. Stine Seeds, Inc., the company that had donated the soybean seeds to both sites, agreed to purchase the soybean crop from the Centers for further conditioning and sale to Russian and Ukrainian customers. This would advance the project goals in two ways: a U.S. company would begin to establish itself on a new market, and the proceeds of the soybean crop sale could be used to buy more U.S. products for the Centers. Also, installation of grain extruders was deemed necessary to show how balanced feed rations could improve livestock production.

Containerization and Shipping

Bin unloaders and transport augers from Sudenga Industries Inc., George, Iowa were shipped to Conrad American, Box 88, Houghton, Iowa. Conrad American provided bins and storage floors. Two dry extruders were shipped from Insta-Pro Inc., 10301 Dennis Drive, Des Moines, Iowa to Shivvers Inc., 614 West English, Corydon, Iowa. Shivvers Inc. provided dryer bin equipment.

On October 23, 1992, seven (7) 40' containers arrived at Conrad American and four (4) 40' containers arrived at Shivvers Inc. for loading of equipment to be shipped to Russian and Ukrainian Project sites.

On October 29, 1992, eleven (11) containers were transported by semi-trailer from Shivvers Inc. and Conrad American to Chicago. There the containers were loaded on railroad cars and sent to Alexandria, Virginia for loading and transportation by ship to Odessa, Ukraine.

The trans-Atlantic shippers were CSX Sea/Land Services and Lykes Lines as agents for the Fund for Democracy and Development, 2033 M Street, NW, Suite 506, Washington D.C., 20036.

On December 17, 1992, AID and the Fund for Democracy and Development approve I!DF's request to change the consignees for materials being sent to Russian and Ukrainian sites.

The containers arrived in Odessa, Ukraine on January 20, 1993.

Russian Site

1. Arrival of Containers

Tom Dunn, Agricultural Engineer, arrived in Stavropol, Russia, on February 15, 1993, to begin site preparation for installation of the equipment being shipped.

Three containers arrived at the Egorlyk Farm on February 17, 1993. The containers were opened and inspected to assess the possible damage sustained during shipping. One of the containers was loaded at Shivers Inc. and two at Conrad American.

Inspection of the Shivers container revealed no missing parts and only minor damage to three of the bin transitions. All parts were in place in the two Conrad American containers. However, because of poor securing all three sidewall sheet bundles had broken loose from their tie down straps and were damaged. Some of the adjacent equipment sustained varying degrees of damage from the sidewall bundles, most notably, the Cyclone for the Insta-Pro extruder. The extruder was in need of repairs.

The three containers intended for the Chapayev Farm arrived there on February 20, 1993. Inspection of the contents revealed that no materials were missing and no visible damage had been sustained during shipping.

2. Installation of Equipment

Extruder and associated equipment were the first to be unloaded from the containers at the Egorlyk Farm. They were moved to an existing feed processing building for assembly. The two main components, the extruder and the cooler, were assembled first, and the conveyers, the cyclone, blowers, duct work, and other mechanical equipment were installed in a week's time. During that week Tom Dunn also worked with electricians to design a magnetic starter system to utilize the "y" - "Delta" starter system for the 125 hp extruder motor.

Site preparation for the installation of the grain bins began in mid-March. Fill was hauled in and the area was leveled and packed. Some clean up work had to be done at the Chapaev Farm site.

At the Egorlyk Farm site, cement slabs for the grain bins were poured by the middle of May. Due to lack of sufficient equipment, a series of pours had to be used instead of one continuous pour (the method of one continuous pour is a standard procedure in the U.S. construction industry). Nevertheless, the final result was quite satisfactory in terms of quality.

By the end of May, two shells of bins had been erected. Tom Dunn supervised the construction ensuring proper assembly procedures. The Russian crews had no prior experience with installing grain bins and had to be trained in every aspect of it.

Tom Dunn returned to Iowa at the end of May and his place was taken by Matt Rouse, an engineering student from Iowa State University. Matt Rouse, who speaks some Russian, supervised further construction at both farm sites.

At the Chapayev Farm, the cement slabs upon which the grain bins were to be placed, were finished by the end of May. Due to constant shortages of cement or cement trucks, the slab was poured over a period of several weeks with many small loads. Tom Dunn ensured that the reinforcing rod was in place and the foundations were dug properly.

Construction crew at the Chapaev Farm fell slightly behind during the bin erection period, but it enabled them to avoid some of the mistakes made at the Egorlyk Farm. By the beginning of October the Chapaev crew caught up with the Egorlyk crew in construction of the bins.

Russian farmers have shown a great deal of interest in the grain storage bins and there have been inquiries about the price of such complexes.

At the time of this report, the program suffered an unexpected setback: the drying bin at the Egorlyk Farm exploded. According to preliminary on-site inquiries, the safety system has been tampered with (at the time of the explosion, on December 4, 1993, Vladimir Savchenko, the farm manager, was in Iowa).

Tom Dunn, an engineer from Shivers, Inc., photographed the remains of the bin. The photographs will be used in the investigation of the causes of the explosion.

Upon completion of the investigation, a decision will be made by the Agribusiness Board of Directors about the compensation of the damage by the party at fault.

3. Crops

Chapaev Farm

Corn (300 hectares) was planted late, on May 26-30. The full season Pioneer variety Cecilla (111 day) was planted first, followed by the shorter season Pioneer variety Maritisa (97 day). All planting was done with Russian equipment.

Soybeans (150 hectares) were planted late as well, on May 31 - June 5. Planting was done in three 50 hectares blocks: Stine variety 1480 with 15 cm row spacing; Stine variety 1480 with 60 cm row spacing; and Stine variety 450 with 30 cm row spacing.

Both corn and soybeans were behind in maturity during the summer compared to the Russian crops planted at the appropriate time. However, by Fall, most American crops gradually caught up with the Russian crops. As of the time of this writing, one last field of corn was being harvested.

The corn crop came out to be quite satisfactory despite losses due to lack of proper equipment. Specifically, Russian shelling combines tend to crack too many kernels because the cylinder speed can not be set for "slow".

Soybeans were harvested on the 15-17th of October. Just as with corn, losses were sustained due to inadequate harvesting equipment. About 10% of the harvest was lost because Russian harvesters do not have "floating heads" that stay close to the ground. Also, an estimated 22% was lost due to poor adjustment of the cylinder speed of the combine. One combine was set too fast and cracked the seeds. The end result - soybean harvest of about 20 bu/A. Had the Russian farmers used advanced U.S. harvesting machinery, the crop would have been 30 bu/A.

Egorlyk Farm

Corn was planted late, some by May 31, partly because of excessive rainfall (up to 6 inches). About half the planting, or 350 hectares, was done with an American Kinze planter, the rest with Russian planters. The corn crop was behind the Russian varieties (in terms of maturity) planted at the appropriate time, but then, just like at the Chapaev Farm, caught up and looked excellent. Some Russian skeptics, who did not believe that the corn crop would reach maturity and strongly suggested chopping it down for silage, were quite impressed.

Soybeans were also planted late - around June 15. Unfortunately, skepticism prevailed and the Egorlyk Farm chopped the soybean crop for fodder in late August without consulting either Russian or American ABC partners. Judging by one row of plants that escaped being chopped, the estimated yield from that field would have been at least 1.5 metric tons/hectares.

4. Seminars

Installation of the extruder and completion of the grain bins gave a rare opportunity to hold a real 'hands on' seminar on American technology.

The seminar was held on November 5, 1993, at the Egorlyk Farm. Tom Dunn explained the theory and practice of grain drying. Gregory Komnik, representative of Triple F, Inc. in Stavropol, made a report on increasing the nutritional value of animal feeds through the process of extrusion. Other speakers included Mikhail Varshavsky, the Russian co-manager of the ABC, Phil Leino, U.S. co-manager of the ABC, and the chief agronomist of the Egorlyk Farm. Victor Popov, a representative of the Agricultural Institute, was very helpful in arranging the seminar.

The seminar was attended by approximately fifty participants, most of them farmers and farm managers. Forty five questionnaires were returned completed after the seminar. The assessment of the seminar was very good to excellent in categories of usefulness, presentation effectiveness, and instructors' knowledge of the subject.

Overall, the seminar was very successful. Part of the seminar was held in a conference room, but most of the time was devoted to the actual demonstration of the grain bins and the extruder in operation. Russian participants boosted the seminar's credibility by showing that foreign technological methods are not too complicated to be embraced by Russian farmers. Vladimir Savchenko and Mikhail Baranov, the managers of the Egorlyk and Chapaev farms, respectively, confirmed during their visit to Iowa on November 30 - December 10, 1993, that the seminar had sparked a great deal of interest among the participants.

Based on this first successful experience, future seminars can be planned with greater detail. Also, positive and welcoming reaction of the participants of this seminar will serve to promote and advertise future seminars.

Ukrainian Site

1. Arrival of Containers and Site Preparation

David Wampler from Shivers Inc. arrived in White Church Region on April 16, 1993, to begin site preparation. Area clean up began at the ROSS Agroindustrial Farm for the construction of grain drying, handling and storage facility.

Representatives from the White Church Region traveled to Odessa on April 26 to pick up five containers with equipment. Inspection of the contents established that all materials were in working order.

On the construction site, fill was hauled in and the area was leveled and packed. David Wampler's instructions were understood and the job was completed as closely to U.S. standards as Ukrainian technology and equipment allowed.

Like at the Stavropol sites, work was also being done on assembly of associated equipment (bin jacks, transport auger, etc.), so that when the pad was finished, the only work remaining would be the actual construction of the foundation.

2. Installation of Grain Bins.

Grain bins construction began in May. Standard construction procedures were followed; the concrete foundation for the bins was poured. The overall quality of the work was satisfactory due to American supervision (for example, one pad was ripped out and replaced because it had been improperly poured).

The bin shells were erected by the end of July. David Wampler supervised the construction process. Owing to the fact that all bins in the White Church center are concentrated on one site, he could focus on working with one construction crew.

Storage bins were completed and became operational by mid-October, in time for the harvesting. They started receiving grain immediately.

Work on the drying bin had to be halted temporarily due to unusually cold weather and the drying equipment is still to be installed. This job was left for last because of anticipated unavailability of natural gas on which it runs. According to the latest report, natural gas will not be available on the site until Spring. Unfortunately, initial plans to use alternative fuel for the dryer (natural gas has been in short supply in Ukraine after the break-up of the Soviet Union) had to be abandoned: diesel fuel, which is more easily accessible in Ukraine than natural gas, has not been used in the United States to operate dryers for almost a decade. Thus, a special-order dryer that runs on diesel fuel would have been too expensive.

Conclusion

The year 1993 was the first year for the Agribusiness Center in White Church, Ukraine, and second for the two Stavropol sites, Egorlyk and Chapaev farms. Enough experience has been accumulated to identify the problem areas and find ways of addressing them.

Delays in providing funding and cuts in initially discussed funds have an extremely negative effect on the project because it creates an impression for the Ukrainian and Russian partners that the American side, represented by IIDF and CARD, does not deliver on its promises. Timing is one of the most decisive factors in agriculture and a four to six week delay in planting might cause the loss of a year's harvest. Late delivery or non-delivery of planting (or harvesting) equipment puts a strain on the delicate process of cooperation.

There is no sense in placing the blame for the delay in funding on any single U.S. agency involved in the project. But it must be understood by all people working on the project that unkept promises to our Russian or Ukrainian partners do more damage to the program than telling them right from the beginning not to count on a specific piece of equipment they requested.

Improved control over farms, participating in the project (especially in Stavropol), by the Agribusiness Centers officers. This problem has been addressed before, but the recent explosion of the drying bin at the Egorlyk Farm showed that there is still much educational work left to be done.

It must be emphasized time and again that American farming techniques are not limited to just using better machinery, seeds, insecticides, etc., but that acting responsibly is a very important feature of the whole process of farming.

Problems accompany most new projects, and especially projects involving two different economic and managerial approaches. The underlying principle of the Agribusiness Centers Project is joint management. American technology and methods of management were never meant to be forced on the Russian and Ukrainian participants. Rather, the program is intended to be educational, involving active participation of the Russian and Ukrainian counterparts in the decision-making process.

Thus, the difficulties that have arisen since the project started are a natural phenomenon and should have been anticipated. At this point it is really important that neither of the three sides involved in the program showed any intention of canceling its participation. The Russian and the Ukrainian farms see the project as extremely beneficial to them and are willing to continue being a part of it.

**ADDENDUM TO THE FINAL REPORT FOR USAID GRANT
PHASE ONE
AUGUST 1, 1992 - JULY 31, 1993**

I. Summary description of program activities and assessment of impact

The Iowa International Development Foundation (IIDF) has a dual mission of promoting the reform of agriculture and food systems and supporting market entry efforts of U.S. companies in the former Soviet Union. The Foundation's ultimate goal is to improve the overall standard of living of the people in the areas in which they are working and to promote self-sustainable economic prosperity.

Activities under the IIDF USAID Grant Phase One supported the transfer of productive capital and technology directly into the hands of the Foundation's Russian and Ukrainian partners through the supply of equipment and educational programs. The first phase of the USAID grant to the IIDF financed the purchase, transportation and installment of three grain and soybean drying and storage facilities and two extruders for the processing of soybeans into high protein meal. It also supported the translation of equipment manuals and on-site training.

This program demonstrated directly the benefits of improved grain handling. It also laid a strong foundation for a comprehensive soybean extruding system which will be vital in demonstrating the benefits of improving animal feed through proper protein rations. Both equipment lines move the IIDF further along in its effort to increase the consumable food supply through enhanced agriculture production and processing, by saving grain that is usually lost through improper storage and inefficient unbalanced feed rations. The ability to demonstrate first-hand the efficacy of the drying and storage facilities and processing equipment has allowed the foundation to promote U.S. agribusiness technology and innovations, thus educating and preparing the market for these products and services.

A. Agribusiness Centers and Farms

As the focus of Phase One of the USAID grant was on the purchase and installation of equipment, the timing of the grant does not reflect the agricultural growing cycle. However, during the life of this grant, one crop was harvested and another was planted. Both crops were financed through donations or other moneys. The 1992 harvest went smoothly, but the end result was plagued by the ubiquitous problem of a lack of proper storage in the former Soviet Union. All the same, the yield on the Agribusiness Center's farms was higher than that on neighboring Russian and Ukrainian fields. In the spring of 1993, a total of 3600 acres of soybeans and corn were planted. 1993 was a more successful year in crop production compared with 1992, with crop yields significantly better than fields using Russian genetics. The crop results demonstrated the potential margins of improvement achieved through employing advanced seed genetics and appropriate regimes of fertilizer and herbicides.

The most significant achievements of 1993 were the purchase and installation of grain dryers, bins and extruders. Both purchases helped to address the post-production phase of agribusiness, where the Russian industry experiences its greatest losses. The grain systems in Ukraine and Russia are both comprehensive, incorporating grain handling, drying and storage. The extruders purchased for both sites were essentially test operations for the production of high-energy soybean meal. IIDF has applied subsequent funding for the purchase of two additional extruders, oil presses and coolers to complement the existing equipment and establish complete, high capacity extruding lines in both countries. The oil presses will allow the operations to extract food-grade soy oil for human consumption and soybean meal for animal feed rations.

The ultimate operational aim of the Agribusiness Centers is to demonstrate a systems approach to agriculture production and processing, through working examples. In this way, the relevance of improvements at each step of the agriculture and food chain and their impact on subsequent steps is clearly evident. IIDF has shown tangible improvements in crop production, harvesting, handling, processing and storage. The Foundation's next step will come as the Agribusiness Centers use the increased crop yields and applies

advanced nutrition technology to feed livestock, thereby improving dairy, beef, swine and poultry production for meat.

The installation of the grain handling and processing equipment provided an excellent opportunity for on-the-job training. The U.S. agriculture engineer designed both of the systems for Stavropol, Russia and White Church, Ukraine with simplicity and uniformity in mind. The two systems in Stavropol shared common replacement parts, thus allowing the IIDF to demonstrate the efficiencies gained from pooling inventories. The engineer who designed the systems was also the on-site installation consultant. Throughout the construction and installation of the systems, he worked to acculturate his Russian colleagues to U.S. standards of quality and safety. During erection, the on-site consultant stressed both craftsmanship, responsibility for the end product, and decision-making skills. The installation provided an environment for a dynamic learning process, with the American side gaining from his Russian crew as well. The end product was the result of team-work and compromise, both of which are detailed in Section II of this report.

B. U.S. Business Support

The Agribusiness Centers have a broad educational and promotional function. The resources of IIDF are used to marshal and coordinate the expertise and resources of other public and private organizations in achieving program goals and objectives. In their education and training capacity, the Agribusiness Centers are an excellent vehicle for introducing products and services to the market.

In close cooperation with U.S. companies whose equipment and other agricultural inputs are being used by the Centers, the IIDF conducted demonstration seminars for farmers and farm managers in both 1992 and 1993. The seminars provided networking opportunities, demonstrated the equipment and technology in operation, and addressed practical issues such as spare parts inventories, training, pricing and possible methods of payment. IIDF continues to maintain contact with leading consulting, legal and accounting firms that have offices in the former Soviet Union, with NIS diplomatic representations in the

U.S., and with various business entities in the NIS, ranging from banks to privatized farms and joint ventures.

IIDF also sponsored a booth at the World Food Expo 1992 in Moscow, representing over half a dozen Iowa companies. All but one of these companies has continued to work successfully in the Russian and Ukrainian markets.

Throughout the life of the Agribusiness Centers, more than a dozen U.S. agribusinesses have had equipment demonstrated or installed on the Agribusiness Farms. Of those participating, several have hired in-country representatives and several more are investigating joint venture opportunities and permanent production capabilities. Listed below are a few comments from the U.S. corporate beneficiaries of IIDF programs:

For the past two years we have been cooperating with the Iowa International Development Foundation in doing business in Stavropol, Russia. We have sold three installations and have the strong belief that we'll sell a fourth installation as a direct result of this cooperation. We are also seriously considering the establishment of an organized sales and service network in Russia. None of this would have occurred without the very active involvement of the Iowa International Development Foundation.

The Insta-Pro Division of Triple "F" Inc. has been working closely with the Iowa International Development Foundation for several years and have found our relationship both enjoyable and beneficial.

Without the efforts of the Iowa International Development Foundation project it would be impossible for small Iowa manufacturers to show their products and services in the CIS. Sales to the CIS are no different than sales in any other part of the world. You first must have a means to show your

product and tell your story and the agribusiness centers have been ideal for this.

Successful Farming and the U.S. Agribusiness Centers have been cooperating for a year and a half in the creation of a market research and information capacity in Russia and Ukraine. The main product of our cooperation is New Agribusiness, a Russian-language publication that will serve as a voice for Iowa-based and other U.S. agriculture companies that are exploring business opportunities in the former Soviet Union through activities at the U.S. Agribusiness Centers. An accompanying product is a New Agribusiness newsletter that will be mailed to more than 1,000 agricultural companies.

II. Comparison of actual events to work plan: Russia and Ukraine

A. Grain Storage and Handling Program -- Installation of equipment:

To accomplish the goals and objectives of this grant, grain handling, drying, handling and storage systems were designed for both of the Stavropol Agribusiness Center farms and for the Agribusiness Center in Ukraine. The majority of the design work was done by the personnel of the Shivers Company, with input and assistance from Tom Dunn, the agriculture engineer in charge of operations in Stavropol, and David Wampler who served in a parallel capacity in White Church. These designs matched drying capacity and storage needs of the respective partners with the quality components primarily from Shivers, Inc., Conrad American and Sudenga Industries.

The installations were completed in both Ukraine and Russia, however, due to the lack of an available gas line, the Ukrainian installment remained inoperable for the 1993 harvest. The Ukrainians dug a five kilometer extension of the natural gas line to the grain drying operation. The extension of the gas line demonstrates the willingness of IIDF's Ukrainian partners to work together

and represents a major accomplishment. Now that the gas line is complete, the grain drying system will be fully operational to dry the 1994 harvest.

Part of the design objective in Stavropol was to utilize, as much as possible, common parts in both systems in order to minimize the needed spare parts for service and maintenance. Thus, a standard bin diameter of 36 feet was utilized for all bins at both sites, necessitating the inclusion of only four, ten-gauge spare bin side-wall sheets. The same concept was carried out in sizing the transport auger, take-away augers and bin unloading augers. They were all eight inch, right-hand lightning, which simplified the spare parts inventory and introduced the efficiency in pooling inventory.

The configuration of the bin locations at the sites was different due to site requirements. However, each setup had one 36 ft., four ring, Conrad American recirculating strength dryer bin with two 25 hp centrifugal fans and natural gas burners, the Shivers dual sweep circular II in-bin recirculating drying system and a Comp-u-Dry computer control system backed up as usual with a manually adjusted thermostat control system. Also at each site were four 36 ft., five ring Conrad American heavy strength storage bins, each with a ten hp aeration fan and perforated drying floor plus a Sudenga Industries truck-loading auger.

Sudenga Industries 64 ft. transport augers, for filling the bins, were equipped with PTO drives due to the versatility of this type of drive. However, the Russians, not appreciating the versatility of the PTO drive, preferred electric motor drives. As a compromise, Russian motors, sized for adequate power for high moisture corn, and pulleys sized to operate the augers at the correct speed, were adapted to the augers. Koyker/Sioux grain cleaners, sized for the transport auger capacity, and Shivers bin fill spreaders, also sized for this capacity, completed the basic components of these systems.

The designs were completed, components gathered and containerized and the shipments departed Iowa on November 20, 1992. IIDF encountered numerous difficulties associated with shipping this cargo, especially around the Straits of Bosphorus and Odessa. In sum, the final three of the six containers arrived three months later, February 20, 1993. IIDF recorded important lessons to be heeded during future shipments. First, shipments that have to be off-

loaded in Turkey, trucked overland to the Black Sea, loaded on a ship which will not depart until it is full before crossing to Odessa need to be avoided if timing is a concern. Second, due to political strife between Ukraine and Russia, customs and other logistics are considerably more difficult using Ukrainian ports than using Latvian or Polish ports. Third, shipping containers by train to Stavropol is ill-advised as they do not have facilities to unload large, heavy containers.

The foundations for the grain bins, which should have been completed during the first two weeks of April, were barely finished by the end of May due to problems with machinery breakdowns at the concrete companies and to the unavailability of portland cement. Despite challenges in pouring the concrete bin foundations, the compressive strength of the concrete used for these foundations exceeded specifications as long as the Russian workmen didn't water down the cement to make it easier to work. The consultant had minor problems in getting his Russian crew to make good, level forms with a smooth top. He encountered more significant problems in getting them to arrange the logistics so that enough ready-mix trucks were available to make each bin pad a continuous pour. He had to be quite adamant about the unacceptability of pouring a load and having it "set up" before the next pour could bond with it. He also had to stress the absolute unacceptability of pouring the pad in layers that cured before the next layer. He met his biggest challenge in teaching them how to finish a concrete pad. None of the concrete workers had ever heard of, much less seen a bull float. Detailing a drawing of a bull float that they agreed to make was fruitless, as they could not see the need or merit. Their best finish work, accomplished with a broom and scoop shovel was acceptable, but barely.

The on-site installation consultant found building the bins and assembling the equipment an interesting experience. The Russian construction crews were briefed before beginning (and several more times during the construction phase) about the importance of doing everything according to instructions. It took an instance or two of not following instructions exactly, followed by the undeniable necessity of undoing that portion of work, and reassembling it correctly, before this lesson was fully learned. The American side again stressed taking responsibility for workmanship and efficiency in doing a job right the first time.

By harvest time the grain systems at both farms in Stavropol were completed, all mistakes corrected, the systems including safety systems checked out, and everything was fully functional and ready for operation. Russian law requires a "Technical Passport" for grain drying installations such as these. This was drawn up by Shivvers' on-site consulting engineer. The document specified system size and drying capacity, input energy and output power for the motors, input energy for the burners and specific drying efficiency for the system. It also detailed all the safety systems, what they were for and how they functioned and how the system was operationally controlled. These documents were presented to the Russian directors and they, along with the operators of the system, were thoroughly briefed on the operation of the systems, how the safety systems functioned, how to set the manual controls and program the computer and how to monitor the dryer operation. Additionally, a "Permit to Operate" document was required by the natural gas company before they would supply natural gas to the system. This document covered control valves, control systems, safety systems, burner size and fan capacity. This document was also drawn up by the consulting engineer and presented to the Russian directors to take to the gas company.

B. Soybean Production and Processing

The compromise, flexibility, innovation and co-training that accompanied this project were productive for both sides and led to a shared sense of accomplishment. Installation of the Insta-Pro Extruder at the Egorlyk farm in Stavropol was a fairly straight forward project. The building that housed the feed mill at the Egorlyk farm had an ideal location for this system. The Russian partners had to construct a conveyer and a short elevating leg to bring the product to be extruded from existing outside bulk-bins to the extruder. They also had to install a short conveyer to transfer the hot extruded product from the barrel of the extruder to the cooler. The cooler was located over an existing conveyer so little work was required to funnel the cooled product into this conveyer which transferred the product back to outside bins. The other elementary work included duct work for the exhaust and cooling fans.

Some of the extruding equipment was damaged during shipping, necessitating the disassembly, straightening, and reassembling or rewelding of some of the components. A lack of attention to detail altered the appearance of the equipment, but the repair effort rendered the equipment operationally functional.

Some design innovations were included in this setup which simplified the installation and enhanced the system. One innovation was mounting the exhaust fan for the cooler directly on top of the cooler. The second innovation was mounting the cyclone directly over the extruder inlet hopper. These eliminated considerable duct work and another conveyor system. One straight blower duct between this fan and the cyclone was all that was required. And the fins exhausted from the cooler were dropped directly back in to the extruder to be recycled.

The most challenging part of this installation was wiring all the systems and the control circuits. There were eight electric motors in this installation. Some of the control circuits needed to serve as pilots to control delays to slave circuits so that motors in a functional set would start in series. As the drive motor for the extruder is 125 hp, starting it on a "Delta" circuit would overload both the motor and the supply system. Therefore, it was necessary to design a "Y-Delta" starter circuit using Russian electrical components. This was done so that during the first second after starting the extruder motor, it would operate on a "Y" circuit allowing a gentle acceleration to operation speed, then switch to the "Delta" circuit for full power operation.

The extruder for the Ukraine project arrived as planned, but was not installed in the feedmill in 1993. A decision was made to purchase more extruding equipment, stalling the installation of the one extruder in the Agribusiness Center feedmill in deference to proper production line balancing when the second installment arrives.

C. Educational and training programs

1) Grain Storage

Installation of the extruder and completion of the grain bins gave a rare opportunity to hold a real "hands on" seminar on American technology.

The seminar was held at the Egorlyk farm. Tom Dunn explained the theory and practice of grain drying. Gregory Komnik, representative of Triple "F", Inc. in Stavropol, made a report on increasing the nutritional value of animal feeds through the process of extrusion. Other speakers included Mikhail Varshavsky, the Russian co-manager of the ABC, Phil Leino, U.S. co-manager of the ABC, and the chief agronomist of the Egorlyk farm. Victor Popov, a representative of the Agricultural Institute was very helpful in arranging the seminar.

The seminar was attended by approximately fifty participants, most of them farmers and farm managers. Forty-five questionnaires were completed and returned after the seminar. The assessment of the seminar was very good to excellent in categories of usefulness, presentation effectiveness and instructors' knowledge of the subject. Many of the participants expressed an interest in acquiring the grain handling and storage systems.

Overall, the seminar was very successful. Part of the seminar was held in a conference room, but most of the time was devoted to the actual demonstrations of the grain bins and the extruder in operation. Russian presenters boosted the seminar's credibility by showing that foreign technological methods are not too complicated to be embraced by Russian farmers. Vladimir Savchenko and Mikhail Baranov, the managers of the Egorlyk and Chapayev farms respectively, confirmed during their visit to Iowa on November 30 - December 10, 1993, that the seminar had sparked a great deal of interest among the participants.

Based on this first successful experience, future seminars can be planned with greater detail. Also, positive and welcoming reaction for the participants of

this seminar will serve to promote and advertise future seminars.

3) Management Training

IIDF subcontracted to the University of Iowa College of Business Administration to teach management training seminars in Stavropol, in June and July, 1993. The Foundation supported the initiative with money from their State of Iowa budget. The University of Iowa then leveraged that support at a 10:1 ratio, receiving grant support from the Eurasia Foundation.

The management training project featured four week-long multi-disciplinary seminars that reached over 125 managers in Stavropol, and four workshops on project evaluation and managing financial risk. The seminars covered economics, finance, marketing, cost accounting, operations, human resources and sales. The seminars were designed around the preparation of a business plan and prepared nascent small business owners to ask the appropriate questions when starting or operating their own enterprise. The project's consulting efforts and series of business meetings furthered the program's educational impact.

In addition, the project supported efforts to create a Small Business Resource Center as part of the North Caucasus Center for Education and Economic Development in Stavropol. It did so through the founding of a business resource library and by outfitting the center's office with needed equipment and supplies.

D. Crop Production

In the fall of 1992, both the soybean and corn crops at the Chapayev farm were in good condition, especially considering the hot dry August there. Weed control for the corn crop was very good to excellent, sprayer skips excepted. The crops at Egorlyk were in very good to excellent condition. Weed control in both corn and soybeans was excellent.

The lack of drying facilities at Chapayev dictated the harvesting of ear corn at 25% moisture utilizing ear corn husking machines with six row corn

heads. Chapayev has good handling and storage facilities for ear corn. The corn heads (three machines) all needed some repair and major adjustments in snapping roll spacing and striper bar spacing. Once they were set up properly by the American partners, the machines did an excellent job of picking corn. The adjustments require continued monitoring to keep them set properly. Very few of the Russian operators made any adjustments, or had any idea what adjustments were available. The contrast between the field losses with the machines adjusted to match the harvest conditions and those that were not adjusted were stark. This difference was highlighted by the complete absence of gleaners in American fields.

The bagging of soybeans began on February 20, 1993. With the use of Stine seed bagging equipment and bags from the local alfalfa processing plant, personnel were trained how to thread, operate and maintain the sewers at both farms. The bags at Egorlyk were filled with approximately 35 kgs., the bags at Chapayev to approximately 50 kgs. The seed at both farms was processed through a grain cleaner twice. At the Egorlyk farm, seed was scooped from the warehouse floor into the bags. At the Chapayev farm, seed was bagged from the cleaner after the second cleaning. In the end, only one-fourth of all soybeans were sold. The remainder were donated back to the Agribusiness Centers for planting in 1993.

For the 1993 crop, the on-site installation consultant filled a second role as crop consultant by analyzing soil tests, prescribing fertilizer programs for all the fields and crops at both farms and prescribing the herbicide programs complete with the spraying equipment options that the engineer knew would be available at each farm.

E. Livestock Production

The start of livestock feeding demonstrations was delayed one year. IIDF, along with their Russian and Ukrainian partners, decided to await the full complement of extrusion equipment, and the operation of the Ukrainian grain handling, drying and storage system. While the delay was somewhat disappointing, it also was a practical example of doing a project right from the

start. The implementation and results of livestock feeding demonstrations will be facilitated and enhanced by complete extruding lines.

III. Summary of the Program Results: Achievements and Difficulties

Accomplishments of the project during the period of Grant Phase One funding include the following:

- 1) Successful design of grain handling, drying and storage systems for the two Stavropol farms and the farm operations in White Church, Ukraine, that match the drying capacity needs and storage needs to the agricultural operations of the farms. The design incorporates simplicity of construction, operation and repair with high quality components that have a proven track record of reliability.
- 2) Successful design of the foundation for an extruder system in Stavropol and White Church that meets all the above design criteria and incorporates the above features.
- 3) Delivery to and installation of all of the above systems on the Stavropol and White Church Agribusiness Centers and farms. Installation of the basic extruder system in Stavropol was completed by April 1, 1993. Installation of the grain systems was not complete until October 1993.
- 4) Successful harvesting of the Fall 1992 crop. In general, the crops with American inputs were good to excellent, with yields significantly higher than the farms' Russian crops. The crops were harvested with all Russian equipment that was adjusted for the first time ever to function properly. Except for the inability to cut soybeans close to the ground, harvest losses were very low. The quality of the harvest crops was excellent and this condition was maintained while the crops remained in storage.

The program and the relationship between partners were generally easier and more successful in Russia than in Ukraine. In fact, the partnership in Kherson, Ukraine, became completely untenable, basically due to personality conflicts between the Ukrainian and American managers. Both sides agreed

mutually to dissolve the working relationship.

After analyzing the situation, IIDF decided to move from Kherson to White Church, Ukraine. The Agribusiness Center is now associated with a very high quality feedmill, that serves many area farms and that is in the process of privatizing. In the end, the move has been a positive one. However, it also undeniably slowed the progress of the project. Given the delay in completing the drying system due to the gas line, and the delay in installing the extruding equipment to accommodate additional equipment, IIDF postponed educational seminars in Ukraine until this year, when both systems will be complete and operational. The nature of the new relationship is much more cooperative and constructive, and as such will ultimately yield greater results.

IV. Description of the project financed activities from its inception

The project financed activities of this grant include the purchase and installation of grain storage systems and soybean extruders in Stavropol, Russia and White Church, Ukraine. Of the \$500,000 granted and in accordance with the budget outlined in the application, IIDF spent \$403,022 on equipment purchases. The remaining \$96,978 was spent on shipping, salaries, travel and other direct costs related to the installation of the equipment.

Other activities funded by Federal moneys during this same time period include:

A) Procurement of one 750 gallon Broyhill sprayer, Lasso and Banville herbicides, Dyfonate insecticide, Pioneer seed corn and Stine seed beans for planting about 500 hectares of corn and soybeans on the Chapayev and Egorlyk farms near Stavropol. Management of all of the agronomic practices from planting and tillage, to harvest and grain storage.

B) Conducting a series of five seminars during July and early August of 1992 involving university, business and industry personnel. These seminars reached about 600 students from the Stavropol Krai and covered topics ranging from agricultural economics and production to food processing and packaging.

C) Staffing of a set of Iowa related display booths at the World Food Exposition in Moscow during the second week of November 1992. Companies represented at the trade fair included Pioneer International, Stine Seed Company, Shivvers Inc., Conrad American, Sudenga Industries, Triple F, Inc., and Deardorff and Associates. All of these companies, with the possible exception of Deardorff and Associates, currently have representatives and on-going business in Russia and Ukraine.

V. Significance of these activities and recommendations for the future

IIDF is generally satisfied with the progress and results of this project to date. The Foundation and its Agribusiness Centers have achieved significant goals and benefited from the learning process. Great strides have been made on two sites in Stavropol, Russia, and on one site in White Church, Ukraine, to build working examples of enhanced agricultural production. One only has to look at the projects' crops side by side with Russian crops to witness the vast room for improvement in agricultural production. IIDF has the ability and is working toward being a catalyst for reforming the Russian and Ukrainian agricultural economy.

IIDF has also achieved significant results in its efforts to promote U.S. agribusiness products and technology. The installation of equipment and accompanying training seminars have done a great deal to engage the interest of U.S. companies, as well as to raise the Russians' and Ukrainians' awareness of alternative agriculture systems and technologies.

In furthering the activities of the Agribusiness Centers, in line with their complementary goals, IIDF will explore the possibility of developing better harvesting capabilities and supplying a full complement of livestock feeding and watering equipment. IIDF will also concentrate more on outreach and disseminating information to the local agriculture populations.

While relationships and management have not always been positive and consistent, IIDF has addressed these issues and the framework is now in place

for advancing the goals of the Foundation. Many of the challenges inherent in building cross-cultural partnerships have already been addressed, to the benefit of all participants. Finally, the rapport and respect the Agribusiness Centers have generated with individuals, from the top government officials down to the workers on the farms, has laid a groundwork that would be difficult to duplicate and on which the IIDF will continue to build.

The Iowa International Development Foundation feels that the Western response to the challenges facing the former Soviet Union is best built on comprehensive programs that focus on long-term goals and institution building. While IIDF's original assumptions regarding market development and the need for agriculture reform remain valid, IIDF and the Agribusiness Centers have had to adjust to a constantly changing environment. The Foundation works to anticipate local political and economic demands. IIDF's long-range plans include targeting private farmers with its education and outreach programs. IIDF is committed to finding long-term solutions by remaining flexible and taking gradual steps toward reform.



American Soybean Association

540 MARYVILLE CENTRE DRIVE, P.O. BOX 419200, ST. LOUIS, MO 63141-9200, PHONE: (314) 576-1770, FAX: (314) 576-2788

July 16, 1993

Professor Stanley R. Johnson
CARD Director
Iowa State University
578 Heady Hall
Ames, IA 50011-1070

Dear Professor Johnson,

Thank you for your letter and accompanying documents explaining your proposal to USAID.

The American Soybean Association applauds the CARD interest in increasing livestock feed efficiencies. While we would not put a priority on crop production, we are not opposed to your program as presented. We would encourage CARD to increase emphasis on quality feed processing and improving poultry and swine rations.

As you know, we are very active in both Ukraine and Russia. It is apparent that in some cases we have common interest; perhaps some of our activities, too, will overlap someday, giving us an opportunity to work together in the region.

Sincerely yours,

Dennis Sharpe
Chief Executive Officer

*Stan,
Best personal regards!*

**USAID WESTNIS Training Program
for Ukraine**

**November 5-24, 1993
Summary Report**

**Center for Agricultural and Rural Development
Iowa State University, Ames, Iowa**

23/3

USAID WESTNIS Training Program for Ukraine Summary

Center for Agricultural and Rural Development
Iowa State University
November 5-24, 1993

INTRODUCTION

The Center for Agricultural and Rural Development (CARD) at Iowa State University, in cooperation with the Iowa International Development Foundation (IIDF), established two agribusiness demonstration centers in the NIS, one in Stavropol Krai, Russia, and the other in Bila Tserkva, Kiev Oblast, Ukraine. The purpose of the centers is to support the transition to a market economy in the NIS, and to provide a platform for small- and medium-sized U.S. businesses to assess trade and commercial opportunities.

In Ukraine, the Agribusiness Center has been cooperating with the Institute of Agrarian Economics for Ukraine in Kiev in developing training courses to be taught at the center in Bila Tserkva. These courses will be taught by a group of practicing agronomists from local farms, professors and students of agronomy from various institutes in the Kiev Oblast, and agricultural economists from the Institute of Agrarian Economics in Kiev. In order to train the instructors, CARD hosted 18 Ukrainians from November 5-24, 1993. (See Attachment 1.)

The training program was a part of the NIS (Newly Independent States) Exchanges and Training Project managed by the Washington, DC-based Partners for International Education and Training (PIET). The goal of this project is to support the transformation of the former Soviet Union from authoritarian, centrally-controlled regimes to pluralistic, democratic countries with free market economies. The training program at Iowa State was funded by a grant from U.S. Agency for International Development (USAID). It is anticipated that CARD will have an ongoing role in providing training to Ukrainian instructors for the Agribusiness Center training courses.

OBJECTIVES

In conjunction with the goals of PIET, the overall goal of the CARD training program conducted at Iowa State University is to support and assist in the development of a free economy in the NIS through education and training. More specifically, main objective of the training program is to give native Ukrainians the opportunity not only to learn about western agricultural technologies and management methods, but to observe the application of these technologies and methods. As a result, the Ukrainian agronomist will be able to share their knowledge with their colleagues through training courses at the U.S./Ukrainian Agribusiness Center in Bila Tserkva. In essence, the purpose of the program is to "train the trainers." This type of training course is anticipated to be much more effective than courses taught by American agronomists through interpreters.

METHOD

The training program focused on the following areas: soybean seed production, soybean growing, storage and handling, processing, feed production and nutrition, and soybean oil processing. The program focused on soybeans because the primary function of the U.S./Ukrainian Agribusiness Center is to process soy and soy oil products.

Participants for this training were selected based upon their knowledge of agribusiness, their interest in soybean production and processing, and their willingness to try a new approach to agriculture. The participants were screened by Jim Akers, project coordinator of WESTNIS in Ukraine, and David Wampler, co-manager of the U.S./Ukrainian Agribusiness Center.

PROGRAM

The training included both classroom and on-site training at Iowa State University and various companies and farms specializing in the focus areas. The itinerary was developed with the goal of providing an equal balance of theory and practical application. In addition, cultural events were interspersed with the training to give participants an overview of life in the United States, specifically in Iowa, including history and organization of state government.

The classroom training consisted of lectures, slide presentations, tours, and demonstrations. The Ukrainians were given an overview of Iowa State University, including CARD, the extension programs, and the College of Agriculture international exchange programs. In addition, they were given a detailed description of agriculture in Iowa, including history, structure, and marketing. Other classroom training was conducted on a practical level, such as a visit to the Ag 450 farm, a working university farm, where the Ukrainians were instructed on grain storage facilities. And, the Ukrainians visited some of the research centers, including the Leopold Center for Sustainable Agriculture, the Seed Science Center, and the Utilization Center for Agricultural Products.

The on-site training consisted of visits to companies, cooperatives, and farms in Central Iowa. Because the training focused on soybeans, the group visited companies such as Triple F, Urbandale, Iowa, a manufacturer of extrusion products, Stine Seed Company, Adel Iowa, a producer of soybean seed, and Shivvers, Inc., Corydon, Iowa, a manufacturer of grain drying equipment. The visit to Shivvers was significant in that the Shivvers grain dryers have been installed at the U.S./Ukraine Agribusiness Center and are currently in use. The Ukrainians also visited well-known seed companies such as Pioneer Hi-Bred International and Kent Feeds. (For a complete itinerary, see Attachment #2.)

PERSONNEL

Overall Program Coordinator:

Professor Stanley R. Johnson, CARD Director

Training Program Managers:

In Iowa:

Sandra Glass, Program Assistant, Agribusiness Centers Project in Russia and Ukraine
Olga Ermakova, Program Assistant, International Projects

In Ukraine:

David Wampler, Co-manager, U.S./Ukrainian Agribusiness Center

BUDGET

CARD was awarded \$41,416 by USAID to conduct the WESTNIS Training Program. Half of the grant was awarded upon approval of the proposed budget submitted by CARD, and the remainder

of the grant will be awarded upon submission of the final report to PIET. (See Attachment #3 for complete proposed and expended budgets.)

SUMMARY

The WESTNIS Training Program for Ukraine at CARD successfully achieved both the objectives of the PIET NIS Exchanges and Training Project and the goals of the Agribusiness Centers by providing an equally balanced training program with both theory and practical application. By learning about and observing western agricultural technology and management methods, the Ukrainians will be better prepared to make the transition to a free economy. In addition, they will be able to teach their colleagues what they have used with assistance from Agribusiness Center staff.

It is anticipated that CARD will continue to "train the trainers" through additional training courses at Iowa State University. By bringing the Ukrainians to Iowa, it is possible to train them in many aspects of agriculture and market economics, such as agronomy, cattle and swine production, dairy, and grain marketing. This method of "training the trainers" is anticipated to be a valuable type of training, more so than American instructors teaching through interpreters.

Attachment #1

List of Participants USAID WESTNIS Training Program for Ukraine November 5-24, 1993

Anatoliy Nikiforenko. Co-manager, U.S.-Ukraine Agribusiness Center in Bila Tserkva, Kiev Oblast. Interests: livestock feeding, soy processing, soy oil, feed mixing.

Alexander Shutenko. Agro-Industrial Association "Ross." Interests: soybean production.

Volodimir Polochaninov. Student of agricultural economics. Interests: soybean and soybean seed production, soybean growing, storage and handling, processing, nutrition and livestock feed, soybean oil processing.

Vladimir Stepanchuk. Chief agronomist, private agribusiness. Interests: soybean processing, planting.

Vasiliy Tkachuk. Chairman of the Agronomy Department, Agrarian Institute of Bila Tserkva, Kiev Oblast. Interests: all aspects soybean production and processing.

Alexey Grabovskiy. Professor of agronomy. Interests: all aspects of soybean production and processing.

Victor Galashevskiy. Practicing agronomist working on a farm. Interests: all aspects of soybean production and processing.

Lubov Tkach. Practicing agronomist, private agribusiness. Interests: feed processing from soybeans.

Anna Medvedeva. Doctor of Economics, Institute of Agrarian Economics for Ukraine. Interests: tilled crop production.

Yuriy Solodovnyk. Graduate student working at the Institute of Agrarian Economics for Ukraine. Interests: forage production machinery.

Nikolay Nickolaets. Practicing agronomist. Interests: all aspects of soybean production and processing.

Nikolai Kuzmenko. Manager of a state agribusiness. Interests: all aspects of soybean production and processing.

Vitaly Novak. Professor of Agronomy, Agrarian Institute of Bila Tserkva, Kiev Oblast. Interests: all aspects of soybean production and processing.

Vyacheslav Pipkin. Teacher of agronomy. Interests: all aspects of soybean production and processing.

Alexander Shevchuk. Student of agronomy. Interests: all aspects of soybean production and processing.

Ruslan Shovkopljas. Manager of a state farm. Interests: all aspects of soybean production and processing.

Olga Sudarenko. Student of agronomy, Agrarian Institute of Bila Tserkva, Kiev Oblast. Interests: all aspects of soybean production and processing.

Svetlana Tregub. Teacher, Agrarian Institute of Bila Tserkva, Kiev Oblast. Interests: all aspects of soybean production and processing.

Attachment #2

Itinerary
USAID WESTNIS Training Program for Ukraine
November 5–November 24, 1993

Friday, November 5

8:00 pm The group arrives to Des Moines airport, IA

Saturday, November 6

9:00 am First National Bank (buy traveler's checks)

10:00 am Administrative paperwork and orientation

12:00 pm Lunch on campus

1:00 pm Meet tour guide at the registration desk in the Memorial Union for a tour of Iowa State University, including the horticulture greenhouses

Sunday, November 7

Free day with Ukrainian exchange students

Monday, November 8

8:30 am Presentation on CARD and Agribusiness Centers by Dr. Stanley Johnson, CARD Director, 113 East Hall. *Interpreter:* Tania Tipton

9:30 am Presentation on American Agriculture by Dr. John Helmuth, Assistant Director of CARD, 113 East Hall. *Interpreter:* Olga Ermakova

10:45 am Meet with Dr. Gerald Klonglan, Administrative Officer of the ISU Exchange Programs with the FSU and Baltic States, 113 East Hall. *Interpreter:* Elena Polouchkina

12:00 pm Lunch

2:00 pm Visit to Seed Science Center hosted by Dr. Joe Cortes (1 and 1/2 hours). *Interpreter:* Yuri Yermakov

Tuesday, November 9

- 9:00 am Meet with Dr. Bob Wisner, ISU Extension, in 113 East Hall (2 hours).
Interpreter: Olga Simonova
- 1:15 pm Meet with Dr. Palmer Holden, Professor of Animal Science, in 210 Curtiss Hall, to discuss soybean animal feeding (2 hours). Contact: 4-2240.
Interpreter: Sergey Sotnikov

Wednesday, November 10

- 8:00 am Attend facilities lecture at the Ag 450 farm (4 hours) *Interpreter:* Daria Hiszczynskj, native Ukrainian
- 12:00 pm Lunch
- 2:00 pm Tour of Ames Feed and Supply Company, 2020 E. Lincoln Way, Ames (1 to 1 1/2 hours). Contact: Rick Kemmerer, 233-3301. *Interpreter:* Daria Hiszczynskj

Thursday, November 11

- 8:00 am Depart Ames for Corydon, IA
- 10:00 am Tour Shivers Inc. Contact: Carl Shivers, 515/872-1005.
- 12:30 pm Depart Corydon for Allerton, IA to visit the Round Barn
- 1:00 pm Depart Allerton for Chariton, IA
- 1:30 pm Tour Hy Vee Wholesale. Contact: Suzie, 515/774-2121
- 3:30 pm Depart Chariton for Humeston, IA
- 4:00 pm Visit Livestock Auction. Contact: 1/877-2831.

Friday, November 12

- 8:00 am Depart Ames for Urbandale, IA
- 9:00 am Tour Triple F, Inc. with catered lunch. Contact: Dr. Leroy Hansen, 515/254-1200. *Interpreter:* Olga Simonova
- 2:00 pm Meet with Dr. Jim Swan, Associate Director of the Leopold Center for Sustainable Agriculture, 226 Soil Tilth Lab (1 hour). *Interpreter:* Yuri Yermakov
- 3:00 pm Alexander Shevchuk meets with Ron Dieder, 174 Heady Hall, to discuss attending Iowa State.

Saturday, November 13

- 10:30 am Depart Ames for Des Moines with Sandra Glass
- 11:30 am Tour of the State Capitol
- 12:30 pm Lunch in the Historical Building Cafe
- 1:30 pm Tour of the Historical Building

Sunday, November 14

- 11:00 am Depart Ames for Story City with Sandra Glass
- 11:30 am Shopping in Story City

Monday, November 15

- 8:30 am Tom Kaspar, Plant Physiologist, 226 Soil Tilth Laboratory *Interpreter: Elena Poloushkina*
- 9:30 am Dr. Bob Horton, Professor of Agronomy, and Dr. Globus and Mrs. Globus, visiting researchers from St. Petersburg. *Interpreter: Elena Poloushkina*
- 1:00 pm Visit the National Farmers Organization, 2505 Elwood Drive (2 hours). Contact: Ray Olson, 292-2000. *Interpreter: Sergey Sotnikov*

Tuesday, November 16

- 9:00 am Visit Stine Seed Company in Adel, IA. Contact: Bob Hall, 1/800/362-2510. *Interpreter: Yuri Yermakov*
- 1:00 pm Agronomy Extension: soybean production in Iowa, Dr. Keith Whigham, Professor of Agronomy, in 162 Heady Hall. *Interpreter: Sergey Sotnikov*
- 2:00 pm Crop Utilization Center at ISU, including tour of the Pilot Plant by Dr. Larry Johnson, Professor of Food Science. *Interpreter: Yuri Yermakov*

Wednesday, November 17

- 10:00 am West Central Cooperative in Ralston, IA (6 hours)

Thursday, November 18

- 10:00 am Visit to NICHII Company in Jefferson, IA (1 to 1 1/2 hours). Contact: 1/386-2100. *Interpreter: Yuri Yermakov*
- 2:00 pm Visit Kent Feeds, Inc. in Altoona, IA (2 hours). Contact: Ron Marshall, 515/967-4219. *Interpreter: Sergey Sotnikov*

Friday, November 19

- 9:00 am Visit AgriPro Seeds, RR 2, Hwy 30 East (1 hour). *Interpreter:* Olga Simonova
- 10:30 am Tour of Physical Plant by Dave Miller. *Interpreter:* Olga Simonova
- 1:00 pm Visit Pioneer Hi-Bred International in Des Moines. Contact: Julie Porto, 1/270-3180
Interpreter: Yuri Yermakov

Saturday, November 20

- 10:30 am Soypro International, Robbins Fischer, President (Saturday, time and place to be determined later). *Interpreter:* Yuri Yermakov
- 2:00 pm Visit Woodland Farm near Story City. Contact: R.C. Hermanson, 515/733-4582. *Interpreter:* Yuri Yermakov
- 4:00 pm Shopping in Story City

Sunday, November 21

Free day for shopping or relaxing

Monday, November 22

- 9:00 am Visit PHI Marketing Services in Des Moines (2 hours). Contact: Don Close, 515/253-5819. *Interpreter:* Yuri Yermakov
- 1:00 pm Meet John Chrystal at the Iowa Savings Bank in Coon Rapids in order to visit his farm
- 7:30 pm Departure Dinner hosted by Dr. Stan Johnson *Interpreter:* Olga Ermakova, Yuri Yermakov, Sergey Sotnikov

Tuesday, November 23

- 9:00 am Evaluation, debriefing, 113 East Hall. *Interpreter:* Olga Ermakova
- 11:00 am Visit to Cub Foods in Ames (soybean products) accompanied by Kelly Glass
Vitali Novak meets with Dean Uhlenhopp, Associate Dean of the College of Veterinary Medicine, 2520 Vet Med Building. *Interpreter:* Yuri Yermakov

12:00 pm Four students meet with Harold Crawford, Associate Dean, International Agriculture Programs, to discuss attending Iowa State on an exchange program. *Interpreter:* Yuri Yermakov

Wednesday, November 24

7:05 am The group departs Des Moines for Kiev, Ukraine.

Attachment #3

Budget

Proposed Budget

ITEM		USAID	ISU	TOTAL
Salaries:				
S. Johnson	- 1 week	\$2,445		\$2,445
J. Helauth	- 1 week	\$1,702		\$1,702
S. Glass	- 1 month	\$1,943		\$1,943
O. Eroakova (native Russian)	- 1 month	\$2,342		\$2,342
Interpreters (2 students @ 4 hrs/day)	- 3 wk. ea	\$2,352		\$2,352
Clerical	- 1 month	\$1,221		\$1,221
Hourly	- 3 wks, 20hr/wk	\$360		\$360
	salaries subtotal:	\$12,221	\$0	\$12,221
Benefits:				
S. Johnson	- 24.55%	\$605		\$605
J. Helauth	- 24.55%	\$413		\$413
S. Glass	- 20.80%	\$600		\$600
O. Eroakova	- 30.30%	\$671		\$671
Interpreter/GAs (2)	- 24.92%	\$711		\$711
Clerical	- 37.45%	\$653		\$653
Hourly	- 5%	\$18		\$18
	benefits subtotal:	\$3,699	\$0	\$3,699
	salaries & benefits subtotal:	\$16,920		\$16,920
Interpreter - non-ISU employee				
	- 3 days as consecutive @ \$275/day	\$825		\$825
	- 15 days as escort @ \$175/day	\$2,475		\$2,475
Travel:				
	Domestic - Van rental, 3 15-passenger vans for 1 month each @ \$351/van	\$1,053		\$1,053
	Cultural events while in Aoes: 12 @ \$150/person	\$2,700		\$2,700
Supplies:				
	Language materials: 18 dictionaries @ \$10 ea	\$180		\$180
	Misc. supplies: 18 @ \$200/person	\$3,600		\$3,600
	Educational materials	\$500		\$500
	Other: communications	\$500		\$500
Total direct cost		\$22,761	\$0	\$22,761
Indirect: 44% ISU MTDC		\$12,655	\$0	\$12,655
GRAND TOTAL		\$41,416	\$0	\$41,416

Expended Budget.

item		USAID	ISU	Total
Salaries (ISU staff):				
S. Johnson	1 week	\$2,465		\$2,465
J. Helmuth	1 week	\$1,702		\$1,702
S. Glass	1 month	\$1,948		\$1,948
O. Ermakova	1 month	\$2,242		\$2,242
Y. Yermakov (salaried interpreter) ¹	3 weeks @ \$12.01/hr	\$720.60		\$720.60
S. Sotnikov (salaried interpreter)	3 weeks @ \$12.30/hr	\$738		\$738
clerical	1 month	\$1,661		\$1,661
hourly				
3 drivers	125.8 hours	\$1,244.80		\$1,244.80
interpreters				
4 grad. students	55 hours (\$20/hr)	\$1100		\$1100
	salaries subtotal:	\$13,821.40	\$0	\$13,821.40
Benefits (ISU staff):				
S. Johnson	24.55%	\$605		\$605
J. Helmuth	24.55%	\$418		\$418
S. Glass	30.80%	\$600		\$600
O. Ermakova	30.80%	\$691		\$691
Y. Yermakov	24.92%	\$179.57		\$179.57
S. Sotnikov	24.92%	\$183.90		\$183.90
clerical	39.45%	\$655		\$655
hourly	5%	\$62.24		\$62.24
3 drivers				
interpreters	24.92%	\$274.12		\$274.12
4 grad. students				
	benefits subtotal:	\$3,668.83	\$0	\$3,668.83
	salaries/benefits subtotal:	\$17,490.23	\$0	\$17,490.23
Interpreter (non-ISU)				
escort	1 day	\$150		\$150
classroom	1 day	\$275		\$275

¹Due to problems with non-ISU interpreter, ISU interpreter hours were increased.

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Expended Budget continued.

item		USAID	ISU	Total
Travel:				
van rental	20 days	\$1,434.05		\$1,434.05
parking costs		\$3		\$3
Supplies:				
Ukrainian/English dictionaries	18 copies	\$144.99		\$144.99
Russian/English Agricultural dictionaries	18 copies	\$115.90		\$115.90
Grain Drying, Handling & Storage Handbook	18 copies	\$126		\$126
CARD package: estimated replacement cost \$3.00	18 copies	\$54		\$54
slides	25 pictures	\$21.25		\$21.25
video camara rental on campus		\$49.50		\$49.50
off campus		\$40.55		\$40.55
Cultural/miscellaneous				
meeting expenses		\$30.23		\$30.23
protocol		\$349.72		\$349.72
dinner at Hombre's Mexican Restaurant		\$313.95		\$313.95
departure dinner		\$507.52		\$507.52
Communications				
Iowa Media Link (press releases)		\$70.72		\$70.72
phone calls ²		\$391.35		\$391.35
fax ³		\$88.04		\$88.04
Total direct cost		\$21,656.00	\$0	\$21,656.00
Indirect: 44% ISU MIDC		\$12,127.36	\$0	\$12,127.36
Grand Total		\$33,783.36	\$0	\$33,783.36

²See attached phone bills for Olga Ermakova and Sandra Glass. Calls made in conjunction with WESTNIS are highlighted.

³See attached phone bill for the CARD fax machine. Calls made in conjunction with WESTNIS are highlighted.

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Attachment #4

**Media Coverage
USAID WESTNIS Training Program for Ukraine**

IOWA STATE UNIVERSITY

Center for Agricultural and Rural Development

578 Heady Hall
Ames, Iowa 50011-1070
515 294-1183
FAX 515 294-6336
Telex 283359 LASU UR

FOR IMMEDIATE RELEASE

Eighteen Ukrainian Agronomists Receive Training at ISU

Ames, Iowa -- Eighteen Ukrainian agronomists, professors, and students will spend three weeks at Iowa State University as part of a program aimed at "training the trainers" in the latest agricultural technology and agricultural marketing techniques to help them make the transition from a fettered to a free economy. Arriving in early November from the Kiev Oblast in Ukraine, the group will spend time in ISU classrooms, interspersed with visits to various Iowa companies and farms. The group will focus on the workings of agricultural industries in a market economy, especially those involved in soybean production.

Where do you begin with a twenty-day cram course in Iowa-type agriculture for Ukrainians? The itinerary for the visitors includes a stop at the Seed Science Center, and sessions with an ISU Extension economist, an animal scientist, a plant physiologist, and several agronomy professors who work with soybean breeding, growth, storage and handling, and processing. The participants will also visit the Leopold Center for Sustainable Agriculture and the Crop Utilization Center at ISU. Off-campus tours will take the Ukrainian group to Shivers, Inc.; Hy Vee, Inc.; Soy Pro International; a livestock auction; Kent Feeds; Pioneer Hi-Bred International; Triple F. Inc.; and the Iowa State Capitol.

ISU's Center for Agricultural and Rural Development (CARD) is overseeing the university visit, in cooperation with the Washington, D.C.-based Partners for International Education and Training (PIET). The project is funded by the United States Agency for International Development (AID).

CARD's involvement in the project grew out of its efforts with an agribusiness demonstration center in the Bila Tserkva, Kiev Oblast, Ukraine. The Agribusiness Center has been cooperating with Institute of Agrarian Economics for Ukraine in developing educational courses for Ukrainians working in agribusiness. The hope is that the knowledge gained during the ISU trip will enable the returning participants to instruct their colleagues through the short course program offered at the Agribusiness Center. Program participants are selected based on their knowledge of agribusiness and their willingness to try a new approach to agriculture.

The training program itself is part of the NIS (Newly Independent States) Exchanges and Training Project, the goal of which is to support the transformation of the former Soviet Union from authoritarian, centrally-controlled regimes to pluralistic, democratic countries with free market economies.

Contact: Sandra Glass, Center for Agricultural and Rural Development, (515) 294-2614.

Ukrainians study economy

by SARAH PETERS
Daily Staff Writer

A delegation of 18 Ukrainian agronomists, professors and students is spending three weeks at Iowa State as part of an ISU Center for Agricultural and Rural Development training program aimed at helping to make the transition to a market-oriented economy.

"They are used to the top-down system," said Sandra Glass, CARD program director. "We want them to go home believing the system can work a different way, that agriculture can be successful using the market economy."

Glass said the aim of the program is not to set up a Ukrainian economy identical to that of the United States.

"It's been 70 years under one system, and they can't just switch to ours," Glass said.

System Needs Changes

Vyacheslav Pipkin, a Ukrainian teacher of agronomy and delegation member, said that before changes can be made to Ukrainian agriculture, changes must first be made to the political system.

Pipkin said legislation must be passed to protect owners of the new private farms. Prior to the fall of the communist government, almost all farms were state-owned.

and delegation member. Private farmers find it hard to get credit because they do not have anything to use as collateral, he said. Group Will Attend Classes
The group will attend classes



JASON WALSMITH The Daily

Members of a delegation of Ukrainian students, professors and agronomists, begin a tour of the Center for Crops Utilization Research Tuesday afternoon in the Food Sciences building.

The main problem facing owners of private farms is getting enough money to buy expensive farm equipment, said Volodimir Polochaninov, a student of agricultural economics

and visit area farms. The group will also tour companies including Shivers Inc., Hy-Vee Inc., Kent Feeds and Pioneer Hi-Bred International.

The group's studies will focus

on soybean production and processing.

While Ukrainian farmers have experimented with soybean production for the past 25 years, they did not begin to produce the beans seriously until four or five years ago, said Anatoly Nikiiforenko, leader of the delegation and co-manager of the U.S.-Ukraine Agribusiness Center in Bila Tserkva in the Kiev region of the Ukraine.

While the group has also traveled to Western Europe to study agriculture, Polochaninov said the soil and culture of central Iowa is more comparable to that of the Ukraine.

Glass said the knowledge the program participants gain will enable them to return to the Ukraine and instruct their colleagues.

CARD Overseeing the Visit

CARD is overseeing the Ukrainians' visit in cooperation with the Partners for International Education and Training. The project is funded by the United States Agency for International Development.

CARD is a teaching and research unit within the ISU Department of Economics in the College of Agriculture.

MID-IOWA

Farm trade: Ukrainians learn

By BARB McMANUS
Staff Writer

In a visit to the Ames Feed and Supply Company, 18 Ukrainian agronomists, professors and students learned about one aspect of agribusiness on Wednesday: Mixing feed.

Rick Kemmerer, assistant manager of the Ames Feed and Supply Company, demonstrated how feed is mixed, ground and weighed for individual livestock producers.

"We market and process animal feeds, mainly swine feeds," Kemmerer said.

After mixing the feed, Kemmerer showed the group a computer print out that listed the weight and percentage of each ingredient in the mix.

The feed company is just one of

many stops the group will be making in their three-week tour of Iowa's agricultural community. The visit is being coordinated by the Iowa State University Center for Agricultural and Rural Development (CARD).

The tour is offered as a short course through CARD to help Ukrainians in their transition from a centrally controlled economy under the Soviet Union to a free market economy.

Anatoliy Nikiforenko, co-manager of the U.S./Ukraine Agribusiness Center in the Ukraine, said he could see some major differences between the systems.

"Here the state guarantees to farmers a lot of things, even if it is not good weather, like this year. Anyway, the farmer has some guarantees, but not in our country," Nikiforenko said.

"For me America was something with big cars and gentlemen in very fine dress. I was surprised when I saw, for the very first time, normal people in normal dress like ours."

— Ukrainian student Olga Sidorenko

Those differences include the size of agricultural businesses. In the Ukraine, a country formerly ruled under the Soviet government, there are mainly large communal-sized agricultural farms and storehouses instead of smaller competitive businesses.

"Russian people like big sizes and here you have several little businesses,"

Nikiforenko said. "Our government paid a lot of attention not to little enterprise but to big enterprise, but a lot of times they did not pay attention to the quality of the product."

The Ukrainian government is now moving toward privatization. Nikiforenko said employees at factories are being offered the chance to buy into

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about Iowa agriculture

businesses in the Ukraine. But after 70 years of working in a centralized system, change is difficult.

"We have a problem with the system, we have it for 70 years and it couldn't be broke in one year for a new system," Nikiforenko said.

Vyacheslav Pipkin, a professor of history and political economy at Belayo Tsekov Agricultural Institute, said he was thankful for the financial aid the U.S. government has provided the Ukraine.

"For 70 years our country was closed by the iron curtain and now we have a great opportunity to look at America with our own eyes and to come to conclusions by ourselves," Pipkin said. "We feel ourselves, as happy people, that we are here and we can compare both systems. Everything is important

to us and after our return home we can tell people about our great impressions after some days spent in America."

Along with learning about agriculture in Iowa, Olga Sidorenko, a student at Belayo Tsekov Agricultural University, gained a new perspective on American culture.

"I like very much American life and American kinds of cars," Sidorenko said.

"For me America was something with big cars and gentlemen in very fine dress. I was surprised when I saw, for the very first time, normal people in normal dress like ours."

Today, the Ukrainians will continue their tour with a trip to the round barn in Corydon, a HyVee wholesale store in Chariton and finish the day attending a livestock auction.

Ukrainian group to learn how ag industry works

THE REGISTER'S IOWA NEWS SERVICE

Ames, Ia. — Eighteen Ukrainian agronomists, professors and students are spending three weeks at Iowa State University to be trained in the latest agricultural technology and agricultural marketing techniques to help them make the transition to a free economy.

The group, which arrived Nov. 5 and will leave Nov. 24, is from Kiev Oblast in the Ukraine. Participants will visit university classrooms, interspersed with tours of various Iowa companies and farms.

The itinerary includes a stop at the Seed Science Center, and sessions with an ISU Extension economist, an animal scientist, a plant physiologist, and several agronomy professors who work with soybean breeding, growth, storage and handling, and processing.

"Новый Агробизнес" представляет

американскую компанию - производителя семян корнями уходящую глубоко в русскую почву

В 1926 г., на маленькой ферме в штате Айова, в самой глубине житницы Америки, было основано предприятие революционного качества. Герри А. Уоллес, ставший впоследствии Вице-Президентом США, основал новую фирму, теперь известную всему миру под именем «Пионер Хай-Бред Интернешнл, Инк.»

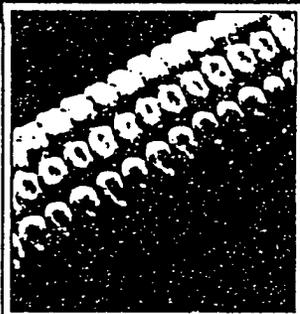
Компания эта имела одно единственное назначение: производить гибридные семена кукурузы.

С 1926 г., фирма «Пионер Хай-Бред» выросла из маленькой компании, продающей только гибридные семена кукурузы в штате Айова, в предприятие мирового масштаба, охватывающее своей деятельностью более 120 стран земного шара. На сегодняшний день, помимо продажи семян сотен различных гибридов кукурузы, тщательно подобранных для отличных результатов в конкретных регионах, фирма «Пионер» также выводит, производит и продает семена сорга, сои, подсолнуха, рапса (канолы), проса, пшеницы, люцерны и семена овощей.

Сегодня, фирма «Пионер» составляет 43 процента всех гибридных семян кукурузы продающихся в США. В 1993 г., на новый прикол фирмы от продажи превысит 1,3 миллиарда долларов США.

Фирма «Пионер» изыскивает и развивает товары преумножающие эффективность и рентабельность фермеров мира, где бы они не находились.

Фирма «Пионер» считает что достижение самых наилучших сортов гибридов начинается с превосходных научных исследований. Более 100 научно-исследовательских центров, распространенных по всему миру, производят те



широкие исследования, которыми славится фирма. Ежегодно, «Пионер» вкладывает более 100 миллионов долларов США в научную работу. В результате, где бы они ни находились: в России, во Франции, в Зимбабве, в Мексике, в Индонезии, или в США - фермеры, засевающие продукты фирмы «Пионер»* привыкли ожидать обильный сбор.

С сельским хозяйством России фирма «Пионер» имеет долголетние, успешные успехом взаимоотношения, восходящие к 1988 г. На сегодняшний день, мы проводим испытания в различных местностях России и выставили на продажу более 15 гибридов. Каждый из этих гибридов специально подобран для тех регионов России, где он лучше всего адаптируется.

На прилагаемой карте указаны местности, где фирма «Пионер» проводит свои испытания. Самые подходящие для российских условий гибриды кукурузы перечислены на сопровождающей таблице, где они также сравниваются по результатам и другим важным характеристикам.

Фирма «Пионер» стала ведущей в мире фирмой по агробиологической генетике, сосредоточив свое внимание на научных исследованиях и на своих клиентах. В этом заключается обязательство компании перед своими клиентами со дня основания в 1926 г., сегодня и на многие годы вперед.

Если Вы хотите больше узнать о товарах фирмы «Пионер»*, мы Вам советуем обратиться к нашему представителю:

Борис П. Мартынов
Координатор по товарам марки «Пионер»
Набережная Тараса Шевченко дом 3, корпус 3, кв. 76
107802 Москва
Россия

Гибрид	Группа спелости ФАО	Описание
Скандии	180	Самый ранний гибрид кукурузы для российского зернового рынка с локальным успехом. Коммерческие засева «Скандии» в Татарстане в 1992 и 1993 гг. дали от 60 до 70 ц / га.
Мона	240	Благодаря своему отличному урожайному потенциалу с превосходным качеством стебля, «Мона» хорошо адаптируется к югу регионов Центрального Черноземья и Поволжья. Хорошо переносит повышенные температуры засева.
Наташа	240	Идеальная для спаривания с «Моной», «Наташа» показывает отличный ранний рост весной. Высокого роста, высокопродуктивный гибрид, подходящий для зерна и силоса.
Деа	290	Гибрид, дающий обильный сбор, и адаптирующийся к широкому диапазону условий выращивания и видов почвы. Один из самых широко распространённых по Зап. Европе гибридов кукурузы. Отличная сила стебля.
Хельга	300	Гибрид, отличившийся в Волгоградской и Ставропольской областях. Хорошая производительность с очень сильными стеблями и хорошие результаты в трудных условиях.

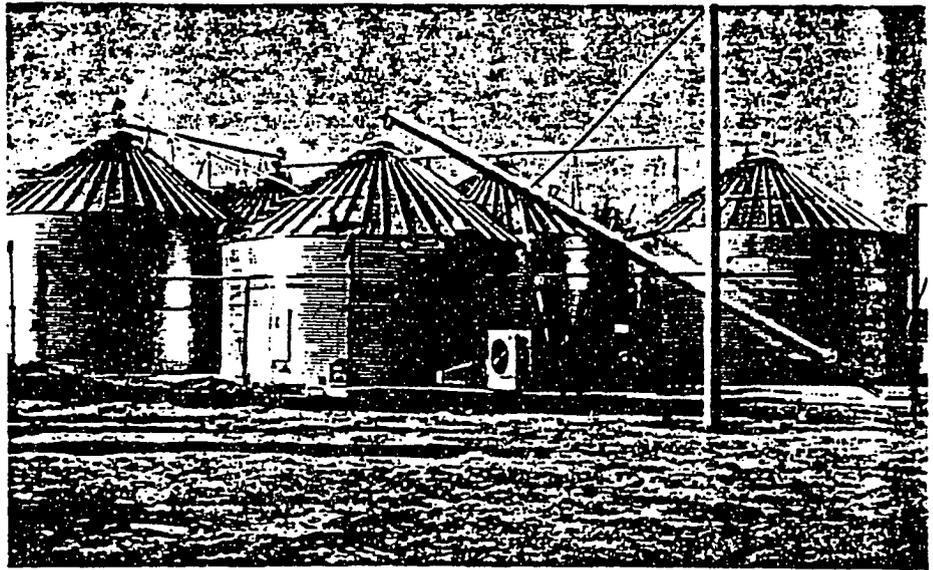


Пионер.

*Зарегистрированная торговая марка фирмы «Пионер Хай-Бред Интернешнл, Инк.» Де Моин, Айова.

Как известно в России до 49% зерна теряется во время уборки урожая в процессе сушки и неправильных методов хранения.

Ведущие зернопроизводители Америки довели этот показатель до 5%.



В 1993 году это высокоэффективное оборудование по обработке, сушке и хранению зерна было смонтировано на двух фермах под Ставрополем в России.

ОБОРУДОВАНИЕ ПО ХРАНЕНИЮ, СУШКЕ И ОБРАБОТКЕ ЗЕРНА

ЛАРРИ ФОН ФОСТЕН

Демонстрация сушильного оборудования, которую скоро организует американская фирма "Шивверс, инк" в России, наглядно показывает, как важно высушивать зерно до определенной степени влажности. Известно, например, если зерно в хранилище недосушить — его качество резко снижается, а если оно пересушено — сокращается его общий объем, и продавец получит меньшую прибыль.

В 1993 г. в России, на фермах недалеко от Ставрополя, были смонтированы и введены в строй комплексы оборудования по сушке, хранению и обработке зерна большой мощности. Каждая из таких установок-емкостей вмещает приблизительно 2400 т зерна.

Все оборудование поставили и смонтировали американские компании из штата Айова. Айова — ведущий зернопроизводящий штат Америки, где ежегодно выращивают 25% всех зерновых США.

Большую часть транспортированного зернового оборудования

поставила фирма "Суденга индустриз" из г. Джорджия.

Для комплекса под Ставрополем подобрали зерновые шнековые транспортеры специальной конструкции. При их правильной эксплуатации повреждения зерна сведены к минимуму.

Оборудование для сушки зерна поставила фирма "Шивверс, инк" из г.Коридон того же штата. Для сухой сушки зерна используют сушильную установку непрерывного действия (рис.).

Это наиболее эффективный по энергозатратам метод, широко применяемый в США.

Влажное зерно засыпают в сушильную камеру на высоту не более одного метра. С помощью нагретого воздуха из зерна выпаривают лишнюю влагу (до 100%), при минимуме затрат энергии.

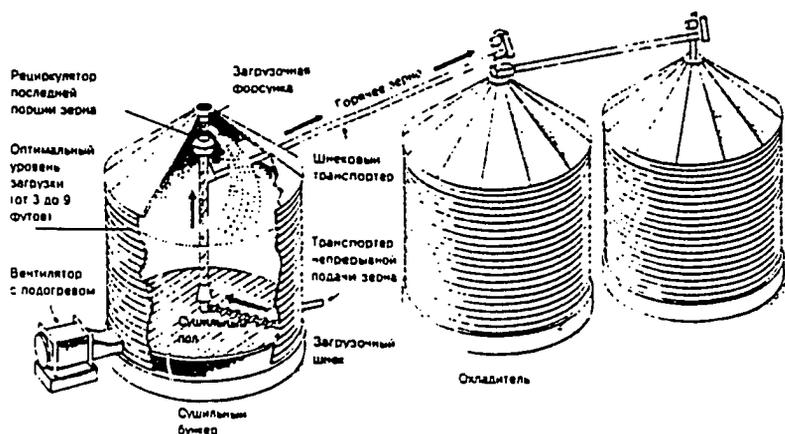
Компания "Шивверс, инк" также поставила в Россию сушильные вентиляторы центробежного типа, мощностью 22 л.с., обогреватели работающие на натуральном газе, специальные перфорированные сушильные полы, а также оборудование по перемещению зерна, с помощью которого

его загружают в сушильную камеру.

Сушильное оборудование смонтировано в бункере диаметром 11 м с высотой стенок до 4,5 м. Установка этого типа, равно как и бункер для хранения зерна, 4 охлаждающих бункера-хранилища — были поставлены фирмой "Конрад Америкен", г.Хьюстон, Айова. Фирма предпочла сушильные емкости такой конструкции потому, что их стенки в любой точке могут выдержать очень высокое давление, создаваемое при непрерывном движении зерна в процессе сушки.

Влажное зерно загружают в сушилку и сушат, непрерывно перемешивая. Производительность установки — 8,5 т/ч или 204 т/сут. При этом зерно теряет 100% влаги. Уровень содержания влаги в непрерывно движущемся и наполовину высушенном зерне контролируют с помощью компьютерной системы "COMP-U-DRY", разработанной и поставляемой фирмой "Шивверс, инк".

Компьютер следит за температурой потока горячего воздуха в установке и автоматически контролирует работу сушильного оборудования с помощью поворотного шнека. По мере нагревания поверхностного слоя зерна (тол-



Сушильная установка непрерывного действия — наиболее эффективная по энергозатратам. Она широко применяется в США.

циной до 10 см) до определенного уровня влажности, шнек сгребает его на дно бункера и заменяет новым.

Желательный уровень влажности зерна должен быть примерно на 2% выше требуемого при его закладке на хранение в бункер. Основное преимущество компьютерной системы контроля — это высокая степень определения влажности поступающего зерна, при которой удается избежать его пересушки. С помощью этой системы достигают эффективной экономии электроэнергии и времени, необходимых для всего процесса сушки зерна.

Упрощается процесс управления оборудованием, уровень влажности на всех этапах его работы документально фиксируется.

Горячее, частично высушенное зерно по конвейерам поступает в сушильные бункеры диаметром 11 м и высотой стенок 5,6 м. Они рассчитаны на 500 т зерна каждый. В каждом бункере смонтирован специальный перфорированный пол и установлено по пять вентиляторов с осевой вытяжкой воздуха. С их помощью, по мере загрузки в бункер горячего зерна, его температура равномерно понижается. Дополнительный обдув позволяет снизить уровень влажности зерна на требуемые 2%, необходимые при окончательной закладке зерна на длительное хранение.

Равномерное охлаждение поступающего горячего зерна значительно повышает эффект сушки и качество самого зерна.

После того, как все четыре бункера заполнены, влажное зерно поступает в сушильную установку. Сушильная камера рассчитана на 400 т зерна. Поверхностный слой частично высушенного зерна постоянно обновляется. Зерно поступает через отверстия в полу и по шнековым транспортерам подается на самый верх ближе к центру бурта. Затем зерно равномерно распределяется по поверхности. После того, как зерно просушено, его охлаждают с помощью вентиляторов для удаления избыточной 2%-ной влажности перед окончательной закладкой на хранение.

"Высокое качество сушильного оборудования, поставленного фирмой "Шивверс, инк.", произвело на русских фермеров большое впечатление", — говорит Том Данн, инженер-аграрник из Айовы, который руководил его сборкой на месте.

"Им также понравилось, как работает компьютерная система автоматического контроля процесса сушки зерна. Но особенно их поразила эффективная работа этой системы. Установка потребляет мало топлива, и это им пришлось по душе", — сказал Том Данн.

Адреса компаний и их факсы:



Conrad-American, Inc.
P.O.Box 2000
Highway 16 West
Houghton, Iowa 52631 USA
TEL: 319-469-4111
FAX: 319-469-4402



Shivvers, Inc.
614 W. English
Box 467
Corydon, Iowa USA 50060
TEL: 515-872-1005
FAX: 515-872-1593



Sudenga Industries, Inc.
P.O.Box 8
2002 Kingbird Avenue
George, IA 51237
TEL: 712-475-3301
FAX: 712-475-3320

Экструдер "Инста Про" — это возможность получать корма более высокого качества

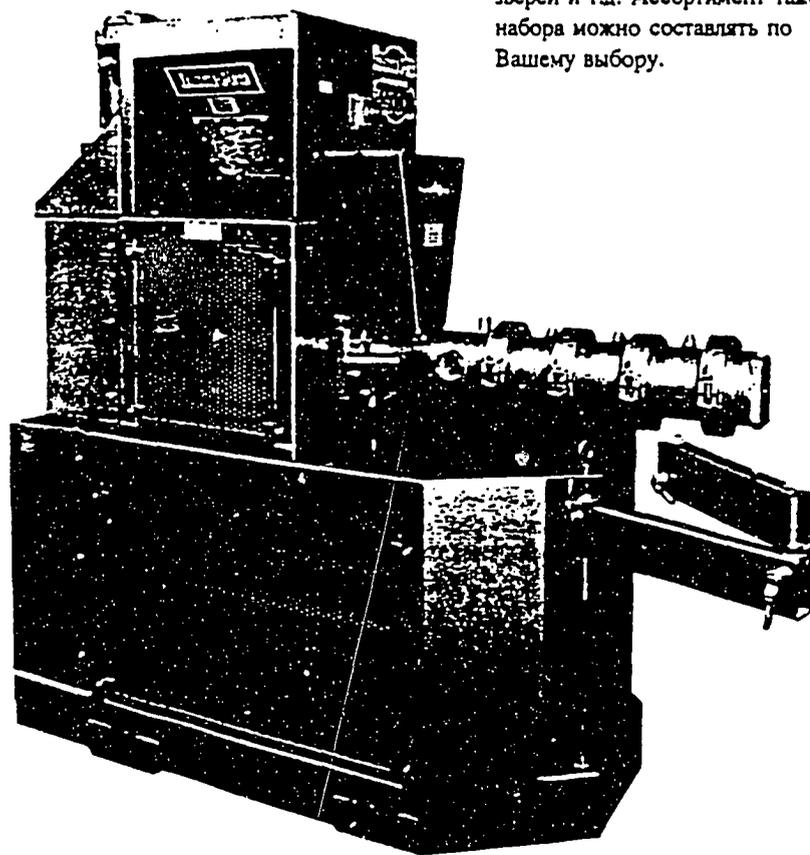
Экструдер американской фирмы "Инста Про" превратит тысячи бушелей семян масличных и зерновых культур, ежегодно выращиваемых на полях Вашей фермы, в высококалорийные корма.

Процесс сухой экструзии, улучшаемый с помощью нашей установки, позволяет переработать любое количество семян масличных и зерновых культур, богатых белком, в высококалорийный корм или крупяной продукт. Полученный ингредиент можно в качестве кормовой добавки смешивать с основным кормом в различных пропорциях. Такой смесью можно кормить поросят, лошадей, рыбу, птицу, пушных зверей и т.д. Ассортимент такого набора можно составлять по Вашему выбору.

Полученная с помощью экструдера "Инста Про" питательная гранулированная масса повышает продуктивность скота и птицы на 10-15%.

С помощью экструдера "Инста Про" можно получать белок, производить клейстеризацию крахмала без применения ингибиторов. "Инста Про" максимально сохраняет питательные вещества перерабатываемого сырья. В процессе равномерного обжаривания получается высокоусваиваемый кормовой ингредиент. Эта оригинальная технология впервые разработана фирмой "Инста Про" — отделением компании "Triple F, Inc." в г. Де-Мойн, штат Айова.

Экструдеры "Инста Про" используют более чем в 70 странах мира. Через отделение компании "Triple F, Inc." в Ставрополе можно получить любые консультации, касающиеся технологии получения гранулированных добавок методом давления как по техническим, так и по микробиологическим вопросам, а также вопросам питательной ценности получаемых продуктов. Применение этой технологии позволит наладить производство высокопитательных животных кормов.



ДОПОЛНИТЕЛЬНЫЕ УСЛУГИ, ПРЕДОСТАВЛЯЕМЫЕ ФИРМОЙ "ИНСТА ПРО"

Наши услуги — по Вашим заказам. Выберите те, которые указаны в перечне дополнительных услуг:

- Генеральный план предприятия
- Характеристики продукта (% содержания питательных веществ)

- Анализ состояния финансовой деятельности предприятия
- Данные экспертизы

• Дополнительное оборудование:

- конвейеры
- охладители
- сушилки
- бункеры
- дробилки

Мы знаем о питательных свойствах животных кормов все. От начала и до конца

Компания "Triple F", Inc. — подлинный новатор в сфере агробизнеса. Она широко известна своими последними достижениями в создании технологий, повышающих продуктивность животных путем увеличения питательных свойств кормов. Свыше 30 лет фермеры и независимые агропроизводители используют продукты и технологии фирмы "Triple F", Inc. только потому, что они помогают им получать дополнительную прибыль. В настоящее время компания имеет отделения в шести странах, включая СНГ, и продает свое оборудование более чем в 70 странах мира. В состав наших отделений входят фирмы:

- "Инста Про". Производит экструдеры и разрабатывает технологию получения кормовых добавок методом давления;

- "Трипл "Ф" Ньютришн" — разработчик и поставщик высокопитательных кормовых продуктов, резко повышающих продуктивность животных;

- "Медифарм США" — производитель микробиологических продуктов, используемых как в сельском хозяйстве, так и в качестве питательных добавок к кормам;

- "Фарм-Тек" — производитель высокопитательных животных кормов, включая различные смеси и продукты, улучшающие самочувствие животных.

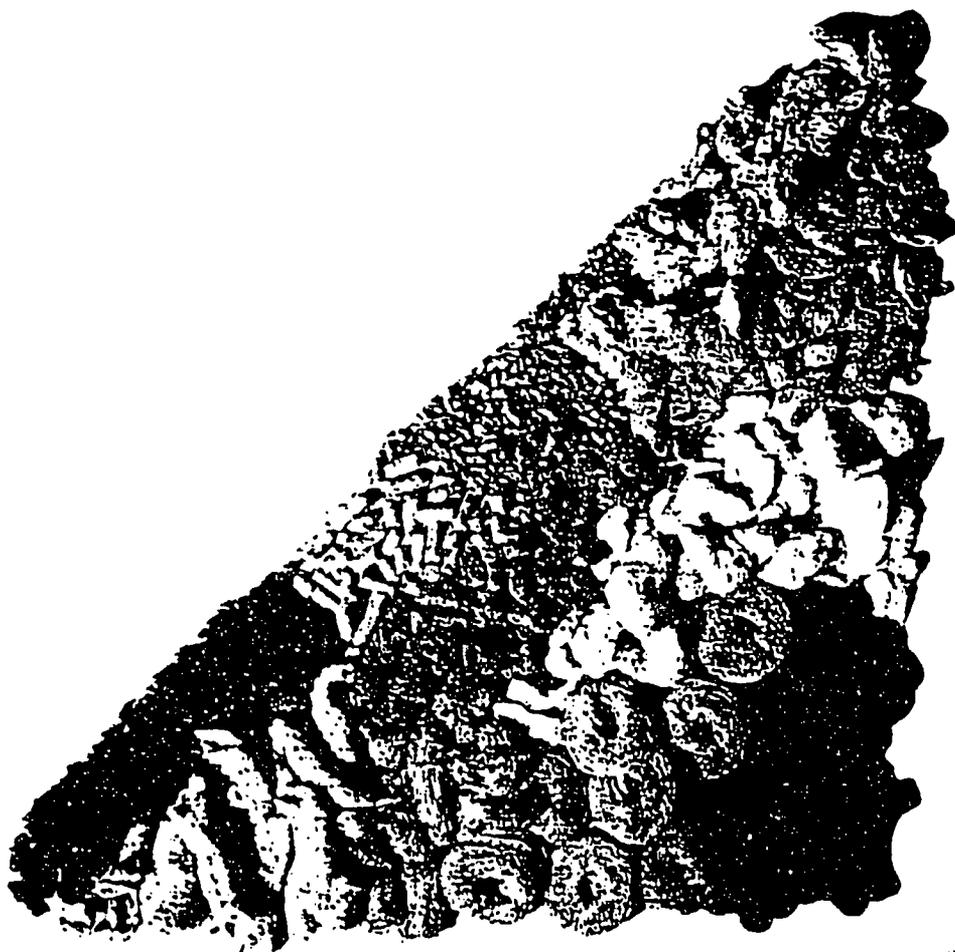
А теперь давайте поговорим о том, какую выгоду Вы получите, используя нашу технологию и "ноу-хау", которые обеспечат Вам дополнительный доход. За более подробной информацией по любому из производимых нами продуктов просим обращаться к нашему специалисту, говорящему по русски:

Звоните нам в Ставрополь
Григорий Комник.
Директор-управляющий
отделением фирмы
"Инста Про" в России
(г. Ставрополь)
тел./факс
(865-22) 9-12-25

Эксперты фирмы "Инста Про" помогут Вам спроектировать и наладить собственное производство по получению кормовых продуктов методом экструзии. Фирма готова поставить Вам необходимые запчасти и узлы любого наименования и в любом количестве по первому Вашему требованию. Работая с нами рука об руку, Вы добьетесь успеха.

Наш адрес:
Россия, 355000,
Ставрополь, ул. Мира, 337
ком. 511
Тел./факс (865-22) 9-12-25.

Insta Pro
International



Ritchie

Компания: Ritchie Industries, Inc.

Контакт: Клифф Вилсон, Президент

Продукты: Водопроводное оборудование и поилки, опрыскиватели и специализированное оборудование для скотоводства

В 20-х годах фермер из штата Айова Томас Ритчи задумался над тем, чтобы оптимизировать подачу воды для животных на своей ферме. С этой целью он разработал и запатентовал идею автоматических поилок (типа фонтанов). Оригинальность идеи состояла в том, что на поилке был установлен защитный клапан. А кроме того имелось место для масляной или керосиновой лампы, которая зажигалась в холодное время года, чтобы вода в поилке не замерзала. Отсчет своего существования фирма "Ритчи Индастриз", которая расположена в местечке Конрад в штате Айова, США, начала в 1921 году с получения патента на автопоилку.

Сегодня компания "Ритчи Индастриз" предлагает своим клиентам не только поилки для крупного рогатого скота, но и водопроводное оборудование и поилки "Ритчи" для всех типов животноводческих ферм, и опрыскиватели "Бествей", и оборудование для животноводческих хозяйств "Троян".

"Ритчи" разрабатывает поилки типа фонтанов для самых разнообразных животноводческих ферм: от крупного рогатого скота до свиней, от лошадей до овец! Фонтаны "Ритчи" способны напоить стадо любого размера: от 40 голов мелкого скота до 475 голов крупного рогатого скота. Производители, занятые в мясном и молочном производстве, в зависимости от своих средств имеют возможность выбирать поилки, изготовленные из разных материалов и с различным набором возможностей. Компания предлагает поилки с электронагревом из нержавеющей стали или менее дорогие, изготовленные из гальванизированной стали. В ряду последних разработок "Ритчи" — новый тип незлектрического фонтана, изготовленный из высокопроводимого полиэтиленового пластика. Этот тип материала позволяет подавать прохладную воду летом и предохранять ее от замерзания зимой без использования электроэнергии. Вдобавок к этому, "Ритчи" также поставляет надежные подогреватели, водные насосы и термостаты.

Компания "Ритчи" предлагает многофункциональные, высоконадежные в эксплуатации опрыскиватели "Бествей", которые используются при обработке растений химическими средствами, а также для внесения удобрений. Потребители могут выбирать опрыскиватели с баками различной емкости и с различным захватом опрыскиваемой площади. "Ритчи Бествей" поставляет также дополнительные части и блоки,

включая санитарные наборы (аптечки, калибровочные узлы и узлы автоматического контроля). Через коммерческий отдел нашей компании можно также заказать опрыскиватели "Бествей", специально сконструированные для использования на гольфных полях, лужайках и для полива растительности вдоль дорог и трасс.

Компания "Ритчи" специально разработала оборудование под названием "Троян" для подачи воды в опоросные отделения для новорожденных поросят и свиноматок, в цеха по забою свинины и для других специфических нужд. "Троян" поставляет поилки в виде сосков, тарелок и фонтанчиков. Мы также поставляем водоподогреватели и многое, многое другое.

За более подробной информацией и каталогом компании "Ритчи" обращайтесь по следующим адресам и телефонам:

Телефон: 1-515-366-2525

Адрес: Ritchie Industries, Inc.

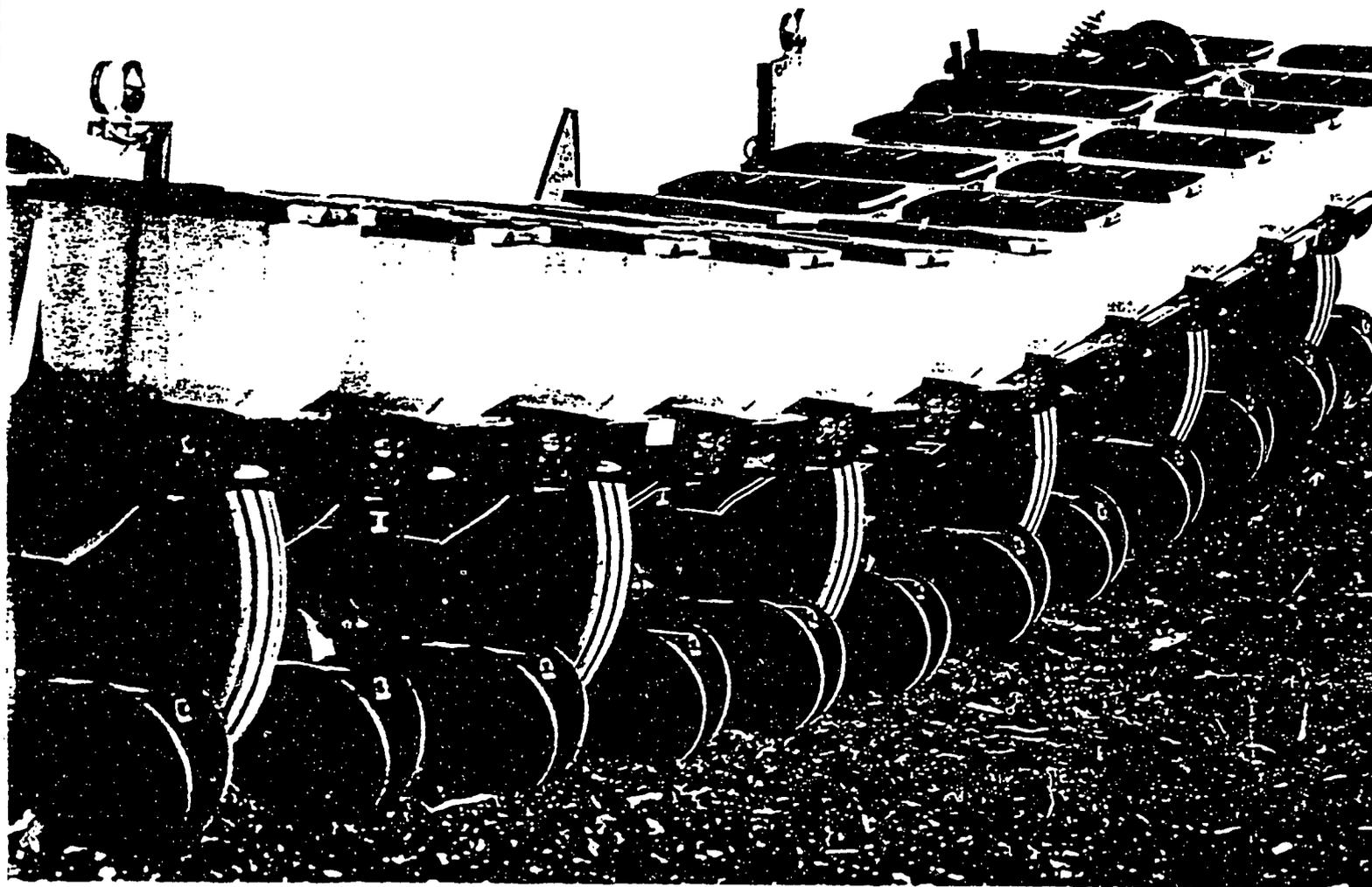
120 South Main, P.O. Box 730
Conrad, Iowa 50621 USA

Автоматические поилки хорошо изолированы для того, чтобы обеспечить свободное течение воды в зимнее время без электричества



KINZE

СЕЯЛКИ СЕРИИ 2000



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модель "Кинзе" 2000

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ул. Красная, 180,
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"Каргилл"
Офис на Украине:
г. Днепропетровск,
ул. Дзержинского, 14,
тел.: (0562) 44-26-65
факс: (0562) 45-02-36

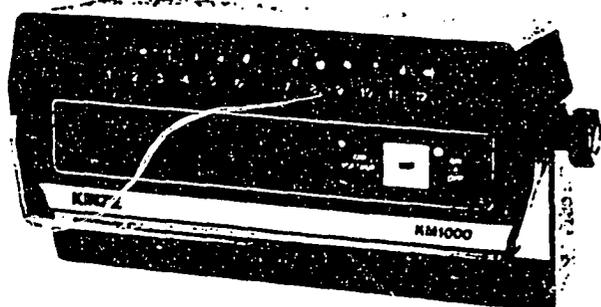
IOWA
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КЛЮЧИ К РАННИМ ВСХОДАМ

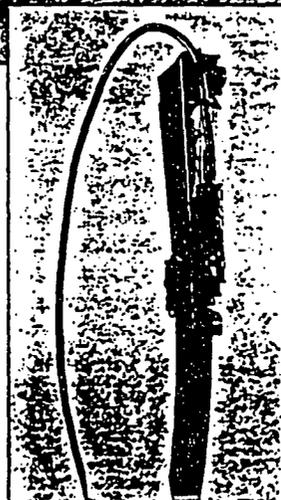
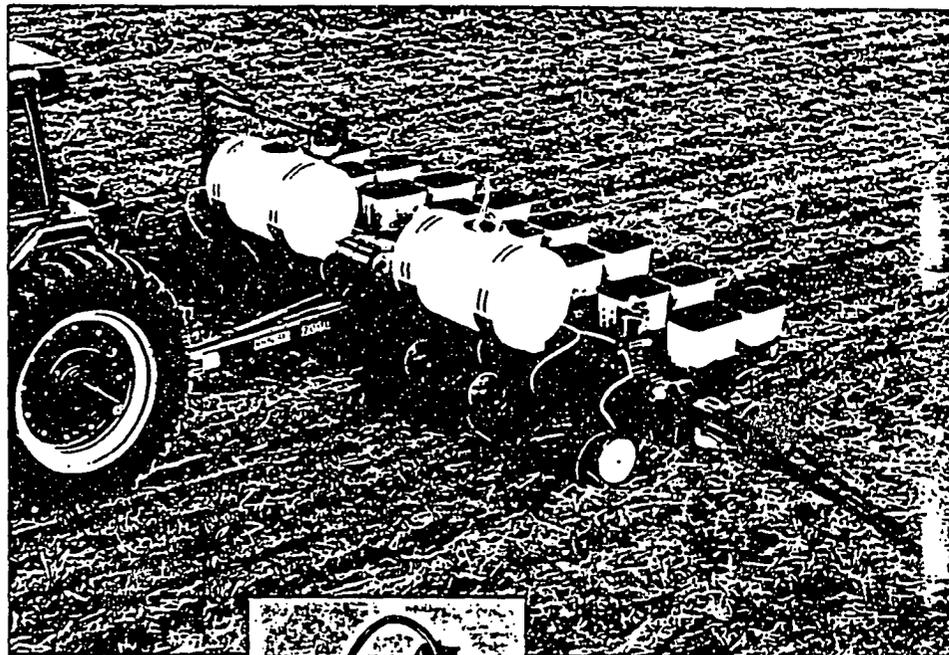
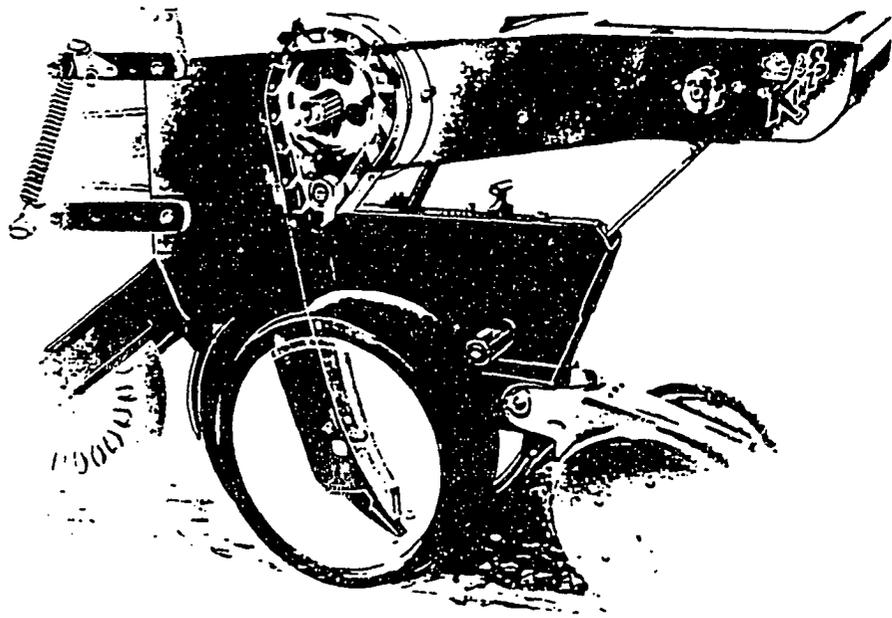
- Вы начинаете с простой и надежной рядковой сеялки, которая обеспечивает равномерный и точный посев и идеальное взаимодействие семени и почвы. Мы, "Кинзе", называем это "точным высевом". Это простое название означает — самая точная и надежная система в поле сегодня.
- Принцип ее работы. Высев семян на заданную глубину обеспечивается двухдисковыми сошниками с двойными колесами-копирами. Семена попадают в подготовленную сошником V-образную бороздку. Прикатывающие V-образные колеса уплотняют почву в зоне рядка и оставляют рыхлый валик земли на поверхности, создавая благоприятный для прорастания контакт семян и почвы. Все это способствует быстрым и равномерным всходам.
- Каждая высевая секция сеялки автономно настраивается на определенную глубину и давление на почву. Пружинный параллелограмный механизм присоединения секций к раме обеспечивает копирование поверхности поля в широких пределах.
- Каким быть давлению на почву? Выбирайте: стандартные быстрорегулируемые двойные пружины для работы на подготовленной к посеву почве и так называемая "четверка пружин" (по две пружины на каждый рычаг) для работы на неводеланной (по стерне) почве. Каждый рычаг имеет четыре позиции установки пружин, так что Вы можете отрегулировать давление сеялки для Ваших условий.



- Каждая секция сеялки оснащена автономным высевным аппаратом "Кинзе" пальцевого типа. Этот высокоточный высевной аппарат обеспечивает равномерное расположение семян кукурузы в рядке. Он прост в уходе и эксплуатации. 12 подпружиненных "пальцев" отделяют семена друг от друга и подают их к ленточному конвейеру, откуда семена попадают в семяпровод и, наконец, в бороздку.



- **Электронный монитор контроля высева семян "Кинзе" KM 1000** может быть использован на всех сеялках "Кинзе". Он надежно контролирует высев семян всеми секциями сеялки. Звуковой сигнал предупреждает...



Снабдите Вашу сеялку "Кинзе" 2000 оборудованием для внесения жидких или сухих минеральных удобрений и Вам не нужно будет тратить на другие машины для внесения удобрений. Оборудование обеспечит использование удобрений с наибольшим эффектом.

ТЕХНИЧЕСКИЕ ХАРАКТЕРИСТИКИ:

ТИП: прицепная.

Прицепное устройство в виде жесткой рамы.

РЕКОМЕНДУЕМЫЕ УСЛОВИЯ ПОСЕВА

Традиционно обработанное поле, минимально обработанная почва, стерня зерновых культур.

РЯДНОСТЬ, РАССТОЯНИЕ МЕЖДУ РЯДАМИ

Четырехрядная 76,2/70 см
Шестирядная 76,2/70 см
Восьмирядная 76,2/70 см

ОБОРУДОВАНИЕ ДЛЯ ВНЕСЕНИЯ СУХИХ МИНЕРАЛЬНЫХ УДОБРЕНИЙ

Оборудование состоит из бункеров, дозаторов, однодисковых или двухдисковых сошников, монтажных устройств.

Вместимость одного бункера 250 кг. Один бункер рассчитан на два ряда. Для 4-рядной — 2 бункера (вместимость 500 кг).

Для 6-рядной — 3 бункера (вместимость 750 кг).

Для 8-рядной — 4 бункера (вместимость 1000 кг).

Норма внесения удобрений регулируется в пределах 36-736 кг/га.

ОБОРУДОВАНИЕ ДЛЯ ВНЕСЕНИЯ ЖИДКИХ УДОБРЕНИЙ

Оборудование состоит из емкостей, насосов с дозаторами, одно- или двухдисковых сошников, монтажных устройств.

Вместимость:

При 4-рядном варианте — 832 л (две емкости по 416 л).

При 6-8 рядах — 1135 л (две емкости по 567,5 л).

ОДНОДИСКОВЫЕ И ДВУХДИСКОВЫЕ СОШНИКИ ДЛЯ ВНЕСЕНИЯ УДОБРЕНИЙ

(для жидких и сухих)

ОДНОДИСКОВЫЕ:

Плоский диск диаметром 45,72 см может быть установлен с наклоном как влево, так и вправо. Регулируемое заглубление до 12,7 см. Регулируемое пружинами усилие врезания в почву.

ДВУХДИСКОВЫЕ:

Плоские диски диаметром 38,1 см, установленные на общей оси на подшипниках. Регулируемое усилие врезания в почву. Снабжены внутренними и внешними чистиками. Примечание: каждый сошник может быть закреплен над почвой, когда в нем нет необходимости.

ВЫСЕВАЮЩИЕ СЕКЦИИ емкостью 56,4 л

В зависимости от условий работы и используемого для агрегатирования трактора сеялка комплектуется различным количеством высевальных

секций (4, 6, 8 секций).

Каждая секция имеет автономное регулирование и состоит из бункера для семян, высевального аппарата с регулируемой нормой высева, двухдискового сошника с сбрызженными колесами-копирами, прикатывающих колес. Секция присоединяется к общей раме с помощью параллелограмного механизма, позволяющего регулировать давление на почву для высева семян на глубину от 1,27 до 10,16 см.

На двухопорной высевальной секции может монтироваться оборудование для внесения гранулированных гербицидов. На секциях, выполненных в одноопорном варианте, устройство для внесения гербицидов не устанавливается.

ПРИВОД ВЫСЕВАЮЩИХ АППАРАТОВ

Осуществляется роликовой цепью от подпружиненного колеса с шириной 10,41 x 15,24 см. На 4-рядной сеялке установлено одно колесо, на 6 и 8-рядной модели — два.

ТРАНСМИССИЯ

Изменение нормы высева осуществляется с помощью цепного редуктора, смонтированного на конце рамы сеялки. Неравномерность высева не более 3%.

СИСТЕМА ТРАНСПОРТИРОВКИ

Для перевода сеялки в транспортное положение применяется специальное вспомогательное устройство с комплектом гидроцилиндров, обеспечивающих подъем рамы сеялки с рабочими органами непосредственно из кабины трактора. В транспортное положение сеялка устанавливается на колеса с бескамерными шинами размером 19,05 x 50,8 см. На 4-рядной сеялке установлено два колеса. На 6-8-рядных сеялках — 4 колеса.

МАРКЕРЫ

Дисковые с регулируемым углом атаки от 0 до 22 градусов. Диски установлены на штангах. На 6 и 8-рядных сеялках устанавливаются

складывающиеся штанги. В рабочее и транспортное положение маркеры переводятся гидроцилиндрами двойного действия.

МОНИТОР КОНТРОЛЯ ВЫСЕВА СЕМЯН КМ 1000 — серийный для всех сеялок "Кинзв".

ПРИЦЕПНОЕ УСТРОЙСТВО

Сварной конструкции из труб 17,8 x 17,8 см. Прицепная скоба сварная, имеет два положения установки.

МОДИФИКАЦИЯ СЕЯЛКИ 2000

Двухопорная рама — "Интерплант". Электронный монитор КМ 3000 вместо стандартного КМ 1000. Магнитный или радиодатчик для модели КМ 3000. Набор принадлежностей для установки монитора "Интерплант" (используется с моделями КМ 1000 или КМ 3000). Однодисковые или двухдисковые сошники для внесения сухих удобрений. Однодисковые или двухдисковые сошники для внесения жидких удобрений. Устройство для регулирования маркеров.

ДОПОЛНИТЕЛЬНЫЕ ПРИНАДЛЕЖНОСТИ ДЛЯ ВЫСЕВАЮЩИХ СЕКЦИЙ

Высевальной аппарат для семян кукурузы пальцевого типа. Высевальной аппарат для семян сои, проса, хлопчатника щеточного типа. Устройство для внесения сухих гербицидов. Приспособление для смены звездочек. Набор дисковых ножей и дисковых разрыхлителей для работы на необработанных полях.

ДОПОЛНИТЕЛЬНЫЕ ПРИСПОСОБЛЕНИЯ ДЛЯ СЕЯЛКИ "ИНТЕРПЛАНТ"

Высевальной аппарат дискового типа с щеточными очистителями для семян сои, проса, хлопчатника. Волнистые и желобчатые дисковые ножи шириной 2,54 см и диаметром 40,64 см для работы на необработанной почве, монтируемые на каждой высевальной секции.

РАЗМЕРНО-ВЕСОВЫЕ ПАРАМЕТРЫ (для одноопорной системы высевальных секций)

	Длина	Ширина	Вес при транспортировке
4-рядная	355,6 см	386,1 см	926 кг
6-рядная	355,6 см	538,5 см	1475 кг
8-рядная	355,6 см	665,5 см	2087 кг

Вес машины включает раму сеялки, маркеры, колеса, прицепное устройство, гидравлические цилиндры, высевальные секции с бункерами для семян и крышками, двойные пружины и монитор контроля высева семян КМ 1000.

KINZE

ИСПОЛЬЗОВАНИЕ ПРИСПОСОБЛЕНИЙ

Дисковые ножи позволяют вести работы на каменных и необработанных почвах. Дисковые ножи шириной 2,54 см с желобчатыми или волнистыми поверхностями устанавливаются перед сошниками посевных секций на раме сеялки. Регулируемая глубина обработки до 7,62 см с помощью специального устройства. Усилие врезания ножа в почву с помощью специальной пружины до 227 кг.

Дисковые бороздоочистители (по дополнительной заявке) устанавливаются перед дисковыми ножами на раме сеялки для расчистки пространства перед ними, имеют вырезные или цепные диски диаметром 30,48 см.

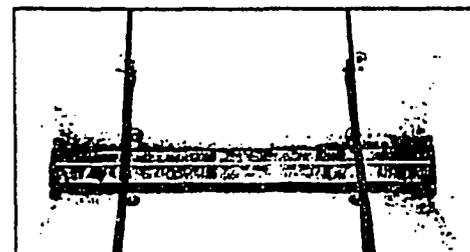
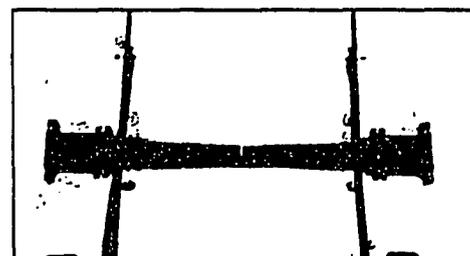
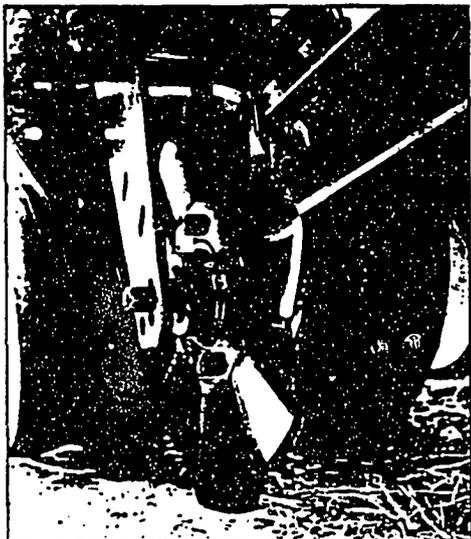
Устройства для внесения гранулированных гербицидов. Бункеры из стекловолокна с крышками вмещают до 31,8 кг сухих гранулированных химикатов. Очень простое устройство позволяет встачать и выключать дозатор, легко снимать бункеры. Дополнительное устройство позволяет вносить два вида химикатов одновременно.

Двухдисковые сошники для внесения сухих и жидких удобрений. Экономичны. Плоские диски диаметром 38,1 см с мощными втулками и подшипниками, внутренними и внешними чистилками, а также пружинной обеспечивают усилие врезания в почву до 113,6 кг.

ПРИНАДЛЕЖНОСТИ ДЛЯ ВНЕСЕНИЯ СУХИХ УДОБРЕНИЙ

Устанавливаются на прицепных сеялках серии 2000 и 2300. Характеристики: полупрозрачные бункеры из стекловолокна емкостью 250 кг с крышками (один бункер на два ряда). Высевающие аппараты с приспособлениями для изменения нормы высева. Цепной привод. Однодисковые и двухдисковые сошники для внесения удобрений по выбору.

Все бункеры для сухих удобрений снабжены падающими шнеками, которые можно установить в два положения для изменения подачи. Дозы внесения от 36 до 736 кг/га в рядах по 76,2 см (зависит от плотности удобрений). Шиты для шнеков уменьшают вращающий момент, необходимый для привода системы высева.



ФЕРМЕРЫ ВЫИГРЫВАЮТ, ПРИБРЕТАЯ ЗАПАДНЫЕ ТЕХНОЛОГИИ

Monsanto

THE AGRICULTURAL GROUP

МОНСАНТО - ВАШИНГТОН

Крупнейшая химическая компания "Монсанто" помогает фермерам получать более высокие урожаи, более высокие доходы и намного улучшить условия их труда.

История выхода "Монсанто" на рынки СНГ показывает, как сотрудничество между Востоком и Западом может принести большую пользу фермерам, да и сообществу в целом.

За последние три года благодаря деятельности фирмы "Монсанто" стало возможным ознакомить сельскохозяйственных производителей стран СНГ с современным западным оборудованием, химикатами и новыми методами ведения фермерского хозяйства. Все это реально помогает им резко увеличить урожайность таких культур, как, например, кукуруза, соя пшеница и картофель.

Фирма "Монсанто" сотрудничает со странами СНГ уже давно, но только в 1990 году был дан старт конкретному проекту, в результате которого открылся первый Агроцентр недалеко от г. Сумы на Украине. Укомплектованный специалистами США и Украины, Агроцентр не только обеспечивает фермеров пестицидами и удобрениями, но и предоставляет им техническую помощь, а также направляет специалистов, оказывающих помощь в деле достижения высоких урожаев.

Большой разрыв в уровне подготовки американского и украинского персонала Центра поначалу представлял собой серьезную проблему.

Однако все, кто работал в центре, были решительно настроены на конечный результат и успех проекта. Работали все на жалее сил, преодолевая возникающие ежедневно трудности.

Первым служащим фирмы "Монсанто", назначенным с американской стороны на постоянную работу, был Джуд Готшак. Он родился и вырос в штате Канзас, США. Джуд приехал на Украину в возрасте 23 лет. То, что он увидел, произвело на него неизгладимое впечатление. "Перспективы для фермерства в этом районе огромные, — сказал он. — Земля и климат благодатны, а фермеры в этих краях собирают урожаи, намного превосходящие те, о которых мы мечтаем у себя дома, используя "примитивные", с нашей точки зрения, методы хозяйствования".

Он пытался внести некоторые изменения в традиционные приемы земледельческого использования, практиковавшиеся в этом районе фермерами с давних времен, опираясь на собственный опыт работы у себя на родине и знание западных технологий по обработке земли. Так, например, он предложил вдвое сократить высева семян в эдакую почву, наладил контроль за своевременной прополкой полей от пырея и других сорняков, мешающих росту полезных культур.

Грузовиками Центра в район были доставлены опрыскиватели и другая сельскохозяйственная техника из США (не Бог весть какой прогресс, конечно, если не учитывать

все сложности с оформлением таможенных формальностей и транспортировкой по ужасным дорогам). Местные фермеры прошли курсы обучения правилам ухода и управления западной техникой, а заинтересованность в повышении производительности труда вынудила их работать более продуктивно. За короткое время водители опрыскивателей научились обрабатывать по 6000 га каждый, т.е. в десять раз больше, чем они делали раньше. И это не предел.

Первый год работы Агроцентра в Сумах оказался очень успешным. Как правило, сотрудники фирмы "Монсанто" по заявкам фермеров обрабатывали почву на площади 18000 га. Но уже в первый год работы они сумели оказать фермерам помощь, и площадь обрабатываемой земли увеличилась вдвое. На следующий год объемы возросли до 9500 га земли, принадлежащей 30 фермерским хозяйствам.

Помимо выполнения своей повседневной работы в Агроцентре технический персонал фирмы "Монсанто" осуществляет и "шефство" над опытными глазами других фермерских хозяйств в соседних районах и областях Украины, во многом схожих по своим климатическим условиям с другими странами СНГ, где также можно было бы использовать преимущества западных технологий. Успехи в этом направлении были весьма обнадеживающими. Они свидетельствовали о том, что данный регион располагает огром-

ным потенциалом для получения здесь высоких урожаев, а с помощью западных технологий он может быть значительно превышен. Например, осуществляя контроль за сорняками путем применения пестицидов фирмы "Монсанто", таких как Харнес и Раундап, урожайность культур можно повысить до 100 %.

Среди наиболее эффективных западных методов, взятых на вооружение фермерами СНГ, метод контроля за ростом сорняков и заболеваниями растений с применением современных видов гербицидов и фунгицидов. С их помощью обеспечивается лучший контроль за ростом сорняков и заболеваниями растений, чем это было возможно раньше: при их применении достигаются лучшие результаты и обеспечивается сохранность окружающей среды.

Химические препараты фирмы "Монсанто" безопасны и обращения и не причиняют земле никакого вреда. Их требуется гораздо меньше на единицу площади и при их использовании достигается большая равномерность попадания на обрабатываемые растения, чем при применении других препаратов.

Другим положительным моментом нашего сотрудничества является то, что мы использовали в своей работе минимальный набор технических приемов и методов обработки почвы с внедрением проверенных нами западных технологий по уборке урожая. Результаты не замедлили сказаться: повысилась урожайность сельскохозяйственных культур, увеличились доходы местных фермеров, начного улучшились условия их труда. И так — во всех фермерских хозяйствах СНГ, сотрудничающих с фирмой "Монсанто".

Закрепляя успех в деятельности первого Агроцентра в Сумах (Украина), фирма "Монсанто" помогла создать подобные центры в местечке Курдай (Казakhstan) и Бчэевске на Украине, а также под Курском в России.

Тем фермерам, которые захотят побольше узнать о том, как получить более высокие урожаи с использованием преимуществ западных технологий, мы советуем связаться с представителями уже действующих региональных Аграрных центров или со штаб-квартирой фирмы "Монсанто" в Москве.

ЧТО ИЗ СЕБЯ ПРЕДСТАВЛЯЕТ ФИРМА "МОНСАНТО"

"Монсанто" — крупнейшая в мире химическая компания со штаб-квартирой в г. Сент-Луисе (США), отделениями в 65 странах и штатом сотрудников в 42 тыс. человек во всем мире.

На проведение научно-исследовательских работ фирма ежегодно расходует 798 млн. долларов с целью поддержания здоровья и жизни людей и сохранения окружающей среды. Продукция фирмы используется фермерами всего мира. Она помогает им сохранить урожаи и уберечь их от вредных насекомых и болезней. Фирмой налажен централизованный сбыт (доставка) готовой продукции потребителям, которая обеспечивается таким высоким техническим уровнем, который можно ожидать только от такой компании, как "Монсанто".

Фирменными продуктами "Монсанто" являются:

- гербицид "Раундап" — используется наибольшей популярностью. Очень эффективный препарат по контролю за ростом всех видов сорняков, включая пырей. Применяется в период активного их роста. Гербицид "Раундап" убивает их сразу, проникая до самых корней, и не дает им прорасти заново. Урожайность культурных растений при этом резко возрастает;

- гербицид "Харнес" — почвенного действия. Применяется в поле перед посевом различных сельскохозяйственных культур для предотвращения появления сорняков и их произрастания среди культурных растений. Используется для таких культур, как кукуруза и соя на Украине. Урожайность увеличивается до 50 %;

- фунгицид "Дакония" — препарат широкого спектра действия. Используется против различных грибковых заболеваний злаковых культур и картофеля. С его применением значительно сокращаются потери урожая.

Monsanto

THE AGRICULTURAL GROUP

НАШ АДРЕС: 123376, г. Москва, Волков пер., д. 19.
Контактные телефоны: (095) 240-32-89 и (095) 244-91-82

SUCCESSFUL FARMING

FOR FAMILIES THAT MAKE FARMING AND RAISING THEIR BUSINESS

1716 Locus Street • Des Moines, IA 50309-3023 • 515-284-3000

February 23, 1995

Mr. Richard Gannon
Executive Director
Iowa/International Development
Foundation
200 E. Grand Avenue
Des Moines, IA 50309

Dear Mr. Gannon:

Your support of Successful Farming's Russian-language publication, New Agribusiness, has begun to produce concrete results, even though we are still in the early stages of assessing the pilot project. Of course, the involvement of IIDF's U.S. Agribusiness Centers has been critical to participation of virtually all our advertisers and commercial information providers.

Without the "platform" of the centers it would have been impossible to build a private sector base for our part of the project. That's been true for both the large and moderate-sized companies. The three Iowa-based manufacturers of grain storage and handling equipment were attracted to New Agribusiness, in large part because of IIDF's program in Stavropol. The large multinational companies like Monsanto and Uniroyal also have felt that the combination of an information program like New Agribusiness and the workings of the Centers have been uniquely supportive of their efforts to establish or improve business relationships in the former Soviet Union.

Specifically, several companies have experienced an improvement of business prospects as a result of the first issue of New Agribusiness:

* Tyler Manufacturing, Benson, Minnesota, reported a potentially large sale of its sprayers for conservation tillage systems. The lead was generated from a half-page "advertorial" in New Agribusiness. The next issue will contain four pages from Tyler. This success story, which involves two engineers from Minsk, Belarus, has been reported in the pages of Successful Farming (January 1995, pp. 46-47).

* The Iowa-based grain storage and handling equipment manufacturers—Shivvers, Sudenga, and Conrad American—are exploring a possible sale and demonstration project near Saratov, Russia, in part as a result of their New Agribusiness involvement.

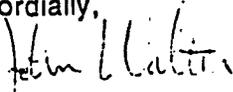
* Monsanto is helping with distribution of New Agribusiness, because the publication offers the company a unique information environment in which to present detailed information on conservation tillage systems. Based on its positive experience, the company will present four pages in the second issue, versus two in the first.

* Uniroyal, likewise, based on the favorable response to the first issue of New Agribusiness, will help with distribution of the second issue.

* Kinze Manufacturing is expanding its description of their no-till planter in the publication based on the favorable response of buyers to the company's four-page insert in the first issue.

Of course, these are all "early returns." We will pursue a more systematic analysis of our results at the end of the pilot project and provide you a full report at that time. Please let me know if you have comments or questions.

Cordially,



John Walter
Senior Editor



STINE SEED COMPANY
2225 Laredo Trail • Adel, Iowa 50003
515-677-2605 • TOLL FREE 800-362-2510
FAX (TELECOPIER) 515-677-2716

February 16, 1995

To Whom It May Concern:

The purpose of this letter is to document the benefits Stine Seed Company has obtained from the activities of the Agribusiness Center project in the New Independent States.

Stine Seed Company conducts the largest soybean breeding and development program in the world, supplying over 50% of all proprietary soybean genetics in Maturity Groups 0 - IV. Stine markets soybean seed under the Stine Brand name and licenses genetics to virtually every seed company marketing proprietary soybeans. Prior to Stine's involvement with the Agribusiness Center, the only exposure Stine Soybeans had in the New Independent States was through Licensing Agreements with a limited number of companies.

Due to the activities of the Agribusiness Center, Stine Brand soybean seed has been planted on over 8,000 acres in the New Independent States. Stine soybean seed has been produced in the New Independent States, and several thousand units were marketed to farmers in the Stavropol Krei of Russia. Stine has exported over \$60,000 worth of soybean seed to the NIS as a result of the activities of the Agribusiness Center project during the past three years.

Stine has recently received an inquiry to purchase 40,000 units of soybean seed due to contacts made through the Agribusiness Center project. The value of this transaction would be approximately \$480,000.

One hundred percent of Stine Seed Company's current activities in the NIS are a result of activities by the Agribusiness Center and contacts made by Stine's involvement with the Agribusiness Center project.

We feel this project has been very beneficial to Stine Seed Company, and without the activities of this project, Stine Seed would not be exposed to the NIS market.

Sincerely,

Chuck Hansen

CH/sl

b:agbusnistr.94/95CRHII

(FROM JCT. HWYS. 44 & 169: 1½ MILES WEST & 1¼ MILES NORTH ON LAREDO TRAIL)

2/16

Insta Pro

International

Insta-Pro® International
A Division of Triple "F", Inc.
10501 Dennis Drive
P.O. Box 3600
Des Moines, IA 50322 USA
Tel: 515-254-1260
Fax: 515-276-5749

February 22, 1995

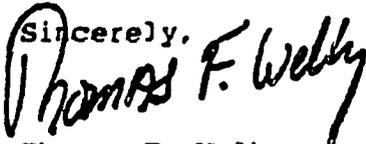
TO: Dick Gannon & Andrei Koudriavtseu
FROM: Thomas Welby
REF: Yours of February 20, 1995

I would like to take this opportunity to thank the Agri Business Center for the help it has provided to Triple "F"/Insta-Pro over the past several years. As you know, the new independent states are not an easy place to do business and a lot of effort normally takes place before the rewards.

We at Triple "F", Inc. are currently working to close several good contracts that have been developed (one way or another) with the help of the Agri Business Center in Stravopol, Russia and the Iowa International Development Foundation.

The network of people, the new Agri Business Magazine and the work done so far has helped to develop a foundation for Triple "F", Inc. that we feel will allow us to further promote our goods.

Your continued support is very much appreciated and we hope our working together will allow us both to reach our goals.

Sincerely,

Thomas F. Welby

Nutrition ♦ Extrusion ♦ Microbiology Technology 

SHIVERS

814 W English - Corydon, IA 50060 - 515/872-1005

February 21, 1995

To: Dick Gannon & Andrei Koudriavtsev

Re: Shivers participation in ABC project

In 1992 along with two other Iowa companies we established model grain drying, handling and storage facilities in the New Independent States, two in Russia and one in the Ukraine. These have been used for demonstration purposes to teach the advantages of US technology in drying, handling and storing grain.

These facilities have been visited by many and very favorably received. Some who have visited the sites have also visited our manufacturing plant. In the past two years we have entertained approximately 25 to 30 guests from the NIS.

Our Marketing Manager has also visited the NIS and deemed the market potential for our equipment to be quite large. To further our interests we have participated in trade shows, advertised and currently have a part time representative there.

Our sales in '93-94 totaled over \$85,000. While this is somewhat low, we currently have \$1,226,885.00 worth of equipment quoted and all quotes are still open. While international sales are slow to develop, we anticipate that we will close some of these quotations.

We feel that although the ultimate potential for our products is very high in the NIS, it is also a very high risk area and one which we will have to abandon in favor of higher returns elsewhere unless some reasonable level of governmental support is provided.

Sincerely yours,

SHIVERS INCORPORATED

Steve Shivers
Chief Operating Officer

SS/rj



Highway 16 West
P.O. Box 2000
Houghton, Iowa 52631
(319) 469-4141
Grand Island, NE 68802. 306-382-7207



February 16, 1995

Dick Gannon
Andrei Koudriavtsev
Iowa/International Development Foundation
200 East Grand Avenue
Des Moines, IA 50309
FAX: 515-242-4946

Dear Dick and Andrei:

This letter is in reference to the Agribusiness Center project in the Newly Independent States. We were a participant in that project. Having the ABC units operational and available for inspection by potential NIS business associates is extremely helpful.

We are conducting ongoing negotiations with several NIS based firms concerning the marketing and production of our equipment in the Newly Independent States. It is our opinion that these discussions have been greatly enhanced by the operations of the Agribusiness project.

Sincerely,



Marvin Bricker
President

MB:bsb





2002 KINGBIRD AVE. • BOX 8 • GEORGE, IA 51237

• Phone: (712) 475-3301
• Fax: (712) 475-3320

February 16, 1995

Iowa International Dev. Foundation
200 East Grand Avenue.
Des Moines, Ia. 50309

Dear Mr. Gannon,

Please accept our sincere thanks for the assistance and help which you and Andrei gave us in coordinating our recent meetings with the Governor of Stavropol in Des Moines.

The Iowa International Development Foundation and the Agribusiness Center have certainly been a big boost to our efforts for marketing our products in the newly develop Independent States.

We were very pleased to learn that the Governor not only recognized our company but had good things to say about us and the projects we had participated in together with the Agri Business Center.

We had been pursuing several options to try to market our products in the Soviet Union (and subsequently the NIS) with very little success so our sales increases to NIS are testimony to the success of the Iowa International Development Foundation and the Agribusiness Center project.

We are also pleased to report to you that it appears that as a result of these efforts and our meeting with the Governor we may be able to successfully begin a joint manufacturing project with Hawkeye Steel & Shivers Mfg. and a manufacturer/marketer in the Stavropol region. This should lead to continued good sales for us since the majority of our product will still be manufactured here and I assume, is exactly what everyone who organized and funded the Iowa International Development Foundation and the Agribusiness Center hoped would happen. We know this will take continued effort on our part and I hope we can count on you and the ABC to be there as we attempt to complete this project in 1995/1996.

Thank you for your efforts on our behalf.

Best regards,

A handwritten signature in cursive script that reads "Larry Kruse".

Larry Kruse
President
Sudenga Industries Inc.



Seeds

ICI Seeds

615 Main Street
P.O. Box 300
Coon Rapids, IA 50058
(712) 684-2211
Fax (712) 684-3309

To: Richard T. Gannon
Iowa/International Development Foundation

From: Dean C. Sanders
Zeneca/ICI
Ust-Labinsk, Krasnodarsky kray, Russia

February 28, 1995

I would like to thank you for cooperation in Zeneca/ICI corn business in southern Russia. The Agro Business Center (ABC) project helped us to promote our product in Southern Russia, Stavropol kray. They did that by growing and showing our hybrids to the local farms and agricultural administrations.

It was a great pleasure for us to take part in the No-till Seminar in Stavropol, June, 1994. This gave us the opportunity to explain the complexities in ICI/Zeneca. Most agro business institutions like farms, district and kray administrations only knew of ICI agro chemicals from the past. Now through the help of the seminar and ABC they understand that Zeneca provides all agro chemicals and seeds to this region and through out the world.

Our distributor network in Stavropol kray is not well established, and because this is a new selling period for 1995 I can not give exact sales figures that were generated from the No-till seminar. We do expect to get sales from that area resulting from the work of ABC.

Many thanks to the ABC project, their work in this area will only help us and other US firms prosper in Eastern Europe.

Best regards,
Dean C. Sanders
Dean Sanders

Ritchie INDUSTRIES, INC.

120 SOUTH MAIN, CONRAD, IOWA U.S.A. 50621 • PHCNE 515/366-2525

February 21, 1995

Mr. Dick Gannon
Iowa/International Development Foundation
200 East Grand
Des Moines, Iowa 50309

Dear Mr. Gannon:

We at Ritchie Industries, Inc. know that each year you must justify your funding to the legislature. In 1994, because of the assistance in funding you provided, we were able to ship our first agricultural field sprayer to a site near Stavropol; Russia. Hopefully, this assistance will plant the seed for our product in a foreign country and allow us to expand our exports. This first time sale amounted to almost \$20,000 and I'm sure it would not have happened without your help.

Our efforts to expand depend upon the ability of our customers to purchase and utilize equipment that will increase their profits and productivity. This is extremely difficult in many areas of the world so your efforts were vital.

Thank you again for everything.

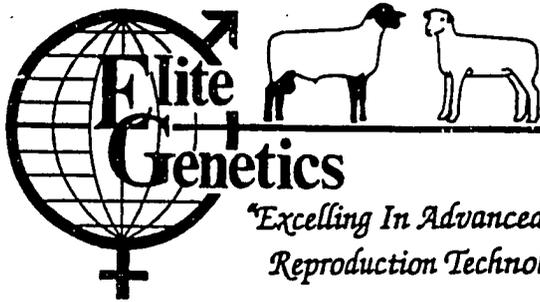
Sincerely,



Daniel Miller
V.P. Administration

DM/kb

North America's Choice in Livestock Watering and Field Spraying Equipment



*"Excelling In Advanced Ovine
Reproduction Technology"*

*Dennis D. Gourley, D.V.M.
Deb N. Gourley, B.S., M.S.*

*17 1st ST N(W)
Waukon, IA 52172-1621*

December 22, 1994

Mr. Richard Gannon
Iowa International Development Foundation
200 E. Grand Ave.
Des Moines, IA 50309

Dear Mr. Gannon:

Thank you for meeting with me. I was pleased to learn of your efforts on behalf of agriculture and the state of Iowa. As I stated several times, Elite Genetics is excited about the opportunities we can provide for Russian and Ukranian sheep producers as well as what we can provide to help make the IIDF stronger.

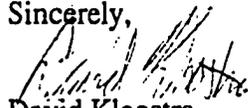
The center that is strong in sheep research and production that we are aware of, is the All-Russian Research Institute for Sheep and Goat Breeding (VNIIOK). It is based in Stavropol. It is a merger of the European and Asian Sheep Institute. The leading farm for the institute is Temnolessky in the Northern Caucasus. If I understand our information correctly, the farm is near the village Tsimlyansky which is about 37 kilometers from Stavropol.

We believe that the people at these centers as well as the key leading producers would be the ideal audience for a school such as you and I discussed. These people are not only people who know sheep, but most likely are distinguished professors as well and could learn the most from our techniques and then perform the critical education process as well.

Also as we discussed, Elite Genetic's staff can provide talks on nearly any of the areas these people would like in the sheep production or marketing arena. If we personally do not know the topic area extremely well, we know people within the state that do.

Again thank you for your time. We look forward to helping and learning more about what we can do for the people at your two sites.

Sincerely,


David Klootra
Marketing Director

Message: RFC Information on the sh_

("RFC-822": <EltGenetic(a)aol.com>, SITE:INTERNET)

Wed, Jan 11, 1995

8:32 PM

TO: ("RFC-822": <charon.deniev(a)stavr.dokadata.zgrad.s>, SITE:INTERNET)

CC: IIDF/abcp

BC:

RE: Information on the sheep industry in your region

1/11/95

Dear Mr. Deniev:

Happy New Year to you! We have the opportunity to speak to the governor of your state while he is visiting here in the U.S. We would like our talk to be as beneficial to your center and the sheep producers in the region as we hope it will be to Elite Genetics.

To make our talk informative and helpful, we would like to get some information. The things we would like to know are:

1. What is the main purpose sheep in your region are grown for (for instance meat, milk, wool or a combination of 2 or 3 of these)?
2. How many sheep does the average producer in your region own?
3. What is the preferred type of sheep for the purpose mentioned in question 1?
4. What are the main traits producers in your region are trying to improve?
5. How much grass and other feedstuffs does the average producer have available to feed his sheep?
6. How much of the year are the sheep in the region grazed?
7. What color is the preferred sheep in the region? Why?

On another note, we would like to learn more about your research center.

What is the main purpose of your center?

What are the main breeds of sheep researched at your center?

What is the main goal of this research?

How many regional sheep producers does your center service?

I realize some of these questions are rather simple, but we hope to be informed and educated somewhat on the sheep industry in your region and hope to be able to help in your efforts. To do this, we must start with the simplest questions so we can begin to learn.

Thank you for your help. If you have any suggestions for us, please let me know.

Sincerely,
David Kloostra
Elite Genetics

FBJF-5114-2259/20

Message: RFC Thank you for your no...

("RFC-822": <EltGenetic(a)aol.com>, SITE:INTERNET)
Thu, Feb 23, 1995
9:41 PM

TO: ("RFC-822": <charon(a)stavr.rosmail.com>, SITE:INTERNET)
CC: IIDF/abc
BC:
RE: Thank you for your note
Dear Mr. Deniev:

Thank you for your note. We are extremely pleased to learn that you have received the catalog that we sent to you. The Governor's interest in your institute was something special to behold. When we mentioned it, he justifiably had a light of pride in his eyes. We hope that with the growing work between us, that you can someday feel the same way about our business and professional relationship. We have also met another colleague of yours here in Waukon. Galina Seminova who is studying under the direction of the International Chamber of Commerce.

To help the chances of our work, Galina suggested we also contact Moroz Vasily A., the former head of your institute. She also indicated that this will be a good opportunity for your institute as well.

We will be contacting him and would be more interested to learn of some of the needs your institute would be interested in obtaining via genetics.

Galina also mentioned that we speak with Aibazov Valeri Ali-Mogmedovich, the Senior Scientist in your department of AI. We will be attempting to send you relative information via Galina and her network of friends and family.

It saddens me to learn that you had family in the Chechen Republic, but I can only hope that you were able to bring them with you safely to Stavropol.

Speaking as an American, it saddens me to know that good people are going through such unspeakable things in today's world. My prayers go with you and your family.

If we can provide any more information, please contact me.

Sincerely,
David Kloostra
Elite Genetics

VBJF-5127-1521/20

**IOWA INTERNATIONAL
DEVELOPMENT FOUNDATION**

FINANCIAL AND COMPLIANCE REPORT

DECEMBER 31, 1994 AND 1993

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McGLADREY & PULLEN, LLP

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS**

To the Board of Directors
Iowa International Development Foundation
Des Moines, Iowa

We have audited the accompanying balance sheets of the Iowa International Development Foundation as of December 31, 1994 and 1993, and the related statements of support and revenue and expenses, fund balance (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Iowa International Development Foundation as of December 31, 1994 and 1993, and the results of its operations and its cash flows for the years ended in conformity with generally accepted accounting principles.

McGladrey & Pullen, LLP

Des Moines, Iowa
January 13, 1995

IOWA INTERNATIONAL DEVELOPMENT FOUNDATION

BALANCE SHEETS

December 31, 1994 and 1993

ASSETS	1994	1993
CURRENT ASSETS		
Cash, unrestricted	\$ 47,699	\$ 2,250
Cash, restricted for Agency for International Development grant	25,803	46,907
Total current assets	73,502	49,157
EQUIPMENT		
Less accumulated depreciation	17,014	12,790
	9,680	6,720
	7,334	6,070
	\$ 80,836	\$ 55,227
 LIABILITIES AND FUND BALANCE (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 28,036	\$ 39,861
Accrued expenses	2,049	351
Deferred grant revenue (Note 3)	-	56,610
Total current liabilities	30,085	96,822
 FUND BALANCE (DEFICIT)	 50,751	 (41,595)
	\$ 80,836	\$ 55,227

See Notes to Financial Statements.

IOWA INTERNATIONAL DEVELOPMENT FOUNDATION

STATEMENTS OF SUPPORT AND REVENUE AND EXPENSES

Years Ended December 31, 1994 and 1993

	1994	1993
Support and revenue:		
Grants (Note 2)	\$ 571,320	\$ 319,389
State of Iowa appropriations (Note 2)	234,520	270,369
Investment income	728	100
Other income	2,790	188
Total support and revenue	809,358	590,046
Expenses:		
Program services (Note 4)		
Agribusiness Centers, U.S. Agency for International Development	571,320	277,890
Agribusiness Centers, U. S. Trade and Development Program	-	41,499
Agribusiness Centers, other	2,054	127,317
Czech-Slovak education	-	16,369
Other programs	-	5,000
General and administrative	143,638	142,654
Total expenses	717,012	610,729
Excess (deficiency) of support and revenue over (under) expenses	\$ 92,346	\$ (20,683)

See Notes to Financial Statements.

IOWA INTERNATIONAL DEVELOPMENT FOUNDATION

STATEMENTS OF FUND BALANCE (DEFICIT)

Years Ended December 31, 1994 and 1993

	1994	1993
Balance, beginning	\$ (41,595)	\$ (20,912)
Excess (deficiency) of support and revenue over (under) expenses	92,346	(20,683)
Balance, ending	<u>\$ 50,751</u>	<u>\$ (41,595)</u>

See Notes to Financial Statements.

IOWA INTERNATIONAL DEVELOPMENT FOUNDATION

STATEMENTS OF CASH FLOWS
Years Ended December 31, 1994 and 1993

	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of support and revenue over (under) expenses	\$ 92,346	\$ (20,683)
Adjustments to reconcile excess (deficiency) of support and revenue over (under) expenses to net cash provided by operating activities:		
Depreciation	2,960	2,032
Change in assets and liabilities:		
Decrease in receivables	-	3,374
(Decrease) in accounts payable and accrued expenses	(10,127)	(3,112)
Increase (decrease) in deferred grant revenue	(56,610)	56,610
Net cash provided by operating activities	<u>28,569</u>	<u>38,221</u>
CASH FLOWS FROM INVESTING ACTIVITIES,		
purchase of equipment	<u>(4,224)</u>	<u>(5,285)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	-	30,000
Principal payments on notes payable	-	(30,000)
Net cash (used in) financing activities	<u>-</u>	<u>-</u>
Net increase in cash	24,345	32,936
CASH		
Beginning	49,157	16,221
Ending	<u>\$ 73,502</u>	<u>\$ 49,157</u>

See Notes to Financial Statements.

IOWA INTERNATIONAL DEVELOPMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Foundation is a nonprofit corporation organized under the laws of the state of Iowa for the purpose of promoting international business development in Russia and the Ukraine. The Foundation is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code.

Significant accounting policies:

Revenue recognition: Support from the Federal government and the State of Iowa is recognized as income in the period in which the support is earned.

Contributions are recognized as income in the period they are received.

Equipment: Equipment is recorded at cost. Depreciation is recorded by the double declining balance method over the estimated useful lives.

Donated services, facilities and materials: The Foundation receives certain donated services, facilities and materials. The value of these donated services, facilities and materials is not reflected in the financial statements because no objective basis is available to measure the value of such services and facilities and the materials are passed through to other organizations, with the Foundation only serving as an agent for the donors.

Note 2. Government Funding

The Foundation received \$805,840 and \$589,758 of its support from Federal and state governments during the years ended December 31, 1994 and 1993, respectively. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Foundation's programs and activities.

The Agency for International Development Grant expired December 31, 1994. The Foundation has not secured any additional funding from the Agency for International Development. The current state appropriation expires June 30, 1995.

Note 3. Deferred Grant Revenue

The Foundation has been awarded a grant of \$1,252,232 from the Agency for International Development funded by a letter of credit agreement. The agreement expired December 31, 1994 and has no available balance remaining at December 31, 1994.

Deferred grant revenue represents the amount of federal advances received from the Agency for International Development (AID) in excess of expenditures for the years ended December 31, 1994 and 1993, as follows:

	1994	1993
AID funds received	\$ 514,710	\$ 334,500
Beginning deferred AID revenue	56,610	-
Total AID funds available	571,320	334,500
AID expenditures	571,320	277,890
Deferred grant revenue	\$ -	\$ 56,610

IOWA INTERNATIONAL DEVELOPMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Note 4. Program Services

The Foundation provided support for the following programs during the years ended December 31, 1994 and 1993:

- Agribusiness centers - Development of the Russian and Ukrainian agricultural production, processing and distribution systems by introducing Iowa agricultural technology, equipment and business and market experience.

1993 Only:

- Czech-Slovak education - Exchange program between the University of Northern Iowa and the Czech and Slovak Federal Republic (CSFR) with an emphasis on teacher training and curriculum processes within CSFR.

- Other programs - Building Communities Program initiated by Des Moines Area Community College to assist Stavropol State Pedagogical Institute in developing a prototype community college to serve the educational needs of a changing Russian society.

Swine and grain technology educational program to inform the Eastern European and Commonwealth of Independent States agricultural producers and processors about the diverse technologies and products Iowa has to offer.

Note 5. Pending Accounting Pronouncements

In June 1993, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made, and No. 117, Financial Statements of Not-for-Profit Organizations. Statement No. 116 establishes accounting standards for contributions received. Generally, the Statement prescribes that all contributions received, including unconditional promises to give, are recognized as revenue in the period received at their fair values. The Statement also requires that contributions received be distinguished between those that increase permanently restricted, temporarily restricted and unrestricted net assets. Statement No. 117 prescribes standards for general-purpose external financial statements for all not-for-profit organizations which will result in certain changes in the way the organization's financial statements are presented. The Statement requires the classification of an organization's net assets, its revenue and expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. It requires that amounts for each of the three classes net assets (permanently restricted, temporarily restricted and unrestricted) be displayed in a statement of financial position and that the amounts of the change of each of the three classes of net assets be displayed in a statement of activities.

The Organization is required to adopt Statement Nos. 116 and 117 beginning with its year ending December 31, 1996, although earlier adoption is permitted. The Organization's management has not yet completed its assessment of the effect Statement Nos. 116 and 117 may have on the accompanying financial statements, or whether it will be adopted early. However, based on its current assessment, management does not believe the adoption of Statement Nos. 116 and 117 will materially affect the accompanying financial statements.



McGLADREY & PULLEN, LLP

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY INFORMATION**

To the Board of Directors
Iowa International Development Foundation
Des Moines, Iowa

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Des Moines, Iowa
January 13, 1995

IOWA INTERNATIONAL DEVELOPMENT FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 1994

	PROGRAM SERVICES			
	Agribusiness Centers, U. S. Agency for International Development 1993 - 1994	Agribusiness Centers, Other	General and Administrative	Total
Salaries and benefits	\$ 28,107	\$ -	\$ 44,938	\$ 73,045
Travel, meals and training	33,616	-	12,794	46,410
Equipment and installation	338,762	-	1,212	339,974
Orientation, interpretation and translation services	5,030	-	2,000	7,030
Contract labor and benefits	76,667	-	29,252	105,919
Office	300	-	1,238	1,538
Accounting	-	-	17,803	17,803
Legal	-	-	5,062	5,062
Supplies and seed	41,481	2,054	1,580	45,115
Postage, shipping and freight	25,483	-	45	25,528
Telephone	4,973	-	16,837	21,810
Publications, fees and licenses	713	-	1,498	2,211
Printing	200	-	528	728
Conferences and conventions	-	-	221	221
Insurance	-	-	729	729
Depreciation	-	-	2,960	2,960
Interest	-	-	1,030	1,030
Contributions	5,000	-	270	5,270
Repairs	10,988	-	547	11,535
Other	-	-	3,094	3,094
	<u>\$ 571,320</u>	<u>\$ 2,054</u>	<u>\$ 143,638</u>	<u>\$ 717,012</u>

IOWA INTERNATIONAL DEVELOPMENT FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 1993

	PROGRAM SERVICES							Total
	Agribusiness Centers, U. S. Agency for International Development 1992 - 1993	Agribusiness Centers, U. S. Agency for International Development 1993 - 1994	Agribusiness Centers, U. S. Trade and Development Program	Agribusiness Centers, Other	Czech-Slovak Education	Other Programs	General and Administrative	
Salaries and benefits	\$ 3,880	\$ 1,638	\$ 7,814	\$ 1,196	\$ -	\$ -	\$ 78,859	\$ 93,387
Travel, meals and training	42,040	57,215	13,627	91,388	1,355	-	4,911	210,536
Equipment and installation	13,788	-	-	2,546	-	-	-	16,334
Orientation, interpretation and translation services	12,020	800	-	5,947	-	-	-	18,767
Contract labor and benefits	21,521	58,188	11,778	22,815	14,450	-	6,564	135,316
Office	37	1,194	-	-	-	-	2,681	3,912
Accounting	-	-	5,670	-	-	-	9,025	14,695
Legal	-	-	-	-	-	-	1,027	1,027
Supplies and seed	1,189	43,540	602	384	451	-	2,171	48,337
Postage, shipping and freight	-	193	87	1,031	113	-	803	2,227
Telephone	7	2,364	1,921	426	-	-	6,883	11,601
Publications, fees and licenses	-	139	-	641	-	-	1,167	1,947
Printing	19	10,000	-	477	-	-	3,762	14,258
Conferences and conventions	-	-	-	-	-	-	393	393
Insurance	-	430	-	-	-	-	505	935
Depreciation	-	-	-	-	-	-	2,032	2,032
Interest	-	-	-	412	-	-	5,818	6,230
Contributions	-	-	-	-	-	5,000	4,000	9,000
State funds reverted	-	-	-	-	-	-	12,053	12,053
Other	-	7,688	-	54	-	-	-	7,742
	<u>\$ 94,501</u>	<u>\$ 183,389</u>	<u>\$ 41,499</u>	<u>\$ 127,317</u>	<u>\$ 16,369</u>	<u>\$ 5,000</u>	<u>\$ 142,654</u>	<u>\$ 610,729</u>



McGLADREY & PULLEN, LLP

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON THE
SCHEDULE OF FEDERAL AWARDS**

To the Board of Directors
Iowa International Development Foundation
Des Moines, Iowa

We have audited the financial statements of the Iowa International Development Foundation as of and for the year ended December 31, 1994, and have issued our report thereon, dated January 13, 1995. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Iowa International Development Foundation, taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Des Moines, Iowa
January 13, 1995

IOWA INTERNATIONAL DEVELOPMENT FOUNDATION

SCHEDULE OF FEDERAL AWARDS

Year Ended December 31, 1994

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Grantor's Number	Expenditures
MAJOR AWARD			
U. S. Agency for International Development - Agribusiness Centers in Russia and Ukraine	(1)	N/A	<u>S 571,320</u>

(1) Not applicable as CFDA numbers are not assigned to international programs



McGLADREY & PULLEN, LLP

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL STRUCTURE**

To the Board of Directors
Iowa International Development Foundation
Des Moines, Iowa

We have audited the financial statements of the Iowa International Development Foundation as of and for the year ended December 31, 1994, and have issued our report thereon, dated January 13, 1995.

We conducted our audit in accordance with generally accepted auditing standards and "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the Iowa International Development Foundation for the year ended December 31, 1994, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, and not to provide assurance on the internal control structure.

The management of the Iowa International Development Foundation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Accounting Controls

- Treasure or financing
- Revenue/receipts
- Purchases
- External financial reporting
- Payroll/personnel

Controls Used in Administering Compliance With Laws and Regulations

General requirements:

- Political activity
- Civil rights administration
- Cash management
- Federal financial reports
- Allowable costs
- Drug-Free Workplace Act
- Administrative requirements

Specific requirements:

- International travel

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, management, and the U. S. Agency for International Development. However, this report is a matter of public record and its distribution is not limited.

McGladrey & Pullen, LLP

Des Moines, Iowa
January 13, 1995



McGLADREY & PULLEN, LLP

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE BASED ON AN AUDIT OF
THE BASIC FINANCIAL STATEMENTS**

To the Board of Directors
Iowa International Development Foundation
Des Moines, Iowa

We have audited the financial statements of the Iowa International Development Foundation as of and for the year ended December 31, 1994, and have issued our report thereon, dated January 13, 1995.

We conducted our audit in accordance with generally accepted auditing standards and "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Foundation is the responsibility of the Foundation's management. As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the Foundation's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the Foundation complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention to indicate that the Foundation had not complied, in all material respects, with those provisions.

Although the results of our tests of compliance disclosed no material instances of noncompliance, we did note certain conditions and occurrences that we believe constitute immaterial instances of noncompliance. Such conditions and occurrences are described in the accompanying schedule of compliance findings and questioned costs.

This report is intended for the information of the Board of Directors, management, and the U. S. Agency for International Development. However, this report is a matter of public record and its distribution is not limited.

McGladrey & Pullen, LLP

Des Moines, Iowa
January 13, 1995



McGLADREY & PULLEN, LLP

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

To the Board of Directors
Iowa International Development Foundation
Des Moines, Iowa

We have audited the financial statements of the Iowa International Development Foundation as of and for the year ended December 31, 1994, and have issued our report thereon, dated January 13, 1995. We have also audited the Iowa International Development Foundation's compliance with requirements applicable to the major federal award program and have issued our report thereon, dated January 13, 1995.

We conducted our audits in accordance with generally accepted auditing standards; "Government Auditing Standards" issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Iowa International Development Foundation complied with laws and regulations, noncompliance with which would be material to the major federal award program.

In planning and performing our audits for the year ended December 31, 1994, we considered the Iowa International Development Foundation's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Iowa International Development Foundation's financial statements and on the Iowa International Development Foundation's compliance with requirements applicable to the major federal award program, and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed policies and procedures relevant to our audits of the financial statements in a separate report dated January 13, 1995.

The management of the Iowa International Development Foundation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal awards in the following categories:

Accounting Controls

- Treasure or financing
- Revenue/receipts
- Purchases/disbursements
- External financial reporting
- Payroll/personnel

Controls Used in Administering Compliance With Laws and Regulations

General requirements:

- Political activity
- Civil rights administration
- Cash management
- Federal financial reports
- Allowable costs
- Drug-Free Workplace Act
- Administrative requirements

Specific requirements:

- International travel

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1994, the Iowa International Development Foundation expended 100% of its total federal awards under a major federal award program.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to the Iowa International Development Foundation's major federal award program, which is identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal awards program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, management, and the U. S. Agency for International Development. However, this report is a matter of public record and its distribution is not limited.

McGladrey & Pullen, LLP

Des Moines, Iowa
January 13, 1995



McGLADREY & PULLEN, LLP

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARD PROGRAMS

To the Board of Directors
Iowa International Development Foundation
Des Moines, Iowa

We have audited the financial statements of the Iowa International Development Foundation as of and for the year ended December 31, 1994, and have issued our report thereon, dated January 13, 1995.

We have applied procedures to test the Iowa International Development Foundation's compliance with the following requirements applicable to its federal award program, which is identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1994:

- Political activity
- Civil rights administration
- Cash management
- Federal financial reports
- Allowable costs
- Drug-free workplace
- Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Nonprofit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Iowa International Development Foundation's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Iowa International Development Foundation had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements which are described in the accompanying Schedule of Compliance Findings and Questioned Costs.

This report is intended for the information of the Board of Directors, management, and the U. S. Agency for International Development. However, this report is a matter of public record and its distribution is not limited.

McGladrey & Pullen, LLP

Des Moines, Iowa
January 13, 1995

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McGLADREY & PULLEN, LLP

Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO
MAJOR FEDERAL AWARD PROGRAMS**

To the Board of Directors
Iowa International Development Foundation
Des Moines, Iowa

We have audited the financial statements of the Iowa International Development Foundation as of and for the year ended December 31, 1994, and have issued our report thereon, dated January 13, 1995.

We have also audited the Iowa International Development Foundation's compliance with the requirements governing international travel that are applicable to its major federal award program, which is identified in the accompanying Schedule of Federal Awards for the year ended December 31, 1994. The management of the Iowa International Development Foundation is responsible for the Foundation's compliance with this requirement. Our responsibility is to express an opinion on compliance with this requirement based on our audit.

We conducted our audit of compliance with this requirement in accordance with generally accepted auditing standards; "Government Auditing Standards" issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Iowa International Development Foundation's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Iowa International Development Foundation complied, in all material respects, with the requirements governing international travel that are applicable to its major federal award program for the year ended December 31, 1994.

This report is intended for the information of the Board of Directors, management, and the U. S. Agency for International Development. However, this report is a matter of public record and its distribution is not limited.

McGladrey & Pullen, LLP

Des Moines, Iowa
January 13, 1995

IOWA INTERNATIONAL DEVELOPMENT FOUNDATION

SCHEDULE OF COMPLIANCE FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 1994

	<u>Questioned Costs</u>
IMMATERIAL INSTANCES OF NONCOMPLIANCE	
Finding 1: U. S. Agency for International Development - Agribusiness Centers in Russia and Ukraine	
Administrative Requirements	<u>\$ 5,892</u>
<u>Condition:</u> The Foundation does not have adequate documentation for certain expenditures.	
From a population of \$571,320 of total expenditures, our sample included 43 items totaling \$462,634. Of the sample, \$5,892 of expenditures did not have adequate documentation of business purpose.	
<u>Criteria:</u> OMB Circular A-133 requires recipients of federal funds to have adequate administrative controls.	
<u>Cause:</u> The majority of the documentation for these expenditures was lost in a Russian airport due to vandalism to luggage.	
<u>Effect:</u> Failure to comply with administrative requirements could jeopardize future federal funding.	
<u>Recommendation:</u> Review expense reports to make sure all expenses are supported by invoices or other receipts, if possible, and an expense report stating business purpose, type and amount of expense, etc.	
<u>Auditee Response:</u> The Foundation has standardized the expense reporting process to ensure that all future travel expenses are supported by adequate documentation.	

IOWA INTERNATIONAL DEVELOPMENT FOUNDATION

SCHEDULE OF COMPLIANCE FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 1994

	<u>Questioned Costs</u>
IMMATERIAL INSTANCES OF NONCOMPLIANCE	
Finding 2: U. S. Agency for International Development - Agribusiness Centers in Russia and Ukraine	
Drug-Free Workplace Act	<u>\$ -</u>

Condition: Although the Foundation has a Drug-Free Workplace policy in effect, it does not contain all provisions required by OMB Circular A-133.

Criteria: OMB Circular A-133 requires recipients of federal funds to have an adequate Drug-Free Work Place policy in effect.

Cause: Oversight due to Foundation not having employees in prior years.

Effect: Failure to comply with general requirements could jeopardize federal funding.

Recommendation: Revise the policy to include a provision specifying the actions that will be taken against employees for violating this policy.

Auditee Response: The Foundation will change its policy to include this provision.

IOWA INTERNATIONAL DEVELOPMENT FOUNDATION

INDEPENDENT AUDITOR'S COMMENTS ON RESOLUTION OF PRIOR AUDIT FINDINGS

Year Ended December 31, 1994

There are no prior year audit findings for which Iowa International Development Foundation has not implemented the corrective procedures described in their corrective action plan for prior year findings.

GENERAL REQUIREMENT FINDINGS:

<u>Finding No.</u>	<u>Date Which First Reported</u>	<u>Description of Condition</u>	<u>Status of Corrective Action</u>
1	12/31/92	The Foundation did not perform a cost analysis or obtain competitive bids for equipment purchases for the agribusiness centers.	Condition rectified. No current year findings. The Foundation has implemented a system which will obtain and document cost analysis and/or competitive bids on all equipment purchases.
2	12/31/93	Non-grant expenditures were paid from funds received from AID for grant purposes.	Condition rectified. The Foundation paid only grant-related expenditures from AID funds.
3	12/31/93	The Foundation had an excess of federal funds on hand.	Condition rectified. The Foundation has implemented an adequate system of forecasting immediate needs of AID funding.
4	12/31/93	The Foundation does not have adequate documentation or detailed procedures for accounting for travel expenditures.	The Foundation has implemented detailed procedures for accounting for travel expenditures.
5	12/31/92	The Foundation does not have any documentation supporting several cash advances for travel and contract labor.	The Foundation has implemented a system of expense reporting for cash advances.
6	12/31/93	Contract payments for independent contractors are not being made in accordance with their respective contracts.	Condition rectified. The Foundation made all payments in accordance with written contract terms.
7	12/31/92	Several items reimbursed through the U.S. Trade and Development Program were duplicates of items already submitted for reimbursement.	Condition rectified. Funds are requested in advance under current grant.
8	12/31/93	The Foundation did not remit interest earnings in excess of \$250 to the U.S. Agency for International Development.	Condition rectified. All interest earned in excess \$250 on AID funds was remitted to AID.
9	12/31/92	The Foundation did not file the required final 1992-1993 AID report. The Foundation also did not file fourth-quarter federal reports in a timely manner.	Condition rectified. The Foundation filed all federal financial reports in a timely manner.
10	12/31/93	The Foundation filed inaccurate quarterly financial reports.	Condition rectified. The Foundation has implemented a new accounting system and uses the general ledger system as the source for completing these reports.

IOWA INTERNATIONAL DEVELOPMENT FOUNDATION

INDEPENDENT AUDITOR'S COMMENTS ON RESOLUTION
OF PRIOR AUDIT FINDINGS

Year Ended December 31, 1994

SPECIFIC REQUIREMENT FINDINGS:

<u>Finding No.</u>	<u>Date Which First Reported</u>	<u>Description of Condition</u>	<u>Status of Corrective Action</u>
1	12/31/92	The Foundation submitted claims for reimbursement which contained expenditures that were not supported by the books and records from which the financial statements were prepared.	Condition rectified. Funds are requested in advance under current grant.



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

August 3, 1993

Mr. Chrystal
Iowa International
Development Foundation
P.O. Box 93535
Des Moines Iowa 50393

Dear Mr. Chrystal:

Please find enclosed three copies of Grant Number CCN-0006-G-00-3127-00 for Mr. Chrystal's signature. Please have Mr. Chrystal sign all three (3) copies of the grant letter and send two (2) copies back to A.I.D. Attn: Kathleen Hunt. Retain 1 copy of the grant letter and enclosures 1, 2, and 3 for your file. If you have any questions concerning the above please contact Kathleen Hunt at (703) 875-1588.

Sincerely

Jerry Kryschtal
Branch Chief
FA/OP/CC/N
Office of Procurement



AGENCY FOR
INTERNATIONAL
DEVELOPMENT

August 3, 1993

Iowa International Development Foundation
P. O. Box 93535
Des Moines Iowa 50393

SUBJECT: Grant Number CCN-0006-G-00-3127-00

Dear Mr. Chrystal

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the Federal Grant and Cooperative Agreement Act of 1982, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby provides to the Iowa International Development Foundation (hereinafter referred to as the "Recipient") the sum of Seven Hundred Fifty Two Thousand Two Hundred and Thirty One Dollars, (\$752,231), in support of the Recipient's program entitled "U.S Agribusiness Centers in the New Independent States", as more fully described in Enclosure 2 of this Grant entitled "Program Description."

This Grant is effective and obligation is made as of the date of this letter and shall apply to all allowable commitments made by the Recipient in furtherance of program objectives from Aug. 03, 1993 through Aug 02, 1994.

This Grant is made to the Recipient on condition that the funds will be administered in accordance with the terms and conditions as set forth in Enclosure 1 entitled "Schedule," Enclosure 2 entitled "Program Description," and Enclosure 3 entitled "Standard Provisions," which have been agreed to by your organization.

Please acknowledge receipt of this Grant by signing all copies of this Cover Letter, retaining one set for your files, and returning the remaining copies to the undersigned.

Sincerely,



J. J. Kryschtal
Grant Officer
Branch Chief
Office of Procurement

Enclosures:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED BY:

Iowa International Development Foundation



TYPED NAME _____

TITLE: _____

DATE: _____

FISCAL DATA

PIO/T NO.: 110-0006-3-366-2258
APPROPRIATION NO.: 72-112/31037
ALLOTMENT No.: WES2-93-36110-KG-12
BUDGET PLAN CODE: 270-68-110-00-69-31
TOTAL ESTIMATED COST: \$752,231
THIS OBLIGATION: \$752,231
TOTAL OBLIGATION: \$752,231

TECHNICAL OFFICE NIS/TF/DIHR, L. Marks
DOC #: 1361s

SCHEDULEA. Purpose of Grant

The purpose of this Grant is to provide support for "Training to Facilitate the Conversion of selected Russian Defense Companies" as more specifically described in Attachment 2 to this Grant entitled "Program Description."

B. Period of Grant

1. The effective date of this Grant is July 30, 1993. The estimated completion date of this Grant is July 30, 1994.

C. Amount of Grant and Payment

1. The total estimated amount of this Grant is \$752,231.

2. AID hereby obligates the amount of \$752,231. for purposes of this Grant.

3. Payment shall be made to the Recipient in accordance with procedures as set forth in Enclosure 3 -Standard Provision, entitled "Payment - Letter Of Credit (AUG 1992)."

D. Budget

The following is the Budget for this Grant. The Recipient may not exceed the total estimated amount or the obligated amount, whichever is less (see Part C above).

<u>Description</u>	<u>Amount</u>
Salaries and Benefits	\$ 53,100
Allowances	7,500
Subcontractor/Consult	15,000
Training	21,000
Travel	50,000
Other Direct Cost	85,450
Equipment/Seed Purchases	<u>520,181</u>
<u>TOTAL</u>	\$752,231

The salary and subcontractor/consultant personnel maximum reimbursement for salary without a salary waiver is \$331.92/day. Only if a salary waiver is approved then the Recipient may reimburse at the approved rate.

Reasonable and necessary transfer of costs among line items is permissible so as to achieve the objectives of the program, however Mandatory Standard Provision entitled, "Revision of Grant Budget" is applicable to the above budget. The Recipient shall immediately request approval from the Grant Officer when there is reason to believe that within the next 30 calendar days a revision of the approved grant budget will be necessary for any of the reasons stated in Mandatory Standard Provision entitled, "Revision of Grant Budget".

E. Reporting

E.1. Financial Reporting

E.1. (a) Financial reporting requirement shall be in accordance with the Standard Provision of this Grant entitled, "Payment-Letter Of Credit," as set forth in Enclosure 3.

E.1. (b) All financial reports shall be submitted to A.I.D., Office of Financial Management, FA/FM/CMP/DCB, Room 700, SA-2, Washington, D.C. 20523-0209. In addition, two copies of all financial reports shall be submitted to the A.I.D. Project Office specified in the Schedule of this Grant and to USAID/Moscow Mission..

E.1. (c) The frequency of financial reporting and the due dates of reports shall be as specified in the Standard Provision of this Grant referred to in Section E.1. (a) above.

E.1. (d) The Recipient's financial reports shall include expenditures of A.I.D. Grant funds provided hereunder, as well as non-federal matching funds and any other contributions.

E.2. Program Performance Reporting

The Recipient shall submit the following:

E.2. (a) Program Workplan

The Recipient shall submit for A.I.D. Project Officer's review, within thirty (30) days of signing the Grant a work plan for the overall implementation of this activity. This work plan shall include specific objectives for each phase of the program and a strategy for measuring the impact of program activities towards meeting these objectives. This work plan shall be updated on a quarterly basis and included as a component of the quarterly progress report. Progress reports will include: (1) a comparison of actual accomplishments with the goals established for the period, the finding of the investigator, or both. If the output of programs can be readily quantified, such quantitative data shall be related to cost data for computation of unit costs; (2) reasons why established goals were not met, if applicable; (3) other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

E.2. (b) Quarterly Reports

The Quarterly Report shall be submitted in two (2) copies of quarterly implementation progress reports to the A.I.D. Project Officer listed within the Schedule of this Grant, two (2) copy to the A.I.D. Mission in Moscow. These reports should coincide with the financial reporting periods described above.

Quarterly reports will include: (1) proposed modifications of quarterly work plans, specifically to include travel projected for a subsequent quarter; (2) a review of program and problems to date, and a discussion of technical and managerial issues significant to the success or failure of the grant; (3) a review of how the activities are leading to the creation of viable business ventures.

E.2. (c) Final Report

No later than sixty (60) days after the completion date of the Grant, the Recipient shall submit copies of a comprehensive final report to the following offices: two (2) copies to the AID/Washington Private Sector Initiatives Office; two (2) copies project officer USAID/MOSCOW; two (2) copies to USAID/UKRAINE; and two (2) copies to A.I.D.; Center for Development Information and Evaluation; document Information Division, POL/CDIE/DI; Room 209F, SA-18; Washington DC 20523-1802.. The final report shall include: (1) a summary description of program activities and an assessment of program impact towards achieving the program purpose and objectives that is sufficiently detailed so as to substantiate the results as described in the unsolicited proposal submitted by the Recipient; (2) a summary of the accomplishments or failings; (3) A description of the project financed activities from its inception; (4) significance of these activities; and (5) comments and recommendations.

E.2. (d) Interim Reports

Prior to the required final performance reporting date, events may occur that have significant impact upon the project. In such instances, the Recipient shall inform the Grant and Project Officers as soon as the following type of conditions become known:

a. Problems, delays or adverse conditions that will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project work activities by the established time period. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.

b. Favorable developments or events that enable time schedules to be met sooner than anticipated or more work activities to be performed than originally projected.

E.3. Evaluations

- a) The Recipient will be monitored and evaluated by the responsible A.I.D. project officer USAID/Russia and USAID/Ukraine.
- b) A.I.D. will conduct quarterly assessments of the performance and program direction of the grant to permit the redirection of resources to meet changing circumstances as needed. The Recipient shall cooperate fully with the assessment of activities.
- c) an independent external evaluation of the program activities will be conducted. The recipient will cooperate with independent evaluation (s). A.I.D. will contract with independent consultants to conduct the external evaluation.

F. Special Provisions

F.1. Purchase of Restricted Goods

Pursuant to the Standard Provisions of this Grant entitled "Aid Eligibility Rules For Goods And Services" the Grantee shall not procure any of the goods and services listed in (a) (3)' under Restricted Goods without the prior written authorization of the Grant Officer.

F.1. (a) In furtherance of the foregoing , the Grant Officer does hereby provide approval for the following purchases of used equipment contingent upon the Grantee complying with the procedures as set forth in A.I.D. HB 15, 6E. entitled "Used, Rebuilt or Reconditioned Equipment, Parts or Assemblies", (hereby incorporated by reference), and the approval of the OP/CC/O&T Commodities Specialist, at AID/WASH

Equipment for Farm Operations/Soy Processing Facility
Russian/Ukraine:

3 Eight Row Planters
2 No-till Soybean Drills
2 Sprayers
4 Scales
16 Conveyers
Cleaners
2 Roller Mills
2 Dryers, 4 Collers
4 Feeders
8 Expellers
4 Grinders
2 Fans
2 Screening Tank
4 Pumps
2 Filter Presses
2 Oil Storage Tanks

In accordance with the terms of the Grant these items are being partially funded by A.I.D. and approval of purchase by the Grant Officer or the Commodities Specialist shall not be construed as authorization to exceed the estimated amount or obligated amount of this Grant, whichever is less.

F.1. (b) In furtherance of the foregoing, the Grant Officer does hereby provide approval of the following agricultural commodities, which shall not be construed as authorization to exceed the estimated amount or the obligated amount of this Grant, whichever is less.

<u>Item</u>	<u>Quantity</u>
Corn Seed	13,920 kg
Soybean Seed	19,047 kg
Alfalfa	185 units

F.1. (c) In furtherance of the foregoing, the Grant Officer does hereby provide approval of the following pesticides:

<u>Item</u>	<u>Quantity</u>
Roundup herbicide	2,540 liters
Harness herbicide	4,430 liters

In accordance with the terms of the Grant these items are being partially funded by A.I.D. and approval of the Grant Officer shall not be construed as authorization to exceed the Grant estimated amount or obligated amount, whichever is less.

F.2. Air travel and Transportation

The provision entitled "Air Travel and Transportation" contained within Attachment 3 is hereby amended as follows:

"(a) The Grantee shall secure advance written approval from the Project Officer prior to any travel financed by this Grant to any of the countries in the New Independent States, except the Russian Federation. The request for approval shall include the name of the traveler, purpose of the trip, origin/destination (and intervening stops), and dates of travel. It shall be submitted to the Project Officer at least 10 working days prior to commencement of proposed travel. The Grantee's failure to secure such approval shall result in the denial of reimbursement of costs associated with unauthorized travel under this Grant. The Grantee must notify the Project Officer prior to travel to the Russian Federation, but advanced written approval from USAID for travel to the Russian Federation is not required.

Paragraphs (b) thru (m) shall remain unchanged."

I. Order of Precedence

In the event of any inconsistencies in this Grant, they shall be resolved by applying the following descending order of precedence:

- Enclosure 1 - Schedule, Cover Letter
- Enclosure 3 - Standard Provisions
- Enclosure 2 - Program Description

J. Project Office

The Recipient's A.I.D. Project Officer is Ms. Linds Marks, NIS/TF/PSI, Room 3725A, New State, Washington, D.C. 20523 or his designee. Reports and other correspondences regarding this Grant shall be submitted to the above.

K. Grant Office

The A.I.D. Grant Office currently responsible for administering this Grant is FA/OP/CC/N, SA-14, Room 1407, Washington, D.C. 20523-1415. Any reports and correspondences that need to be addressed to the Grant Officer should be forwarded to the above address.

L. Commodities Officer

The A.I.D. Commodities Office responsible for the management and inspection of the purchase of used equipment for this Grant is OP/CC/O&T, SA-14 Room 1418, Washington, D.C. 20523-1415, Attn Mr. Jack Warner. All applications for purchase of used equipment should be addressed to the Commodities Officer and forwarded to the above address.

PROGRAM DESCRIPTION

I BACKGROUND

Iowa International Development Foundation (IIDF), along with the Center for Agricultural and Rural Development (CARD), established two Agribusiness Centers in Russia and Ukraine to demonstrate a modern, market-oriented systems approach to agriculture production and processing. In 1992, each of the Centers utilized U.S. technology and management methods to plant and harvest nearly 1,500 acres of corn and soybean. Short courses were held during the growing season for Russian. Short courses were held during the growing for Russian and Ukrainian experts at agricultural education and science institutes. These short courses allowed the U.S. representatives to discuss and demonstrate the benefits and efficiency of products and management methods from the United States and of market and private incentive-driven business organization.

In addition to the short courses, the 1992 farm demonstration activities of the Centers focused substantially on crop production. With U.S. technology and technical assistance, the demonstration farms were able to produce crop yields at higher levels than local varieties. In demonstrating the new technologies to the NIS partners, U.S. agribusiness have become heavily involved and are expanding and accelerating U.S. commercial interests in Russia and the Ukraine.

II PROGRAM GOALS

1. Support the restructuring of state and collective farms by providing training programs on modern management methods and market economic organization.
2. Help to rationalize the pricing system by increasing the availability of technology that will better utilize local resources and generate expanded local marketing opportunities.
3. Demonstrate the value of U.S. technology, equipment products, and methods by increasing the efficiency of agricultural production and processing in the immediate region of each Agribusiness Center through the use of such U.S. technology, equipment, products, and methods of management, production, and processing.
4. Support U.S. exports, trade and investment by providing U.S. companies with a means to demonstrate their products and services in a practical agriculture system and by providing them with access to agricultural decision-makers in Russia, and the Ukraine.

III PROGRAM PURPOSE

The program purpose is to assist two Agribusiness Centers in Ukraine and Russia to support the reform of the agriculture and food system through direct education and training and by examples provided by U.S. agribusiness activities. The Agribusiness Centers will also support the efforts of U.S. companies interested in entering the NIS markets by demonstrating their products and technical expertise.

IV PROGRAM DESCRIPTION

IIDF and CARD will continue to hold short courses demonstrating appropriate farm management techniques on the Russian and Ukrainian farms. By utilizing U.S. agribusiness personnel and U.S. technology they can effectively demonstrate common planting, harvesting and processing systems essential to a sustainable private agribusiness sector. IIDF and CARD will continue to provide oversight in the planting and harvesting of the relevant crops with emphasis on field preparation, equipment adjustment and maintenance, spraying practices, chemical application rates, seeding rates, cultivation, irrigation, harvesting and all other aspects of producing soybean, corn, and alfalfa crops in accordance with the standard American cropping practices.

The Agribusiness Centers will also demonstrate pertinent livestock production techniques. Feeder hogs will be purchased to conduct a hog feeding trail. Corn and soybean produced on the demonstration farms will be fed to the hogs in consultation with American nutritional specialist to ensure proper use of feed additives and nutrients. At the end of the feeding cycle, the hogs will be slaughtered and taken to market. Proceeds will revert back to the Agribusiness Centers to support expansion of current activities.

To enable the Agribusiness Centers to become self-sufficient, IIDF and CARD will initiate soybean processing capabilities. The U.S. participants will supply the equipment necessary to process soybeans and other oil seeds into meal and oil. The U.S. side will oversee the systems design and installation and will coordinate a business plan with the Russian and Ukrainian participants. The U.S. counterparts will also negotiate a relationship with a hard currency buyer to purchase the processed oil, which, in turn, will fund follow-on activities supported by the Agribusiness Centers. The meal produced at this facility will be sold to farms and feed mills for rubles, with the proceeds being utilized to purchase oil seeds, pay utilities, labor and other local currency expenses for the two Agribusiness Centers.

All of these activities will be conducted in conjunction with the U.S. agribusiness sector. This ensures high quality transfer of technology and technical assistance.

AGENCY-ISSUED

ISSUING AGENCY A.I.D. FA/FM/CMP/LC, Rm 700, SA-2	LETTER OF CREDIT Auth: Treasury Department Circular No. 1075, Revised	LETTER-OF-CREDIT NUMBER 72001714 AMENDMENT NUMBER 1
AGENCY STATION SYMBOL 72000004		(FOR AGENCY USE) CCN-0006-G-00-3127(NEW)
TO: Treasury Disbursing Center or Regional Office ACH TAPE TO WASHINGTON DISBURSING CENTER		ADDRESS: 441 G STREET N.W. GAO BUILDING ROOM 3251A WASHINGTON, D.C. 20013

In accordance with the authorization of the Fiscal Assistant Secretary, Department of the Treasury, there is hereby authorized for the account and responsibility of the issuing agency a letter of credit:

IN FAVOR OF: Iowa International Development Foundation P.O. Box 93535 Des Moines, IA 50393 Attn: Jill Kockel	TREASURY CHECKS TO BE MADE PAYABLE TO: "FOR DIRECT DEPOSIT ONLY" IIDF 9941980 073000642 BANKERS TRUST		
AMOUNT AUTHORIZED \$ 1,252,231.00	TIME DESIGNATION <input type="checkbox"/> EACH FISCAL YEAR <input checked="" type="checkbox"/> WITHOUT TIME LIMIT	PRIOR AUTHORIZATION \$ 500,000.00	THIS CHANGE Increase \$ 752,231.00 Decrease \$

Time Designation: Each Fiscal Year

The unpaid balance of this letter of credit is revoked at the end of each fiscal year and the full amount authorized is reestablished at the beginning of each fiscal year unless you are advised in writing that this letter has been revoked. *

OR

The unpaid balance of this letter of credit is carried forward at the end of each fiscal year and will remain available during the following fiscal year and, in addition, the full amount authorized is reestablished at the beginning of each fiscal year unless you are advised in writing that this letter has been revoked. *

Time Designation: Without Time Limit

The unpaid balance of this letter of credit will remain available until you are advised in writing that this letter has been revoked. *

The amount of this letter of credit is hereby certified to be drawn against, upon presentation to you of Standard Form 183, Request for Payment on Letter of Credit and Status of Funds Report, by the official(s) of the recipient organization whose signature(s) appear(s) on the Standard Form 1194, Authorized Signature Card for Payment Vouchers on Letter or Credit, attached hereto or previously or subsequently furnished you.

The amount of each Request for Payment paid by the Department of the Treasury to the recipient organization at a designated commercial bank shall constitute payment to the recipient organization by the United States.

I certify to the Department of the Treasury that the payments authorized herein are correct and proper for payment from the appropriations or funds legally committed and available for the purpose, when paid in accordance with the terms and conditions cited above.

* This letter of credit is irrevocable to the extent the recipient organization has obligated funds in good faith thereunder in executing the authorized Federal program in accordance with the grant, contract, or other agreement.

DATE CERTIFIED

8/19/93

Gene W. Westlake

AUTHORIZED CERTIFYING OFFICER

GENE W. WESTLAKE, Financial Mgt. Officer
 TYPED NAME AND TITLE

cc: J. Kryschal

1. MODIFICATION NUMBER: 01	2. EFFECTIVE DATE OF MODIFICATION: See Block 15	3. GRANT NUMBER: CCN-0006-G-00-3127-00	4. EFFECTIVE DATE OF GRANT: July 30, 1993												
5. GRANTEE: IOWA INTERNATIONAL DEVELOPMENT FOUNDATION P.O. BOX 93535 DES MOINES, IA 50393 CEC No. : TIN No. :		6. ADMINISTERED BY: U.S. Agency for International Development Office of Procurement Division ENI NIS Branch Washington, DC 20523-													
7. FISCAL DATA: See Page 2 PIO/T No. : Appropriation No. : BPC: Allotment: Amount Obligated: \$		8. TECHNICAL/PROJECT OFFICE: ENI/ED/AG 9. PAYMENT OFFICE: M/FM/CMPD/DCB													
10. FUNDING SUMMARY:															
<table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>Obligated Amount</u></th> <th style="text-align: right;"><u>Total Est. Amt.</u></th> </tr> </thead> <tbody> <tr> <td>Amount Prior to this Modification:</td> <td style="text-align: right;">\$752,231</td> <td style="text-align: right;">\$752,231</td> </tr> <tr> <td>Change Made by this Modification :</td> <td style="text-align: right;">-0-</td> <td style="text-align: right;">-0-</td> </tr> <tr> <td>New/Current Total :</td> <td style="text-align: right;">\$752,231</td> <td style="text-align: right;">\$752,231</td> </tr> </tbody> </table>					<u>Obligated Amount</u>	<u>Total Est. Amt.</u>	Amount Prior to this Modification:	\$752,231	\$752,231	Change Made by this Modification :	-0-	-0-	New/Current Total :	\$752,231	\$752,231
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Amount Prior to this Modification:	\$752,231	\$752,231													
Change Made by this Modification :	-0-	-0-													
New/Current Total :	\$752,231	\$752,231													
11. DESCRIPTION OF MODIFICATION: <u>PURPOSE:</u> The purpose of this modification is to extend the period of the grant with no additional funding. Accordingly, the above-numbered grant is hereby amended as follows: <p style="text-align: center;">(Continued on Page 2)</p>															
12. THIS MODIFICATION IS ENTERED INTO PURSUANT TO THE AUTHORITY OF THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED. EXCEPT AS SPECIFICALLY HEREIN AMENDED, ALL TERMS AND CONDITIONS OF THE GRANT REFERENCED IN BLOCK #3 ABOVE, AS IT MAY HAVE HERETOFORE BEEN AMENDED, REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.															
13. GRANTEE <input checked="" type="checkbox"/> IS <input type="checkbox"/> IS NOT REQUIRED TO SIGN THIS DOCUMENT TO RECONFIRM ITS AGREEMENT WITH THE CHANGES EFFECTED HEREIN.															
14. GRANTEE: BY:  Richard T. Gannon (Name Typed or Printed) Executive Director TITLE: Oct. 10, 1994 DATE:		15. THE UNITED STATES OF AMERICA U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT BY:  CLEMENT T. BUCHER (Name Typed or Printed) GRANT OFFICER TITLE: DATE:													

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COVER LETTER

Second paragraph, delete the date "August 2, 1994" and substitute in lieu thereof "December 31, 1994".

SCHEDULE

Section B. Period of Grant

Paragraph 1., delete "July 30, 1994" and substitute in lieu thereof "December 31, 1994".

Block 7. Fiscal Data

PIO/T NO.: 110-0006-3-3662258-1 and -2
APPROPRIATION NO.: 72-112/31037
ALLOTMENT NO.: 270-68-110-00-69-31
BUDGET PLAN CODE: WES2-93-36110-KG12
AMOUNT OBLIGATED: 0