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RESTRUCTURING AGRICULTURE AND AGRIBUSINESS: PRIVATE SECTOR PROGRAM FOR POLAND

USAID CA# EUR-0024-A-00-2042-00

Annual Report
October 1994 - September 1995

from a consortium of

Land O'Lakes, Inc.
Sparks Companies, Inc.
The American Trust for Agriculture in Poland
Center for International Food and Agricultural Policy
of the University of Minnesota

in cooperation with the
Foundation for the Development of Polish Agriculture

November 6, 1995

TABLE OF CONTENTS

I. Executive Summary 1

II. Activities

A. Management Seminars 3

B. University Faculty Training 4

C. Market Information Bulletins 4

D. Technical Assistance 4

III. Impact 7

Attachments

Attachment A Financial Report

Attachment B Poland Workshop Schedule

Attachment C Table: Status of Business Plan Assistance for all Beneficiaries

Attachment D Success Stories and Thank-You Letters

RESTRUCTURING AGRICULTURE AND AGRIBUSINESS:
PRIVATE SECTOR PROGRAM FOR POLAND (RAAPS)
USAID COOPERATIVE AGREEMENT EUR-0024-A-00-2042-00

Annual Report
October 1, 1994 - September 30, 1995

I. EXECUTIVE SUMMARY

The **goal** of the USAID Restructuring Agriculture and Agribusiness: Private Sector Program for Poland (RAAPS) RAAPS/Poland project is to increase competition efficiency and the productivity of Polish agriculture in a free market economy. The **purpose** of the project is to assists firms in the food processing and agricultural input sectors to become privatized, efficient, productive, and financially viable. The **outputs** expected are to strengthen the profitability and market share of 30 Polish agribusinesses by project end and have two Polish universities with the capacity to provide advisory services in trade, marketing, and corporate management planning. The strategy to implement this is to develop and implement business plans in agribusinesses to strengthen their ability to operate as private competitive enterprises, complemented by in-country and U.S. training. **The project is well on its way to achieving the two major outputs: 1) 51 agribusinesses have received their business plans, many of whom have been strengthened, and 2) agricultural university staff at Krakow and Olsztyn are already acting as advisors to agribusinesses, under the auspices of the RAAPS program.**

The RAAPS program includes advanced specialized business training in marketing and financial management provided by Polish and U.S. trainers, but the cornerstone of the program is business plan development for individual agribusinesses. Over the life of the project, the program has developed business plans for 51 organizations and is in the process of developing another 31 for agribusiness firms in five sectors: grain milling and processing, fruit and vegetable processing, meat processing, agricultural inputs and distribution, and dairy. The RAAPS business plans are used as an important long-term planning tool by the owners and managers of the assisted companies. Professors from Poland's agricultural universities work in cooperation with U.S. experts in formulation of business plans. The involvement of the Polish professors in implementation ensures that there will be a group of capable consultants to continue advising agribusinesses after the project ends.

The project is scheduled for completion March 30, 1996.

Program Coordination

The consortium team members work together closely to ensure a coordinated effort. Land O'Lakes and Sparks Companies plan activities jointly to implement the RAAPS program activities. The Land O'Lakes Warsaw office manages the project and coordinates the efforts of the project partners. The Foundation for the Development of Polish Agriculture (FDPA) assists in the long-term technical assistance interventions. The University of Minnesota works closely with Land O'Lakes and the Olsztyn and Krakow agricultural universities to help them prepare for the technical assistance process. Professors at the agricultural universities in Olsztyn and Krakow participate actively in all phases of the long-term technical assistance interventions.

Administrative Information

Total estimated cost:	$4,498,555
Total obligated to date:	$4,570,859
Federal funds expenditures 10/1/94 - 9/30/95:	$1,500,322
Federal funds expenditures 7/1/95 - 9/30/95:	$ 426,430
Cumulative federal expenditures to date:	$3,526,694
Remaining unexpended balance of obligation:	$1,044,165

The financial report is Attachment A.

II. ACTIVITIES

The RAAPS consortium has structured a program in which the interrelationship between activities provides a coherent and focused approach to privatization. Each activity has been designed to contribute to the others, and ultimately to support the technical assistance process, which is at the core of the project.

A. Management Seminars

In-Country Workshops

Land O'Lakes presented 18 workshops in Poland, most of them on marketing and agribusiness management, to a total of 441 participants: 248 men (56%) and 193 women (44%). Attachment B has a list of all the workshops. The workshop instruction is structured to go hand in hand with technical assistance interventions. Participants are primarily from organizations receiving long-term technical assistance. Occasionally, workshops are held for a single company in a topic of special interest, such as the market research workshops held for Agros and Tymbark. Although the primary workshop topics are agribusiness management and marketing, other workshops are added in as appropriate.

Training in the U.S.

Fertilizer: To learn how to strengthen the Polish fertilizer industry, two groups of ten directors of Polish fertilizer companies participated in U.S. training, one group October 8-25, 1994, and the other group September 11-26, 1995. The objective was to provide training in fertilizer processing and in marketing and financing with a dealer network perspective. The fertilizer processors are improving their operations in order to compete in the ever-competitive agricultural input marketplace. Participants learned marketing and financing while with Land O'Lakes in Minnesota the first week, then the more technical aspects of fertilizer processing while in the southern states for the remainder of the time. The U.S. training partner in this effort was the International Fertilizer Development Center based in Muscle Shoals, Alabama.

Agribusiness Management: Sparks Companies presented an executive agribusiness management seminar May 29 - June 2 on the campus of Memphis State University. The seminar was an intense and focused program for the senior management of companies that have become RAAPS clients under the business plan assistance program. The 15 participants represented four Polish agricultural sectors: 3 from grain processing and bakery industry, 3 from fruits and vegetable processing, 3 from meat processing, and 6 from agri-inputs supply and distribution. Following the Memphis seminar, the participants broke into their respective groups for one week of study tours in Tennessee and Chicago tailored to meet the individual needs of each sector.

B. University Faculty Training

This portion of the RAAPS program is crucial to the long-term success of the overall program because it prepares local professors in the areas of expertise on which the agribusiness sector will depend to become competitive. Past participants of the University of Minnesota training have become partners in the RAAPS program, participating directly in workshops as teaching assistants and as consultants in the long-term technical assistance interventions.

In the first two years of the project, the University of Minnesota held curriculum development workshops in Minnesota during the period February-March and then followed up with trips to Poland in June. This year, the timing was switched. The Minnesota professors traveled to Poland in October, March, and May and then held the U.S. training in July-August. Claudia Parliament and William Easter of the University of Maryland led teacher workshops October 14-30 on topics in agribusiness and agricultural economics at the agricultural universities in Olsztyn and Krakow. Professor Jeffrey Apland of the University of Minnesota taught econometric modeling workshops March 13-17 in Olsztyn and March 20-24 in Poznan to 15 professors at the agricultural universities there. This was the first part of cooperation on these topics between these universities. The work initiated during this intervention was followed up when 13 Polish professors went to the University of Minnesota in July-August to participate in specialized curriculum development programs in the following areas: marketing principles, macro-economic policy, agricultural policy, strategic management, and foreign trade development. After the curriculum development work in Minnesota, the Polish professors attended the American Agricultural Economists Association Conference in Indianapolis to learn the latest agri-economic topics in academic circles.

C. Market Information Bulletins

The RAAPS consortium created a new segment of the project which involves publishing market information bulletins for various agricultural sectors. This portion of the project was developed in response to agribusinesses' need for timely information on Polish and world markets. Land O'Lakes will implement this idea more fully in the Private Sector Polish Business Development project funded by USAID/Warsaw.

D. Technical Assistance

The strategy of the long-term technical assistance is to develop, implement, and monitor business plans for agribusinesses and thereby strengthen their ability to operate as private, competitive enterprises. The project has assisted eighty-two (82) organizations. To ensure that these long-term interventions are successful, the consortium has adopted a consistent and systematic methodology under which each individual intervention has a workplan, with benchmarks and objectives to be monitored. The project targets five agricultural sectors: grain, meat, dairy, fruit and vegetable processing, and agricultural input. Selection criteria for technical assistance candidates include size, ownership (must

be private or in process of privatizing), financial condition, management, resources, and the potential for long-term impact on the organization.

The six phases of the long-term technical assistance program are as follows:

Phase 1 - Data Collection Questionnaire Completed
Phase 2 - Recommendation Report Submitted
Phase 3 - Skeleton Business Plan Developed
Phase 4 - Visit of U.S. Experts and Development of Final Business Plan
Phase 5 - Business Plan with Financial Projections Presented to Organization
Phase 6 - Follow-up, Monitoring

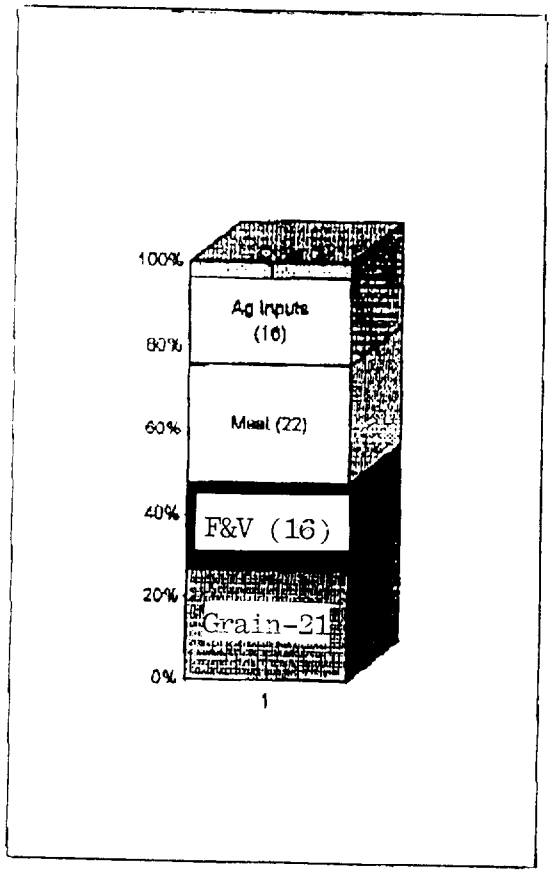
The whole cycle for a given enterprise is usually twelve to eighteen months, though clients selected in the last year of the program will of necessity receive fewer months of follow-up technical assistance. The implementation of the assistance phases is staggered, rather than concurrent, for the selected companies.

Employees from FDPA and professors from the Krakow and Olsztyn universities, acting as consultants to the client beneficiaries, provide most of the technical assistance. Sparks Companies supplements the ongoing assistance by fielding U.S. experts monthly to Poland from their employee and consultant base.

As of the end of September, thirty-one (31) firms were in the pre-business plan phases, where the RAAPS consortium members develop business plans for them. Fifty-one (51) clients have already received business plans and are in the follow-up technical assistance and monitoring phases. Of the eighty-two, twenty-two (22) are in meat, twenty-one (21) are in grain processing, sixteen (16) in fruits and vegetables, sixteen (16) are in agricultural inputs, and seven (7) in dairy processing and other agribusinesses. The bar graph on the next page depicts the percentages of organizations by sector.

Attachment C lists all of the beneficiary organizations and their status in the technical assistance phases. The organizations are sorted by the various Polish consulting groups: agricultural university at Olsztyn, agricultural university at Krakow, FDPA, and Land O'Lakes. Sparks Companies provided short-term technical assistance to beneficiaries in all groups.

RAAPS
TECHNICAL ASSISTANCE
SECTORS
(as of October 15, 1995)



Sectors	No of Firms	% of Total
Grain Milling & Proces.	21	25.6%
Fruit & Vegetable Process	16	19.5%
Meat Processing	22	26.8%
Agricultural Inputs Distrib.	16	19.5%
Dairies	4	4.9%
Others	3	3.7%
TOTAL	82	100%

III. IMPACT

Workshops

As a part of a monitoring and evaluation system, workshop participants have been interviewed after completion to determine how they value the training and how they have applied what they learned. The purposes of the follow-up interviews are to determine the training's impact and to incorporate participants' feedback into improving the workshops. Some of these participants have credited their attendance at the marketing and agribusiness management workshops with contributing to their success. Following are some examples that were reported in late 1994.

Client/City: PROMYK Agricultural and Marketing Cooperative, Sulanowa
Position of person reporting benefit: general manager
Training: Marketing
Date of Training: June 1994
Benefit: In Wielmoza kolonia Dluga, their store pushed two private stores out of the marketplace. They enriched the assortment in the store. Stable and rather low prices and product quality increased sales by 132% as compared with 1993.

Client/City: DKRP DOLPASZ Feed Mill, Skokowa
Position of person reporting benefit: marketing specialist
Training: Marketing
Date of Training: June 1994
Benefit: Development of a marketing mix: They developed a specific feed blend for a limited group of buyers that meets specifications but is also competitively priced. Top quality of the feeds and introduction of veterinarian service helped increase the sales by about 20% recently.

Client/City: SPOLEM Cooperative, Katowice
Position of person reporting benefit: division manager, bakery and pastry division
Training: Agribusiness Management
Date of Training: July 1994
Benefit: Pricing: Price calculations are based on different product costs and competition behaviors. Since the bread market is rather stable, they have not increased the output, but they increased profits by about 5% by lowering costs.

Client/City: SPOLEM cooperative
Positions of persons reporting benefit: deputy manager at Katowice and general director in Krakow
Training: Agribusiness Management
Date of Training: August 1994
Benefit: Pricing: Prices are now determined based on the forecasts of basic costs, rather than changing the prices after each movement of raw material (for fats, meat, flour)

or energy prices. The prices set by SPOLEM have become a price indicator in the market of Katowice and the number of customers is growing. Through careful use of price forecasting and the resultant lower prices on the products sold, the general director in Krakow reports an estimated 10% to 15% increase of products sold.

Technical Assistance

To measure the output of the technical assistance, in place is a systematic methodology under which each individual intervention has a workplan with benchmarks and clear and quantifiable objectives. By the close of the RAAPS project in March 1996, plans are to have impact statements written of the technical assistance provided and results achieved by at least thirty beneficiaries.

Two examples of impact: The meat packaging plant and the seed center in Koscierzyna implemented recommendations by the RAAPS consortium, resulting in the benefits related below.

Meat Packaging Plant in Koscierzyna

The Meat Packaging plant in Koscierzyna, is a state-owned plant in the process of privatizing. It is located in the Gdansk region, in the northern part of Poland. Koscierzyna is a small city of 15,000 inhabitants. The meat plant employs 300 people. The operation, established in 1891, slaughters 400 pigs and 40 cattle per day. It is best known as a producer of dried sausages.

The RAAPS program has assisted the meat plant since May 1994. The company was in difficult financial condition, caused by the type of ownership, over-employment, and weaknesses in strategic planning. After consultation, a business plan was developed with recommendations to improve the company's situation.

After the first year, the meat plant has increased the effectiveness of operations by implementing better methods of raw materials procurement. They contracted people in the field to be responsible for procurement, and started to award producers for higher quality meat. As a result, productivity increased by 10%.

A marketing department was established. Its activities have strengthened the company's position in the local market and reached new markets. The company is now present in Trojmiasto (Gdansk, Gdynia and Sopot). They created new distribution channels, with 30% of product sold through wholesale. As recommended in the business plan, they have trade ties with Russia, to which it sells 25 tons of product per week, making up 14% of weekly production.

Seed Center in Koscierzyna

The Seed Center in Koscierzyna has been in operation since 1957 as a local branch of Gdansk Seed Center. In 1992, the Seed Center in Koscierzyna was excluded from the main branch in Gdansk and was overtaken by the Agency of Agriculture of Property of State Treasury in Warsaw.

Agribusiness experts from Sparks Companies and from the agriculture university at Olsztyn began consulting with the Seed Center in August 1994. The main focus was their financial condition. Their worsening situation was caused by a decline in land area planted with high quality seeds, serious competition by foreign seed producers and suppliers, and a bad bank loan that caused the Center to face bankruptcy.

In order to face the new economic conditions, a few steps were recommended by the consultants in a business plan and were implemented. The most important issue for the company was to reduce the debt. After negotiations with the Bank of Food Economy, the loan was decreased by 95%.

In order to attract clients, the company began to provide new services for farmers, high quality seeds, gardening equipment, fertilizer, and chemicals for plant protection. In keeping with recommendations by the RAAPS team, it tries to tie its efforts to those of other seed centers in northern Poland.

By the end of 1995, the Koscierzyna Seed Center plants to be privatized.

Attachment D has stories/status reports for the organizations listed below. Their final impact statements, as such, have not been written.

Seed Center in Chelmno - success/status report and thank-you letter
Seed Center in Ciechanow - success/status report
Seed Center in Mlawa - success/status report
Seed Center in Srem - success/status report
Agros Holding S.A. - thank you letter
Regional Horticultural and Bee Cooperative in Tarnow - success/status report
Beef-San Meat Processing Company in Sanok - success/status report
Fruit and Vegetable Processing Company Owintar in Tarnow - success/status report

ATTACHMENT A

Financial Report

Land O'Lakes, Inc.

RESTRUCTURING AG IN POLAND
EUR-0024-A-2042-00
FINANCIAL SUMMARY

		Expenditures		
		Actual Grant to Date	Actual 07/01/95 to 09/30/95	Projected 10/01/95 to 12/31/95
1.	Direct Labor	$226,088	$26,328	$30,000
2.	Fringe Benefits	72,888	11,689	10,500
3.	Consultants	382,844	82,645	64,000
4.	Travel/Per Diem	205,815	12,970	33,000
5.	Expend. Supplies/Materials	31,782	(8,318)	2,400
6.	Nonexpendable Equipment	30,392	9,965	0
7.	Subcontracts/Subagreements	1,600,371	160,718	151,000
8.	Other Direct Costs	338,949	41,228	110,000
9.	Evaluations	0	0	0
10.	Indirect Cost	637,565	89,205	104,800
Total Federal Funds		3,526,694	426,430	505,700
Non-Federal Funds		119,677	32,187	50,570
Total Program		3,646,371	458,617	556,270

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

ATTACHMENT B

Poland Workshop Schedule

RAAPS Course Schedule - Year 3

Course 1:	Distribution (Agros)
Date:	November 7-10, 1994 - Kraków
Course 2:	Intermediate Marketing
Date:	November 14 - 17, 1994 - Kraków
Course 3:	Agribusiness Management
Date:	November 30 - December 3, 1994 - Kraków
Course 4:	Agribusiness Management
Date:	December 5 - 8, 1994 - Kraków
Course 5:	BP Software Course
Date:	February 9-11, 1995 - Olsztyn
Course 6:	Consulting Seminar
Date:	February 13-17, 1995 - Pultusk
Course 7:	Intermediate Marketing
Date:	January 18 - 21, 1995 - Kraków
Course 8:	Intermediate Marketing
Date:	January 23 - 26, 1995 - Kraków
Course 9:	Agribusiness Management
Date:	March 22- 25, 1995 - Olsztyn
Course 10:	Agribusiness Management
Date:	March 27 - 30, 1995 - Radzyn Dairy
Course 11:	Meat/Livestock Agribusiness
Date:	April 24 - 27, 1995 - Olsztyn
Course 12:	BP Software Course
Date:	April 27 - 29, 1995 - Olsztyn
Course 13:	Intermediate Marketing
Date:	May 17 - 20, 1995 - Kraków
Course 14:	Intermediate Marketing
Date:	May 22 - 25, 1995 - Kraków
Course 15:	Intermediate Marketing
Date:	June 7 - 10, 1995 - Olsztyn
Course 16:	Intermediate Marketing
Date:	June 12 - 15, 1995 - Olsztyn
Course 17:	Agribusiness Management
Date:	August 23 - 26, 1995 - Kraków
Course 18:	Agribusiness Management
Date:	August 28 - 31, 1995 - Kraków

ATTACHMENT C

Status of Business Plan Assistance for all Beneficiaries

Land O'Lakes, Inc.

RAAPS
TA COMPANIES
OLSZTYN CONSULTING GROUP

No	Company Name	Location	Type of Business	Consultant	Stage of RAAPS TA	US Days Needed
1	PZZ Plonsk	Plonsk	Grain Proc.	Szczepan Figiel	Finished	-
2	ZM Ostróda Morliny	Ostróda	Meat Proc.	Szczepan Figiel	Finished	-
3	ZPOW Olsztynek	Olsztynek	Fruit & Veg.	Szczepan Figiel	Finished	-
4	Kalpol	Dywidy	Grain Proc.	Janusz Cichon	Finished	-
5	Gospodarstwo Mortegi (farm)	Mortegi	Livestock & Grain Prod.	Janusz Cichon	Finished	-
6	Rolpol	Liwa	Livestock Pr. & Meat Proc.	Janusz Cichon	Finished	-
7	Bacutil	Ilowo	Grain Proc.	Szczepan Figiel	Finished	-
8	Agroma	Iluwa	Ag. Inputs	Stanislaw Pilarski	Finished	-
9	Centralni Nasienna (Seed Center)	Koscierzyna	Ag. Inputs	Stanislaw Pilarski	Finished	-
10	Browar Ketrzyn	Ketrzyn	Grain Proc.	Stanislaw Pilarski	Finished	-
11	Zaklady Miesne	Koscierzyna	Meat Proc.	A. Kowalkowski	Finished	-
12	Ubojnia Drobiu - DROBIPOL	Bozecin	Meat Proc.	A. Kowalkowski	Finished	
13	Invet	Koscierzyna	Ag. Inputs	A. Kowalkowski	Finished	-
14	Lecznica Zwierzat	Kartuzy	Ag. Inputs	A. Kowalkowski	Finished	-
15	GS "SCH" Morag	Morag	Ag. Inputs	Szczepan Figiel	Final version of BP Develop.	-
16	Wylegarnia Drobiu - AB OVO	Morag	Ag. Inputs	Szczepan Figiel	Final version of BP Develop.	-
17	Zaklad Piekarniczy "Chlebek"	Klwity	Grain Proc.	Stanislaw Pilarski	Finished	-
18	Piekarnia - Dabkowscy	Olsztyn	Grain Proc.	Janusz Cichon	Final version of BP Develop.	-
19	Przetwórnia Rzepaku RAPS-OL	Ameryka	Grain Proc.	Janusz Cichon	Monitoring	-
20	Meat Plant	Grudziadz	Meat	Whole Team	Data Colection	2 (X-XI)
21	LAS - Chlodnia i Przetw.	Brusy	Fruit & Veg.	A. Kowalkowski	Final BP Development	1 (X-XII)
22	Łuk-Mil	Łukta	Dairy	S. Pilarski	Data Collection	1 (X-XII)
23	Mill and Bakery - HAZBO	Malbork	Grain Proc.	A. Kowalkowski	Monitoring	-
24	Meat Plant - LIGAWA	Pasiek	Meat	J. Cichoń	Data Collection	1 (X-XI)
25	Farm Supply & Food Processing	Gizycko	Ag-Input, General	Szczepan Figiel	Data Collection	1 (X-XI)
26	Olsztyn Exchange	Olsztyn		Szczepan Figiel	Data Collection	4 (X-I)
27	WITAX	Elblag	Grain	Stanislaw Pilarski	Data Collection	1 (X-XII)
28	INDYKPOL	Olsztyn	Meat/Poultry	Whole Team	Data Collection	5 (X-XII)
29	Raszczyk Bakery	Pasłęk	Grain	J. Cichoń	Final BP Development	1 (XI)
30	To Be Selected					2 (XI-I)
31	To Be Selected					2(XI-I)
32	To Be Selected					2 (XI)
					TOTAL	23

RAAPS
TA COMPANIES
KRAKÓW CONSULTING GROUP

No	Company Name	Location	Type of Business	Consultant	Stage of RAAPS TA	US Days Needed
1	Rajdimpex	Andrychów	Fruit & Veg.	Józef Kania	Finished	-
2	JAF Pilica	Pilica	Meat Proc.	Józef Kania	Finished	-
3	PZPOW Tymbark	Tymbark	Fruit & Veg.	Józef Kania	Finished	-
4	Pabianka	Libertów	Meat Proc.	Józefa Gniewek	Finished	-
5	MEUS	Kraków	Grain Proc.	Józefa Gniewek	Finished	-
6	KLICH	Tarnów	Grain Proc.	Józefa Gniewek	Finished	--
7	HIS	Kraków	Meat Proc.	Józefa Gniewek	Finished	-
8	PeZARR	Czestochowa	Grain Proc.	A. Krasnodebski	Finished	-
9	Austrol	Libertów	Meat Proc.	A. Krasnodebski	Finished	-
10	PZZ Kozlów	Kozlów	Grain Proc.	A. Krasnodebski	Finished	-
11	J. Górka	Myslenice	Meat Proc.	A. Krasnodebski	Finished	-
12	OWINTAR	Tarnów	Fruit & Veg.	Józef Barnak	Finished	-
13	ZPOW Tarnow	Tarnów	Fruit & Veg.	Józef Barnak	Finished	-
14	Beef-San	Sanok	Meat Proc.	Józef Barnak	Finished	-
15	Piekarnia Boguchwalu	Boguchwala	Grain Proc.	Józef Barnak	Monitoring	-
16	BBA	Rajbrot	Meat Proc.	Józef Kania	Selection	2 (X-XII)
17	Mleczarnia Nowy Targ	Nowy Targ	Dairy	Józefa Gniewek	BP Development	1 (XI)
18	Trela/Turek s.c.	Inwald	Grain Proc.	Józef Kania	Monitoring	-
19	AnkaPol	Czestochowa	Meat Proc.	A. Krasnodebski	Data Collection	2 (XI-I)
20	Garb	Nowy Targ	Meat Proc.	A. Krasnodebski	Data Collection	1(XI)
21	MARKAM - Skolarus	Kasinka Mala	Meat Proc	A. Krasnodebski	Data Collection	1 (XI)
22	IZA	Rzeszów	Grain	J. Barnak	Monitoring	
23	Halon	Ropczyce	Grain	J. Barnak	BP Development	1 (X-XI)
24	Madex Meat	Glogów Mlp.	Meat	J. Barnak	BP Development	1 (X-XI)
25	Tenczynek F&V	Tenczynek	F&V	J. Barnak	Selection	2 (XI-I)
25	N. Targ Bakery	Nowy Sacz	Grain	J. Barnak	Selection	2 (XI-I)
26	NZD	Niepolomice	Poultry	J. Kania	Monitoring	1 (X-XI)
27	HUMULUS	Kraków	Grain	J. Gniewek	Monitoring	1 (X-XI)
28	NZD Hatchery	Niepolomice	Ag-Input	J. Kania	Selection	2 (XI-I)
29	Ozga Bakery	Tarnów	Grain	J. Gniewek	Slection	2 (XI-I)
30	Szlagor	Andrychów	Meat Proces.	A. Krasnodebski		2 (XI-I)
31	To Be Selected			J. Gniewek		2 (XI-I)
32	To Be Selected			J. Barnak		2 (XI-I)
					TOTAL	25

RAAPS
TA COMPANIES
FDPA CONSULTING GROUP

No	Company Name	Location	Type of Business	Consultant	Stage of RAAPS TA	US Days Needed
1	Centrala Nasienna	Ciechanow	Ag. Inputs	A. Jarzynowski	Finished	-
2	Centrala Nasienna	Chelmno	Ag. Inputs	A. Jarzynowski	Finished	-
3	Centrala Nasienna	Srem	Ag. Inputs	A. Jarzynowski	Finished	-
4	Sadowniczy Zaklad Doswiadczalny	Lipowa	Fruit & Veg.	A. Jarzynowski	Finished	-
5	Spółdzelnia Ogrodniczo-Pszczelarska	Ciechomnice	Fruit & Veg.	A. Jarzynowski	Finished	-
6	Centrala Nasienna	Mlawa	Ag. Inputs	A. Jarzynowski	Finished	-
7	Unifreeze	Górzno	Fruit & Veg.	A. Jarzynowski	Monitoring	-
8	Zaklady Nawozowe	Wroclaw	Ag. Inputs	A. Jarzynowski	Monitoring	-
9	Zaklady Nawozowe	Ubocz	Ag. Inputs	A. Jarzynowski	Monitoring	-
10	Vinital	Poznan	Fruit & Veg.	Z. Sikorski	Monitoring	1 (X-XI)
11	Polpotato	Zarnowiec	F&V	A. Toniklewicz	Monitoring	1(X-XI)
12	Skalpol-Fruit	Kosciun	F&V	M. Weglarz	Monitoring	1(X-XI)
13	Pszczólka	Łowicz	F&V	M. Weglarz	Skeleton BP	2(X-XII)
14	Karzniczka	Slupskie	F&V	A. Toniklewicz	Skeleton BP	2(X-XII)
15	KOSAK	Sieradzkie	F&V	E. Wieczorek	Skeleton BP	2(X-XII)
16	Hanel	Siedlce	Grain	A. Jarzynowski	Skeleton BP	2(X-XII)
17	To Be Selected					2(XII-I)
18	To Be Selected					2(XII-I)
19	To Be Selected					2(XII-I)
20	To Be Selected					2(XII-I)
					TOTAL	19

RAAPS
TA COMPANIES
LOL CONSULTING GROUP

No	Company Name	Location	Type of Business	Consultant	Stage of RAAPS TA	US Days Needed
1	HBC Ostrowiec	Ostrowiec	Ag. Inputs	J. Klos	Finished	-
2	Centrala Nasienna	Radom	Ag. Inputs	D. Czajka	Finished	-
3	Spomlek Dairy	Radzyń Podl.	Dairy	J. Klos/R. Kuciński	Monitoring	-
4	Sedar	Miedzyrzec P.	Poultry	D. Czajka/J. Klos	Data Collection	2(XI-I)
5	Wieluń Dairy	Wieluń	Dairy	R. Kuciński	Data Collection	2(XI-I)
					Total	4

ATTACHMENT D

Success Stories and Thank-You Letters

RAAPS Success Story Report

SEED CENTER CHEŁMNO

Situation of the company before RAAPS TA.

Chełmno is a trade company which sells certified seed, pesticides/herbicides, and fertilisers. Certified seed comprises 90% of Chełmno's business with pesticides/herbicides and fertilisers comprising 10%. Chełmno's primary customers are private farmers. The Chełmno Seed Center became a private enterprise in April, 1994. Previously, it was a state-owned enterprise established in 1971 and brought to bankrupcy in 1993.

What we have done under TA ?

- plan of investments
- development strategy for the future

What we have recommended under TA ?

- Perform market research on the certified seed markets in Poland and internationally to estimate demand, competitive activity, competitive price points, and customer requirements.
- Increase production capacity, especially for grain, rape seed, and grass seedlings, in order to meet estimated demand.
- Strengthen and expand Chełmno's sales network in its voivodeship by actively pursuing business.
- Actively pursue exporting certified seeds to foreign countries, perhaps in conjunction with similar firms who already export.
- Explore expansion into new market opportunities, especially the animal feed industry.
- Strengthen relationships with breeders, seed multipliers, seed contractors, and customers.
- Conduct educational training sessions about the value of certified seed to farmers who are potential seed buyers.
- Improve the compensation system for employees from one of salary-only to salary plus bonus.

- Locate a strategic investor for a specific activity, such as investment in drying equipment. Chełmno, however, is not looking for an equity investor in the company.

With regard to TA recommendation where is the company now ?

Currently, Chełmno is implementing our recomendation in the area of the marketing and is starting to deal with the new products.

What is the final success story foreseen like?

Seed Center in Chełmno must provide all necessary investment, extend products range using external sources of financial to overtake market since many of seed centers in the region collapsed. During this process the problems with unsteady cash flows and leverage into debts should be solved.

Land O'Lakes, Inc.
ul. Górnośląska 14
Warsaw

Chełmno, June 30, 1995

Dear Sirs,

I would like to thank you very much for inviting me for the Agribusiness Management seminar in Memphis organized by Land O'Lakes and Sparks companies and for the help while in my company growth. While participating in RAAPS program we have the possibility to meet experts and specialist knowing small and big agribusiness companies.

Participation in the seminar let me gain needed information regarding plant and animal production and its forecasting.
In the first part of the seminar specialists from Sparks presented world market situation including description of the small polish agribusiness companies situation. The seminar has helped me to undertake and implement series of changes in my business. I will try to improve the relationship with individual farmers and organizations I cooperate. I have found that the information delivered on time is the key of the company success. In my company data on amount and type of seeds are delivered to producer to late. Taking all mentioned above I am going to shorten the period of information flow between the producers and growers to a few days.

Since the Seed Center in Chełmno started to work with FDPA, which realizes the RAAPS program, **sales in the second half of 1994 was increased by 25 %.**

The 1995 results should be higher than in previous year.
Since I can not to recall people's names who have helped my company to be in better shape I would like to thank everyone who has participated in the implementation of RAAPS program.

Regards,

Director
Andrzej K. Przykucki
Seed Center in Chełmno

RAAPS Success Story Report

SEED CENTER CIECHANÓW

Situation of the company before RAAPS TA.

The Ciechanow Seed Center is an trade company which sells certified seed, pesticides/herbicides, and farm supplies. Certified seed comprises 75% of Ciechanow's business, pesticides and herbicides 20%, and farm supplies 5%. Ciechanow's primary customers are private farmers.

Ciechanow was a subsidiary of the Warsaw Seed Center but as of June 1, 1994 has been declared an independent operation. The process of legally granting independence takes six months to complete, so by December 1, 1994 Ciechanow should be totally separated from the Warsaw Seed Center. As a part of this independence initiative, Ciechanow will absorb the Mlawa Seed Center and their operations will be combined. It is envisioned that both companies will be privatized under one single management structure, and both entities are now in the lengthy process of privatization.

What we have done under TA ?

- development financial projections which are the basis for negotiation with bank
- development strategy for the future

What we have recommended under TA ?

Several recommendations are given in this business plan and can be summarized as follows:

- Integrate Mlawa's operations under Ciechanow management as soon as possible during the privatization process.

- Refine market research activities on the certified seed and pesticide/herbicide markets in Poland and overseas to estimate demand, the varieties needed, competitive activity, competitive price points, and customer requirements.

- Provide high quality products and service to meet customer needs.
- Strengthen and expand Ciechanow's sales network in its voivodeship by active pursuit of business through the development of a marketing/distribution plan. Additionally, offer educational seminars to farmers and agricultural groups and increase marketing and advertising activities.

- Increase production capacity, especially for potato and trefoil seedlings in order to meet anticipated higher demand.

- Increase its export business by actively pursuing new leads and relationships, and by obtaining a better understanding regarding how export business is conducted.

- Explore expansion into new product opportunities, such as animal feed and concentrates, which could complement existing product lines now being distributed and marketed to existing clients.

- Strengthen relationships with suppliers, seed contractors, and customers through "proactive" management and marketing initiatives.

- Gradually decrease the number of workers to an optimal number; additionally, create new jobs for expanded marketing and export responsibilities.

- Change its employee compensation system from salary-only to salary plus bonus.

- It is necessary to renegotiate the existing debt with BGZ postponing it till the end of 1994, meaning the payment for principal and interest. In order for future growth and long term perspectives for this enterprise, it is necessary to receive ample credits. For the continuing present functioning of the firm/enterprise, it is necessary to receive timely credits for purchasing this year's qualified seeds from contracted multipliers.

- Locate and obtain an equity/financing partner or partners to invest in Ciechanow.

- Complete the privatization process in order to be fully responsible for making its own decisions.

With regard to TA recommendations where is the company now?

Since legally granting independent from Warsaw Seed Center is still lasting the debt forgiveness negotiation are impossible as well as obtaining new turnover credits. Because of that Ciechanów was not able to buy contracted seeds and there is a threat of collapsing.

What is the final success story foreseen like?

The management of Ciechanów/Mława need to focus on having all debt related to the ill-fated Hodimpex transaction reduced or forgiven by Bank BGZ (whether or not in conjunction with the Polish government). The total debt which could be forgiven would be 2.77 billion zloty for Mława (this does not include an additional 1.1 billion in unpaid interest charges which could be negotiated) and 921 million for Ciechanów.

Once it settles its situation with Bank BGZ and becomes private, Ciechanów/Mława could benefit from an equity partner which will inject capital into their operation as well as provide some management expertise in running the private business. In the Ciechanów voivodeship there is an outstanding opportunity for the Mława and Ciechanów Seed Centers as they merge into one seed center to grow their different product specialities due to the lack of competition.

It is possible that our recommendation will be implemented by new owner.

RAAPS Success Story Report

SEED CENTER MŁAWA

Situation of the company before RAAPS TA.

Mława is an agricultural company which sells certified seed, consumption potatoes, and pesticides/herbicides. Certified seed and consumption potatoes comprise 99% of Mława's business and pesticides and herbicides 1%. Mława's primary customers are private farmers and companies servicing export markets.

Currently, Mława is a newly merged part of the Ciechanów Seed Center which can be considered as a separate subsidiary of Ciechanów. Ciechanów obtained its independence in June of 1994 from the Warsaw Seed Center. Because Mława is a part of Ciechanów and Ciechanów is undergoing the process of privatization, therefore Mława is being privatized as well.

Mława have a large debt obligation to Bank BGŻ because of failed export transaction with Hodimpex.

What we have done under TA ?

- development financial projections which are the basis for negotiation with bank
- development strategy for the future

What we have recommended under TA ?

Several recommendations are given in this business plan and can be summarized as follows:

- Perform market research on the certified seed, consumption potato, and pesticide/herbicide markets in Poland and overseas to estimate demand for the varieties needed; competitive activity, competitive price points, and customer requirements.

- Provide high quality service to meet customer needs.

- Strengthen and expand Mława's sales network in its voivodeship by active pursuit of business. Additionally, offer educational seminars to farmers and agricultural groups and increase marketing and advertising activities.

- Increase production capacity and adjust to meet estimated demand.

  Increase its export business by actively pursuing new leads and relationships.

- Explore expansion into new market opportunities, especially the animal feed industry. Expanding into products which are non-cyclical is important for cash flow purposes.

- Promote relationships with farmers in which bartered products, instead of cash are part of contracts in order to reduce cash flow pressures between summer/fall harvest and winter/spring planting.

- Strengthen relationships with suppliers, seed contractors, and customers.

- Change its employee compensation system from salary-only to salary plus bonus.

- Join Ciechanow management efforts in restructuring Bank BGZ debt by selling off "superfluous" assets (e.g., distribution points which may overlap with those of Ciechanów), by negotiating debt forgiveness, or generally arriving at a new arrangement which will allow Mława, as a part of Ciechanów, to be a viable operation.

What is the final success story foreseen like?

The management of Ciechanów/Mława need to focus on having all debt related to the ill-fated Hodimpex transaction reduced or forgiven by Bank BGZ (whether or not in conjunction with the Polish government). The total debt which could be forgiven would be 2.77 billion zloty for Mława (this does not include an additional 1.1 billion in unpaid interest charges which could be negotiated).

Once it settles its situation with Bank BGZ and becomes private, Ciechanów/Mława could benefit from an equity partner which will inject capital into their operation as well as provide some management expertise in running the private business. In the Ciechanów voivodeship there is an outstanding opportunity for the Mława and Ciechanów Seed Centers as they merge into one seed center to grow their different product specialities due to the lack of competition.

RAAPS Success Story Report

SEED CENTER ŚREM

Situation of the company before RAAPS TA.

The Srem Seed Center is a trade company which sells certified seed, animal feed and concentrate, and miscellaneous products, such as nuts, poppy seed, and farm detergent. Certified seed comprises 55% of Srem's business, animal feed and concentrate 40%, and miscellaneous products 5%. Srem's customers are farmers, privatized state farms, and co-operatives. It has been a state-owned enterprise but is in the process of privatization.

At the end of 1993 Srem had 4.2 billion zlotys in debt owed to one bank, BGZ. Srem paid 1.469 billion zlotys in 1993 for interest payments, and management expects to pay 1.8 billion zlotys in 1994.

What we have done under TA ?

- development strategy for the future
- organization of trade contacts with other seed centers

What we have recommended under TA ?

Several recommendations are given in this business plan and can be summarized as follows:

- Strengthen and expand Srem's sales network into nearby regions
- Creating marketing/advertising materials, offering educational seminars to farmers and agricultural groups, and build on the recent establishment of distribution relationships in the animal feed and concentrate area.
- Perform market research on the certified seed and animal feed markets in Poland and overseas to estimate demand, the varieties needed, competitive activity, competitive price points, and customer requirements.
- Develop export contacts through Rolimpex, a large exporter; private export firms; or on its own.
- Gradually decrease the number of workers to an optimal number.
- Strengthen and/or consolidate relationships with suppliers, seed contractors, and customers.
- Increase feed sales by expanding the sales area.

- The payment structure within the company should be changed to include salary plus commission for the commercial.

- Explore expansion of the farm supply business to include sales of fertilizers.

- Locate and obtain an equity/financing partner or partners to invest in Srem.

- To reduce the company's debt, the investors should negotiate with Bank BGZ for a lower principle amount paid in one sum and investigate cheaper loans.

- Srem needs to speed up the process for privatization; this includes submission of a business plan followed by a meeting of the Poznan voivode (governor) and Srem.

With regard to TA recommendations where is the company now?

There is a delay in privatization process but the new position for marketing manager was established and due to entrancing to the new regions the sales were doubled.

What is the final success story foreseen like?

The most important step is to negotiate a reduction of debt with Bank BGZ to a level where Srem can realistically service interest and principal, plus remain an attractive investment to possible investors. The growth of the company will be assured through the addition of a major financial partner, preferably one such as HR DANKO with which business synergies can be created. Regardless of the existing negotiations, it is important for Srem to obtain commitments from the various potential investors to demonstrate its viability. Many seed centers have already failed, and, as a survivor, Srem should promote its attractiveness as an investment opportunity sooner as opposed to later.

A number of the state-owned seed centers are collapsing, leaving a large market opportunity for Srem within the voivodeship of Poznan and in nearby regions.

Land O'Lakes, Inc.
ul. Gómoslaska 14
Warsaw

July 4, 1995 Warsaw

On behalf of Marketing Department of Agros Holding S.A. I would like to thank Land O'Lakes for organizing the Market Research seminar for Managers of Agros companies. That was the fifth seminar provided by Land O'Lakes, Inc. under RAAPS program. The seminar was estimated by participants very highly.
The market research training was organized for the first time for our companies and met our expectations, especially now when market information becomes very valuable. Nowadays Agros is creating market research department within its organizational structure. Besides theoretical part of the training there were market research on Fortuna Juices' packages done. Result of it has helped to make the decision of introducing juices in glass.

We would like to thank very much Land O'Lakes and Mark Literski for teaching the seminar. Participants have admired both his knowledge and huge experience in market research.

Exercises of the development of market research questionnaire, its implementation and cooperation with external companies conducting market research for particular company was extremely valuable for us.

Agros company would like to stress that there are very important ties between number of employees trained by Land O'Lakes under RAAPS program and sales volume of two main trade marks: Fortuna and Krakus.
Volume of sales of Fortuna products was doubled and sales of Krakus products increased by 25 % in recent year. Sale increase is the result of Agros Sales and Marketing Managers' participation in two courses on sales and distribution.

Organization of Marketing Management seminar for Agros Management effected in starting in the process of building marketing departments, employees training and distribution's channels' improvement in particular company of Agros Holding S.A.

As Marketing department of Agros Holding we want to stress that Land O'Lakes training provided in last year has influenced on enormous change in people's awareness of free market condotions.

Once more we would like to thank for providing seminars and training for over 100 people from Agros Holding S.A. We really appreciate the cooperation with Land O'Lakes and we look forward to it in the nearest future.

Best regards,

Andrzej Jacaszek
Acting President of Marketing
Department of Agros S.A.

REGIONAL HORTICULTURAL AND BEE COOPERATIVE IN TARNOW

Situation of the company before RAAPS project intervention:

Regional Horticultural and Bee Cooperative in Tarnow is a company in sound financial condition with relatively small short-term credit (123 million PLZ) and good cash flow. It is a company looking for ways to expand and gain a bigger market share, to use new marketing methods, to organize their sales and distribution, and to have a well-developed computerized accounting system.

Recommendations of the technical assistance intervention:

- More efficient use of existing data base. The existing data base gives the cooperative a unique chance to obtain necessary market information.
- Concentrate on larger stores - better chance for sales expansion.
- Intensify advertising and promotion activity.
- Direct marketing of booth space.
- Expand commodity exchange activities.
- Initiate crop specific markets. Consider mergers with other alternative markets.
- Explore alternative marketing outlets.
- Special event markets.

With regard to the recommendations, where is the company now?

- The cooperative introduced telemarketing methods of sales with larger stores.
- Commodity exchange has expanded. Besides flowers, commodity exchange is applied to apples and vegetables. Cooperative organizes auctions of perishable goods.
- Intensified promotion introduction of coupons and free gifts.
- Investment in packaging equipment for fruits and root-type vegetables.

What is the final success story foreseen as?

The cooperative will expand its market share of the "wholesale market" segment to 25% and by the year of 1999, sales will reach 29 billion zlotys.

BEEF-SAN MEAT PROCESSING COMPANY IN SANOK

Situation of the company before RAAPS project intervention:

Beef-San Meat Processing Company is in good financial condition, with an operating profit of 5.78 billion zlotys. This well-managed company is looking for ways to expand production, market share, and profits.

Recommendations of the technical assistance intervention:

- Create a computer information system generating internal information necessary for development of the company and to control margin systems and seasonality.
- Training for sales force in the area of merchandising and new sales techniques.
- To solve the procurement problem and to assure stable supply of higher quality animals -- closer cooperation and training for local producers recommended (workshop for producers).
- Compensate producers for improved quality.
- Modernization of packaging equipment--convenience and extended shelf life.
- New and more intensive promotion methods.

With regard to the recommendations, where is the company now?

- The company introduced an integrated computer system--more efficient use of external information.
- Improvement of product quality, better customer service. Efforts made in cooperation with local producers--workshops for producers organized.
- Increased sales in particular stores through attracting a larger number of customers and larger single purchases.

What is the final success story foreseen as?

In the next three to five years, the company will increase its sales by 50% and reach total sales of 315 billion zlotys. Such a sales level allows the company to reach the level of profit adequate to make all payments connected with privatization costs and costs connected with the purchase of the company. High profits will help to finance the new investments in machinery and equipment, which will allow the company to gain and maintain the competitive advantage. The company will be able to start paying dividends to its shareholders.

FRUIT AND VEGETABLE PROCESSING COMPANY OWINTAR IN TARNOW

Situation of the company before RAAPS project intervention:

The fruit and vegetable processing company Owintar in Tarnow is in a difficult financial position. It has an inadequate internal information system. The marketing department consisted of one person--needed to upgrade the capabilities of marketing department. No customer data base. Very high production potential. Good quality products.

Recommendations of the technical assistance intervention:

- Organize an efficient and up-to-date marketing department.
- Provide training for marketing specialists.
- Develop a marketing plan.
- Establish a sales force making personal calls on shops, restaurants, and other customers.
- Expansion to new geographical areas through the country.
- Computerized accounting system recommended.

With regard to the recommendations, where is the company now?

- The marketing department was organized and employs 5 people.
- A sales force was established.
- Training was provided to marketing and sales personnel.
- The company expanded to new locations in the country.
- Computerized accounting and data base developed.
- Increased marketing aggressiveness.

What is the final success story foreseen as?

By increasing its market share, the company will increase its sales by 20%. Sales will reach 300 billion zlotys. The company will be able to repay its debts and is projected to be in sound financial condition and strong competitive position. New and improved products will be introduced to the market in new, more desirable form packaging.