
History of CIAF

Service on the first US Working Group to Poland in early 1990 led to the conclusion that the countries of Central and Eastern Europe and the then Soviet Union transitioning to a market economy had two pressing needs — (1) developing a modern finance system to replace the state bank and (2) establishing a legal system appropriate for a market economy.

Schools of Agricultural Banking, Credit & Finance

The first step taken after the experience in Poland was to organize a School of Agricultural Banking, Credit & Finance for Central and Eastern Europeans. The school was held in July of 1990.

The 1990 school involved 21 participants from Bulgaria, Hungary, Poland, Romania and Yugoslavia who returned from the three-week course at ISU to positions in banking and in finance with universities and ministries. The participants rated the two-week classroom experience as very helpful but reserved the highest accolades for the one-week internship with an Iowa lender. The faculty and staff evaluations of the 1990 school produced the recommendation that the program of US schools be expanded and that consideration be given to conducting similar schools abroad. Schools have been held in the US each year since 1990 for participants from Central and Eastern Europe.

The Iowa Board of Regents, in December of 1990, approved a new center to serve as a vehicle for the expanded effort, the Center for International Agricultural Finance.

The first school was held for Soviet participants from May 17 -June 7, 1991. A total of 17 participants were enrolled in the three-week school, which, unlike the 1990 school for Central and Eastern European, involved interpretation of lectures from English to Russian, the native language. The school followed the established format of two weeks of intensive classroom work with senior ISU economics faculty and guest lecturers from banking and finance and a one-week internship with Iowa lenders. Non-English speaking participants were clustered in adjacent communities with shared interpreters.

The classroom work for the schools includes coverage of finance, bank management, loan evaluation and management, loan collateralization, procedures for handling default, commercial law, private property, bankruptcy, farm management and marketing, international trade, international finance, basic principles of economics in a market environment, and macro economic topics.

The Soviet school was viewed as quite successful by the participants, the faculty and staff and the internship sponsors.

In October 1991, Arnold Paulsen and Neil Harl met separately with about half of the 1991 school participants in Moscow, Riga and Kiev and concluded that the 1991 graduates had already achieved the distinction of being differentiated products because of their US experience. In several instances, the individuals had been promoted to or shifted to more responsible positions in banking and finance. One had left as chair of the State Committee on Food and Store and had become the president of a bank in Moscow. Another had left a finance position with Vaskhnil (All-Union Agricultural Academy) for a responsible position with a Moscow bank at a substantial increase in pay. One was so busy with newly acquired responsibilities that he scarcely had time to meet and greet visitors from the Center for International Agricultural Finance. The 1991 enrollees have been active in nominating individuals for the subsequent schools and in providing evaluations of the candidates.

Similar efforts have been made to maintain contact with enrollees in the later schools.

Schools Abroad

The first out-of-US school was held in Riga, Latvia, from October 10-23, 1991, with a teaching team of three — Arnold Paulsen, ISU Department of Economics (now retired); Charles Ertzinger, former banker, bank consultant and Pioneer Hi-Bred International executive; and Neil Harl, Director of the Center for International Agricultural Finance. The two-week school enrolled 40 individuals from Estonia, Latvia and Lithuania. All classroom presentations were interpreted from English to Russian. The school was organized and sponsored by the Latvian Institute of Agricultural Economics and the Ministry of Agriculture in Latvia with the cooperation of counterpart groups in Estonia and Lithuania.

Similar schools have been held in Tartu, Estonia (2); Vilnius, Lithuania; Riga, Latvia (2); Tirana, Albania; Zdislavice, Czech Republic; Kiev, Ukraine; White Church, Ukraine (2); Ekaterinburg, Russia; and Nizhny Novgorod, Russia.