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UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
Dacca, Bangladesh

September 15 1981

Mr. Winfield P. Niblo
Acting Representative/Bangladesh
The Asia Foundation
House No. 55, Road No. 6A
Dhanmondi R/A
Dacca-9

Subject: Cooperative Agreement No. AID/ASIA-388-0042-1
Micro Industries Development Assistance Society

Dear Mr. Niblo,

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D.") hereby grants to The Asia Foundation (hereinafter referred to as "TAF" or "Recipient") the sum of \$455,000 to provide support for the Micro Industries Development Assistance Society (MIDAS) Project as more fully described in the attachment to this Agreement entitled "Program Description."

This Agreement is effective as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period September 15, 1981 through September 14, 1982.

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 the Attachment A entitled "Program Description" and Attachment B entitled "Standard Provisions", which have been agreed to by your organization. In Attachment B "Standard Provisions", the terms "Grant" and "Grantee" should be understood to mean "Agreement" and "Recipient" respectively for the purposes of this Cooperative Agreement.

Please sign the Statement of Assurance of Compliance, located at the end of Attachment B of the Cooperative Agreement, and this letter to acknowledge your acceptance of the conditions under which these funds have been granted.

Please return the Statement of Assurance of Compliance to USAID/
Dacca

Sincerely yours,

Frank B. Kimball

Frank B. Kimball
Director

Attachment:

- A. Program Description
- B. Standard Provisions

ACCEPTED:

The Asia Foundation

By: *[Signature]*

Title: Acting Representative

Date: September 15, 1981

FISCAL DATA

Appropriation: 72-1111021.3

Allotment: 143-50-388-00-69-11

Project No. 388-0042

Total Grant Amount FY 1981 \$455,000

PROGRAM DESCRIPTION

MICRO INDUSTRIES DEVELOPMENT ASSISTANCE SOCIETY

(MIDAS)

under

THE ASIA FOUNDATION (TAF)

1981-82

Cooperative Agreement No. AID/ASIA-388-0042-1

MICRO INDUSTRIES DEVELOPMENT ASSISTANCE SOCIETY

(MIDAS)

1981-82

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TAF/USAID COOPERATIVE AGREEMENT

MICRO INDUSTRIES DEVELOPMENT ASSISTANCE SOCIETY - (MIDAS)

PROGRAM DESCRIPTION

I. AUTHORITY AND PURPOSE OF THE COOPERATIVE AGREEMENT

The authority for this Cooperative Agreement between The Asia Foundation and the United States Agency for International Development is contained in the Foreign Assistance Act of 1961, as amended, and the Federal Grant and Cooperative Agreement Act of 1977.

This Cooperative Agreement is a follow-up to Grant Number AID/ASIA-388-0045-3 which has funded the one year start-up period, September 17, 1980 to December 31, 1981, of the Micro Industries Development Assistance Society (MIDAS) project.

This Agreement will provide funding for a one year period beginning September 15, 1981 and ending September 14, 1982, and will continue the work already underway to enhance the involvement of non-governmental organizations in rural industries and cottage industry development. It will support and encourage the development of organizational mechanisms which can address the constraints to micro industry development and rural industry generation.

A description of the project is contained in Annex A.

II. FUNDS OBLIGATED

AID will fully fund the MIDAS project activities for a one year period beginning September 15, 1981, as described in this Agreement. Total AID funds to be obligated under this grant are \$455,000.

III. SUBSTANTIAL INVOLVEMENT UNDERSTANDINGS

By mutual agreement between the Recipient and AID, the MIDAS project was organized and operated by the Recipient during a one year start-up period, beginning September 17, 1980. It is now further agreed that the Recipient will support the MIDAS project for one additional year under this Cooperative Agreement beginning September 15, 1981. This Agreement will fund the one year period. It is anticipated that by the end of the operational year MIDAS will have achieved the overall administrative and technical competence to function as an independent organization and receive direct AID funding.

The Recipient will make a concerted effort during the ensuing year to bring MIDAS to the administrative and technical levels necessary for independent status.

During the period of this Agreement the Recipient will retain the ultimate responsibility for the management and support of the MIDAS project. In consideration of AID's long range interest and involvement in the MIDAS project it is agreed that there may be substantial involvement by AID in certain aspects of MIDAS operations during the period covered by this Agreement, in the following manner and to the extent deemed appropriate by AID:

- A. To review and approve substantive provisions of subordinate agreements or contracts;
- B. To be involved in and approve the selection of key MIDAS staff and consultant personnel;
- C. To collaborate in policy decisions affecting the future of the MIDAS project;
- D. To be involved in and approve the direction or redirection of MIDAS operations involving inter-relationships with other donor agencies, projects or programs and changes in program implementation methodologies.

IV. PERIOD OF AGREEMENT

The period of this Agreement is one calendar year beginning September 15, 1981 and ending September 14, 1982.

This Agreement provides for the continued operation of MIDAS under the management and guidance of the Recipient for the period covered by the Agreement.

V. REPORTS AND EVALUATIONS

A. Fiscal and Accounting Reports

The Recipient agrees to submit to AID a program performance report in narrative detail each quarter and a final report two weeks before the end of the period covered by this Agreement. These reports shall include a brief description of progress against the established Implementation Plan and program objectives, significant program developments, pertinent information relating to problems, delays, etc. and tabular information on total accrued and project expenditures against total obligations by project input.

B. Final Evaluation Report

The Recipient and AID, as parties to the Cooperative Agreement shall jointly evaluate the project during the final month of the period of the Agreement and prepare an evaluation report. This report will contain, inter alia, recommendations regarding future directions of MIDAS as it operates as an independent organization with AID funding support.

C. Special Interim Evaluation

At the request of AID, the Recipient will participate with AID in conducting, in June or July of 1982, an evaluation of MIDAS, designed to assess the progress of MIDAS in terms of its capability to operate as an independent entity by the end of the operational year. Any additional expense resulting from the decision to conduct this interim evaluation will be borne by AID.

VI. NEGOTIATED OVERHEAD RATES

The Recipient must abide by the Indirect Cost Rate Agreement negotiated between TAF and the State Department (State/TAF Grant Agreement 1013-100510, Amendment 2) for all costs incurred under this Agreement. Funding procedures for this Agreement are covered in Standard Provisions - Attachment B.

VII. FINANCIAL PLAN

A detailed financial plan and budget is contained in Annex B.

VIII. SPECIAL PROVISIONS

A. Title to Property

All property purchased with direct cost funds provided under this Agreement shall be titled in the name of The Asia Foundation for the duration of the period covered by this Agreement. At the close of the period covered by the Agreement, title to all property purchased with direct cost funds under this Agreement and all property acquired with direct cost funds under the predecessor agreement relating to the start-up period will be officially transferred to MIDAS, taking into account all applicable laws and regulations of the Government of Bangladesh.

B. MIDAS Board

The MIDAS Board (established during the start-up period) will continue to advise and assist the Recipient. This Governing Body shall advise and assist in the administration of MIDAS in accordance with the statutes set forth in MIDAS incorporation documents.

C. End of Project Status

It is anticipated and expected that at the end of the one year period covered by this Cooperative Agreement the following conditions and capabilities will have been achieved:

1. MIDAS will have demonstrated the ability to implement successfully a small industries development program working with and through a variety of non-government organizations, both indigenous and foreign.
2. MIDAS will have acquired and developed technical and managerial staff and expertise which will enable it to operate as an independent entity and to receive and manage operational grants directly from AID or other donors.
3. MIDAS will have prepared viable long term development monitoring, and evaluation plans providing for operations in ever expanding geographical areas and sector coverage.
4. MIDAS will have laid the groundwork for a broad range of client relationships with organizations, cooperatives, traditional cultural, associational and trade groupings, business groups and government agencies which will result in income producing relationships in terms of consultant and advisory services, which will, in turn contribute to the financial independence of MIDAS as a dynamic element in the overall development pattern of micro industries in Bangladesh.

D. Concurrent Implementation

Grant Agreement No. AID/ASIA-388-0045-3 providing for the MIDAS start-up period, which was to have terminated on 16 September, 1981 has been extended to December 31, 1981. The conditions and requirements contained in the Grant Agreement will continue in effect concurrently with the conditions and requirements set forth herein. All pertinent and appropriate elements of the operational plan for the start-up period, not superseded by provisions contained herein are hereby incorporated into this Cooperative Agreement.

DETAILED DESCRIPTION OF THE PROJECTI. MIDAS OBJECTIVES

The need is great for the various types of services which MIDAS is, or will be, prepared to offer to the development of micro and cottage industries, from the production stage to the marketing stage, in rural Bangladesh, and to the consequent alleviation of the stringent economic conditions of millions of landless poor people. MIDAS will make a concerted effort to stimulate the effective demand for those services available through MIDAS and then, more importantly, to satisfy those demands. In this context, the MIDAS project assumes critical importance to the economic and social development and stability of rural Bangladesh.

The overall purpose of the MIDAS project is to develop mechanisms for promoting and establishing micro industries in rural communities of Bangladesh and in so doing to increase productivity and raise the economic and social levels of the landless poor, thus contributing to the socio-economic development of rural communities.

II. START-UP PERIOD

On December 31, 1981, MIDAS will have completed a start-up period under the supervision and management of TAF, the purpose of which was to determine the feasibility and lay the groundwork for a long range development program designed to achieve the broad objectives stated above.

III. LONG RANGE DEVELOPMENT OF MIDAS

During the one year period of the Cooperative Agreement, a foundation will be laid for the long range development of micro and cottage industries under the MIDAS program. Preparations will be made for the provision of the following specific types of assistance to client organizations:

Technical services in project identification, obtaining of raw materials, development of production processes, marketing techniques and strategies, technical services and the provision of experts with requisite skills, the organization of seminars, and on-the-job training programs.

IV. COOPERATIVE AGREEMENT ("Agreement") PERIOD OPERATIONS

On the basis of an evaluation by AID and TAF of the results of the start-up period up to September 1, 1981, it has been decided that the concepts and operational procedures of the MIDAS project are viable and that the project should be further implemented by TAF under a one year Cooperative Agreement with AID.

During this one year period, beginning 15, September, 1981, it is expected that MIDAS will achieve a level of managerial and technical expertise which will enable it to operate as an independent entity and following the period of this Agreement, to receive financial support directly from AID.

The MIDAS Board (includes TAF representation) has recommended that initial MIDAS efforts should concentrate on, but not be limited to, the development of technical expertise and the promotion of projects in a limited number of product/industry types -- such as handloom textiles and ceramics. Plans are underway to finalize feasibility and project design studies initiated in the start-up phase in these two areas of micro industry development during this follow-on year of MIDAS operations. These plans include the provision of assistance to interested client organizations in the form of technical consultancy, marketing strategy, procurement, project proposal preparation and small grants and/or loans.

A. DETAILS OF OPERATIONAL PLAN

1. Projection of MIDAS Service Delivery

As a service oriented organization MIDAS has a major responsibility to provide appropriate services to client organizations which are involved in the process of reducing under employment and unemployment and of

increasing the productivity of the real incomes of rural poor, through the promotion of rural industries. These services include, but would not be limited to, the following:

a. Project Consultancy Assistance

MIDAS operations during the start-up period have demonstrated that consultancy assistance in a variety of activities related to income generation is needed and wanted by potential client organizations. MIDAS will continue to identify and contact qualified consultants whose services could be made available as required. MIDAS will undertake to provide consultancy services to a minimum of five and hopefully to as many as ten requesting organizations.

b. Assistance in Marketing Strategy and Procurement

(1) Since the marketing of items produced is equally as important as the production process itself, MIDAS proposes to provide assistance in marketing strategy to upto ten client organizations.

(2) Procurement of supplies and raw materials is a critical part of the production process. MIDAS will collect and organize pertinent data relative to procurement and make it available upon request, to as many as ten client organizations.

c. Assistance in Project Proposal Preparation and Financial/Funding Referral Service

MIDAS will assist at least two client organizations in preparing specific project proposals and in identifying potential funding sources for those projects.

d. Financial Assistance --- Small Loans/Grants

MIDAS will provide funding for at least three viable projects which are supported by adequate feasibility studies and which conform essentially to the general guidelines of MIDAS operations.

2. Analysis of Product Areas for Possible MIDAS Involvement

During the start-up period, the MIDAS Board considered at length the product areas in which

MIDAS might appropriately become involved. An important aspect of operations during the period of this Agreement will be to gather and organize available information relating to a variety of product lines and to determine the feasibility and viability of supporting specific project proposals in these fields. The final step in this process would involve the MIDAS Board, TAF, and AID in a determination of the suitability of these product fields and for MIDAS support of specific sub-projects in these fields.

3. Relationships with Potential Client Organizations

MIDAS will establish intensive "one-on-one" contacts with up to 30 potential client organizations to ascertain specific ways in which specific services can be extended to the client organizations in support of cottage or micro industry projects. Detailed records of those discussions will be maintained in MIDAS files and appropriate follow-up meetings will be held. MIDAS will advise potential client organizations with regard to the types of services MIDAS would be prepared to provide and the types of activities MIDAS would consider supporting at an appropriate time over the ensuing four year period.

4. MIDAS Publicity and Public Relations

MIDAS will develop the capability and resources to prepare and publish a variety of publications, such as:

- a. A brochure and other handouts describing in detail the MIDAS plan of organization and operation and the specific functions it is intended to perform in the field of micro industry development. These brochures and other publicity documents will outline the procedures which a potential client organization should follow in requesting MIDAS services.
- b. A newsletter designed to provide current information relating to developments in small scale industry, market trends -- domestic and export, raw materials supply, significant actions by government agencies affecting small scale industries, etc. Efforts will be made to publish the first edition of the newsletter during the third quarter of Agreement period operations. A plan will be established and implemented for compiling effective distribution lists for MIDAS publication.

5. Comprehensive System of Linkages

a. MIDAS will devise a plan for establishing and maintaining a comprehensive system of contacts and working relationships with a wide variety of agencies and organizations with one or more objectives in common with MIDAS. There are many organizations implementing programs which could contribute to the effectiveness of MIDAS operations. Some examples of these organizations are:

1. Bangladesh College of Arts and Crafts
2. Bangladesh Agricultural Research Council
3. Institute of Business Administration,
Dacca University
4. Bangladesh Small and Cottage Industries
Corporation
5. Bangladesh Crafts Council
6. Bangladesh Folk Arts and Crafts Foundation
7. Bangladesh Handicrafts Cooperative
Federation
8. Women's Handicrafts Marketing Organization
9. Young Women's Christian Association
and many others.

b. MIDAS will establish linkages with an increasing number of potential consultant individuals and organizations which may be called upon to give paid or voluntary services to client agencies. A file will be maintained by the MIDAS Technical Division of these potential consultancy sources which should include a minimum of five sources for each product/industry type in which MIDAS becomes active. In addition, from eight to ten individuals should be identified who are willing and qualified to serve on the MIDAS Expert Committee.

B. DETAILS OF ORGANIZATIONAL STRUCTURE PLAN

1. The Asia Foundation, as the implementing organization, will have the ultimate responsibility for administering the MIDAS project during Agreement period operations.
2. Under the terms of the Agreement USAID will have the right of substantial involvement in major decisions affecting the future of MIDAS. These rights of involvement are detailed in Section III of the Cooperative Agreement.

Annex-A-6

3. The MIDAS Director will have the responsibility for implementing the **organization** plan within the guidelines provided in the Agreement with the provision that the Asia Foundation Representative will be available to the Director for consultation and guidance at all times and should be consulted with regard to major decisions affecting MIDAS operations. The Director will be responsible for assigning duties and supervision of all MIDAS personnel. The Director will be responsible for preparing a draft plan for the long range development of MIDAS for submission to TAF, USAID and the MIDAS Board by the end of the first quarter of Agreement period operations.
4. A qualified expatriate consultant, expert in the field of micro industry development, has been provided for in the MIDAS budget and will be employed by TAF and assigned full time to provide consultative and general services to the Director.
5. The MIDAS Board consisting in its major part of representatives of private voluntary organizations, private business organizations, and TAF will carry over from the start-up period and will continue to provide policy guidance to MIDAS plans and programs, as appropriate and provided for in MIDAS incorporation documents.

C. DETAILS OF PERSONNEL PLAN

Start-up period personnel in the form of the Director, one secretary, one driver and three guards will carry over. In addition to the above, the following positions will be filled:

1. Professional Personnel

- a. Information Specialist
- b. Controller/Accountant
- c. Coordinator of Technical Services
- d. Other Technical personnel or Consultants as required.

2. Support Staff:

- a. Clerk/Typist
- b. Driver
- c. Gardener/Sweeper

D. DETAILS OF PLAN FOR IDENTIFICATION OF MAJOR SUB-PROJECTS

An intensive effort will be made during the Agreement period to identify a number of feasible, viable sub-projects for implementation during the period of the Agreement, or in subsequent years of MIDAS operations.

The most probable product areas for MIDAS sub-project activities appear to be the fields of handloom textile production, garment making and ceramics. The MIDAS Board has indicated these fields as priority areas for MIDAS exploration and possible sub-project development.

It is not intended that MIDAS sub-project activity will necessarily be limited to these fields and worthwhile proposals in other fields will be considered on their merits.

V. GENERAL PROJECT GUIDANCE

The AID Rural Industries I (388-0042) Project Paper will provide general guidance to TAF, MIDAS and AID personnel on questions of program philosophy and design.

FINANCIAL PLAN
MIDAS OPERATIONAL PLAN - 1981-82

<u>ITEM</u>	<u>AMOUNT</u>	
I. Professional Personnel		
Salaries (Tk 3,000 to 8,000/mo)	\$13,400	
Benefits (40%)	<u>5,400</u>	
Sub-Total		18,800
II. Support Staff		
Salaries (Tk 600 to 4000/mo)	10,300	
Benefits (40%)	<u>4,100</u>	
Sub-Total		14,400
III. Consultants (expatriate)		
Long term	<u>62,000</u>	
Sub-Total		62,000
IV. Office Operations	<u>12,200</u>	12,200
V. Reference Materials	<u>7,000</u>	7,000
VI. Office Equipment	<u>6,800</u>	6,800
VII. Office Furnishings	<u>200</u>	200
VIII. Client Support		
Regional and Local Consultants	25,000	
Grant/Loan Funds	<u>114,063</u>	
Sub-Total		139,063
IX. Contingencies	<u>24,600</u>	<u>24,600</u>
X. Total MIDAS Operating Costs		285,663
XI. Program Management Costs (Fixed)	<u>44,170</u>	<u>44,170</u>
		329,233
XII. TAF Indirect Costs (38.2%)	<u>125,767</u>	<u>125,767</u>
XIII. GRAND TOTAL		<u>\$ 455,000</u>

Note: The Recipient may not exceed the total amount of funds obligated against the budget. Changes among line items are unrestricted.

ASSURANCE OF COMPLIANCE WITH THE AGENCY FOR
INTERNATIONAL DEVELOPMENT REGULATION UNDER TITLE VI
OF THE CIVIL RIGHTS ACT OF 1964

The Asia Foundation (TAF)
(Name of Grantee)

(hereinafter called the "Grantee")

HEREBY AGREES THAT it will comply with Title VI of the Civil Rights Act of 1964 (P. L. 88-352) and all requirements imposed by or pursuant to the Regulation of the Agency for International Development (22 CFR Part 209, 30 FR 317) issued pursuant to that title, to the end that, in accordance with Title VI of that Act and the Regulation, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Grantee receives Federal financial assistance from the Agency; and HEREBY GIVES ASSURANCE THAT it will immediately take any measures necessary to effectuate this agreement.

If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the Grantee by the Agency, this assurance shall obligate the Grantee, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is so provided, this assurance shall obligate the Grantee for the period during which it retains ownership or possession of the property. In all other cases, this assurance shall obligate the Grantee for the period during which the Federal financial assistance is extended to it by the Agency.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts or other Federal financial assistance extended after the date hereof to the Grantee by the Agency, including instalment payments after such date on account of applications for Federal financial assistance which were approved before such date. The Grantee recognizes and agrees that such Federal financial assistance will be extended in reliance on the representations and agreements made in this assurance, and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Grantee, its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Grantee.

The Asia Foundation
(Grantee)

BY (Signature) _____

TITLE Acting Representative

TYPED NAME Windfield P. Nible

DATE September 15, 1981