

Date

20 MAR 1985

Mr Paul Derstine  
Mennonite Economic Development Associates, Inc.  
21 South 13th Street  
Akron, Pennsylvania 17501

Dear Mr Derstine:

Subject: Operational Program Grant No. 521-0169-G-00-3045-00  
Caribbean Basin Initiative Supplemental Appropriation

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the Supplemental Appropriations Act of 1982 (PL 97-257), the Agency for International Development (hereinafter referred to as "AID" or "Grantor") hereby provides to Mennonite Economic Development Associates, Inc. (hereinafter referred to as "MEDA" or "Grantee") the sum of Three Hundred Fifty Thousand United States Dollars (\$350,000) to provide financial assistance for the purpose of enabling small cocoa producers to process cocoa beans cooperatively, allowing them to market the improved product on a scale sufficiently large to begin attracting premium prices on the international market, as more fully described in Attachment 2, entitled "Program Description".

This Grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives through the estimated completion date of March 31, 1985.

This Grant is made to the Grantee on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, the Schedule, Attachment 2, the Program Description, and Attachment 3, the Standard Provisions, which have been agreed to by your organization.

Please sign the original and seven (7) copies of this letter to acknowledge your acceptance of this Grant, and return the original and six (6) copies to this office.

Sincerely Yours,

  
Harlan H. Hodgson  
Mission Director, USAID/Haiti

ACKNOWLEDGED:

MEDA

By: Paul Destine

Title: Vice President

Date: 3-29-83

By: [Signature]

Title: Accounting

Date: March 29 1983

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. Assurance of Compliance

Fiscal Data:

Project Number : 521-0169, Input No. 10  
 Appropriation : 72-112/31037  
 Allowance : LES2-83-25521-1-KG13  
 Total Grant Amount : \$350,000  
 Amount Obligated : \$350,000  
 PIO/T Number : 521-0169-3-30040  
 Funds Available : N/A  
 Date : 3/29/83

Attachment 1

SCHEDULE

A. Period of Agreement

1. The effective date of this Operational Program Grant (OPG) is the signature date by the Mission Director as shown on the cover letter, and the estimated completion date is March 31, 1985.
2. Funds obligated hereunder are available for program expenditures for the estimated period the effective date of this agreement until the estimated completion date.

B. Amount of Agreement and Payment

1. AID hereby obligates the amount of \$350,000 for the purposes of this OPG.
2. Payment will be made to the Grantee in accordance with the procedures set forth in Attachment 3--Standard Provision entitled "Payment--Federal Reserve Letter of Credit (FRLC) Advance".

C. Financial Plan

1. The following is the Financial Plan for this Grant. A detailed Financial Plan is appended as Annex A to Attachment 2. Revisions to this plan shall be made in accordance with the Standard Provision entitled "Revision of Financial Plans".

<u>Cost Element</u>	<u>Obligated Amount</u>
1. Revolving Fund	\$70,000
2. Personnel	129,000
3. In-country program support	38,250
4. Training programs	23,000
5. Equipment	46,350
6. Overhead (12.7%)	30,000
7. Miscellaneous expenses	13,400
TOTAL	350,000

2. The Grantee may not exceed the obligated amount set forth, nor may the Grantee adjust the costs for any individual line item by more than 15% of such line item, unless prior written approval is accorded by AID.

D. Reporting and Evaluation

1. The Grantee shall submit the following reports, in English, at the time and in the quantities specified:
  - a. Technical reports. Recipient shall submit quarterly status reports, due within one month of the expiration of each fiscal quarter under the life of the project, to the Agricultural Development Officer, USAID/Haiti, and a final report, due within one month of the expiration of the project, to the same address.
  - b. Financial reports. Grantee shall submit to the responsible AID Controller all reports required under the Standard Provision entitled "Payment--FRLC Reporting".

E. Establishment of Overhead Rate

1. Pursuant to the applicable Standard Provision of this Grant on Negotiated Overhead Rates, a rate or rates shall be established for the period beginning July 1, 1982 and ending June 30, 1983. Pending the establishment of final overhead rates for the initial period, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rates applied to the basis which is set forth below:

<u>Rate</u>	<u>Basis</u>
12.7%	\$236,600

F. Alterations and Additions to the Standard Provisions

1. Of the attached Standard Provisions, the following will be deleted: 3(a), 5A, 7B, 7C, 10B, 13B, 13C, 16, 17, 18, 19, 20, 7A(c)(2).

PROGRAM DESCRIPTION

I. Purpose

The purpose of this OPG is to enable small cocoa producers to process cocoa beans cooperatively, allowing them to market the improved product on a scale sufficiently large to begin attracting premium prices on the international market. This will be accomplished through the development of a network of producer-owned cocoa stations (which may or may not be fermenteries) throughout Haiti, closely linked to the development programs of Private Voluntary Organisations, producing a uniform standard of export-quality beans under the supervision of the Grantee.

II. General Description

Through the provision of training and technical advisory services related to the processing and marketing of cocoa beans, MEDA will coordinate the establishment of a viable marketing process, through the private sector, on a financially self-sufficient basis. The project will be linked closely to the MEDA-supervised initiative in Grande Rivière du Nord, which will be viewed as the basis for measuring the activities of other associations. The project will enable the cooperating PVOs to advance their institution-building process in rural areas, heretofore largely focussed on community councils and groupements, into a higher level of organisational structure known as the cocoa marketing association.

III. Description of Activities

A. Specific Objectives

The specific objectives of the project include, but are not limited to, the following:

The establishment of producer-owned cocoa marketing associations in areas where PVOs are currently working, carrying out rural development and reforestation programs.

Implementation of a supervised system of processing cocoa beans in centralised cocoa processing centers operated by the associations under the supervision of participating PVOs and the Grantee.

Provision of training and technical advisory services to participating producer-owned associations and sponsoring PVOs related to the processing and marketing of cocoa, addressing issues related to the improvement of cocoa production.

Establishment of a capital base for financing the establishment of association processing centers and the purchase and processing of producers' cocoa beans by the participating associations.

Promotion of the "Chevannes" cocoa beans with international chocolate manufacturers.

In attaining these objectives, small Haitian cocoa producers grouped in marketing associations will work toward achieving the capability to process and market a high-grade cocoa bean similar in quality to the "Hispaniola" bean now being exported by major producers in the Dominican Republic.

B. Activities

To realise the specific objectives, the Grantee will perform the following activities:

1. Provide training in the techniques of cocoa processing to cooperating PVOs and associations;
2. Monitor the implementation of improved cultivation practices by farmers participating in the project and providing training services to PVO field staff in the planting and cultivation of improved cocoa seedlings as deemed necessary;
3. Assist PVOs in the establishment of species trials and demonstration plots using improved planting material selected in Caribbean countries as having good yield potential under the climatic conditions in Haiti, and monitoring those species trials and demonstration plots;
4. Establish and maintain working linkages with significant public and private agencies, including DARNDR, the Ministry of Commerce, CNC, OPRODEX, USAID/Haiti, the Haitian Development Foundation, and cooperating PVOs;
5. Provide supplemental cooperative formation and administrative supervisory services to participating PVOs as needed for the acceptable development and functioning of the marketing associations;
6. Procure equipment and materials, and monitor the construction activities required for the achievement of project goals, such as the construction of processing facilities, acquisition of hybrid cocoa seeds, securing of containers for exporting beans, and related services;
7. Establish and implement procedures designed to provide for the efficient flow of financial and human resources to cooperating PVOs and associations;
8. Maintain links to North American and European chocolate manufacturers to assure support of the technical services provided to the project and for the promotion of the "Chavannes" cocoa bean product; and
9. Provide the required reports to USAID/Haiti regarding the progress of the project.

The Grantee will provide the services of one expatriate project manager and one national agronomist to implement the project. Both persons will

serve for the life of the project, 24 months. The duties and responsibilities of the two technicians will be as follows:

1. To establish formal working agreements with cooperating PVCs for organising the marketing associations;
2. To establish, with the assistance of short-term consultants, the plans to be implemented in the formation of the associations and the fermenteries and to monitor these activities;
3. To design and provide, with the assistance of short-term consultants, training services to the personnel of the cooperating PVCs and marketing associations related to the technical procedures for processing cocoa beans;
4. To monitor the cocoa processing operations of the associations throughout the life of the project;
5. To develop and implement the logistical systems to provide for the efficient flow of all resources to organisations participating in the project;
6. To develop the policies and procedures to govern the operation of the revolving fund and to manage the fund during the life of the project;
7. To devise and implement the in-country logistical systems required in the cooperative marketing of the associations' cocoa beans;
8. To devise and manage a system for the purchase, importation and distribution of improved seedstock to participating PVCs;
9. To monitor the cocoa production improvement activities and demonstration plots of the sponsoring PVCs and organisations, such as the ODN, and with the assistance of short term consultants, to provide technical support and training services as necessary in the interest of modernising cocoa cultivation practices among small Haitian producers;
10. To gather and analyse data related to the production and marketing of cocoa generated by the project;
11. To prepare technical reports at regular intervals covering lessons learned in the project; and
12. To prepare program progress reports at regular intervals.

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## DETAILED FINANCIAL PLAN

Component	Year 1	Year 2	Sub-Totals	TOTALS
<b>A. Personnel:</b>				129,000
1. Expat. Project Manager (incl. benefits)	35,500	40,000	76,500	
2. National Agronomist	12,000	14,000	26,000	
3. Technical Consultants and Promotion Services	14,500	12,000	26,500	
<b>B. In-country Program Support</b>				33,250
1. Vehicle: C-J-7 Type Jeep	10,000	--	10,000	
2. Operating Costs: Vehicle/office	5,000	6,500	11,500	
3. Office Equipment & Materials	3,750	2,500	6,250	
4. Travel: Lodging & Meals	5,000	5,500	10,500	
<b>C. Training Programs</b>	12,000	11,000	23,000	23,000
<b>D. Equipment</b>				46,350
1. Fencing Materials	1,500	1,200	2,700	
2. Fermentation buildings	22,500	18,000	40,500	
3. Scales	1,750	1,400	3,150	
<b>E. Overhead (12.7%)</b>	16,000	14,000	30,000	30,000
<b>F. Revolving Fund</b>	40,000	30,000	70,000	70,000
	<u>SUBTOTALS</u>	<u>180,500</u>	<u>156,100</u>	<u>336,600</u>
<b>G. Contingencies</b>	8,000	5,400	13,400	13,400
<b>TOTAL BUDGET</b>	\$ 188,500	161,500		\$ 350,000