

AMENDED COOPERATIVE AGREEMENT NO. PDC-3400-A-00-6203-00

**1989 ANNUAL REPORT
AND
1990 PROPOSED IMPLEMENTATION PLAN**

This annual report and proposed implementation plan for calendar year 1990 is being submitted by Land O'Lakes (LOL) for consideration in compliance with the amended agreement (Attachment A) as required in Article E, Substantial Involvement, and Article F, Reporting Requirements.

I. BACKGROUND

Since 1986, Land O'Lakes has received \$3.1 million in grant funds from AID to encourage and expand private sector dairy industries in developing countries. Land O'Lakes' goal is to effectively manage this grant by providing assistance through policy, sectoral, and industry studies; technical assistance; and U.S.-based and in-country training to help private sector companies efficiently produce, process, and market quality dairy products.

The type of assistance Land O'Lakes provides to developing countries under the dairy development initiative is critical to the nutritional and economic stabilization of many developing countries. The current and anticipated reduced production of dairy products by the U.S. and EEC has resulted in a sharp decline in the supplies of subsidized dairy products.

Historically, many developing countries have relied on dairy donations to provide a balanced diet to their growing populations. The disappearance of donated supplies, and the resulting rapid increase in the world price of dairy commodities has placed an enormous new financial burden on many developing countries, resulting in a decline in many countries' nutritional status. As a result, governments and private sector entities have placed a priority on development of their domestic dairy industry and have approached the U.S. for assistance.

The development of private sector dairy production, processing, and marketing provides increased consumer access to quality dairy products. Increased domestic milk production provides economic development assistance to the many small and impoverished farmers usually associated with milk production and helps stabilize local markets.

USAID support for the dairy development initiative is particularly critical for developing countries during the current period of global shortages of nonfat dry milk. Recognizing the absence of donated commodity and the tripling in world dry milk prices (with no downturn in sight), numerous countries are giving urgent priority to development of their domestic dairy industry. Without the continuing strong partnership among Land O'Lakes,

USAID, and a developing country's dairy entities the dairy development initiative will falter.

Dairy development grant activities during 1987 focused on completing primarily sectoral and industry studies which were requested by host country governments and private sector entities throughout the world. During 1988, the studies were followed by providing training opportunities through Land O'Lakes' short courses and custom courses.

Land O'Lakes provided follow-up in-country training and technical support in 1989. These activities were designed to assist dairy producers, processors and extensionists by broadening their already existing agricultural base technically and enhancing their ability to transfer technical knowledge to others.

II. COOPERATIVE AGREEMENT WORLD WIDE LINE-ITEM SUMMARY

Cooperative Agreement World Wide Summary Implementation Plan			
	Obligated	Utilized Thru 1989	Remaining Thru 9/91 for Programming
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Program Management	\$328,106	\$252,857	\$75,249
Program Studies	542,783	684,425	(\$141,642)
Technical Assistance	718,114	250,735	\$467,379
Evaluation	26,000	5,292	\$20,708
U.S. Training	246,041	196,398	\$49,643
Indirect Costs	764,956	590,644	\$174,312
Total	\$2,626,000	\$1,980,351	\$645,649
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Cooperative Agreement LAC Summary Implementation Plan			
	Obligated	Utilized	Remaining Thru 9/91 for Programming
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Program Management	\$62,438	\$39,421	\$23,017
Program Studies	201,352	256,811	(\$55,459)
Technical Assistance	86,821	37,036	\$49,785
U.S. Training	11,402	41,806	(\$30,404)
Indirect Costs	137,987	68,795	\$69,192
Total	\$500,000	\$443,869	\$56,131
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Grand Total	\$3,126,000	\$2,424,220	\$701,780
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NOTE: On January 31, 1989, FVA/PVC amended the Cooperative Agreement by combining the three budgetary line items of program management, program studies and technical assistance into one line item called "program activities" (Attachment B). However, budgetary adjustments still require at least 30 days' notice and PVC concurrence, and annual reports are to continue to describe activity undertaken in relation to the original budgetary line items. This note is offered as an explanation of the negative figures under program studies, with the transfer of funds coming from the technical assistance line item.

III. 1990 IMPLEMENTATION STRATEGY/ACTION

Undertake activities which identify and develop multi-year dairy development project opportunities utilizing U.S. surplus dairy commodities (when available).

A. Further strengthen program management skills and systems to minimize level of resources required to successfully manage program objectives and to provide timely responses to requests for technical assistance.

- Continue to develop LOL ability to provide long-term project backstopping and appropriate in-country follow-up.
- Document activities undertaken, and submit reports which communicate concurrence of these activities with the objectives of the cooperative agreement.
- When possible, leverage match from private sector client to cover local currency costs to strengthen commitment to technical assistance and training provided by LOL. This match generated will also maximize the level of activity possible under the cooperative agreement.
- When possible, utilize voluntary services of LOL members to provide technical assistance which will maximize the level of activity possible under the cooperative agreement.

B. Undertake two feasibility studies.

- Build on past experience regarding definition and implementation of feasibility studies to select countries where there is a demonstrable priority and commitment involving the private sector, the host country government, and the USAID mission.
- Implement study of Poland's dairy sector to assess and develop a strategic plan to assist in the development of Poland's dairy industry.
- Implement targeted study in Cameroon to assess and develop an in-country training proposal to support dairy producers' efforts to improve the quantity and quality of milk produced.
- Build on existing relationships and expand collaborative efforts with other dairy and development organizations to strengthen working relationships and field highly qualified teams and technical specialists.

C. Emphasize technical assistance and in-country training support to promote dairy development in countries where needs have been identified.

- Continue to develop the transition from studies to implementation of recommendations and project concept activities in the absence of surplus dairy commodities to fully fund local currency costs.

- Continue to use agreement funded activities to leverage USAID mission funding of selected activities or other donor and private sector commitments.
- **Poland:** Initiate activities during the last half of 1990 as identified during the study of the dairy industry.
- **Pakistan:** Continue in-country training and technical assistance to processors to enhance the quality and variety of products produced, and to producers to improve herd management skills resulting in better milk at a reduced cost of production.
- **Jamaica:** Continue to respond to requests for technical assistance from participants in past U.S. short courses and in-country activities.
- **Guatemala:** Respond to requests for technical assistance from participants in past U.S. short courses and in-country activities.

IV. ACTIVITIES TO DATE*

A. CONSULTANT ROSTER INFORMATION SYSTEM

Land O'Lakes' consultant roster information system is a dynamic system designed for the ongoing solicitation of international agribusiness and technical consultants. It currently includes over 350 registered consultants and is expanded and updated on a continual basis.

B. PROGRAM MANAGEMENT

Overview:

The program is managed to identify countries where there is demonstrated and visible support for dairy development from the private sector and donor agencies.

Although match is not required under the terms and conditions of the agreement, it is believed that the technical assistance and training will be considered more seriously and valuable if the private sector client has a financial commitment. Match is leveraged whenever possible and generally covers local currency costs.

Status:

- Negotiated and completed subcontracts with NCBA.
- Submitted and secured compliance for 1987 annual report and 1988 implementation plan in accordance with terms and conditions outlined in cooperative agreement.
- Submitted 1988 annual report and 1989 implementation plan in accordance with terms and conditions outlined in cooperative agreement.
- Traveled to Indonesia to identify potential opportunities for private sector technical assistance and training.

*NOTE: 1989 activities are identified in bold face type.

- Traveled to Egypt to identify in-country training and private sector technical assistance opportunities. Discussed proposal with U.S. Feed Grains Council/Egypt to conduct a collaborative in-country dairy production and extension training course in December, 1989.
- Traveled to Thailand to recommend follow-up technical assistance and training to private sector dairy producers.
- Traveled to Pakistan to follow up with Pakistan Dairy Association on proposed project proposal, in-country training and technical assistance activities.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date*</u>
- LOL/Global	\$ 83,693.00	\$204,188.66
- LOL/LAC	.00	19,417.67
- NCBA/Global	.00	48,668.68
- NCBA/LAC	<u>.00</u>	<u>20,003.57</u>
TOTAL	\$83,693.00	\$292,278.58

* NOTE: Life-to-date reporting period covers September 30, 1986 through December 31, 1989.

Proposed CY90 Activity:

- Manage and build on ongoing dairy development activities (technical assistance, in-country training, and U.S. training scholarships) in Pakistan, Poland, Nepal, Egypt, Jamaica and other Latin America/Caribbean countries.
- Develop and respond to dairy development requests, with a priority on Poland and selected African countries.

C. REGION/COUNTRY UPDATE

1. EASTERN EUROPE

Poland

Objective:

Determine the status of the domestic dairy industry, identify, develop and implement a training and technical assistance project for donor funding (using U.S. surplus dairy commodities if available); identify potential commercial opportunities for Polish and U.S. agribusinesses.

Status:

- **Prefeasibility study completed.**

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$21,100.40	\$21,100.40
- TA	00.00	00.00
- U.S. Training	<u>00.00</u>	<u>00.00</u>
TOTAL	\$21,100.40	\$21,100.40

Proposed CY90 activity:

- Host delegation of Polish dairy cooperative managers to provide insight into the U.S. dairy industry and agricultural cooperatives.
- Conduct targeted study of Poland's dairy sector to assess and develop a strategic plan to assist in the development of Poland's dairy industry.
- Initiate technical assistance and training activities identified in study.

2. ASIA/NEAR EAST

Pakistan

Objective: Continue to support the Pakistan domestic dairy industry by offering technical assistance to private sector clients, seeking funding for proposed project, and implementing in-country training courses.

Status:

- Prefeasibility study completed.
- Feasibility study completed.
- Unsolicited project proposal submitted to the Pakistan Dairy Association and USAID/Islamabad. Interim partial project funding to begin implementation of in-country training component as follow-up to U.S. training, to be done under subcontract to the Academy for Educational Development (AED). Courses to be offered include dairy science, dairy product marketing, dairy equipment engineering and maintenance, and dairy production and extension.
- Fielded UHT expert to provide technical assistance to MilkPak, a private sector dairy processor. Client covered in-country costs generating \$614.25 in match.
- Fielded technical assistance team to develop business turn-around plan for Pakistan Dairy Corporation.
- Provided cheesemaking expert to provide technical assistance to Greens Dairies, a private sector dairy processor. Client covered in-country costs generating \$1,547 in match.
- Provided powdered milk specialist to provide technical assistance to Pakistan Milkfoods, Ltd., a private sector dairy processor. Client covered in-country costs generating \$611.50 in match.
- Developed support training materials for in-country training course on dairy science.
- Developed video training concept paper and preliminary budget.
- Provided Land O'Lakes presence at National Focus Forum. Provided assistance to Haleeb and MilkPak to determine feasibility of dairy plant production of liquid ORS.

- Provided four fully funded scholarships (one in dairy production, one in extension techniques, and two in cooperative agribusiness management) to participants from the Aga Khan Rural Support Program (AKRSP).
- Provide one partially funded scholarship in cooperative agribusiness management to a participant from Mubarik Dairies, a private sector dairy processor. Client paid own airfare expense generating \$2,137.00 in match.
- Hosted visit to LOL of registrars from N.W.F.P. Agricultural University, Sind Agriculture University and University of Agriculture-Faisalabad.
- Provided customized dairy processing training for one participant from MilkPak, Ltd.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 274.00	\$223,616.36
- TA	108,441.96	108,793.45
- U.S. Training	<u>36,311.58</u>	<u>139,897.10</u>
TOTAL	\$145,027.54	\$472,306.91

Proposed CY90 Activity:

- Continue to provide technical assistance to Pakistan dairy processors and producers as requested.

Morocco

Objective:

To assess the feasibility of increased dairy activities in collaboration with the University of Minnesota and the Hassan II Institute.

Status:

- Reconnaissance trip yielded request for study and/or technical assistance from a private sector dairy cooperative.
- Suggested scope of work submitted to Moroccan dairy cooperative and mission for concurrence.
- Concurrence received and in-country dairy training assessment completed and submitted for review.
- Hosted visit to LOL by Moroccan representatives from the Hassan II Institute and UNCAL Dairy Cooperative.
- Continued discussions with University of Minnesota staff regarding collaborative efforts with the Moroccan dairy sector.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 00.00	\$ 3,432.05
- TA	6,758.76	37,552.52
- U.S. Training	<u>00.00</u>	<u>00.00</u>
TOTAL	\$ 6,758.76	\$ 40,984.57

Proposed CY90 Activity:

- No further activity budgeted.

India

Objective:

Provide technical assistance to the Dalai Lama's refugee settlement followers to determine the feasibility of establishing a processing plant to maximize the profitability through the manufacturing and marketing of value-added commodities.

Status:

- Reconnaissance trip yielded two fully-funded trainees for U.S. training course.
- Met with representatives of the Dalai Lama to discuss feasibility study, training and technical assistance.
- Met with other private sector Indian business (JK Organisation) to discuss diversification and engineering technical assistance in dairy food manufacturing.
- Provided two fully funded scholarships (dairy processing and cheesemaking) to participants from the Dalai Lama's refugee settlement.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$104.07	166.38
- TA	00.00	00.00
- U.S. Training	<u>15,920.39</u>	<u>33,163.39</u>
TOTAL	\$ 16,024.46	\$ 33,329.77

Proposed CY90 Activity:

- Provide technical assistance to the Dalai Lama's refugee settlements as requested as follow-up to U.S. training. Will request that they cover all local currency costs.

Indonesia

Objective:

Provide technical assistance and training in value-added dairy product manufacturing and marketing to private sector agribusinesses.

Status:

- Provided on-site training tour of quarantine and cattle holding station to Indonesian veterinarian and herd manager.

- Met in Washington with AID/TR/E office to discuss training and review private sector opportunities under cooperative agreement.
- **Reconnaissance trip taken by program managers to discuss training and technical assistance opportunities.**

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 00.00	\$ 00.00
- TA	00.00	30.22
- U.S. Training	<u>00.00</u>	<u>747.43</u>
TOTAL	\$ 00.00	\$ 777.65

Proposed CY90 Activity:

- Respond to requests for technical assistance and in-country training as appropriate.

Nepal

Objective:

Determine viability of Nepal Dairy Development Corporation and recommendations for utilization of PL480 local currency proceed to assist development of domestic dairy capabilities.

Status:

- Reconnaissance trip yielded request for study.
- Prefeasibility study completed.
- Full-funded scholarship provided to one trainee.
- **Feasibility study completed.**
- **Unsolicited project proposal submitted to the Dairy Development Corporation and USAID/Kathmandu for funding consideration.**

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$111,214.45	\$112,892.70
- TA	(64.43)	(64.43)
- U.S. Training	<u>2,394.28</u>	<u>3,805.28</u>
TOTAL	\$113,544.30	\$116,633.55

Proposed CY90 Activity:

- Respond to requests for technical assistance and in-country training as appropriate.

Banladesh

Objective:

Provide subcontract to NCBA to respond to request they received to assess the feasibility of developing dairying capabilities.

Status:

- NCBA subcontract issued. Prefeasibility study completed and submitted to USAID.
- No further activity due to lack of viable private sector client.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 00.00	\$ 3,274.85
- TA	00.00	00.00
- U.S. Training	00.00	00.00
TOTAL	\$ 00.00	\$ 3,274.85

Proposed CY90 Activity:

- No activity budgeted.

Thailand

Objective:

Provide technical assistance and training to private sector dairy operations to groom as potential commercial clients for U.S. ventures.

Status:

- No activity during 1988.
- Fielded technical assistance team to conduct workshops on dairy nutrition, herd management and animal health issues.
- Provided technical assistance to private sector dairy producers as follow-up to previous in-country activities.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 00.00	\$ 00.00
- TA	34,511.93	34,511.93
- U.S. Training	00.00	00.00
TOTAL	\$34,511.93	\$34,511.93

Proposed CY90 Activity:

- Continue to respond to technical assistance and training requests as appropriate.

Egypt

Objective:

Provide in-country training and technical assistance to dairy producers in an effort to increase the overall quality and quantity of milk produced in Egypt.

Status:

- Conducted a two-week in-country training course in dairy production and extension in collaboration with U.S. Feed Grains Council/Egypt.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 00.00	\$ 00.00
- TA	50,282.36	50,282.36
- U.S. Training	00.00	00.00
TOTAL	\$50,282.36	\$50,282.36

Proposed CY90 Activity:

- Respond to requests for in-country training and technical assistance as follow-up to 1989 training course.

3. LATIN AMERICA/CARIBBEAN (LAC)

Jamaica

Objective:

To maintain LOL's presence and assist the Jamaica Agricultural Development Foundation (JADF) in its efforts to provide technical assistance to the development of Jamaica's domestic dairy industry.

Status:

- Prefeasibility study completed.
- Feasibility study proposed.
- Provided three partially-funded scholarships (two for dairy processing and one for extension techniques) to three private sector clients (Century, Challenge, and Project for People). Trainees paid own airfare generating \$2,700 in third-party match.
- Technical assistance provided as follow-up to U.S. training to Century Farms to site, supervise installation and train employees on new homogenizer. Century paid all in-country costs generating approximately \$1,750 in third-party match.
- Provided dairy sector business analyst to OPIC team to conduct assessment of what assistance was required by the Jamaican dairy industry as result of hurricane Gilbert.
- Fielded team including fertility veterinarian, nutritionist, and herd management specialist to provide technical assistance to Jamaican dairy producers at the request of Alcan Dairies, Serge Island Dairies and JADF.
- Provided two full scholarships for U.S. short course "Extension Techniques" to a private sector client, Projects For People.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$00.00	\$ 23,719.11
- TA	18,614.97	36,320.65
- U.S. Training	\$ 12,013.07	\$ 30,758.65
TOTAL	\$ 30,628.04	\$ 90,798.41

Proposed CY90 Activity:

- Continue to respond to requests for in-country training and technical assistance as appropriate.

Ecuador

Objective:

Provide technical, project-related support to COORSA (i.e., preparation of a business plan, project design, and implementation schedule) to ensure the proper utilization of standard-grade nonfat dry milk in calf-milk replacer (CMR) manufacturing activity.

Status:

- Prepared business plan, project design, and implementation schedule for COORSA.
- Participated in CMR plant inauguration.
- Submitted proposal to USAID/Quito for activities beyond COORSA CMR activity.
- Mission requested evaluation and recommendations to restructure livestock associations and extension service structure. LOL, citing the cooperative agreement's restrictive clause prohibiting doing work directly for a mission, suggested that if there was genuine interest that a private sector client be found to generate the request. LOL further suggested that since Utah State already had an on-going livestock development project that LOL would be willing to subcontract Utah State to conduct the evaluation. The Mission never responded to LOL's suggestion.
- No activity occurred in 1989.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 53.39	\$ 82,032.81
- TA	00.00	1,187.74
- U.S. Training	00.00	00.00
TOTAL	\$ 53.39	\$ 83,220.55

Proposed CY90 Activity:

- No activity budgeted. Respond to requests for technical assistance as appropriate.

Dominican Republic

Objective:

Determine the feasibility of increased dairying activities in the DR.

Status:

- Prefeasibility study completed.
- Feasibility study completed.
- Draft project concept submitted to USAID/Santo Domingo.

- Technical assistance provided to livestock associations and small-scale cheese manufacturers.
- Partially funded training scholarship awarded to one participant from CIMPA to attend dairy production short course. Client paid own airfare generating \$900 in third-party match.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 8,793.01*	\$147,933.77
- TA	26.46	7,347.39
- U.S. Training	<u>7,543.00</u>	<u>15,836.00</u>
TOTAL	\$ 16,362.47	\$171,117.16

*NOTE: NCBA invoice received in 1989 for 1988 activity.

Proposed CY90 Activity:

- Respond to request from CIMPA for in-country training in dairy production.

El Salvador

Objective:

Determine the feasibility of increased dairying activities in El Salvador.

Status:

- Prefeasibility study completed.
- Feasibility study completed.
- Draft project concept submitted to USAID.
- No further activity budgeted due to political instability.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 00.00	\$ 63,494.72
- TA	00.00	00.00
- U.S. Training	<u>00.00</u>	<u>00.00</u>
TOTAL	\$ 00.00	\$ 63,494.72

Proposed CY90 Activity:

- No further activity budgeted due to political instability.

Honduras

Objective:

Determine the feasibility of increased dairying activities in Honduras and provide policy recommendations to the Government of Honduras and the Honduran dairy board.

Status:

- Feasibility study completed.
- Draft project concept paper submitted to USAID, the Fondo Ganadero, and the Zamarano Training Institute.

- Partially funded training scholarship awarded to one participant to attend the dairy processing short course. Client paid own airfare generating \$900 in third-party match.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 8,497.98*	\$ 165,608.20
- TA	00.00	7,095.50
- U.S. Training	<u>6,998.00</u>	<u>6,998.00</u>
TOTAL	\$ 15,495.98	\$179,701.70

*NOTE: NCBA invoice received in 1989 for 1988 activity.

Proposed CY90 Activity:

- Continue to respond to requests for training and technical assistance as appropriate.

Guatemala

Objective:

Continue to provide technical support to the Guatemalan dairy industry as requested.

Status:

- Partially funded training scholarship awarded to one participant from Xelac to attend the dairy processing short course. Client paid own airfare generating \$900 in third-party match.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 00.00	\$ 00.00
- TA	160.46	160.46
- U.S. Training	<u>6,998.00</u>	<u>6,998.00</u>
TOTAL	\$ 7,158.46	\$ 7,158.46

Proposed CY90 Activity:

- Provide technical assistance to cooperative to oversee installation of dairy equipment.

Central America

Objective:

A blanket subcontract was issued to the National Cooperative Business Association (NCBA) to identify potential dairy-related training and technical assistance activities throughout the Central America region.

Status:

- The NCBA subcontract was issued and completed. Reconnaissance trips were taken to determine interest in an integrated, regional approach to dairy training and technical assistance.
- Land O'Lakes staff member traveled to Guatemala, Honduras and Costa Rica to coordinate potential

technical assistance activities with private sector clients.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 00.00	\$ 18,865.57
- TA	4,428.81	4,552.97
- U.S. Training	00.00	00.00
TOTAL	\$ 4,428.81	\$ 23,418.54

Proposed CY90 Activity:

- Respond to technical assistance and training requests as appropriate on a country specific rather than regional basis.

4. AFRICA

Mozambique

Objective:

Provide technical assistance to determine the operational feasibility of restarting a private sector milk plant.

Status:

- Technical assistance study completed and submitted to private sector client and USAID.
- No activity in 1989.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 00.00	\$ 7,484.00
- TA	00.00	00.00
- U.S. Training	00.00	00.00
TOTAL	\$ 00.00	\$ 7,484.00

Proposed CY90 Activity:

- No further activity budgeted due to lack of viable private sector client and political instability.

Uganda

Objective:

Issue a subcontract to ACDI to respond to request to conduct a prefeasibility study to determine the feasibility of initiating dairy development activities.

Status:

- Prefeasibility study completed.
- No activity in 1989.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 00.00	\$ 32,165.00
- TA	\$ 00.00	\$ 00.00
- U.S. Training	\$ 00.00	\$ 00.00
TOTAL	\$ 00.00	\$ 32,165.00

Proposed CY90 Activity:

- No further activity budgeted at this time. Will continue to respond to requests for technical assistance and training.

Niger

Objective:

- Issue subcontract to NCBA to respond to request to determine feasibility of private sector dairy operations.

Status:

- Prefeasibility study completed.
- No activity in 1989.

Direct Expenditures:

	<u>1989 Actual</u>	<u>Life-To-Date</u>
- Studies	\$ 00.00	\$ 38,725.20
- TA	\$ 00.00	\$ 00.00
- U.S. Training	\$ 00.00	\$ 00.00
TOTAL	\$ 00.00	\$ 38,725.20

Proposed CY90 Activity:

- No further activity budgeted due to absence of viable private sector entity.

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

FEB 13 1989

January 31, 1989

*File
CA - in*

Martha Cashman
Manager, International Dairy Development Program
Land O' Lakes, Inc.
P.O. Box 116
Minneapolis, MN 55440

Dear Martha:

Thank you for sending me the information on Land O' Lakes activities in the Dairy Links Program. Our library is now complete with all the studies which you have undertaken to date with this funding.

In response to your request to transfer funds from the technical assistance to the program studies budget line items as detailed in your letter of January 9, this Office is in agreement in principle with this request. However, anticipating that this type of request might be repeated a number of times during the life of the agreement as "targets of opportunities" arise, PVC has recommended to our Office of Procurement that the Cooperative Agreement be amended to combine the three budgetary line items of "Program Management", "Program Studies" and "Technical Assistance" into one line item to be called "Program Activities". This would provide your organization with the flexibility to use the original three expenditure categories interchangeably without having to delay implementation while awaiting an amendment to be processed by the Office of Procurement each time a budgetary adjustment is required.

While this adjustment in the Cooperative Agreement would reduce a recurrent contracting burden on the Office of Procurement, PVC would still require substantial involvement in the monitoring of program activities. To that end, PVC is also recommending to the Office of Procurement that the same amendment add language to the "Substantial Involvement" paragraph of the Cooperative Agreement which would specify that, for programmatic purposes, as Land O' Lakes wishes to make budgetary adjustments among the original three budgetary line items which have now been combined into one, it should request PVC concurrence of this change at least 30 days in advance so that PVC will be cognizant of these adjustments and be assured that the new activities comply with the guidelines of the original agreement. Additionally, Land O' Lakes would also be expected to continue to describe in its annual reports the activities undertaken in relation to the original three budgetary line items under the overall heading of

B

"Program Activities".

**If you have any questions or doubts concerning the above,
please feel to call or write me.**

Sincerely,

Harry E. Wing

**Harry E. Wing
Coordinator for Cooperative
Development**

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523

SEP 12 1988

SEP 6 1988

Mr. Lee Schatz
Director, International Development
Operations
Land O'Lakes, Inc.
P.O. Box 116
Minneapolis, MN 55440

SUBJECT: Cooperative Agreement No. PDC-3400-A-00-6203-00
Amendment No. 02

Dear Mr. Schatz:

Enclosed are an original and ten copies of the subject document. Please sign the original and all copies of the document, retain one copy, and return all others as soon as possible to

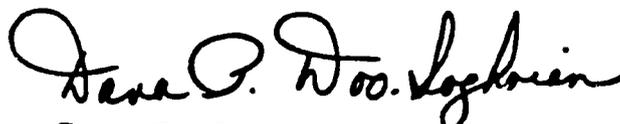
A.I.D. Washington Projects Division
Office of Procurement
Room 1566, SA-14
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, DC 20523 - 1426

or if hand delivered, please use the following address:

Receptionist, 15th Floor
Room 1566
1100 Wilson Boulevard
Arlington, VA 22209

Your prompt return of these documents would be appreciated. If you should have any questions regarding the enclosed document, please feel free to contact me at Area Code 703-875-1122.

Sincerely,



Dana P. Doo-Soghoian
Management Services Branch
Office of Procurement

Enclosures: a/s

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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523

SEP 6

Mr. Lee Schatz
Director, International Development
Operations
Land O'Lakes, Inc.
P.O. Box 116
Minneapolis, MN 55440

SUBJECT: Cooperative Agreement No. PDC-3400-A-00-6203-00
Amendment No. 02

Dear Mr. Schatz:

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." or "Grantor", hereby amends the subject Grant. The purpose of this amendment is to extend the cooperative agreement completion from September 29, 1989 to September 30, 1991, to transfer \$120,000 from the Technical Assistance budget line item to the U.S. Training budget line item, and to broaden the Scope of \$500,000 reserved for Central America to include the entire LAC geographical region.

The specific changes are as follows:

A. Cover Page

1. On the cover page of the agreement, delete "September 29, 1989" and substitute "September 30, 1991" in lieu thereof.

B. Schedule

1. Under B. Period of Cooperative Agreement, delete "September 30, 1989" and substitute "September 30, 1991" in lieu thereof.

2. Under D. Budget, delete the budget in its entirety and substitute the following in lieu thereof:

"Budget

<u>ITEM</u>	<u>WORLD WIDE</u>	<u>LAC</u>	<u>TOTALS</u>
Program Management	\$ 328,106	\$ 62,438	\$ 390,544
Program Studies	542,783	201,352	744,135
Technical Assistance	718,114	86,821	804,935
U.S. Training	246,041	11,402	257,443
Evaluation	26,000	-----	26,000
Indirect Costs	764,956	137,987	902,943
TOTALS	\$2,626,000	\$ 500,000	\$3,126,000"

Except as expressly amended herein, all other terms and conditions remain unchanged.

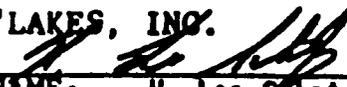
Please acknowledge your receipt of this amendment by having an authorized official sign all copies of this amendment, keep one copy, and return the original and the remaining copies to this office.

Sincerely,


Carolyn R. Eldridge
Grant Officer
Management Services Branch
Office of Procurement

ACCEPTED BY:

LAND O'LAKES, INC.


TYPED NAME: H. Lee Schatz

TITLE: Director, International Development Operations

DATE: September 12, 1988

FISCAL DATA:

PIO/T NO.: 738-3401(B)
APPROPRIATION NO.: 72-1171021.3
ALLOTMENT NO.: 743-38-099-00-2071
BUDGET PLAN CODE: EDNA87-13830-KG11
THIS OBLIGATION: -0-
TOTAL OBLIGATION: \$3,126,000
TECHNICAL OFFICE: FVA/FFP/PCD
DUNS NO.: 00-625-3835
DOC #: 6238o

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

ORIGINAL

AUG 31 1987

Mr. Lee Schatz
Land O'Lakes, Inc.
P.O. Box 116
Minneapolis, MN 55440

SUBJECT: Cooperative Agreement No. PDC-3400-A-00-6203-01
Amendment No. 01

Dear Mr. Schatz:

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." or "Grantor") hereby amends the subject agreement. The purpose of this amendment is to provide additional funding in the amount of \$1,000,000, to adjust the budget accordingly, and to extend the agreement by an additional twelve months. The specific changes are as follows:

A. Cover Letter:

1. On the cover letter of the agreement delete "\$2,126,000" and insert "\$3,126,000" in lieu thereof:
2. On the cover letter of the agreement, delete "September 29, 1988" and insert "September 30, 1989" in lieu thereof.

B. Schedule:

1. Article C, Method of Payment of Cooperative Agreement:
 - A. Delete paragraph 2 in its entirety and insert the following in lieu thereof:

"2. The total estimated amount of A.I.D. support under this agreement is \$3,126,000."
 - B. Delete Paragraph 3 in its entirety and insert the following in lieu thereof:

ORIGINAL

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"3. A.I.D. hereby obligates the amount of \$3,126,000 for program expenditures during the period set forth in B.2 above as shown in the Agreement Budget below."

4. Article D, Agreement Budget - delete the budget in its entirety and insert the following in lieu thereof:

"BUDGET

LINE ITEMS	Latin America	FVA/FPF	Total Amount
	FR:9/29/86 TO:9/28/88	FR:9/29/86 TO:9/30/89	FR:9/29/86 TO:9/30/89
Program Management	\$ 62,438	\$328,106	\$390,544
Program Studies	201,352	542,783	744,135
Technical Assistance	370,000	838,114	1,208,114
U.S. Training	11,402	126,041	137,443
Evaluation		26,000	26,000
Indirect Cost	137,987	764,956	902,943
TOTAL	\$500,000	\$2,626,000	\$3,126,000"

Notes to Budget contained in the Agreement apply to the above budget.:

5. Article E, Substantial Involvement: The recipient shall provide an implementation plan for the remaining period of the agreement by no later than October 30, 1987. This plan will include an

[REDACTED] for

6. Article G, "Indirect Cost Rates" is amended as follows:

Add the following: "During the period 9/30/86 through 6/30/87 the 72.00% overhead rate applies. During the period after 6/30/87, the following overhead rate applies: 48.00% of total direct cost excluding subagreements and contracts over \$25,000."

NOTE: The subagreement/contract rate remains unchanged.

7. Article H, "Advance Understanding on Ceiling Indirect Cost Rates...", add the following:

"A. The ceiling overhead rate of 72.00% and subagreement/contract rate of 8.17% are applicable during the period 9/30/86 through 6/30/87.

B. The following ceiling rates are applicable for the period 7/1/87 through the completion of this agreement.:

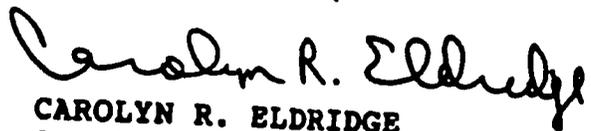
1. Ceiling Overhead Rate: 52.80% of total direct costs excluding subagreements and contracts over \$25,000.

2. Ceiling Subagreement/Contract Rate: 8.98% of subagreements/contracts over \$25,000.

Except as expressly amended herein, all other terms and conditions remain unchanged.

Please acknowledge your receipt of this amendment by having an authorized official sign all copies of this amendment, keep one copy, and return the original and the remaining copies to this office.

Sincerely yours,



CAROLYN R. ELDRIDGE
Grant Officer
Management Support Branch
Office of Procurement

ACCEPTED BY:
LAND O'LAKES



TYPED NAME: H. Lee Schatz
TITLE: Director, International Development Operations
DATE: September 21, 1987

FISCAL DATA:

PIO/T No.: 7383401
Appropriation No.: 72-1171021.3
Allotment No.: 743-38-099-00-2071
Budget Plan Code: EDNA87-13830-KG11
This Obligation: \$1,000,000
Total Obligation: \$3,126,000
Technical Office: FVA/FFP
DUNS No.: 00-625-3835
E.I. Number: 41-0365145
DOC #: 45090

FUNDS AVAILABLE

AUG 31 1987
o/c 2580
Program Acctg Division
Office of Financial Management

Handwritten: *Handwritten copy (BWA FILE COPY)*

**AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523**

SEP 29 1986

Mr. Lee Schatz
Land O'Lakes, Inc.
P. O. Box 116
Minneapolis, MN 55440

Subject: Cooperative Agreement No. PDC-3400-A-00-6203-00

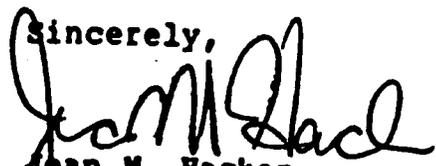
Dear Mr. Schatz:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "AID" or "Grantor") hereby awards this cooperative agreement to the Land O'Lakes, Inc. (hereinafter referred to as "LOL" or "Recipient"), in the amount of \$2,126,000 to expand and encourage private sector agribusiness activity, including cooperatives, in developing countries, with particular emphasis on dairy production, processing, and marketing, as described in the Schedule and the Program Description of this agreement.

This cooperative agreement is effective as of the date of signature of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning September 30, 1986 and ending September 29, 1988.

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

Please sign the original and six copies of this letter to acknowledge your receipt of the cooperative agreement, and return the original and five copies to the Office of Procurement.

Sincerely,

Jean M. Hacken
Grant Officer
Central Operations Branch
Office of Procurement

Enclosures:

- 1. Schedule
- 2. Program Description
- 3. Standard Provisions

ACKNOWLEDGED:

LAND O'LAKES, INC.

BY: [Signature]
TITLE: DIRECTOR of INTERNATIONAL DEVELOPMENT OPERATIONS
DATE: 10/22/86

FISCAL DATA

PIO/T No.: 6383400 Project No.: 938-0706
Appropriation: 72-1161021.3
Budget Plan Code (BPC): EDAA-86-13830-AG-11
Allotment: 643-38-099-00-20-61
Amount Obligated: \$1,626,000
Recipient DUNS No.: 00-625-3835
E.I. Number: 41-0365145

PIO/T No.: 6651203 Project No. 597-0000
Appropriation: 72-1161021.3
Allotment: 643-65-597-00-69-61
BPC: LDAA86-35597-AG14
Obligation: \$500,000

Cumulative Obligation: \$2,126,000

FUNDS AVAILABLE

SEP 30 1986

Program Acctg Fin Division
Office of Financial Management

SCHEDULE

ENCLOSURE 1

A. Purpose of Cooperative Agreement

The [REDACTED] support to [REDACTED] as more specifically described in Enclosure 2 to this cooperative agreement entitled "Program Description." and LOL's proposal dated June 16, 1986, as amended July 16, 1986, which is incorporated herein by reference. In the event of an inconsistency between the LOL's proposal and the enclosed program description, the program description shall take precedence.

B. Period of Cooperative Agreement

1. The period of this cooperative agreement is September 29, 1986 through September 30, 1989.
2. Funds obligated hereunder are available for program expenditures for the period cited above.

C. Method of Payment and Amount of Cooperative Agreement

1. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment 3, Standard Provision entitled "Payment-Cost Reimbursement."
2. The total estimated amount of AID's support under this agreement is \$2,126,000
3. AID hereby obligates the amount of \$2,126,000 for the purposes of this agreement. The recipient should insure that the requirements of the Revisions to Budget provision are met in regard to the notification when expenditures are expected to exceed the total obligated amount of the agreement.

D. Budget

The following is the budget for this cooperative agreement. Revisions to this budget shall be made in accordance with the standard provision of this cooperative agreement, entitled "Revision of the Budget."

Cost Element	LOL Obligated Amount Fr: 9/29/86 TO: 9/28/88	FVA/FFP Obligated Amount Fr: 9/29/87 TO: 9/28/88	TOTAL Amount Fr: 9/29/86 TO: 9/28/88
Program Management	\$ 62,438	\$201,106	\$263,544
Program Studies	201,352	388,783	590,135
Technical Assist.	86,821	468,114	554,935
U.S. Training	11,402	126,041	137,443
Evaluation		26,000	26,000
Overhead	137,987	415,956	553,943
Total	<u>\$500,000</u>	<u>\$1,626,000</u>	<u>\$2,126,000</u>

NOTES TO BUDGET:

1. In accordance with the standard provision entitled "Revisions to Budget", the Recipient shall not transfer line item amounts between the two columns entitled "LAC Obligated Amount" and "FVA/FFP Obligated Amount".
2. It is agreed by AID and LOL that this agreement shall be for assistance to the LOL program and in no instance be technical assistance to AID missions.
3. It is also agreed that LOL will not receive a fee or profit under this agreement.

E. SUBSTANTIAL INVOLVEMENT:

In accordance with its proposal, LOL will keep the Office of Food for Peace informed as it establishes its information system for dairy development activities. As soon as possible after the system is established (envisaged during month 3 of the illustrative implementation plan) LOL will consult with the Office of Food for Peace to obtain its approval that the system provides for adequate participation of all qualified cooperative organizations, cooperatives, and private sector agribusiness organizations interested in participating in the system. such time that [redacted] (based on having made a reasonable effort to solicit technical expertise from interested qualified entities)

~~Reference to~~ ~~countries (or~~ ~~where a request originates from the developing country),~~ ~~in cases~~ ~~(or US Embassy where no USAID presence exists)~~ ~~the dairy development~~ ~~U.S. interests~~ ~~development strategy~~ ~~must be obtained~~ ~~feasibilities studies)~~ ~~any developing country, based on eligibility of that country to~~ ~~receive U.S. economic assistance and adequate USAID/Embassy~~ ~~consultation arrangements.~~

In each case that LOL proposes the provision of surplus U.S. dairy products for a developing country in connection with dairy development (especially when the generation and use of local currencies from monetization of such products is envisaged), FFP approval must be obtained based on consultation with the interagency Food Aid Working Group of the Development Coordination Committee (DCC). This approval should be sought by the U.S. or developing country entity that would sponsor use of the dairy products as soon as possible after adequate details are envisaged. Advance informal consultations by LOL with USAID/Embassy and with FFP are encouraged to facilitate early planning in accordance with existing US development objectives and food aid policies.

Evaluations: LOL will obtain FFP concurrence with the qualifications and statement of work for the independent consultant undertaking the evaluation.

Illustrative Implementation Plan: Consultations will be undertaken and approval obtained from FFP at points in the implementation of the program in accordance with the above provisions.

Key Personnel: Since the success of the program will rely heavily on the informational system to be established by LOL, AID expects that Mr. H. Lee Schatz, Director of International Development Operations, will retain direct management responsibilities in LOL for the program until the informational system is establishing and operating effectively.

F. ~~REPORTING REQUIREMENTS~~

1. LOL will submit one copy of ~~the following~~ by no later than two months after ~~the end of the year of~~ to the following AID Offices:

Director,
Office of Food for Peace
Bureau for Food for Peace and Voluntary Assistance (FVA)

Director
Office of Development Resources
Bureau for Latin America and the Caribbean (LAC)

2. One copy of all newsletters, circular notices, and other publicity and/or meetings organized by LOL in connection with setting up and operating its informational system connected with its inventory of specialists will be submitted to both of the above offices within one month after they are produced.

3. [REDACTED] and other technical report will be submitted to the Office of Food for Peace plus at least one copy to the USAID mission or office (or US Embassy in cases where no USAID presence exists) in the developing country concerned. The Office of Food for Peace will provide one of the two copies it receives to the appropriate regional or country office in AID. In the case of Central American countries, LOL will provide only one copy to the Office of Food for Peace and another copy directly to the Office of Development Resources in the LAC Bureau.

4. By the last day of the cooperative agreement period, one copy of a final report will be submitted to AID/FVA/PVC and to the grant officer whose address appears on the cooperative agreement cover letter. The report shall include the following information:

a. A comparison of actual accomplishments with the goals established for the cooperative agreement period.

b. Reasons why established goals were not met; and

c. Other pertinent information including, when appropriate, analysis and explanations of cost overruns, or unusually high expenses.

5. Prior to the required final performance reporting date, events may occur that have significant impact upon the project. In such instances, the recipient shall inform the grant officer as soon as the following types of conditions become known:

a. Problems, delays, or adverse conditions that will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project work activities by the established time period. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.

b. Favorable developments or events that enable time schedules to be met sooner than anticipated or more work activities to be performed than originally projected.

G. EVALUATION:

LOL will undertake an interim and a final evaluation of the activities undertaken under this agreement. At least one of these evaluations will be undertaken by an independent outside consultant.

G. Indirect Cost Rates:

Pursuant to the standard provision of this cooperative agreement entitled "Negotiated Indirect Cost Rates Provisional", a rate shall be established for each of the recipient's accounting periods which apply to this cooperative agreement. Pending the establishment of revised provisional or final indirect cost rates, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rate applied to the base set forth below:

<u>Type of Rate</u>	<u>Rate</u>	<u>Base</u>
Overhead	72.00%	Total Direct Costs excluding subagreement and contracts over \$25,000
Subagreement/contract Overhead	8.17%	Subagreements and contracts over \$25,000

F. Advance Understanding on Ceiling Indirect Cost Rates and Final Reimbursement for Indirect Costs

1. Notwithstanding any other provision of this cooperative agreement to the contrary, for each of the Grantee's accounting periods during the term of this cooperative agreement, including subsequent extensions thereto, the parties agree as follows:

Cooperative Agreement No. PDC-3400-A-00-6203-00

-8-

a. The distribution base for establishment of final overhead rates (on-site) is Total Direct Costs.

b. Reimbursement for indirect costs shall be at final negotiated rates, but not in excess of the following ceiling rates:

Overhead Rate: 72.0% of Total Direct Costs excluding subagreements and contracts over \$25,000

Subagreement/contracts: 10.0% of subagreements/contracts over \$25,000.

c. The Government shall not be obligated to pay any additional amount on account of indirect costs above ceiling rates established in this cooperative agreement. Final indirect costs exceeding the rate applied to the base shown above shall be absorbed by the Recipient and considered cost sharing. Other U.S. Government Agreements shall not absorb these costs.

d. This advance understanding shall not change any monetary ceiling, cost limitation, or obligation established in this cooperative agreement.

e. In the event final rates are lower than the provisional or ceiling rates established hereunder, the government shall pay the lower rate.

2. A determination as to the adequacy and acceptability of the Recipient's accounting system has preceded the awarding of this grant. To the extent that the allocation and allowability of costs affects the advance agreement negotiated in this cooperative agreement, it is understood and agreed that the Recipient shall make no change in this accounting system without the prior written approval of the Grant Officer. Any agreement to modify or change, in any way, the Recipient's current method of allocating costs in the overhead center account is subject to negotiation.

DOC# 3136d

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