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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

SEP 15 1986

Rev. Edward J. Cappelletti, S.D.B.
Salesian Missions of the
Salesian Society, Inc.
Box 30
New Rochelle, N. Y. 10802

Subject: Cooperative Agreement No. LAC-0616-A-00-6076-00

Dear Reverend Cappelletti:

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 provides to The Salesian Missions of the Salesian Society, Inc. (hereinafter referred to as the "Recipient") the sum of Two Hundred Ten Thousand Dollars (\$210,000) in support of activities to assist the Instituto Agropecuario Salesiano Carlos Pfannl (hereinafter referred to as "IAS") in Paraguay to carry out a comprehensive institution building effort, as more fully described in Attachment 2, entitled "Program Description".

This Cooperative Agreement 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 August 30, 1989. Funds disbursed by AID but uncommitted by the Recipient at the expiration of this period shall be refunded to A.I.D.

The total estimated amount of A.I.D. funding for this program is \$400,000 of which \$210,000 is hereby obligated. AID shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount. However, subject to the availability of funds, and program priorities at the time, AID may provide additional funds during the Cooperative Agreement period up to a maximum of \$190,000. It is anticipated that the obligated amount will be sufficient to October 31, 1987.

This Cooperative Agreement is made to the Recipient 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 acknowledge receipt and acceptance of this Cooperative Agreement by signing all copies of this Cover Letter, retain one set for your files, and return the remaining copies to this office, being sure to return all copies marked "Funds Available".

Sincerely yours



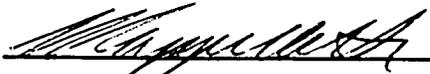
Harry G. White
Agreement Officer
Overseas Division-LAC
Office of Acquisition and
Assistance Management

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED:

THE SALESIAN MISSIONS OF THE SALESIAN SOCIETY, INC.

BY:  _____

TYPED NAME: Rev. Edward J. Cappelletti, S.D.B.

TITLE: Executive Director

FISCAL DATA

PIO/T No.	:	526-0616-3-60014
Appropriation No.	:	72-1161021.3
Budget Code Plan	:	LDAA-86-25526-AG12
This Obligation	:	\$210,000
Total Estimated Cost	:	\$400,000
E.I. No.	:	13-1891552
Technical Office	:	USAID/Paraguay, P. Fritz
Funding Source	:	FM/PAFD
DUNS No.	:	06-930-4566

ATTACHMENT 1

SCHEDULE

A. Purpose of Cooperative Agreement:

The purpose of this Agreement is to provide support to institute within IAS a permanent capacity to: plan and implement curriculum improvements, prepare, execute, and evaluate investment and operational plans for its commercial, revenue producing programs; and administer its education and commercial operations based on full information regarding costs and other management criteria. At the same time, the School's commercial agricultural operations will be upgraded and expanded. The program is more specifically described in Attachment 2 to this Grant entitled "Program Description."

B. Period of Agreement:

1. The effective date of this Grant is September 15, 1986 and the estimated completion date is August 30, 1986.
2. Funds obligated hereunder are available for program expenditures for the estimated period of the effective date to October 31, 1987.

C. Amount of Agreement and Payment:

1. The total estimated amount of this agreement for the period shown in B.1. above is \$400,000.
2. AID hereby obligates the amount of \$210,000 for program expenditures during the period set forth in B.2 above and as shown in the Financial Plan below..
3. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment 3 - Standard Provision entitled "Payment - Letter of Credit."

D. Financial Plan:

1. The attached is the Financial Plan for this Agreement (Appendix A), including local cost financing items, if authorized. Revisions to this Plan shall be made in accordance with Standard Provision of this Agreement, entitled "Revision of Grant Budget." The Recipient may adjust direct line item amounts as deemed necessary but the total may not be exceeded.

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2. The Recipient has agreed to cost-share this Agreement for a total of \$234,500 as indicated in the attached Financial Plan.

E. Substantial Involvement Understanding:

1. The Recipient will cause IAS to review with the A.I.D. office in Paraguay its annual investment plan for improving its agro-enterprise operations. A.I.D.'s review will include use of proceeds from prior year commercial operations supported with A.I.D. funds as well as the proposed use of current year funding. If the proposed investment plans are not acceptable, A.I.D. reserves the right to withhold future funding until such time as agreement is reached.

F. Reporting:

1. Financial Reporting

- a. Financial reporting requirements shall be in accordance with the Standard Provision of this Agreement entitled "Payment - Letter of Credit".
- b. The original and two copies of all financial reports shall be submitted to AID, Office of Financial Management, Program Accounting and Financing Division (FM/PAFD), Washington, D.C. 20523.

2. Program Performance Reporting

- a. The Recipient shall be responsible for causing IAS to furnish written quarterly narrative progress reports describing achievements made toward meeting the end of project indicators, any unexpected problems encountered, and planned actions to overcome these problems. The Agreement budget envisages funding during the third year of the activity to carry out an evaluation. The Recipient shall prepare a detailed evaluation plan acceptable to A.I.D.
- b. The evaluation plan shall assess the degree of achievement of the end of activity indicators described in the Program Description. In addition, the evaluation shall examine potential spread effects of the activity, including, but not limited

to: (1) whether the Ministry of Agriculture is applying any of the teaching methodology or administrative system developed under the Cooperative Agreement to Paraguayan public sector agriculture vocational schools; and (2) the extent to which sound farming technologies and environmental practices demonstrated by the IAS with Agreement funds are being replicated by farms in the vicinity of the School.

- c. Based on the accomplishments under the activity and assessment of the current strengths and weaknesses of IAS, the evaluation report prepared by the Recipient shall also describe a proposed course of action for financing continuing improvements/expansion of IAS through (1) generating funds from commercial operations; (2) mobilizing contributions from Paraguayan businesses and individuals; and (3) obtaining other donor assistance.

3. Special Reports

- a. Recipient shall provide special reports as requested by the AID Agreement Officer or the Technical Officer.

G. Overhead

Overhead is not an allowable cost under this Cooperative Agreement.

H. Title to Property

Pursuant to Standard Provision entitled "Title To and Care of Property (Cooperating Country Title)," all title to goods, equipment, and other commodities shall be in the name of the Instituto Agropecuario Salesiano "Carlos Pfannl", Coronel Oviedo, Paraguay (IAS). The resources provided to IAS under this Agreement or the proceeds generated by such resources shall not be transferred from IAS without A.I.D.'s express written approval.

I. Authorized Geographic Code:

The authorized geographic code for the procurement of goods and services under this agreement is AID Geographic Code 935.

Source and origin of all equipment and commodities shall be in accordance with Standard Provision entitled "AID Eligibility Rules for Goods and Services". The Recipient shall direct any requests for source-origin waivers to the A.I.D. office in Paraguay. Goods or services shall be procured in accordance with Standard Provision entitled "Procurement of Goods and Services".

I. Local Currency Financing:

It is authorized that the funds for goods and services under this cooperative agreement may be converted for local procurement and shall be converted at the highest legal rate available at the time of conversion. Standard provision entitled "Local Cost Financing With U. S. Dollars (Nov. 1985)" is applicable to this agreement.

J. Special Provision:

a. OMB Circular A-122

For the purposes of this Grant, reference to "OMB Circular A-122" (A-21 for educational institutions) in the Standard Provisions of this Grant shall include the A.I.D. Implementation of such Circular, as set forth in subpart 731.7 (731.3 for educational institutions) of the A.I.D. Acquisition Regulations (AIDAR) (41 CFR Chapter 7).

APPENDIX A
FINANCIAL PLAN

	Year 1		Year 2		Year 3		TOTAL	
	AID	RECIPIENT	AID	RECIPIENT	AID	RECIPIENT	AID	RECIPIENT
Salaries	\$ 34,000	\$23,000	\$ 16,450	\$40,000	-	\$ 56,000	\$ 50,450	\$119,000
Equipment and Supplies	129,000	21,000	105,000	30,000	\$ 7,000	45,000	241,000	96,000
Technical Assistance and Training	39,500	2,500	31,050	5,500	38,000	12,000	108,550	19,500
TOTALS	\$202,500	\$46,500	\$152,500	\$75,000	\$45,000	\$113,000	\$400,00	\$234,500

ATTACHMENT 2

PROGRAM DESCRIPTION

I. BACKGROUND AND PURPOSE

The Instituto Agropecuario Salesiano Carlos Pfanne (IAS) was founded in 1954 by the Salesian Fathers. The School is located in the department of Caaguazu about ten kilometers east of the city of Coronel Oviedo and about 140 kilometers east of Asuncion.

The School provides accredited secondary education along with agricultural training to Paraguayan rural youth. More than half of the extension agents working in the national agriculture and livestock extension service of the Ministry of Agriculture and Livestock are former graduates of the School. The majority of the students are sons of small farmers.

IAS is located on approximately 3000 hectares of generally good land. Soils ranging from medium to high fertility support the production of sugar cane, corn, grain sorghum and other commodities for commercial marketing. Crop production together with the dairy farm, cattle ranch and poultry operations of IAS serve not only for consumption by the faculty and student body, but are also sold for commercial purposes. Most of the School's operating revenue comes from these commercial activities. However, the Salesians provide personnel who administer the School and account for a portion of the faculty. The students themselves pay a small fee. The Ministry of Agriculture also provides a minor annual contribution.

The purpose of the Cooperative Agreement is to institute within IAS a permanent capacity to: plan and implement curriculum improvements; prepare, execute, and evaluate investment and operational plans for its commercial, revenue producing programs; and administer its education and commercial operations based on full information regarding costs and other management criteria. At the same time, the School's commercial agricultural operations will be upgraded and expanded in order to assure sufficient revenue to continue the institutional improvements initiated with the A.I.D. funds.

IAS clearly provides upward economic mobility to the youth of Paraguay's rural poor, who comprise a large share of the student body. Graduates of the school are sought after by a variety of public and private sector employers, continue training at the university level, or go into farming. The activity will enable the School to maintain its reputation as a center of excellence whose programs and practices will be replicated by other training institutions in the sector. Moreover, the School's land base and location provide an excellent opportunity to demonstrate sound land use management, not only to the students, but to the country in general.

II. IMPLEMENTATION

The Recipient shall undertake the activities below which are more fully described in the Recipient's proposal dated June 4, 1986, entitled "Enhancement of Agricultural Training and Educational Services of the Salesian Agricultural Institute - Carlos Pfanne", incorporated herein by reference and made a part of this Agreement.

With Agreement funds, the Recipient will assist IAS to carry out a comprehensive institution building effort designed to: (1) improve educational quality and curriculum relevance; (2) generate additional resources to sustain continued improvements and expansion; and (3) strengthen administrative and financial management capacity in all aspects, i.e., pedagogical planning and programming as well as farm operations. Towards these ends, the Recipient will help IAS arrange exchanges with other education institutions in Latin America, particularly Salesian schools, review and comment on annual operating and investment plans, and assist and advise on administrative improvements, monitor the progress of the institution building effort of IAS, and arrange and participate in a formal evaluation of the activity at its completion in the third year. A summary description of the three components of the activity to be carried out by the IAS under the auspices of the Recipient follows below.

Education Improvement

IAS graduates over sixty students every year in basic high school courses along with practical training in crop and livestock production. The three years of course work consist of an intensive program of almost 3,000 hours of class instruction and practical field training. The activity's educational component will provide technical assistance training and improved staff capacity in curriculum planning and development. Faculty will be upgraded through in-country

training applying a 100 hour course already designed by consultants from the Inter-American Institute for Agricultural Cooperation (IICA). With Agreement funds, faculty salaries will be augmented in order to attract and maintain a core of full-time, permanent staff. Interchange with faculty of other Salesian agricultural schools will also be arranged to promote the adoption of improved teaching approaches. In addition, activities will be introduced to promote increased alumni participation and employer identification with the School. Specifically, IAS will establish a bank of employment and training opportunities for alumni. Finally, needed educational materials and equipment will be procured.

Agro-Enterprise Component

The agro-enterprise component of this activity will focus principally on upgrading the school's ranching, dairy, and poultry operations. IAS will demonstrate range management techniques and improved pasture operations that permit greater livestock carrying capacities. The existing dairy facilities will be upgraded to increase quality and quantity. Poultry operations will be expanded and provided with technical improvements. Funds will also be provided to support other income generating activities involving crop production (e.g., corn and sorghum), experimental irrigation trails, and agro-forestry. Technical assistance will be provided and new positions will be created and staffed in order to manage the increased more intensive responsibilities. Needed equipment to support the farming and ranching operations will be provided.

Administration

Through technical assistance and training in administration, accounting and management an improved administration team of IAS will bring about a more cost-effective management of the School's resources. A new accounting and information system will be designed and implemented to permit IAS administration to control costs, project income of the commercial ventures more accurately, and take better and more timely management decisions. An information data base will be established highlighting the financial operations. A micro-computer will be procured and installed in order to handle the increase flow of information. An organizational chart will be developed outlining the various job functions and responsibilities and establishing new financial and agricultural planning units for which staff will be hired and initially paid for with Agreement funds.

III. END OF ACTIVITY STATUS

The activity to be financed by this Cooperative Agreement is fundamentally institution building. The Recipient's proposal permits identification of a number of concrete objectives to be accomplished with A.I.D.'s principal interests, however, are to establish a series of processes with respect to the operation and management of IAS and its relationship to the Recipient that will demonstrate achievement of a capacity to continue to make institutional improvements. The key indicators for measuring project success with respect to the institution building process are summarized below:

1. Continuing Improvement in Education Quality -

(a) By the end of the activity, IAS will have developed a core faculty of approximately seven fulltime, trained instructors. The faculty will prepare annual detailed course plans reviewed and approved by the Director of IAS. The course plans will reflect feedback and inputs from alumni as well as actual and potential employers. The plans will also permit better coordination of practical field work with classroom studies to improve pedagogical impact.

(b) By the end of the activity, IAS will have developed an employment and training opportunity bank designed to: help place graduates and alumni in appropriate jobs; promote continuing education; stimulate employer interest and support for furnish IAS with feedback needed to improve its educational programs.

2. Continuing Improvements in Agro-Enterprises -

(a) Through technical assistance, increased technical staff, and increased operating and investment capital, by the end of the activity IAS will have at least doubled its income from its agricultural and livestock operations and related processing and marketing efforts. Towards these ends, IAS will adopt a system of preparing annual investment plans that reflect relative priorities for allocating its resources.

(b) By the end of the activity IAS will be demonstrating a series of technologies and practices that help protect its land base from environmental degradation.

3. Continuing Improvements in Administration -

(a) By the end of the activity, IAS will have established an internal information system that will provide IAS management and staff with the ability to: apply accounting controls and maintain cost accounting on all aspects of the operation of IAS; formulate and monitor operating plans and financial management information indicated above, but also to monitor performance progress in meeting the annual plans for improving the education program and the commercial operations of IAS.

(b) As a result of the administrative improvements under the Agreement, IAS is also expected to be able to demonstrate an improved capacity to mobilize additional resources from domestic and external sources. Domestic sources include, for example, scholarships or donations that can be obtained from local agro-industries and other businesses. Appropriate external sources include non-A.I.D. U.S. support (e.g., Peace Corps, Interamerican Foundation, etc.), other bilateral assistance (e.g. Germany, Switzerland, Japan, etc.), and multilateral sources such as the Inter-American Development Bank (IDB) and the Inter-American Institute for Agricultural Cooperation (IICA).