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82644 180-0024

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Agency for International Development
Washington, D.C. 20523

Ms. Martha M. Cashman
Director, International Development
Operations
Land O'Lakes, Inc.
4001 Lexington Avenue North
Arden Hills, Mn. 55126-2998

Subject: Grant Number: EUR-0024-G-00-1072-00

Dear Ms. Cashman:

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 provides to the Land O'Lakes, Inc. (hereinafter referred to as "LOL" or "Grantee") the sum of \$4,000,000 (hereinafter referred to as "Obligated Amount") in support of a three-year and three-month program in Agricultural Cooperative/Business Development and Training in Central and Eastern Europe, as more fully described in Attachment 1 of this Grant entitled "Schedule", and Attachment 2, entitled "Program Description".

The total estimated amount of the program is \$4,000,000. A.I.D. shall not be liable for reimbursing the Grantee for any costs in excess of the obligated amount.

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 from said date through the estimated completion date of December 31, 1994. Funds disbursed by A.I.D. but uncommitted by the Grantee at the expiration of this period shall be refunded to A.I.D.

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This Grant is made to the Grantee on the condition that the funds will be administered in accordance with the terms and conditions as set forth in this Cover Letter, Attachment 1, entitled "Schedule"; Attachment 2, entitled "Program Description"; and Attachment 3, the Mandatory and Optional Standard Provisions, which have been agreed to by your organization and which together constitute the complete Grant Agreement.

Please acknowledge receipt of this Grant by signing all copies of this Cover Letter, retaining one copy for your files, and returning the remaining copies to the undersigned.

Sincerely yours,



Diane M. Miller
Grant Officer
Eastern Europe Branch
Overseas Division
Office of Procurement

List of Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. Financial Status Report, Standard Form 269
5. Federal Cash Transactions Report, Standard Form 272
6. Special Provision on Restrictions on Lobbying

ACKNOWLEDGED:

LAND O'LAKES, INC.

BY: 

TYPED NAME: Martha M. Cashman

TITLE: Vice President, International Development

DATE: September 27, 1991

FISCAL DATA

A. GENERAL

- A.1. Total Estimated Amount: \$4,000,000
- A.2. Total Obligated Amount: \$4,000,000
- A.3. Cost-Sharing Amount (Non-Federal): \$0
- A.4. Project No.: 180-0024
- A.5. A.I.D. Project Office: ENE/DR/AE, James Snell
- A.6. Funding Source: A.I.D./W
- A.7. Paying Office: FM/CMP/LC
- A.8. Tax I.D. No.: 41-0365145
- A.9. DUNS No.: 00-625-3835

B. SPECIFIC

- B.1.(a) PIO/T No.: 180-0024-3-1183610
- B.1.(b) Appropriation: 72-1111021.3
- B.1.(c) Allotment: 143-63-180-01-69-11
- B.1.(d) BPC: QDNA-91-33180-IG-12
- B.1.(e) Amount: \$4,000,000

A.I.D. Technical Oversight:

The A.I.D. Project Officer for this Grant is Mr. James Snell whose A.I.D. mailing address is: Agency for International Development, ENE/DR/AE, Room 4440, NS, Washington, D.C. 20523-0053. Any questions concerning performance under the terms of this Grant shall be addressed only to the cognizant Grant Officer or, to the cognizant A.I.D. Project Officer.

SCHEDULE

A. PURPOSE OF GRANT

The Grant will cover the cost of providing practical training and technical assistance in dairy production and processing and agribusiness management skills necessary to be successful in dairying to the private sector agro-industry. Countries that will be covered by the project are: Poland, Czechoslovakia, Bulgaria, Hungary and Yugoslavia. Romania and Albania may be included in these activities if they become eligible for the A.I.D. Development Assistance funds.

B. PERIOD OF GRANT

B.1. The effective date of this Grant is the date of the Cover Letter and the estimated completion date is December 31, 1994.

B.2. The funding of \$4,000,000 (Obligated Amount) is hereby provided. The funding provided shall be used to reimburse the Grantee for allowable program expenditures incurred by the Grantee in pursuit of program objectives for the estimated period from the Grant's effective date to the grant's estimated completion date (see Section B.1., above). A.I.D. shall not be liable for reimbursing the Grantee for any costs in excess of the obligated amount.

C. AMOUNT OF GRANT AND PAYMENT

C.1. The total estimated amount of this Grant for the period stated in Section B.1. above is \$4,000,000.

C.2. Payment shall be made to the Grantee in accordance with procedures set forth in the Optional Standard Provision of this Grant entitled "Payment - Letter of Credit".

D. GRANT BUDGET

D.1. The following is the Budget for the total estimated amount of this Grant for its full period. The Grantee may not exceed the total obligated amount of this Grant, (see Sections C.1. and B.2., respectively, above). Except as provided by the Mandatory Standard Provision of this Grant entitled "Revision of Grant Budget", the Grantee may adjust budget line-item amounts as may be reasonably necessary for the attainment of program objectives. A.I.D. shall not be liable for reimbursing the Recipient for any costs in excess of the Obligated Amount.

D.2. Budget

The summary of program's financial plan is as follows:

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Grant Number: EUR-0024-G-00-1072-00

GRANT'S BUDGET SUMMARY

<u>Item</u>	<u>Year 1*</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Total</u>
1. US Training	\$97,920	\$0	\$0	\$0	\$97,920
2. Country Forums	34,480	0	0	0	34,480
3. Program Management	122,103	263,563	293,508	251,113	940,287
4. Int'l Agric. Trng Program	0	63,609	167,367	0	230,976
5. In-Country Training	0	549,331	353,421	235,536	1,138,288
6. Technical Assistance	0	32,256	97,776	90,720	220,752
7. Indep. Program Evaluation	0	0	0	40,000	40,000
8. Indirect Costs	<u>122,161</u>	<u>436,204</u>	<u>437,795</u>	<u>301,137</u>	1,297,297
	\$376,664	\$1,344,963	\$1,349,867	\$928,506	
Total Estimated Cost					\$4,000,000

* Year 1 budget covers a three-month (3) period starting on the Grant's effective date (see Section B.1., above). Year 2 and the subsequent Grant's budget out-years cover the full twelve-month (12) periods each.

D.3. Inclusion of any cost in the budget of this Grant does not obviate the requirement for prior approval by the Grant Officer of cost items designated as requiring prior approval by the applicable cost principles (see the Mandatory Standard Provision entitled "Allowable Costs" and other terms and conditions of this Grant, unless specifically stated in Section I below.

E. REPORTING

E.1. Financial Reporting

E.1.(a) Financial reporting requirements shall be in accordance with the Optional Standard Provision of this Grant entitled "Payment - Letter of Credit".

E.1.(b) Except as otherwise noted, all financial reports shall be submitted to A.I.D., Office of Financial Management, PFM/FM/CMP/LC, Room 700 SA-2, Washington, D.C. 20523-0209. In addition, three (3) copies of all financial reports shall be submitted to the A.I.D. Project Officer.

E.1.(c) Except as otherwise noted, the frequency of financial reporting and the due dates of reports shall be as specified in the Standard Provision of this Grant referred to in Section E.1.(a) above.

E.2. Program Reporting

E.2.(a) Quarterly Reports by Reference to Quantifiable Indicators and Other Evaluation Benchmarks

The Grantee shall submit five (5) copies of quarterly program performance reports, which coincide with the financial reporting periods described in Section E.1. above, to the A.I.D. Project Officer. In addition, two copies shall be submitted to A.I.D., PPC/CDIE/DI, Washington, DC 20523-1802. These reports, segregated by country activity, shall include quantitative and qualitative measures of performance; shall be submitted within thirty (30) days following the end of the reporting period, and shall briefly present the following information:

- Implementation status including a comparison of actual accomplishments with the established evaluation benchmarks for the period. If the output of programs can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.
- Reasons why established goals were not met, if applicable, including any problems or difficulties requiring U.S. Government, possibly host country, or implementing organization attention.

- Total cumulative expenditures through the report date.
- Total expenditures for the quarter being reported.
- Total anticipated expenditures for the following quarter.
- Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

E.2.(b) Special Reports

Between the required program performance reporting dates, events may occur that have significant impact upon the program. In such instances, the Grantee shall inform the A.I.D. Project Officer as soon as the following types of conditions become known:

E.2.(b)(1) 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 work units by established time periods. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any U.S.G., or possible host country, assistance needed to resolve the situation.

E.2.(b)(2) Favorable developments or events that enable time schedules to be met sooner than anticipated or more work units to be produced than originally projected.

E.2.(b)(3) If any performance review conducted by the Grantee discloses the need for change in the budget estimates in accordance with the criteria established in the Standard Provision of this Grant entitled "Revision of Grant Budget," the Grantee shall submit a request for budget revision to the Grant Officer and the A.I.D. Project Officer specified in the Cover Letter of this Grant.

E.2.(b)(4) Quarterly updates and proposed modifications of annual work plans, specifically to include travel projected for the subsequent quarter.

E.2.(c) Annual Report of Project

The annual reports shall be submitted to A.I.D. Project Officer no later than sixty (60) days from each anniversary date of this Project's effective date (see Section B.1.). Three (3) copies of each annual report shall be submitted to A.I.D. Project Officer and two (2) copies shall be submitted to A.I.D., PPC/CDIE/DI, Washington, D.C. 20523-1802.

The annual report shall substantively review performance against planned quantitative and qualitative measures. Second and subsequent years funding, will be contingent on the Grantee

submitting complete reporting, effectively resolving implementation problems, and LOL implementation of any revisions in the overall program structure that A.I.D. may require. The annual report shall include:

- (1) an executive summary of the Grant's accomplishments and/or failings;
- (2) a description of the Grant activities from during the reporting period;
- (3) significance of these activities;
- (4) comments and recommendations;
- (5) a fiscal report that describes in detail how the Grant funds were used.

E.2.(d) Participant Training Reports

E.2.(d)(1) If the Standard Provision entitled "Participant Training" applies to this Grant (see Section 1K. for applicability), the Grantee shall comply with reporting and information requirements of the Standard Provision of this Grant entitled "Participant Training," as well as Chapters 5 and 24 of A.I.D. Handbook 10.

E.2.(d)(2) The Grantee shall also provide five (5) copies of quarterly training reports to the A.I.D. Project Officer, covering this Grant. The report shall include the total number of new trainees during the period and the following information for each trainee:

- name
- citizenship
- gender
- training site
- beginning and ending dates of training
- purpose of training
- type of training activities
- source of funding

E.2.(d)(3) The Grantee shall provide three (3) copies of all training manuals produced under this Grant to the A.I.D. Project Officer.

E.2.(e) Final Report

Within ninety (90) days of Grant's completion date (see Section B.1, above), Grantee shall submit to A.I.D. Project Officer five (5) copies of a final report. Final report consisting of a summary description of project activities and an independent, outside evaluation of Grantee's performance and effectiveness in achieving project objectives shall also include Grantee's conclusions and recommendations. A.I.D.'s final acceptance of this report will be contingent upon written approval of the Project Officer.

E.3. Project Implementation Plan

In addition to the Project Implementation Plan (PIP) submitted with the Grantee's application, not later than sixty (60) days from the effective date of this Grant (see Section B.1., above), and thereafter, from Grant's each subsequent anniversary, the Grantee shall prepare and submit to the A.I.D. Project Officer three (3) copies, and to the Grant Officer one (1) copy, of an annual Training Plan (covering twelve-month period each).

The substantive areas to be included in the annual Training Plan shall address the following:

1. Projected number and type of training courses (on-farm technical, in-plant technical, general business management, etc.) to be conducted in each country.
2. Projected number of participants in each course for each country.
3. Proposed time-table for courses listed in item 1, above.
4. List the training material proposed for each course.
5. Describe the follow-up activities to reinforce the participant's training.
6. Description of the process to be followed to modify the Year 1 and subsequent years Training Plans if other East European countries are made eligible for the program.

Together with each Training Plan, Grantee shall provide to the A.I.D. Project Officer specific evaluation criteria and benchmarks against which each activity will be evaluated upon its completion.

1F. TITLE TO PROPERTY

Title to property acquired hereunder shall vest in the Grantee, subject to the requirements of the Standard Provision of this Grant entitled "Title To and Care of Property (Grantee Title)".

G. PROCUREMENT

G.1. Applicability

This Section applies to the procurement of goods and services by the Grantee.

G.1.(a) Requirement for Prior Approval

Inclusion of costs in the budget of this Cooperative Agreement for the purchase of nonexpendable equipment does not obviate any of the Handbook 13 requirements for prior approval of such

purchases by the Agreement Officer, or any other terms and conditions of this Cooperative Agreement, unless specifically stated in Section G.2. below.

G.2. Approvals:

In furtherance of the foregoing, the Grant Officer does hereby provide approval for the purchase of the following office equipment/furniture/other non-expendable items detailed in the Grantee's application dated June 14, 1991, as revised:

Desk, Chair, Typewriter, Overhead Projector, Office Lamp, Telephone, and miscellaneous small office supplies; all items not to exceed a combined total amount of purchase of \$5,500.

The above approval shall not be construed as authorization to exceed the total estimated amount or the obligated amount of this Grant, whichever is less.

G.2.(a) Authorized Geographic Codes

The total value of procurement of goods and services in this Cooperative Agreement is less than \$250,000, therefore the following shall apply:

All services/goods/commodities shall have their nationality/source/origin first in the United States (A.I.D. Geographic Code 000), then cooperating country(ies), except as A.I.D may otherwise agree in writing, in accordance with the Optional Standard Provision entitled, "A.I.D. Eligibility Rules for Goods and Services (November 1985)". Although A.I.D. Geographic Code 935 does not normally include the cooperating countries of Central and Eastern Europe, for the period of this grant, unless otherwise amended, the aforementioned Optional Standard Provision is amended to include the cooperating countries (listed in Section A of this Attachment 1, Schedule) in A.I.D. Geographical Code 935. The order of preference in paragraph (b)(1) of that provision applies as stated, with host country(ies) approved as the cooperating country(ies).

G.2.(b) Procurement Cost Detail

Whenever feasible, the lead U.S. grantee and/or its subgrantees will be responsible for purchasing the U.S. equipment and commodities required for the technical assistance components of the program. This equipment must be specifically and directly linked to the training programs undertaken under the various subcomponents. The prime grantee will be responsible for providing more exact details and specifications of the commodities they propose to procure, including estimated costs of same, when requesting approval for the procurement of the commodities.

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G.2.(b)(1) Application of Order of Preference: When the Grantee procures goods and services from other than U.S. sources, under the order of preference in G.2.(a) above, the Grantee shall document its files to justify each such instance. The documentation shall set forth the circumstances surrounding the procurement and shall be based on one or more of the following reasons which will be set forth in the Grantee's documentation:

A. The procurement was of an emergency nature, which would not allow for the delay attendant to soliciting U.S. sources,

B. The price differential for procurement from U.S. sources exceeded by 50% or more the delivered price from the non-U.S. source,

C. Impelling local political considerations preclude consideration of U.S. sources,

D. The goods or services were not available from U.S. sources, or

E. Procurement of locally available goods and services, as opposed to procurement of U.S. goods and services, would best promote the objectives of the Foreign Assistance program under the cooperative agreement.

G.2.(c) Local Cost Financing

Local cost financing is authorized under this Grant Agreement in accordance with the Standard Provision entitled "Local Cost Financing" (November 1988), provided such financing falls within the legitimate needs of the Program Description of Attachment 2, and does not exceed the following limitations:

1. Procurement locally of items of U.S. origin up to a per transaction limit of the local currency equivalent of \$100,000.

2. Procurement locally of items of non-U.S. origin up to a per transaction limit of the local currency equivalent of \$5,000.

3. Commodities and services available only in the local economy (no specific per transaction value applies to this category). This category includes the following items:

- a. utilities - including fuel for heating and cooking, waste disposal and trash collection;
- b. communications - telephone, telex, fax, postal, and courier services;
- c. rental costs for housing and office space;

- d. petroleum, oils, and lubricants for operating vehicles and equipment;
- e. newspapers, periodicals, and books published in the cooperating country, and
- f. other commodities and services (and related expenses) that, by their nature or as a practical matter, can only be acquired, performed, or incurred in the cooperating country.

In cases where local cost procurements are expected to exceed the above limitations, and authorization for such procurement does not already exist in the Grant Agreement, the Grantee must obtain approval from the A.I.D. Agreement Officer prior to proceeding with the procurement.

Except as otherwise changed by the above limitations, the conditions of the Optional Standard Provision entitled Local Cost Financing (November 1988), hereby incorporated into this Grant Agreement, apply, including paragraphs (b), (c), (d), (e), and (f).

G.2.(d) Restricted Goods

Notwithstanding the foregoing, the restricted goods listed in paragraph (a)(3) of the Standard Provision of this Grant entitled "AID Eligibility Rules for Goods and Services," and in paragraph (e) of the Standard Provision entitled "Local Cost Financing," must be specifically approved by the Grant Officer.

G.2.(e) Eligibility of Commodity-Related Services

G.2.(e) (1) Air Transportation

The eligibility of air travel and transportation services is determined by the flag registry of the aircraft. The Standard Provision of this Grant entitled "Air Travel and Transportation" applies. Commodities are ineligible for A.I.D. financing hereunder if shipped under an air charter that has not received prior approval of the Grant Officer, regardless of whether such transportation costs are financed hereunder.

G.2.(e) (2) Ocean Transportation

The eligibility of ocean transportation services is determined by the flag registry of the vessel. Notwithstanding the Standard Provision of this Grant entitled "Ocean Shipment of Goods," ocean shipping financed hereunder shall, except as the Grant Officer may otherwise agree in writing, be financed only on flag vessels of the United States (A.I.D. Geographic Code 000). If the Grant Officer approves the use of non-U.S. flag vessels, the Standard Provision of this Grant entitled "Ocean Shipment of Goods" will apply. Notwithstanding any of the foregoing, commodities shipped by a transportation medium

owned, operated, or under the control of any country not included in A.I.D. Geographic Code 935 [see Section G.2.(a)] are ineligible for A.I.D. financing hereunder, regardless of whether such transportation costs are financed hereunder. Moreover, commodities are ineligible for A.I.D. financing hereunder if shipped on a vessel which A.I.D. has designated as ineligible, regardless of whether such transportation costs are financed hereunder. Commodities are also ineligible for A.I.D. financing hereunder if shipped under an ocean charter that has not received prior approval of the Grant Officer, regardless of whether such transportation costs are financed hereunder.

G.3. Government Owned Organizations

Notwithstanding the foregoing, a Government Owned Organization, i.e., a firm operated as a commercial company or other organizations (including nonprofit organizations other than public educational institutions) which are wholly or partially owned by governments or agencies thereof, are not eligible as suppliers of goods and commodities, commodity-related services, or services (other than commodity-related services), except as the Grant Officer may otherwise agree in writing.

H. CLOSEOUT PROCEDURES

1. This paragraph prescribes uniform closeout procedures for A.I.D. grants.

2. The following definitions shall apply for the purpose of this paragraph:

a. Closeout The closeout of a grant is the process by which A.I.D. determines that all applicable administrative actions and all proposed work of the grant have been completed by the Grantee and A.I.D.

b. Date of completion: The date of completion is the date on which all work under the grant is complete or the date on the award document, or any supplement or modification thereto, on which A.I.D. sponsorship ends.

c. Disallowed costs: Disallowed costs are those charges to a grant that A.I.D. or its representative determines to be unallowable, in accordance with the applicable Federal cost principles or other conditions contained in the Grant.

3. A.I.D. closeout procedures are the following requirements:

a. Upon request, A.I.D. shall make prompt payments to a Grantee for allowable reimbursable costs under the Grant being closed out.

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b. The Grantee shall immediately return any balance of unobligated (unencumbered) cash that A.I.D. has advanced or paid and that is not authorized to be retained by the Grantee for use in other grants or cooperative agreements.

c. A.I.D. shall obtain from the Grantee within 90 calendar days after the date of completion of the grant all financial, performance, and other reports required as the condition of the grant. A.I.D. may grant extensions when requested by the Grantee.

d. When authorized by the grant, A.I.D. shall make a settlement for any award or downward adjustments to A.I.D.'s share of the costs after these reports are received.

e. The Grantee shall account for any nonexpendable property acquired with A.I.D. funds.

f. In the event a final audit has not been performed prior to the closeout of the grant, A.I.D. shall retain the right to recover an appropriate amount after fully considering the recommendations on questioned costs resulting from the final audit.

I. INDIRECT COSTS

1. Pursuant to the Standard Provision of this Grant entitled "Negotiated Indirect Cost Rates-Provisional" (Attachment 3), a rate shall be established for each of the Grantee's accounting periods which apply to this Grant. Pending the establishment of revised predetermined, provisional or final indirect cost rates for each of the Grantee's accounting periods which apply to the Grant, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provosional/predetermined or fixed rate(s) applied to the base(s) which is (are) set forth below:

<u>Description</u>	<u>Rate</u>	<u>Base</u>	<u>Period</u>	<u>Type</u>
Overhead	48.0%	<u>1/</u>	<u>2/</u>	Provisional

- 1/ Total direct costs
- 2/ 1987 - until amended

J. TITLE TO PROPERTY

Title to property acquired hereunder shall vest in the Grantee, subject to the requirements of the Standard Provision of this Grant entitled "Title To and Use of Property (Grantee Title)" regarding use, accountability, and disposition of such property.

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K. SPECIAL PROVISIONS

K.1. Employee Salaries

Except as the Grant Officer may otherwise agree in writing, A.I.D. shall not be liable for reimbursing the Grantee for any future (not included in the budget submitted) costs allocable to the salary portion of direct compensation paid by the Grantee to its employees for personal services which exceed the highest salary level for a Foreign Service Officer, Class 1 (FS-1), as periodically amended.

K.2. Consultant Fees

Compensation for consultants retained by the Grantee hereunder shall not exceed, without specific approval of the rate by the Grant Officer: either the highest rate of annual compensation received by the consultant during any full year of the immediately preceding three years; or the maximum rate of a Foreign Service Officer, Class 1 (FS-1) (as periodically amended), whichever is less. A daily rate is derived by dividing the annual compensation by 2,087 and multiplying the result by 8.

K.3. Exception for Automation Equipment

Any approval for the purchase of automation equipment which may subsequently be provided by the Grant Officer is not valid if the total cost of purchases of automation equipment (e.g. computers, word processors, etc.), software, or related services made hereunder will exceed \$100,000. The Grantee must, under such circumstances, obtain the approval of the Grant Officer for the total planned system of any automation equipment, software, or related services.

K.4. Used Equipment

Used equipment may only be purchased with the prior written approval of the Grant Officer.

K.5. Defense Base Act (DBA) and/or Medical Evacuation Insurance

Pursuant to Section J.16. of OMB Circular A-21 the Grantee is authorized to purchase DBA and/or medical evacuation insurance under this Grant.

L. ORDER OF PRECEDENCE

Conflicts between any of the Attachments of this Grant shall be resolved by applying the following descending order of precedence:

1st Attachment 1 - Schedule
2nd Cover Letter
3rd Attachment 3 - Standard Provisions
4th Attachment 2 - Program Description

M. STANDARD PROVISIONS

The Mandatory Standard Provisions and the applicable (as denoted by "X" on the summary page) Optional Standard Provisions set forth as Attachment 3 of this Grant are enclosed herewith and made a part of this Grant Agreement.

(END OF ATTACHMENT 1)

I.

PROGRAM DESCRIPTION

A. Introduction:

Central and Eastern European countries are in the process of political and economic change, and have committed themselves to economic reforms, which in these countries means immediate agricultural reform. This type of reform can be best achieved through the provision of high quality, long-term training and technical assistance at the operational level where farmers and production workers can aid in the process. Changes in agricultural production and processing at the agro-industrial level are necessary to maintain stability within the economy while it adjusts to new political process and free market forces.

B. Goal

The Agricultural Cooperative / Business Development and Training for Central and Eastern Europe Project is to assist in the restructuring and privatization of agriculture and make it globally competitive

C. Purpose:

The grant will cover the cost of providing practical training and technical assistance in dairy production and processing and agribusiness management skills necessary to be successful in dairying to the private sector agro-industry. Countries that will be covered by the project are: Poland, Czechoslovakia, Bulgaria, Hungary and Yugoslavia. Romania and Albania may be included in these activities if they become eligible for Development Assistance funds.

II. PROGRAM ACTIVITIES:

A. This project will be implemented in three phases: U.S. Leadership and Agricultural Policy Orientation, National and Regional Training Forums, and Training and Technical Assistance.

Phase I - U.S. Leadership and Agricultural Policy Orientation

Dairy, business, and government leaders from each of the participating countries will have the opportunity to travel to the United States to observe and experience the U.S. free market system of agriculture. Emphasis will be on learning about agriculture-based companies and cooperatives. Methods of production, processing, marketing and distribution will be examined. This U.S.-based training and orientation will be approximately seven to ten days in length, and will be restricted to CEOs from private sector agribusinesses and

select government leaders. The focus will be on key decision-makers who need to know how free market businesses and cooperatives work.

Phase II - National and Regional Training Forums

Regional and national training forums will take place over the duration of the project. National training forums will be held to provide an opportunity for discussion of the agricultural cooperative/business development and training climate in each country. A structured program will be developed to facilitate this discussion of each country's strengths, weaknesses, and needed changes. An introduction to the proposed Land O'Lakes/U.S.A.I.D. training and technical assistance program will also take place at this forum.

Each national forum will be one day in duration and will involve key country leaders in government, the dairy sector, dairy-related agribusiness, the chamber of commerce, etc.

A regional forum will be held to acquaint key leaders with the components of the training and technical assistance program, and to evaluate interest and support for it in order to assist Land O'Lakes in planning similar programs in those countries.

Large training forums are commonplace in Europe. The national and regional forums will be videotaped for subsequent public viewing on television. This expansion of audiences will enhance wider acceptance of the business and cooperative concepts discussed in the forums.

Phase III - Training and Technical Assistance

1. U.S.-Based: International Agriculturalist Program

Grassroots dairy and dairy-related agribusiness leaders will participate in three and six-month training programs in the United States to observe and take part in the daily activities of a production or non-production agribusiness. Training will be offered in three modes: apprenticeship, observation, and applied education. Major emphasis will be placed on training of trainers. Participants will learn agribusiness principles, dairy production technology and management. Upon return to their home countries, participants will assist in-country training programs when appropriate.

2. In-Country Training and Technical Assistance

Training and technical assistance will give participants the knowledge and skills necessary to better manage their dairy enterprises.

B. IMPLEMENTATION PLAN

Land O'Lakes will focus on 12 critical areas in which to provide training for the dairy and dairy-related sectors. These areas represent links in a business chain that are largely interdependent on one another. The importance of one cannot be diminished without weakening the entire agribusiness chain.

Training and Technical Assistance Topics

- Agribusiness/Cooperative Management
- The Privatization Process
- Training of Trainers
- Dairy Procurement and Product Assembly
- Dairy Breeding and Reproduction
- Dairy Processing and Manufacturing
- Dairy Product Distribution, Marketing and Retailing
- Dairy Plant Maintenance
- Dairy Production
- Forage Production
- Dairy Herd Health and Nutrition
- Agri-Input Distribution

A three-month lead time is projected for preparation and implementation of Phases I and II. Phase III, involving the actual training and technical assistance, will be implemented over a three-year period.

C. Program activities schedule

Land O' Lakes will provide the following training and technical assistance over a 3-year and three-month period.

<u>Activities</u>	<u>No. of Participants</u>	<u>Duration</u>
U.S. Leadership Training	24	10 days
4 Forums	400	1 day
U.S. Internships	20 15	6 months 3 months
185 Training Courses	4,625	5 days
Technical Assistance	219	2 days (av.)

Number of Persons:

1. Land O'Lakes staff
 - a. Headquarters: 5.83
 - b. In-Country: 3.25

2. Advisors / Consultants
 - a. U.S. nationals: 7.16
 - b. Host country nationals: 5.28

3. Local staff: 14.00

Total Person / Years = 35.52

D. Land O' Lakes Management of the Grant

The regional in-country coordinator will be headquartered in Warsaw, Poland. The office of each in-country collaborating organization will be the local coordination site for each target country, and training facilities of former extension training centers in the five target countries will be used whenever possible.

In Poland, the Foundation for the Development of Polish Agriculture will be the collaborating organization. Collaborating organizations have not been identified in the other Eastern European countries.

E. Reports:

1. Technical: Land O' Lakes will submit for AID review / approval within sixty (60) days of signing of the grant a set of benchmarks against which progress can be measured and specific criteria against which the project can be evaluated. In addition, Land O' Lakes will submit quarterly reports (5 copies) to A.I.D. (ENE/DR/ARD, James G. Snell or Abdel M. Moustafa) detailing the status of the Grant. The report due dates are October 1, January 1, April 1, and July 1st. These reports shall provide information relating to the names and number of persons trained, location and duration of training, type of training, provider of the training and a summary of the trainees' evaluations of the training, by country and technical assistance. The report will also include a statement as to how the training assisted in the accomplishment of the project's objectives and purpose.

A final report will be required at the end of the project. In addition to the usual information contained in the interim progress reports, the final report will include an evaluation of each activity including conclusions and recommendations.

2. Financial: A financial report comparing amounts budgeted with amounts expended by country, where applicable. Such reports will conform to standard Grant General Provisions as outlined in A.I.D. Handbook 13.

F. Evaluation:

Evaluations of this project will be conducted at the midpoint and end of the project. The midpoint evaluation will be internal, and the final evaluation will be external. Land O' Lakes, however, will monitor each individual participant training program on a continuing basis.

G. Source/Origin/Nationality:

The eligible source/origin/nationality for goods and services procured under individual grants to U.S. organizations are, in order of preference, the following:

- (A) The United States (Code 000);
- (B) The Cooperating Countries;
- (C) Selected Free World (Code 941); and
- (D) Special Free World (Code 935).

H. Environment:

The activities of this project will not negatively affect the environment.

III. PERIOD OF THE GRANT:

The grant will be effective for a three (3) year and three (3) month period.

(END OF ATTACHMENT 2)

AID 13-87

*PIO

APPROVED

16718

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES

1 Cooperating Country
Regional Eastern Europe Page 1 of 23 Pages

2 PIO/T No.
180-0024-3-1183610

3 Original or Amendment No. _____

4 Project/Activity No. and Title
Restructuring Agriculture and Agribusiness, (180-0024). (Training and Technical assistance in Dairy and Agribusiness Management).

DISTRIBUTION

5. Appropriation Symbol
72-1111021.3... (143-63-180-01-69-11)

6. Budget Plan Code
QBNA-91-33180-IG-12

7. Obligation Status
 Administrative Reservation Implementing Document

8. Project Assistance Completion Date (Mo., Day, Yr.)
3/29/1996

9. Authorized Agent

10. This PIO/T is in full conformance with PRO/AG No. _____ Date _____

11a. Type of Action and Governing AID Handbook
 AID Contract (HB 14) AID Grant or Cooperative Agreement (HB 13) PASA/RSSA (HB 12) Other

11b. Contract/Grant/Cooperative Agreement/PASA/RSSA Reference Number (if this is an Amendment)

12. Estimated Financing (A detailed budget in support of column (2) is attached as Attachment No. _____)

Maximum AID Financing Available	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
		B. U.S.-Owned Local Currency			4,000,000

13. Mission References

14A. Instructions to Authorized Agent
SER/OP/ENE is authorized to negotiate a grant agreement with Land O' Lakes, Inc. to carry out agricultural cooperative/business development training project in Central and Eastern Europe (Poland, Czechoslovakia, Bulgaria, Hungary, and Yugoslavia). The total value of the grant is \$4,000,000. Romania and Albania may be included if they become eligible for Development Assistance funds. In-kind and cash contribution of Land O' Lakes, per Appendix A, Attachment G is \$438,335.

14B. Address of Voucher Paying Office
FM/CMP, Rm. 700, SA-2
Washington, DC 20523

OFFICE OF FINANCIAL MANAGEMENT

FUNDS RESERVED BY:
Initials: R. Anderson
Date Posted: 8/16/91
PFM/EM/A/PNP

Attachment G, Proposal from Land O' Lakes to AID/W, June 14, 1991.

15 Clearances - Include typed name, office symbol, telephone number and date for all clearances.

A. The Project Officer certifies that the specifications in the statement of work or program description are technically adequate.
ENE/DR/AE, J. Snell
ENE/DR/AE, A. Moustafa 7-7212

B. The statement of work or program description lies within the purview of the initiating office and approved agency programs.
ENE/PDP, JBritt
ENE/EUR, Don Pressley

C. PPC/PB/CD, S. Merrill
ENE/PD/F, MCrawford

D. Funds for the services requested are available
FM/A/PNP, R. Anderson

E. ENE/EUR, T. Mahoney
ENE/PDR, Ron Redman

16/ For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to
ENE/EUR, DLarson

17 For the Agency for International Development
Signature: Don Anthony Date: 8/15/91
Title: C.R. Anthony, Director, ENE/DR

*See HB 3, Sup. A, App C, Att B, for preparation instructions. Note: The completed form contains sensitive information whose unauthorized disclosure may subject an employee to disciplinary action.