



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

PB-ABI-637

88482

SEP 23 1992

Ms. Martha M. Cashman  
Vice President  
International Development  
Land O' Lakes  
P.O. Box 116  
Minneapolis, -Minnesota 55440

Subject: Cooperative Agreement No. FAO-0192-A-00-2081-00

Dear Ms. Cashman:

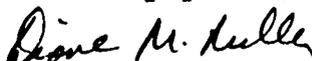
Pursuant to the authority contained in the Foreign Assistance Act of 1961 and the Federal Grant and Cooperative Agreement Act of 1982, as amended, the Agency for International Development (hereinafter referred to as "A.I.D.") hereby provides to Land O' Lakes, Inc. (hereinafter referred to as the "Recipient") the sum set forth in Section 1C.2. of Attachment 1 of this Cooperative Agreement to provide financial support for the program described in Attachment 2 of this Cooperative Agreement entitled "Program Description."

This Cooperative Agreement is effective as of the date of this letter and funds obligated hereunder shall be used to reimburse the Recipient for allowable program expenditures for the period set forth in Section 1B. of Attachment 1 of this Cooperative Agreement.

This Cooperative Agreement is made to the Recipient on the condition that the funds will be administered in accordance with the terms and conditions as set forth in the attachments listed under my signature below, which together constitute the entire Cooperative Agreement document and have been agreed to by your organization.

Please acknowledge receipt and acceptance of this Cooperative Agreement by signing all copies of this Cover Letter, retaining one copy for your files, and returning the remaining copies to Mr. James Jeckell, Agreement Officer, Chief, FA/OP/A/FAO Branch, Office of Procurement. Mr. Jeckell will be the Administrative Agreement Officer for this Cooperative Agreement, and any questions or post-award issues should be directed to him.

Sincerely yours,



Diane M. Miller  
Agreement Officer  
Chief, FA/OP/A/EE  
Office of Procurement

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. Special Provision entitled "Restrictions on Lobbying"
5. A.I.D. Eligibility Rules

ACKNOWLEDGED:

LAND O' LAKES, INCORPORATED

BY: 

TYPED NAME: Martha Cashman

TITLE: Vice President

DATE: October 16, 1992

FISCAL DATA

A. GENERAL

A.1. Total Estimated A.I.D. Amount: \$300,000  
A.2. Total Obligated A.I.D. Amount: \$300,000  
A.3. Cost-Sharing Amount (Non-Federal): \$156,911  
A.4. Other Contributions (Federal): \$0  
A.5. Project No.: 938-0192  
A.6. A.I.D. Project Office: FHA/PVC, Devorah Miller  
A.7. Funding Source: A.I.D./W  
A.8. Tax I.D. No.: 41-0365145  
A.9. CEC No.: 006253835  
A.10. LOC No.: 72-00-1580

B. SPECIFIC

B.1.(a) PIO/T No.: 2681107  
B.1.(b) Appropriation: 72-1121021.3  
B.1.(c) Allotment: EDNA-92-16850-KG11  
B.1.(d) BPC: 243-38-099-00-76-21  
B.1.(e) Amount: \$85,000  
  
B.1.(f) PIO/T No.: 938-0192-2681114  
B.1.(g) Appropriation: 72-112/31021.3  
B.1.(h) Allotment: EDNA-92-16850-KG11  
B.1.(i) BPC: 263-38-099-00-76-21  
B.1.(j) Amount: \$215,000

## SCHEDULE

### **1A. PURPOSE OF COOPERATIVE AGREEMENT**

The purpose of this Cooperative Agreement is to provide financial support for the program described in Attachment 2 of this Cooperative Agreement entitled "Program Description."

### **1B. PERIOD OF COOPERATIVE AGREEMENT**

The effective date of this Cooperative Agreement is the date of the Cover Letter and the estimated completion date is September 23, 1994. Funds obligated hereunder (see Section 1C.2. below) shall be used to reimburse the Recipient for allowable program expenditures incurred by the Recipient in pursuit of program objectives during such period. Funds obligated hereunder are anticipated to be sufficient for completion by the Recipient of the program described in Attachment 2 of this Cooperative Agreement by the estimated completion date.

### **1C. AMOUNT OF COOPERATIVE AGREEMENT AND PAYMENT**

1C.1. The total estimated amount of this Cooperative Agreement for its full period, as set forth in Section 1B. above, is \$300,000.

1C.2. A.I.D. hereby obligates the amount of \$300,000 for the purposes of this Cooperative Agreement during the indicated period set forth in Section 1B. above, thereby fulfilling A.I.D.'s funding requirements. A.I.D. shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount, except as specified in paragraph (f) of the Standard Provision of this Cooperative Agreement entitled "Revision of Grant Budget."

1C.3. Payment shall be made to the Recipient in accordance with procedures set forth in the Standard Provision of this Cooperative Agreement entitled "Payment - Letter of Credit," as shown in Attachment 3.

1C.4. The total estimated amount of the program described in Attachment 2 of this Cooperative Agreement is \$300,000, of which A.I.D. may provide the amount specified in Section 1C.1. above, and the Recipient will provide \$156,911 in accordance with Section 1M. below.

### **1D. COOPERATIVE AGREEMENT BUDGET**

1D.1. The following is the Budget submitted on September 16, 1992 for the total estimated amount of this Cooperative Agreement (see Section 1C.1. above) for its full period (see Section 1B. above). The Recipient may not exceed the total estimated amount or the obligated amount of this Cooperative Agreement, whichever is less (see Sections 1C.1. and 1C.2., respectively, above). Except as specified in the Standard Provision of this Cooperative Agreement entitled "Revision of Grant Budget," as shown in Attachment 3, the Recipient may adjust line item amounts as may be reasonably necessary for the attainment of program objectives.

Revisions to the budget shall be in accordance with Section 1C. above and the Standard Provisions entitled "Revision of Grant Budget" and "Cost Sharing (Matching)."

1D.2. Budget

<u>Cost Element</u>	<u>A.I.D.</u>	<u>Recipient/ Others (Non-Fed)</u>	<u>Total</u>
LOL Salaries	\$4,545	0	\$4,545
LOL Fringe	\$1,093	0	\$1,093
LOL Travel	\$1,202	0	\$1,202
TVG Sub Agreement	\$267,982	\$156,911	\$424,893
LOL Indirect	\$25,178	0	\$25,178
Total	\$300,000	\$156,911	\$456,911

1D.3. Inclusion of any cost in the budget of this Cooperative Agreement does not obviate the requirement for prior approval by the Agreement Officer of cost items designated as requiring prior approval by the applicable cost principles (see the Standard Provision of this Cooperative Agreement set forth in Attachment 3 entitled "Allowable Costs") and other terms and conditions of this Cooperative Agreement, unless specifically stated in Section 1I. below.

1E. REPORTING

1E.1. Financial Reporting

1E.1.(a) Financial reporting requirements shall be in accordance with the Standard Provision of this Cooperative Agreement entitled "Payment - Letter of Credit," as shown in Attachment 3.

1E.1.(b) All financial reports shall be submitted to A.I.D., Office of Financial Management, FA/FM/CMPD/DCB, Room 700 SA-2, Washington, D.C. 20523-0209. In addition, three copies of all financial reports shall be submitted to the A.I.D. Project Office specified in the Cover Letter of this Cooperative Agreement, concurrently with submission of the Quarterly Technical Reports (See Section 1E.2. below).

1E.1.(c) The frequency of financial reporting and the due dates of reports shall be as specified in the Standard Provision of this Cooperative Agreement referred to in Section 1E.1.(a) above.

1E.1.(d) The Recipient's financial reports shall include expenditures of A.I.D. Cooperative Agreement funds provided hereunder, as well as non-federal matching funds and any other contributions in accordance with Section 1M. below.

1E.2. Program Performance Planning and Reporting

1E.2.(a) Project Implementation Plan

Not later than sixty (60) days from the effective date of this Cooperative Agreement (see Section 1B. above), the Recipient shall prepare and submit to the A.I.D. Project Officer specified in the Cover Letter of this Cooperative Agreement five (5) copies of a project implementation plan, with critical path indicators (as described in Appendix 9A of A.I.D. Handbook 3), for the full term of this Cooperative Agreement.

1E.2.(b) Quarterly Reports

The Recipient shall submit five (5) copies of brief quarterly program performance reports, which coincide with the financial reporting periods described in Section 1E.1. above, to the A.I.D. Project Office specified in the Cover Letter of this Cooperative Agreement. In addition, two copies shall be submitted to A.I.D., POL/CDIE/DI, Washington, DC 20523-1802. These reports shall be submitted within 30 days following the end of the reporting period, and shall briefly present the following information:

1E.2.(b)(1) A comparison of actual accomplishments with the goals established for the period, the findings of the investigator, or both. If the output of programs can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.

1E.2.(b)(2) Reasons why established goals were not met, if applicable.

1E.2.(b)(3) Other pertinent information including the status of finances and expenditures and, when appropriate, analysis and explanation of cost overruns or high unit costs.

1E.2.(c) Special Reports

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

1E.2.(c)(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 A.I.D. assistance needed to resolve the situation.

1E.2.(c)(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.

1E.2.(c)(3) If any performance review conducted by the Recipient discloses the need for change in the budget estimates in accordance with the criteria established in the Standard Provision of this Cooperative Agreement entitled "Revision of Grant Budget," the Recipient shall submit a request for budget revision to the Agreement Officer and the A.I.D. Project Officer specified in the Cover Letter of this Cooperative Agreement.

1E.2.(d) Annual Activity Reports

Within thirty (30) days following the annual anniversary date of this Cooperative Agreement, the Recipient shall submit to the A.I.D. Project Office specified in the cover letter of this Cooperative Agreement five (5) copies of an annual technical progress report which will be a description of the past year's activities, including technical, scientific, managerial, and fiscal information. The report shall include, both for each field site or subcontractor/subrecipient individually and for project activities as a whole, a review of program and problems to date, and a discussion of technical and managerial issues significant to the success or failure of this Cooperative Agreement. The report will also address regulatory issues related to the project. Although principally a technical document, it nevertheless must include pertinent statistics or quantitative information regarding the project and its activities. The Annual Activity Report shall also include an annual expenditure report and detailed pipeline analysis. These expenditure reports will cover A.I.D. and, if applicable, cost-sharing amounts by budget line item (see Section 1D.2. above) and by estimated distribution amongst project components.

1E.2.(e) Trip Reports

Within 30 days following the completion of each international trip, the Recipient shall submit 3 copies of a trip report summarizing the accomplishments of the trip to the A.I.D. Project Officer specified in the cover letter of this Cooperative Agreement. If several individuals are travelling together to one site, a single report representing the group will suffice. The report shall include the purpose of the trip, technical observations, suggestions and recommendations, overall impressions of the site situation (if appropriate), and a list of persons visited with their title and organization affiliation.

1E.2.(f) Training Reports

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

1E.2.(f)(2) The Recipient shall also provide five (5) copies of quarterly training reports to the A.I.D. Project Officer, covering this Cooperative Agreement. The report shall include the following information:

- Total number of new trainees during the period; and
- The following information for each LDC trainee:
  - name
  - citizenship
  - gender
  - training site
  - beginning and ending dates of training
  - purpose of training
  - type of training activities
  - source of funding

1E.2.(f)(3) The Recipient shall provide ten (10) copies of all training manuals produced under this Cooperative Agreement to the A.I.D. Project Officer.

1E.2.(g) Final Report

Within 90 days following the estimated completion date of this Cooperative Agreement (see Section 1B. above), the Recipient shall submit five (5) copies of the final report to the A.I.D. Project Office specified in the cover letter of this Cooperative Agreement. This final report shall be in the same format as the annual report specified in paragraph 1E.2.(d), above. In addition, two copies shall be submitted to A.I.D., POL/CDIE/DI, Washington, DC 20523-1802. It will cover the entire period of the Cooperative Agreement and include all information shown in Sections 1E.2.(b) through 1E.2.(f) above.

1F. SUBSTANTIAL INVOLVEMENT UNDERSTANDINGS

It is understood and agreed that A.I.D. will be substantially involved during performance of this Cooperative Agreement as follows:

1F.1. Field Visits - Pursuant to the standard provision of this Cooperative Agreement entitled "Air Travel and Transportation," the A.I.D. Project Officer must provide advance approval of all international travel.

1F.2. Field Activities - The A.I.D. Project Officer will be involved in, and must approve, the selection of sites, methodologies and strategies to be used in field activities funded under this Cooperative Agreement.

1F.3. Consultants - The A.I.D. Project Officer must approve, in advance, the selection of consultants retained by the Recipient.

1F.4. Participants - Where A.I.D. funds are used, the A.I.D. Project Officer must approve, in advance, the selection of technical trainees or scientists for participation in training activities.

1F.5. Principal Investigator/Program Manager - The A.I.D. Project Officer must approve, in advance, the selection of the individual that the recipient proposes to make responsible for the management and operation of the proposed project, regardless of the position title of the individual investigator and any alternate.

1F.6. Evaluation and Monitoring - In collaboration with FHA/PVC, the Recipient will carry out an internal final evaluation. Special requirements for this program evaluation are delineated as follows:

1F.6.(a) The scope of work for an internal final evaluation must be developed with, and the final evaluator(s) chosen to carry out this activity must be approved in advance by the AID/FHA/PVC Project Officer. This approval must be communicated in writing. The Recipient is encouraged to provide at least one evaluator from its permanent staff for these evaluations. The AID/FHA/PVC Project Officer is to participate in the pre- and post-evaluation briefings and to receive six (6) copies of the completed evaluation reports for FHA/PVC.

1F.6.(b) Within 60 days of the signing of this agreement, the Recipient will present to FHA/PVC a detailed implementation plan covering the two-year project period and a Logical Framework. Both of these documents will require the written approval of the FHA/PVC Project Officer.

1F.7. Subcontracts and Subagreements - The A.I.D. Project Officer must approve, in advance, the terms of reference or scope of work of all subcontracts and subagreements awarded by the Recipient. If required by Paragraphs (b)(5) or (b)(6) of the Standard Provision entitled "Revision of Grant Budget," or the Standard Provision entitled "A.I.D. Eligibility Rules for Goods and Services," the Agreement Officer must approve subcontracts (see the Standard Provision entitled "Procurement of Goods and Services") and subagreements (see the Standard Provision entitled "Subagreements").

## 1G. PROCUREMENT AND (SUB)CONTRACTING

### 1G.1. Applicability

This Section 1G. applies to the procurement of goods and services by the Recipient (i.e., contracts, purchase orders, etc.) from a supplier of goods and services (see the Standard Provisions of this Cooperative Agreement entitled "Procurement of Goods and Services" and "AID Eligibility Rules for Goods and Services"), and not to assistance provided by the Recipient (i.e., a [sub]grant or subagreement) to a subrecipient (see the Standard Provision of this Cooperative Agreement entitled "Subagreements").

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1G.2. Requirements

In addition to other applicable provisions of this Cooperative Agreement, the Recipient shall comply with paragraph (b)(2) of the Standard Provision of this Cooperative Agreement entitled "AID Eligibility Rules for Goods and Services," concerning total procurement value of more than \$250,000 under this Cooperative Agreement. Further thereto, the following is (are) the Authorized Geographic Code(s):

1G.2.(a) Authorized Geographic Codes

1G.2.(a)(1) Source, Origin, and Componentry of Goods and Commodities

1G.2.(a)(1)(A) Source, Origin, and Componentry

Except as specified in Sections 1G.2.(a)(1)(B) and 1G.2.(a)(1)(D) below, all goods/commodities shall have their source and origin in the United States, and shall meet A.I.D.'s componentry requirements, except as the Agreement Officer may otherwise agree in writing (see also Section 1G.2.[a][4] below).

1G.2.(a)(1)(B) Exception for Purchase/Procurement Transactions not Exceeding \$5,000

If the proposed purchase/procurement transaction does not exceed \$5,000 excluding transportation costs, paragraph (b)(1) of the Standard Provision of this Cooperative Agreement entitled "AID Eligibility Rules for Goods and Services" shall apply in lieu of Section 1G.2.(a)(1)(A) above.

1G.2.(a)(1)(C) Local Cost Financing

If, pursuant to Sections 1G.2.(a)(1)(A) or 1G.2.(a)(1)(B) above, the cooperating country is authorized for source and origin purposes, the Standard Provision of this Cooperative Agreement entitled "Local Cost Financing" will apply. Pursuant to said Standard Provision, indigenous goods and imported shelf items provided by local suppliers are eligible for local cost financing in quantities up to the total estimated cost of this Cooperative Agreement, subject to the restrictions stated in said Standard Provision, and Chapter 18 of Supplement B to A.I.D. Handbook 1, which, as may from time to time be amended, is incorporated herein as a part of this Cooperative Agreement by reference.

1G.2.(a)(1)(D) Restricted Goods

Notwithstanding the foregoing, the restricted goods listed in paragraph (a)(3) of the Standard Provision of this Cooperative Agreement entitled "AID Eligibility Rules for Goods and Services," and, if applicable (see Section 1G.2.[a][1][C] above or Section 1K. below for applicability), paragraph (e) of the Standard Provision entitled "Local Cost Financing," must be specifically approved by the Agreement Officer, except to the extent that such approval may be provided in Section 1I. below.

1G.2.(a)(2) Eligibility of Commodity-Related Services

1G.2.(a)(2)(A) Ocean Transportation

The eligibility of ocean transportation services is determined by the flag registry of the vessel. Notwithstanding the Standard Provision of this Cooperative Agreement entitled "Ocean Shipment of Goods," ocean shipping financed hereunder shall, except as the Agreement Officer may otherwise agree in writing, be financed only on flag vessels of the United States (A.I.D. Geographic Code 000). If the Agreement Officer approves the use of non-U.S. flag vessels, the Standard Provision of this Cooperative Agreement 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 1G.2.[a][4][B] below) 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 Agreement Officer, regardless of whether such transportation costs are financed hereunder.

1G.2.(a)(2)(B) Dead Freight

Transportation costs attributable to dead freight are not eligible for A.I.D. financing.

1G.2.(a)(2)(C) Despatch and Demurrage

If the Recipient finances the delivery costs beyond the port of loading, the Recipient must refund to A.I.D. all despatch earned at the port of unloading. Demurrage costs are ineligible for A.I.D. financing.

1G.2.(a)(2)(D) Air Transportation

The eligibility of air travel and transportation services is determined by the flag registry of the aircraft. The Standard Provision of this Cooperative Agreement 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 Agreement Officer, regardless of whether such transportation costs are financed hereunder.

1G.2.(a)(2)(E) Marine Insurance

The Authorized Geographic Code for marine insurance is the same as is set forth in Section 1G.2.(a)(3)(B) below. Paragraph (c) of the Standard Provision of this Cooperative Agreement entitled "AID Eligibility Rules for Goods and Services" applies. If the Cooperating Country is authorized for the placement of marine insurance but discriminates against any marine insurance company authorized to do business in any state of the United States, failure to insure all A.I.D.-financed commodities with U.S. insurance companies shall render the commodities ineligible for A.I.D. financing hereunder.

1G.2.(a)(2)(F) Other Delivery Services

No special eligibility requirements pertain to other delivery services (such as export packing, loading, commodity inspection services, and services of a freight forwarder) except that citizens or firms of any country not included in Geographic Code 935 (see Section 1G.2.[a][4][B] below) are ineligible as suppliers of delivery services, and non-U.S. citizens lawfully admitted for permanent residence in the U.S. are eligible regardless of their citizenship.

1G.2.(a)(2)(G) Incidental Services

Incidental services are defined as installation or erection of A.I.D.-financed equipment or the training of personnel in the maintenance, operation, and use of such equipment. No special eligibility requirements pertain to incidental services except that citizens or firms of any country not included in Geographic Code 935 (see Section 1G.2.[a][4][B] below) are ineligible as suppliers of incidental services, and non-U.S. citizens lawfully admitted for permanent residence in the U.S. are eligible regardless of their citizenship.

1G.2.(a)(2)(H) Local Cost Financing

If, pursuant to this Section 1G.2.(a)(2), the cooperating country is authorized for commodity-related services, the Standard Provision of this Cooperative Agreement entitled "Local Cost Financing" will apply. Pursuant to said Standard Provision, services provided by local suppliers are eligible for local cost financing in quantities up to the total estimated cost of this Cooperative Agreement, subject to the restrictions stated in said Standard Provision, and Chapter 18 of Supplement B to A.I.D. Handbook 1, which, as may from time to time be amended, is incorporated herein as a part of this Cooperative Agreement by reference.

1G.2.(a)(3) Nationality of Supplier

1G.2.(a)(3)(A) Suppliers of Goods and Commodities

Except as specified in Section 1G.2.(a)(3)(C) below, the suppliers of goods and commodities shall have their nationality in the United States, except as the Agreement Officer may otherwise agree in writing.

1G.2.(a)(3)(B) Suppliers of Services (Other Than Commodity-Related Services)

Except as specified in Section 1G.2.(a)(3)(C) below, the suppliers of services (other than commodity-related services, as described in Section 1G.2.[a][2] above) shall have their nationality in the United States, except as the Agreement Officer may otherwise agree in writing.

1G.2.(a)(3)(C) 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 Agreement Officer may otherwise agree in writing.

1G.2.(a)(3)(D) Local Cost Financing

If, pursuant to this Section 1G.2.(a)(3), the cooperating country is authorized for supplier nationality purposes, the Standard Provision of this Cooperative Agreement entitled "Local Cost Financing" will apply. Pursuant to said Standard Provision, local suppliers are eligible for local cost financing of indigenous goods, imported shelf items, and services in quantities up to the total estimated cost of this Cooperative Agreement, subject to the restrictions stated in said Standard Provision, and Chapter 18 of Supplement B to A.I.D. Handbook 1, which, as may from time to time be amended, is incorporated herein as a part of this Cooperative Agreement by reference.

1G.2.(a)(4) Definitions

1G.2.(a)(4)(A) Source, Origin, Componentry, and Nationality of Supplier

Source, origin, componentry requirements, and supplier nationality are defined in Chapter 5 of A.I.D. Handbook 1, Supplement B, which, as may be amended from time to time, is incorporated herein as a part of this Cooperative Agreement by reference (see also Attachment 5 of this Cooperative Agreement which reflects the substance of Chapter 5 of A.I.D. Handbook 1, Supplement B as of the effective date of this Cooperative Agreement).

1G.2. (a) (4) (B) A.I.D. Geographic Codes

A.I.D. Geographic Codes are defined in Appendix D of A.I.D. Handbook 18, which, as may be amended from time to time, is incorporated herein as a part of this Cooperative Agreement by reference (see also Attachment 5 of this Cooperative Agreement which reflects the substance of Appendix D of A.I.D. Handbook 18 as of the effective date of this Cooperative Agreement).

1G.3. Approvals

Inclusion of costs in the budget of this Cooperative Agreement for the purchase of nonexpendable equipment obviates neither the requirement of Section J.13. of OMB Circular A-21 (for educational institutions) or Section 13 of Attachment B of OMB Circular A-122 (for nonprofit organizations other than educational institutions) for prior approval of such purchases by the Agreement Officer, nor any other terms and conditions of this Cooperative Agreement, unless specifically stated in Section 11. below.

1G.4. Title to Property

Title to property acquired hereunder shall vest in the Recipient, subject to the requirements of the Standard Provision of this Cooperative Agreement entitled "Title To and Use of Property (Grantee Title)" regarding use, accountability, and disposition of such property, except to the extent that disposition of property may be specified in Section 11. below.

1H. INDIRECT COST RATES

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

<u>Type</u>	<u>Rate</u>	<u>Base</u>
LOL Indirect	<u>48%</u>	1/
<del>TVG Indirect</del> LOL Indirect on Subcontract	<u>8.17%</u>	2/ 
1/ Base of Application:	<u>Total direct costs excluding subcontract and tuition costs.</u>	
2/ Base of Application:	<u>Ceiling Rate - Total Cost of Subagreements.</u>	

II. SPECIAL PROVISIONS

II.1. Limitations on Reimbursement of Costs of Compensation for Personal Services and Professional Service Costs

II.1.(a) Employee Salaries

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

II.1.(b) Consultant Fees

Compensation for consultants retained by the Recipient hereunder shall not exceed, without specific approval of the rate by the Agreement 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.

II.2. Publications

II.2(a) The Recipient agrees to provide one copy of the manuscript of any proposed publication to the A.I.D. Project Officer not later than submission to the publisher, and to give serious consideration to any comments received from the A.I.D. Project Officer.

II.2(b) In the case of publication of any of the reports described in Section 1E.2. of this Cooperative Agreement, A.I.D. reserves the right to disclaim endorsement of the opinions expressed. For other publications, A.I.D. reserves the right to dissociate itself from sponsorship or publication. In both cases, the Recipient will consult with the A.I.D. Project Officer as to the nature and extent of any A.I.D. disclaimer of endorsement or dissociation from sponsorship or publication.

II.2(c) If A.I.D. does not choose to disclaim endorsement or dissociate itself from sponsorship or publication, the Recipient shall, in accordance with the Standard Provision of this Cooperative Agreement entitled "Publications," acknowledge A.I.D. support as follows:

"This publication was made possible through support provided by the Office of Private and Voluntary Cooperation, Bureau for Food and Humanitarian Assistance, U.S. Agency for International Development, under Cooperative Agreement No. FAO-0192-A-00-2081-00."

1I.2(d) In addition to providing one copy of all published works and lists of other written work produced under this Cooperative Agreement to the A.I.D. Project Officer, as required by paragraph (b) of the Standard Provision of this Cooperative Agreement entitled "Publications," the Recipient shall also provide two copies of such publications and lists to A.I.D., POL/CDIE/DI, Washington, D.C. 20523-1802.

1I.3. Equipment Purchases

1I.3.(a) Requirement for Prior Approval

Pursuant to Sections 1D.3. and 1G.3. above and the Standard Provisions of this Cooperative Agreement entitled "Allowable Costs" and "Revision of Grant Budget," and by extension, Section 13 of Attachment B of OMB Circular A-122, the Recipient must obtain A.I.D. Agreement Officer approval for purchases of the following:

1I.3.(a)(1) General Purpose Equipment, which is defined as an article of nonexpendable tangible personal property which is usable for other than research, medical, scientific or technical activities, whether or not special modifications are needed to make them suitable for a particular purpose (e.g., office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles, and automatic data processing equipment), having a useful life of more than two years and an acquisition cost of \$500 or more per unit); and

1I.3.(a)(2) Special Purpose Equipment, which is defined as an article of nonexpendable tangible personal property, which is used only for research, medical, scientific, or technical activities (e.g., microscopes, x-ray machines, surgical instruments, and spectrometers), and which has a useful life of more than two years and an acquisition cost of \$1,000 or more per unit).

1I.3.(b) Approvals In furtherance of the foregoing, the Agreement Officer does hereby provide approval for the following purchases, which shall not be construed as authorization to exceed the total estimated amount or the obligated amount of this Cooperative Agreement, whichever is less (see Section 1C. above):

Two Laptop Computers, Printers and Software

1I.3.(c) Exception for Automation Equipment

Any approval for the purchase of automation equipment which may be provided in Section 1I.4.(b) above or subsequently provided by the Agreement 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 Recipient must, under such circumstances, obtain the approval of the Agreement Officer for the total planned system of any automation equipment, software, or related services.

11.3.(d) Compliance with A.I.D. Eligibility Rules

Any approvals provided in Section 11.4.(b) above or subsequently provided by the Agreement Officer shall not serve to waive the A.I.D. eligibility rules described in Section 1G. of this Cooperative Agreement, unless specifically stated.

11.4. Restricted Goods

Pursuant to Section 1G. above, paragraph (a)(3) of the Standard Provisions of this Cooperative Agreement entitled "AID Eligibility Rules for Goods and Services," and, if applicable (see Section 1K. below for applicability), paragraph (e) of the Standard Provision of this Cooperative Agreement entitled "Local Cost Financing," the Agreement Officer's approval is required for purchase of the restricted goods described therein. In furtherance thereof, the Agreement Officer does hereby provide such approval to the extent set forth below. The Agreement Officer's approval is required for purchases of such restricted goods if all of the conditions set forth below are not met by the Recipient. Any approval provided below or subsequently provided by the Agreement Officer shall not serve to waive any terms and conditions of this Cooperative Agreement unless specifically stated.

11.4.(a) Agricultural Commodities

Agricultural commodities may be purchased provided that they are of U.S. source (generally, the country from which the commodities are shipped) and origin (generally, the country in which the commodities are mined, grown, or produced) and purchased from a U.S. supplier, except that wheat, rice, corn, soybeans, sorghums, flour, meal, beans, peas, tobacco, hides and skins, cotton, vegetable oils, and animal fats and oils cannot be purchased under any circumstances without the prior written approval of the Agreement Officer.

11.4.(b) Motor Vehicles

Motor vehicles, if approved for purchase under Section 11.4.(b) above or subsequently approved by the Agreement Officer, must be of U.S. manufacture and must be of at least 51% U.S. componentry. The source of the motor vehicles, and the nationality of the supplier of the vehicles, must be in accordance with Section 1G.2. above. Motor vehicles are defined as self-propelled vehicles with passenger carriage capacity, such as highway trucks, passenger cars and busses, motorcycles, scooters, motorized bicycles, and utility vehicles. Excluded from this definition are industrial vehicles for materials handling and earthmoving, such as lift trucks, tractors, graders, scrapers, and off-the-highway trucks.

11.4.(c) Pharmaceuticals

Pharmaceuticals may be purchased provided that all of the following conditions are met: (1) the pharmaceuticals must be safe and efficacious; (2) the pharmaceuticals must be of U.S. source and origin (see Section 1G. above); (3) the pharmaceuticals must be of at least 51% U.S. componentry (see Section 1G. above); (4) the pharmaceuticals must be purchased from a supplier whose nationality is in the U.S. (see Section 1G. above); (5) the pharmaceuticals must be in compliance with U.S. Food and Drug Administration (FDA) (or other controlling U.S. authority) regulations governing United States interstate shipment of pharmaceuticals; (6) the manufacturer of the pharmaceuticals must not infringe on U.S. patents; and (7) the pharmaceuticals must be competitively procured in accordance with the procurement policies and procedures of the Recipient and the Standard Provision of this Cooperative Agreement entitled "Procurement of Goods and Services."

11.4.(d) Pesticides

Pesticides may only be purchased if the purchase and/or use of such pesticides is for research or limited field evaluation by or under the supervision of project personnel. Pesticides are defined as substances or mixtures of substances: intended for preventing, destroying, repelling, or mitigating any unwanted insects, rodents, nematodes, fungi, weeds, and other forms of plant or animal life or viruses, bacteria, or other micro-organisms (except viruses, bacteria, or other micro-organisms on or living in man or other living animals); or intended for use as a plant regulator, defoliant, or dessicant.

11.4.(e) Rubber Compounding Chemicals and Plasticizers

Rubber compounding chemicals and plasticizers may only be purchased with the prior written approval of the Agreement Officer.

11.4.(f) Used Equipment

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

11.4.(g) Fertilizer

Fertilizer may be purchased if it is either purchased in the U.S. and used in the U.S., or if it is purchased in the cooperating country with local currency for use in the cooperating country. Any fertilizer purchases which do not comply with these limitations must be approved in advance by the Agreement Officer.

**11.5. Limitation on Use of Funds**

11.5.(a) The Recipient shall not utilize funds provided by A.I.D. for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference or training in connection with the growth or production in countries other than the United States of an agricultural commodity for export which would compete with a similar commodity grown or produced in the United States.

11.5.(b) The reports described in Section 1E.2. shall contain a statement indicating the projects or activities to which United States funds have been attributed, together with a brief description of the activities adequate to show that United States funds have not been used for the purpose in Section 11.6.(a) above.

11.5.(c) The Recipient agrees to refund to A.I.D. upon request an amount equal to any United States funds used for the purposes prohibited by Section 11.6.(a) above.

11.5.(d) No funds provided by A.I.D. under this Cooperative Agreement shall be used to provide assistance, either directly or indirectly, to any country ineligible to receive assistance pursuant to the Foreign Assistance Act as amended, related appropriations acts, or other statutes and Executive Orders of the United States (also see the Standard Provision of this Cooperative Agreement entitled "Ineligible Countries").

**11.6. Defense Base Act (DBA) and/or Medical Evacuation Insurance**

Pursuant to Section J.16. of OMB Circular A-21 (for educational institutions) or Section 18 of Attachment B of OMB Circular A-122 (for nonprofit organizations other than educational institutions), the Recipient is authorized to purchase DBA and/or medical evacuation insurance under this Cooperative Agreement.

**11.7. Disposition of Property**

With reference to Sections 1G.4. and 11.4.(b) above, disposition of nonexpendable property acquired hereunder shall be in accordance with the Optional Standard Provision of this Cooperative Agreement entitled "Title to and Use of Property (Grantee Title)".

**1J. Closeout Procedures**

**1J.1.**

This paragraph prescribes uniform closeout procedures for A.I.D. grants and cooperative agreements with recipients.

1.J.2.

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

1.J.2.(a) Closeout The closeout of a grant or cooperative agreement is the process by which A.I.D determines that all applicable administrative actions and all required work of the grant or cooperative agreement have been completed by the recipient and A.I.D.

1.J.2.(b) Date of completion The date of completion is the date on which all work under grants and cooperative agreements is completed or the date on the award document, or any supplement or amendment thereto, on which A.I.D. sponsorship ends.

1.J.2.(c) Disallowed Costs Disallowed costs are those charges to a grant or cooperative agreement that A.I.D. or its representatives determines to be unallowable, in accordance with the applicable Federal cost principles or other conditions contained in the grant or cooperative agreement.

1.J.3. A.I.D. closeout procedures include the following requirements:

1.J.3.(a) Upon request, A.I.D. shall make prompt payments to a recipient for allowable reimburseable costs under the grant or cooperative agreement.

1.J.3.(b) The recipient shall immediately refund any balance of unobligated (unencumbered) cash that A.I.D. advanced or paid and that is not authorized to be retained by the recipient for use in other grants or cooperative agreements.

1.J.3.(c) A.I.D. shall obtain from the recipient within 90 calendar days after the date of completion of the grant or cooperative agreement all financial, performance, and other reports required as the condition of the grant or cooperative agreement. A.I.D. may grant extensions when requested by the recipient.

1.J.3.(d) When authorized by the grant or cooperative agreement, A.I.D. shall make a settlement for any upward or downward adjustments to A.I.D.'s share of costs after these reports are received.

1.J.3.(e) The recipient shall account for any property acquired with A.I.D. funds, or received from the Government in accordance with the provisions of paragraph 1T of A.I.D. Handbook 13.

1.J.3.(f) In the event a final audit has not been performed prior to the closeout of the grant or cooperative agreement, 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.

**1K. RESOLUTION OF CONFLICTS**

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

- Attachment 1 - Schedule
- Attachment 3 - Standard Provisions
- Attachment 4 - Special Provision entitled "Restrictions on Lobbying"
- Attachment 5 - A.I.D. Eligibility Rules
- Attachment 2 - Program Description

**1L. STANDARD PROVISIONS**

The Standard Provisions set forth as Attachment 3 of this Cooperative Agreement consist of the following Standard Provisions denoted by an "X" which are attached hereto and made a part of this Cooperative Agreement:

**1L.1. Mandatory Standard Provisions For U.S., Nongovernmental Grantees**

- ( X ) Allowable Costs (November 1985)
- ( X ) Accounting, Audit, and Records (September 1990)
- ( X ) Refunds (September 1990)
- ( X ) Revision of Grant Budget (November 1985)
- ( X ) Termination and Suspension (May 1986)
- ( X ) Disputes (November 1989)
- ( X ) Ineligible Countries (May 1986)
- ( X ) Debarment, Suspension, and Other Responsibility Matters (March 1989)
- ( X ) Nondiscrimination (May 1986)
- ( X ) U.S. Officials Not to Benefit (November 1985)
- ( X ) Nonliability (November 1985)
- ( X ) Amendment (November 1985)
- ( X ) Notices (November 1985)

**1L.2. Additional Standard Provisions For U.S., Nongovernmental Grantees**

- ( X ) Payment - Letter of Credit (November 1985)
- ( ) Payment - Periodic Advance (January 1988)
- ( ) Payment - Cost Reimbursement (November 1985)
- ( X ) Air Travel and Transportation (November 1985)
- ( X ) Ocean Shipment of Goods (May 1986)
- ( X ) Procurement of Goods and Services (November 1985)
- ( X ) AID Eligibility Rules for Goods and Services (November 1985)
- ( X ) Subagreements (November 1985)
- ( X ) Local Cost Financing (November 1988)
- ( ) Patent Rights (November 1985)
- ( X ) Publications (November 1985)

- ( ) Negotiated Indirect Cost Rates - Predetermined (May 1986)
- ( X ) Negotiated Indirect Cost Rates - Provisional (May 1986)
- ( X ) Regulations Governing Employees (November 1985)
- ( X ) Participant Training (May 1986)
- ( ) Voluntary Population Planning (August 1986)
- ( ) Protection of the Individual as a Research Subject (November 1985)
- ( ) Care of Laboratory Animals (November 1985)
- ( ) Government Furnished Excess Personal Property (November 1985)
- ( X ) Title To and Use of Property (Grantee Title) (November 1985)
- ( ) Title To and Care of Property (U.S. Government Title) (November 1985)
- ( ) Title To and Care of Property (Cooperating Country Title) (November 1985)
- ( X ) Cost Sharing (Matching) (November 1985)
- ( X ) Use of Pouch Facilities (November 1985)
- ( X ) Conversion of United States Dollars to Local Currency (November 1985)

**1M. COST SHARING AND OTHER CONTRIBUTIONS**

1M.1. The Recipient agrees to expend an amount not less than (a) the amount shown in the budget of this Cooperative Agreement for financing by the Recipient and/or others from non-federal funds (see Sections 1D. and/or 1H.), and (b) the amount shown in the budget of this Cooperative Agreement for financing by the Recipient and/or others from other federal funds.

1M.2. The Standard Provision of this Cooperative Agreement entitled "Cost Sharing (Matching)" makes reference to project costs. "Project Costs" are defined in Attachment E of OMB Circular A-110 as all allowable costs (as set forth in the applicable cost principles [see the Standard Provision of this Cooperative Agreement entitled "Allowable Costs"]) incurred by a Recipient and the value of in-kind contributions made by the Recipient or third parties in accomplishing the objectives of this Cooperative Agreement during the program period.

1M.3. The restrictions on the use of A.I.D. funds provided hereunder, as set forth in this Cooperative Agreement, do not apply to cost-sharing (matching) or other contributions unless such restrictions are stated in the applicable federal cost principles and/or imposed by the source of such cost-sharing (matching) funds or other contributions.

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## PROGRAM DESCRIPTION

**I. Project Goal:**

The goal of this project is to assist farmers in developing countries and emerging democracies create sustainable agribusinesses for increased income, nutrition, and food security.

**II. Project Purpose:**

The purpose of this project is to create a capacity within Tri Valley Growers (TVG) to become a cooperative development organization (CDO), and to more fully participate in overseas development activities.

**III. Project Description:**

The inability to preserve and distribute existing harvests and a dependence on low-value commodity crops is often the result of a lack of knowledge and experience in modern food processing technology, quality control, packaging, distribution, marketing and world markets. Taking the step from raw commodities to value-added products is often feasible and a logical next step in agricultural development for many developing countries. Value-added fruit and vegetable processing, packaging, distribution and marketing are especially important in the emerging democracies of Central and Eastern Europe. Eastern Europeans are very well educated in many subjects, but not in quality, packaging, distribution and marketing systems needed to succeed in an international market economy. Tri Valley Growers has the technical expertise that can fill in the missing pieces of the agribusiness system.

To address the above problem, Tri Valley Growers will undertake a two-year program of technical assistance, training and in-country workshops. More specifically, the project will consist of:

- 1) technical and management training and assistance in fruit and vegetable processing, packaging, distribution and marketing within developing countries and emerging democracies;
- 2) in-depth training at TVG's farms, plants and offices through internships where each person would be assigned to a mentor in the appropriate part of TVG's organization;

- 3) providing linkages and assistance in forming strategic alliances and joint ventures in developing countries for U.S. agribusiness and food processing firms who have not been active in international development.

Project activities will focus on Central and Eastern Europe, especially Poland and Bulgaria. However, the Baltic States and the Commonwealth of Independent States may also emerge as appropriate candidates. In addition to the focus project countries, this project provides limited resources, not to exceed \$50,000, for project development that is likely to result in an add-on or additional resources from another source.

Quantifiable outputs will include:

1. Internships.

The project includes funding for five interns for a four-to six-month period from developing countries and emerging democracies to receive technical training at Tri Valley Growers. These interns will be selected on the basis of their need for training and its impact on their ability to influence private, market economy based development of value-added fruit and vegetable processing, packaging, distribution, marketing and sales within their own countries.

2. Local Training and Technical Assistance Missions.

The project will support seven management and technical training missions averaging two weeks each. In both years, seven individuals will go to Central and Eastern Europe to provide technical assistance and training. The first year will be more heavily weighted towards Poland and the second year more heavily weighted towards Bulgaria. In addition to this broader training, TVG experts will also mentor and provide training and assistance in specific cooperatives and organizations that are identified as having the potential to step into modern, western-style value-added fruit and vegetable processing, packaging, distribution, marketing and sales.

3. Workshops

Two workshops will be conducted, one each year of the project, with local trainers to be organized by Tri Valley Growers. This training workshop will provide the opportunity to link in-country experts with organizations and trainers needing assistance, building relationships for the future.

IV. Program Management:

Land O' Lakes, Inc. will maintain the formal grantee relationship with A.I.D., being responsible for project backstopping, and maintaining accurate and up-to-date financial records in compliance with A.I.D. audit standards. Tri Valley Growers will proceed to obtain an approved overhead rate, and acquire internal grant administration capability during the project period for future proposals.

Project implementation will be the responsibility of Tri Valley Growers (TVG). Edward Thor, Vice President, Corporate Cost Accounting, will serve as the project manager, responsible for directing the implementation of the project.

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**Proposal for an  
International Development Program  
at Tri Valley Growers**

**Background**

Tri Valley Growers (TVG) is a California farmer owned cooperative, with sales approaching \$850 million. TVG processes more than 1.3 million US tons of raw product every year. Started in the Great Depression when peach farmers were unable to find a plant to process their crops, Tri Valley Growers has grown over time to become a major US fruit, tomato and vegetable processor, producing canned and bottled food and drinks. Tri Valley Growers has special expertise in processing, marketing and selling fruits, tomatoes and vegetables. TVG and its subsidiaries both source product and export products world wide. TVG's plants range from multi-commodity plants among the largest in the world to small plants processing only one commodity. In addition to our own brands such as Libby, S&W, Monarch, RedPack, Tutturoso, Oberti Olives, and others, TVG prepares food under store labels or private brands for over 1,300 other large and small companies. TVG is the largest manufacturer of sanitary cans on the West Coast. Subsidiaries include specialty food companies, an international trading company, a can manufacturing facility, and a forklift sales and service company. Tri Valley Growers employees and members have technical and management experience and expertise stretching from growing the crops and manufacturing the containers; through processing; to packaging, sales, marketing and distribution.

Tri Valley Growers has become increasingly involved in developing countries over the last few years, both as sources of supplies and as current or potential markets. This is especially true for the Middle East, Mexico, and parts of Central and South America and the Pacific Rim. TVG also has an on-going interest in Central and Eastern Europe, and we are actively pursuing establishing a joint venture in Poland. Over the last three years senior executives and technical people from production, distribution, finance, sales, and marketing, as well as members of our Board of Directors and retirees have visited and

provided technical assistance and advice in Poland, Hungary, the Czech and Slovak Federal Republic, Bulgaria, Romania, Russia, and the Ukraine in addition to business exploration. TVG senior staff have participated in ACDI and other technical missions and have served as VOCA volunteers.

TVG regularly buys fruit and tomatoes from countries with mediterranean climates in both hemispheres; and pineapple, coffee, and other crops from tropical countries. The Middle East is currently a profitable market for TVG sales, and executives have explored business opportunities in Egypt. TVG has been active in the North American Free Trade Agreement issue, and TVG managers and technical staff have visited many parts of Mexico over the last two years.

Tri Valley Growers has made a commitment to globalization, not only in trade, but through the development of production and marketing strategic alliances and joint ventures. For example, we purchase a large number of canned peaches from a cooperative in Greece to whom we have a long term relationship, providing technical assistance and personnel for the processing season. The importance of globalization to Tri Valley Growers was highlighted at our recent annual meeting. Our Chairman and CEO, Jim Saras, devoted almost his entire speech to the membership to the topic, and ended with an extemporaneous comment that he hoped that in the not too distant future our members would have on their business cards, "Have Harvester, Will Travel".

## **Commitment to International Development**

As a farmer owned cooperative, TVG has a different perspective from other large fruit and vegetable processing companies. Farmer owned, we take a long view and are not driven by with quarterly returns. Our member-owners understand planting a seed and waiting for the tree to grow. We can look at a developing market or a potential source of supplies and wait for the long term return. Our member-owners understand and support helping other farmers and lending a hand, especially through assisting others to form similar types of cooperatives. Our strength has come from cooperation. Our member-owners have the ethics and values of farmers. Doing what is fair and right is as important as doing what is profitable. In addition to numerous quality and business recognition awards, TVG has won awards for restoring wetlands and adult literacy education programs.

Tri Valley Growers has made a significant effort to support education, technical assistance and voluntary employee participation in international agricultural development efforts. TVG employees have participated in VOCA, ACDI and US A.I.D. supported missions on company time and often at company expense. Business trips have been extended to allow for such training and assistance. TVG employees voluntarily serve on the Boards of Directors of ACDI and other internationally oriented organizations. International visitors have been welcomed, and sometimes supported financially. This ranges from Egyptian cooperative farmers, to Polish lawyers, to Cochran Fellows, to covering the cost of the Prime Minister of Russia's group at a luncheon honoring Governor Wilson. Most recently we have taken on a Bulgarian Cochran Fellow as an intern for eight months.

TVG's strategic alliances and joint ventures in developing countries can assist local economic development. As a grower owned cooperative, we highly value a strong tie between a processing facility and the growers that supply it. Quality raw product, of the right varieties, delivered at the right time, and grown and harvested so as to be best

suited for processing requires willing and knowledgeable farmers. As successful business managers, we value partners with a dedication to making any joint venture or alliance strong and profitable. This requires both a long term view and a commitment to helping both our partners and local farmers to develop. We want to establish long term mutually beneficial relationships in conformance with our proven history.

Currently, financial support for our development efforts has come principally from our operating budget. A limited amount of our operating capital can be spent developing opportunities for alliances and joint ventures. The limit is imposed by our cooperative nature and resulting capital structure. Our principal contribution to strategic alliances and development needs to be in the areas of technical and management expertise and access to markets, rather than investment capital. A small amount of our regular operating funds can also be spent as our global "civic duty", as we do locally. One of the reasons for supporting our Eastern Europe effort is a simple desire to help emerging democracies. As we discuss our participation in Poland in terms of potential future markets, one or another of our Board of Directors regularly reminds us that, "It is just the right thing to do". The Board and management of Tri Valley Growers has stretched this international "civic duty" spending about to the limits.

The availability of some support from other sources has, and will continue to be very important to Tri Valley Growers' participation in development and assistance activities. To enable us to better be able to participate in exploratory trips, feasibility studies, technical training and assistance efforts, and providing training through internships at our own plants and offices, we have broadened our cooperation with other groups seeking funding; joining various consortiums and grant proposals as appropriate. While this participation is a start, it also limits us to activities that fit within the focus, time tables and agendas of the lead applicants. TVG now desires to develop its own capability to undertake development assistance capabilities.

## **Problem Statement**

Value-added fruit and vegetable processing, packaging, distribution and marketing, in which TVC is a world leader, is important in developing countries for several reasons. In many countries the lack of ability to preserve and distribute existing agricultural harvests is a major contributor to malnutrition. The economies of most developing countries are much more dependent on agriculture than in countries such as the United States. Yet in many of the countries agribusiness is limited to low-value commodity crops with already saturated world markets. Taking the step from raw commodities to value-added products is often feasible and a logical next step in agricultural development for many developing countries. And finally, fruit and vegetable processing can be more decentralized among small plants or on the farm than many other industries, spreading the benefits of development to a larger portion of the population.

The inability to preserve and distribute existing harvests and a dependence on low-value commodity crops is often the result of a lack of knowledge and experience in modern food processing technology, quality control, packaging, distribution, marketing and world markets. The technological step from commodity crops to value-added fruit and vegetable products is relatively small compared to the step of creating large agribusiness complexes or complex industries such as electronics, transportation, or heavy equipment. But, it can be a hurdle that is impossible without assistance.

Value-added fruit and vegetable processing, packaging, distribution and marketing are especially important in the emerging democracies of Central and Eastern Europe. While other industries are struggling to determine what private ownership means, much of the agricultural production has been private for a long time. In Poland over 75 percent of the farm land remained under private ownership under the communists. Although farm land was collectivized into large state farms in Bulgaria, estimates are that 30 percent of Bulgarian agricultural production took place on small private plots individuals cultivated and managed in their spare time. Thus, there is a group of farmers ready to change

and respond to a market economy. The real problems exist in processing, packaging, marketing and distribution. In addition to needing more modern equipment, a major hurdle is the lack of knowledge and expertise in these areas.

Eastern Europeans are very well educated in many subjects, but not in the quality, packaging, distribution and marketing systems needed to succeed in an international market economy. The challenge in value-added fruit and vegetable processing, packaging, distribution and marketing in Eastern Europe is to fill in the missing pieces rather than to start from ground zero. Thus, assistance can have a quicker response. This is even more true since most of the technology for fruit and vegetable processing is appropriate for small scale enterprises, allowing a few progressive individuals to act and succeed. If many small groups become successful, the development can multiply throughout a relatively large portion of the population.

In Central America the situation is different both agriculturally and educationally. Here the need is more for general development, crop diversification, and creating opportunities to access markets with value-added products. A broader assistance effort is needed. Because of the smaller scale of fruit and vegetable processing, an appropriate sized facility for a small group working together with assistance can be economically viable. Thus value-added fruit and vegetable oriented assistance is appropriate here also.

## **Objective**

The objective is to create a capacity within Tri Valley Growers to become a Cooperative Development Organization (CDO), and to more fully participate in overseas development activities.

## **Program**

We believe there would be a significant benefit to A.I.D. if Tri Valley Growers could innovate and undertake a planned and coordinated program of:

- 1) technical and management training and assistance in fruit and vegetable processing, packaging, distribution and marketing within developing countries and emerging democracies;
- 2) in-depth training at our farms, plants and offices through internships where each person would be assigned to a mentor in the appropriate part of TVG's organization;
- 3) providing linkages and assistance in forming strategic alliances and joint ventures in developing countries for US agribusiness and food processing firms who have not been active in international development. For example, we have close ties with comparable agribusiness companies involved in such diverse areas as fresh fruit, meat and poultry, wine, fertilizer and timber;
- 4) expanding our capacity to work with other cooperative organizations, by joining the U.S. Overseas Cooperative Development Council (OCDC).

For us to develop an innovative planned and coordinated program requires initial start-up funding. A full time development coordinator is needed to assist our management, technical staff and members to adequately carry out the technical assistance effort, and to help organize Tri Valley Growers so that it can apply for and accept development funding to carry out the established program. Designing the program will require a formal effort and time dedication of a number of people within Tri Valley Growers who will be carrying out the program. Through CDC, there will be a need to join with other CDO's to establish mechanisms for working together and to prevent duplication of effort. We propose to initiate pilot projects as detailed below.

## **Pilot Projects**

### **Internships**

This proposal includes funding for three interns for a four to six month period from developing countries and emerging democracies to receive technical training at Tri Valley Growers each of two years. These interns will be selected on the basis of their need for training and its impact on their ability to influence private, market economy based development of value-added fruit and vegetable processing, packaging, distribution, marketing and sales within their own countries. They will be selected with the assistance of local, US and Eastern European development assistance organizations with established programs in the target countries.

The first year there will be two interns from Poland. One will be from a local cooperative being assisted to transform itself into a private, farmer owned processing and marketing cooperative based on the American model (Rejonowa Spolbielnia Ogorficzoa - Pszczelarska. Gbiska, Poland). Farmers of this cooperative grow fruits and vegetables. They were organized following the State approved cooperative model combining workers and growers, have had primitive processing and packaging equipment, and almost no knowledge of western style marketing and sales. The second intern will be from the Regionalna Rada Solidarnosci Gospodarczej Fundacja (Rural Solidarity regional cooperative economic development foundation) in Rzeszow, Poland. The third intern will be selected from Bulgaria with the assistance of Bulgarian contacts made by TVG during the recent ACDI Board of Directors trip there, as well as advice from former Bulgarian Cochran fellows.

The second year there will be one intern from each of Poland, Bulgaria, and a Central American country (Guatemala or Costa Rica). The Polish and Bulgarian interns will be selected as a continuation of programs started the first year to expand the programs to additional private sector cooperatives or agribusinesses. The Central American intern

will be selected where US training will assist a small local cooperative become capable of being a source of product for TVG or another US agricultural processing and marketing firm, thus ensuring the generation of dollar denominated exports.

To assess the effectiveness of these internships, evaluation forms will be completed prior to the internships by both the intern and recommending groups. Six months after the internship is completed, a follow-up evaluation will be performed by TVG to identify concrete local results of the internship.

Possible areas for internships include the following:

- Food processing technology.
- Food processing quality control.
- Distribution management.
- Cooperative and business management.
- Financial management and management accounting.
- International sales and marketing.

#### **Local Training and Technical Assistance Missions**

This proposal includes ten management and technical expert individual missions averaging two weeks each. Both years seven individuals will go to Central and Eastern Europe to provide technical training and assistance. The first year will be more heavily weighted towards Poland and the second year more heavily weighted towards Bulgaria. Each year three individuals will go to a country to be selected in Central America (Guatemala or Costa Rica). All of these individuals will provide managerial and technical training to individuals in assistance and development organizations in a training the trainers program. This training and assistance will focus on the same aspects of fruit and vegetable processing, packaging, distribution and marketing as the internships, but will be tailored to complement rather than compete with other U.S. A.I.D.

sponsored programs in each country.

In addition to this broader training, TVG experts will also mentor and provide training and assistance in specific cooperatives and organizations that are identified as having the potential to take the step into modern, western style value-added fruit and vegetable processing, packaging, distribution, marketing and sales. The goal of this focused, individual attention is to help promising cooperatives and organizations overcome the hurdles they face. Their success, growth and actions will then contribute to local development.

Tri Valley Growers is currently assisting such a cooperative in Poland, as mentioned above. Over the past year TVG has provided different varieties of tomato seeds for field trials through the local Extension Center, has worked with the local Rural Solidarity regional economic development foundation to provide business, technical and organizational advice and assistance, and is working with the cooperative and the Polish American Enterprise Fund to obtain capital for new processing equipment. The cooperative is now restructured to the point we can discuss a joint processing and marketing venture. Under this proposal TVG will continue to assist this cooperative.

TVG will also locate and begin assisting other promising agribusiness cooperatives or organizations. During the first year we will link at least one more Polish organization with US agribusiness organizations in addition to TVG. TVG will also identify and begin direct managerial and technical training and assistance to at least one promising organization in Bulgaria. During the second year TVG will begin direct managerial and technical training and assistance to at least one promising organization in Central America, from which an intern will also be selected.

## Workshops

The proposal includes providing two workshops, one each year, with local trainers to be organized by Tri Valley Growers. This training workshop will provide the opportunity to link in-country experts with organizations and trainers needing assistance, building relationships for the future. The first year the training workshop with local trainers will be held near Rzeszow, Poland in conjunction with the Regionalna Rada Solidarnosci Gospodarczej Fundacja (Rural Solidarity regional cooperative economic development foundation) in Rzeszow and with the Osrodek Doradztwa Rolniczego (Agricultural Advising Center) in Boguchwale. TVG has an on-going relationship with both of these organizations. The workshop will include trainers from these organizations and other individuals selected for their expertise.

The training workshop with local trainers will be held the second year in Bulgaria. Specific trainers and co-sponsoring local organizations will be selected at the beginning of the second year based on changes that occur in Bulgaria during the first year.

In addition to our own contacts, we will seek the assistance of VOCA, ACDI and Land O' Lakes in identifying trainers and the program for these workshops.

## **Program Management**

The program will be co-managed by Edward C. Thor, Ph.D. and James Salisbury (see attached resumes). A full time program coordinator will be hired to coordinate day to day operations. This person has not yet been identified.

**Edward C. Thor, Ph.D. Vice President.** Dr. Thor is heading up our Central European involvement, and has visited Mexico and Central and Western Europe frequently over the last two years, including participation on a US A.I.D. sponsored mission to Hungary. Dr. Thor has expertise in strategic and business planning and analysis, acquisitions and investments, production cost accounting and control, financial management, and a broad understanding of food processing.

**James Salisbury, Vice President and Treasurer.** Mr. Salisbury has traveled extensively in Mexico, Central and South America, Central and Eastern Europe, the Middle East and the Mediterranean. Mr. Salisbury has many years of experience in international finance and banking, economic development, agribusiness development, and farm management.

**Program coordinator - to be selected**

The program managers will be assisted by a number of other Tri Valley Growers technical and managerial experts. These include, but are not limited to:

**Herald Griffith, VP Engineering.** Mr. Griffith has lived in the Philippines and visited Western Europe, Poland, Pacific Rim countries and Australia. He has had a long career designing food processing facilities and inventing equipment.

**Duane Rohrer Sr VP Research and Development.** Mr. Rohrer has traveled several times to Poland and Hungary, as well as Western Europe. He has been a VOCA volunteer in Poland. His past experience include managing all TVG production operations. His academic background and early experience was in food technology and quality control.

**Harold Peterson , Sr. VP Distribution.** Mr. Peterson is in charge of TVG's warehousing and distribution facilities. He has visited the Ukraine to explore potential opportunities and provide advice.

**Yoo-MI Lee, Business Analyst.** Ms. Lee has lived in Africa, Europe, and the Far East. She works in acquisition, business development and business planning functions for Tri Valley Growers, advising senior management and the Board.

**Peter Liu, Engineer and Business Analyst.** Mr. Liu has lived in China and has been involved in development joint ventures there with both Japan and the US. His specialty is plant equipment, organization and management.

**Michael Schaeffer, Business Analyst.** Mr. Schaeffer has visited Mexico several times in the last year and is very active in our activities there. He has lived and worked in Europe and Canada. An economist, he works in business development, economic and market forecasting, and international trade.

**Peter Thor, Ph.D. Executive Vice President, Marketing.** Dr. Thor's responsibilities include international sales and marketing, with extensive world wide travel. His Ph.D. is in Agricultural Economics from UC Davis. In addition to his practical experience, he teaches International Marketing at the school of Agribusiness, University of Santa Clara.

**Donald Schulak, Executive Vice President and CFO.** Mr Schulak has many Russian and Ukranian contacts, and has traveled in Russia extensively within the last year. A CPA and lawyer, he has extensive experience in agricultural financial and business and cooperative management.

**Travis Mullenix, President** Mr. Mullenix is the former group president of the International Division of Ralston Perina. He has established subsidiaries and facilities world-wide.

Land O' Lakes will provide grant administration services for this proposal. Tri Valley Growers will proceed to register as a CDO, to obtain an approved overhead rate, and acquire internal grant administration capability during this period for future proposals.