



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

Ms. Martha Cashman
Land O'Lakes Inc.
4001 Lexington Avenue N
Arden Hills, MN 55440

Subject: Cooperative Agreement No. FAO-0705-A-00-2091-00

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 "LOL" or "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.

The total estimated amount of this Cooperative Agreement is the amount set forth in Section 1C.1. of Attachment 1, of which the amount set forth in Section 1C.2. is hereby obligated. A.I.D. shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount. However, subject to Section 1C.4. of Attachment 1, additional funds may be obligated by A.I.D. until such time as the obligated amount may equal the total estimated amount 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 the undersigned.

Sincerely yours,



James A. Jeckell
Agreement Officer
Chief, FAO Branch
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 (total procurement value | \$250K)

ACKNOWLEDGED:

LAND O'LAKES, INC.

BY: 

TYPED NAME: Martha Cashman

TITLE: Vice President, International Development

DATE: October 21, 1992

FISCAL DATA

A. GENERAL

- A.1. Total Estimated A.I.D. Amount: \$2,000,000
- A.2. Total Obligated A.I.D. Amount: \$650,000
- A.3. Cost-Sharing Amount (Non-Federal): \$783,780
- A.4. Other Contributions (Federal): \$ 0
- A.5. Project No.: 938-0705
- A.6. A.I.D. Project Office: FHA/PVC, L. Williams
- A.7. Funding Source: A.I.D./W
- A.8. Tax I.D. No.: 41-0365145
- A.9. DUNS No.: 006253835
- A.10. LOC No.: 72-00-1580

B. SPECIFIC

- B.1.(a) PIO/T No.: 938-0705-2687506
- B.1.(b) Appropriation: 72-12X4336
- B.1.(c) Allotment: 782-38-099-00-53-21
- B.1.(d) BPC: ECCX-92-16840-KG3B
- B.1.(e) Amount: \$650,000

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

1995 1B.1. The effective date of this Cooperative Agreement is the date of the Cover Letter and the estimated completion date is September 28, ~~1992~~. 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 at any time during the period beginning on the effective date of this Cooperative Agreement and ending on the estimated completion date.

1B.2. However, because this Cooperative Agreement is incrementally funded (see Section 1C.4. below), funds obligated hereunder are only anticipated to be sufficient for program expenditures through September 27, 1993.

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.1. above, is \$2,000,000.

1C.2. A.I.D. hereby obligates the amount of \$650,000 as partial funding of the total estimated amount set forth in Section 1C.1. above for program expenditures during the indicated period set forth in Section 1B. above. Notwithstanding said total estimated amount, 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" (see also Section 1C.4. below).

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. As indicated in Section 1C.2. above, this Cooperative Agreement is partially funded. Until such time as the obligated amount (see Section 1C.2. above) shall equal the total estimated amount (see Section 1C.1. above) of this Cooperative Agreement, additional

increments of funds may be obligated by A.I.D. under this Cooperative Agreement (by a Cooperative Agreement modification), subject to availability of funds, possible evaluation of the program, program priorities at the time, and the requirements of the Standard Provisions of this Cooperative Agreement entitled "Revision of Grant Budget" and, if applicable (see Section 1M.2. for applicability) "Cost Sharing (Matching)," as set forth in Attachment 3.

1C.5. The total estimated amount of the program described in Attachment 2 of this Cooperative Agreement is \$2,783,780 of which A.I.D. may provide the amount specified in Section 1C.1. above, and the Recipient will provide \$783,780 in accordance with Section 1M. below.

1D. COOPERATIVE AGREEMENT BUDGET

1D.1. The following is the Budget 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>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Total</u>
Salaries	\$ 103,088	\$ 108,243	\$ 113,655	\$ 324,986
Fringe Benefits	28,771	30,210	31,720	90,701
Travel & Per Diem	181,761	173,539	216,195	571,495
Subcontracts/ Subagreements	51,078	49,128	73,495	173,700
Other Direct Costs	88,237	57,507	91,471 <u>1/</u>	237,215
Subcontract Factor	4,173	4,014	6,004	14,191
Indirect Costs	<u>192,892</u>	<u>177,359</u>	<u>217,460</u>	<u>587,711</u>
Total AID Costs	\$ 650,000	\$ 600,000	\$ 750,000	\$2,000,000
Recipient/Other Contributions:				
(Non Federal)	248,100	238,730	296,950	783,780
(Federal)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Est. Program Cost	\$ 898,100	\$ 838,730	\$1,046,950	\$2,783,780

1/ Includes Evaluation cost of \$30,000

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) Annual Workplans

1E.2.(a)(1) Not later than sixty (60) days following 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 three (3) copies of a draft workplan which outlines the schedule of activities under the first year of this Cooperative Agreement. Thereafter, the Recipient shall submit three (3) copies of a draft annual workplan covering each successive year of this Cooperative Agreement not later than sixty (60) days prior to the start of the second and each subsequent year. Based on collaborative review, a final annual workplan will be approved by the A.I.D. Project Officer within thirty (30) days of the submission of the draft annual workplan.

1E.2.(a)(2) The annual workplan shall include the following information:

1E.2.(a)(2)(A) A list of activities to be undertaken during the workplan period, including the various locations in which performance is expected.

1E.2.(a)(2)(B) A statement of how the activities relate to the outputs.

1E.2.(a)(2)(C) A projected beginning timeframe for the initiation of specific activities.

1E.2.(a)(2)(D) A projected ending timeframe for the completion of the specific activities.

1E.2.(a)(2)(E) A projected expenditure of person-months of input for each activity.

1E.2.(a)(2)(F) The projected outputs at the end of the annual workplan.

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 three (3) 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 corresponding to each annual workplan (see Section 1E.2.[a] above). 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, e.g., research, training, technical assistance, technology transfer, information dissemination, or networking.

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) 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 a final report to the A.I.D. Project Office specified in the cover letter of this Cooperative Agreement. The final report may be the last Annual Report. 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. Annual Workplan - The A.I.D. Project Officer will be consulted during the development of the annual workplans and have the right of final approval of all areas of the workplan where A.I.D. funds are included.

1F.2. Workplan Revisions - The A.I.D. Project Officer will be consulted and have the right of approval for revisions of the annual workplan which involves the use of A.I.D. funds.

1F.3. 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.4. 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. The following countries are approved for direct in-state program support: the Russian Federation and Ukraine.

1F.5. Consultants - The A.I.D. Project Officer must approve, in advance, the selection of consultants retained by the Recipient.

1F.6. 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.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").

1F.8. Evaluation: The scope of work for the independent mid-term and/or final evaluation must be developed with, and the evaluator(s) chosen to carry out this activity must be approved in advance by the A.I.D. 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 this evaluation. At least one evaluator will be an individual not currently employed by the Recipient. The A.I.D./FHA/PVC Project Officer is to participate in the pre-and post-evaluation briefings. The Project Officer will also indicate the total number of copies required of the final evaluation report.

1F.9. Baseline Data and Critical Indicators: The Recipient, in consultation with the A.I.D. Project Officer, shall develop the appropriate quantified critical indicators identified in the LOL proposal (Enclosure 5) six months following the execution of the amendment to the Cooperative Agreement. The corresponding baseline data must also be submitted to evaluate the effectiveness and results of the program.

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").

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 "Procurement of 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): 935

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 countries with Geographic Code 935 authorization, 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 countries with Geographic Code 935 authorizations, 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 countries with Geographic Code 935 authorizations, 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>
Indirect Cost Factor	<u>48 %</u>	1/
Subcontract Factor	<u>8.17 %</u>	2/
Base of Application:	1/	LOL direct Cost
	2/	Subcontract costs

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 Directorate of Operations, Bureau for food and Humanitarian Assistance, Office of Private and Voluntary Cooperation, U.S. Agency for International Development, under Cooperative Agreement No. FAO-0705-A-00-2091-00."

11.2(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.

11.3. Equipment Purchases

11.3.(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:

11.3.(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

11.3.(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).

11.3.(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):

N/A

11.3.(c) Exception for Automation Equipment

Any approval for the purchase of automation equipment which may be provided in Section 11.4.(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 as follows:

Disposition Instructions will be issues at the end of the agreement period.

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)
- () Regulations Governing Employees (November 1985)
- () 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)
- () Use of Pouch Facilities (November 1985)
- (X) Conversion of United States Dollars to Local Currency (November 1985)

- or -

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.

IM.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.

IM.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.

PROGRAM DESCRIPTION

I. Program Goal

The goal of this Program is to increase the availability of food to people of the Russian Federation and Ukraine by introducing competition and enabling the private agricultural sectors to produce, process and market food and food products. This will result in the development of private competition via, support to agribusiness, development of farmer organizations and privatization of state collectives and enterprises.

II. Program Purpose

The purpose of this program is to provide support to Land O' Lakes (LOL) to implement a three-year Farmer-to-Farmer Special Initiative Program in the New Independent States (NIS) of the former Soviet Union. More specifically, LOL will recruit U.S. volunteer agricultural specialists to share their expertise at the people-to-people level to work towards: (1) an increase in the number of profitable dairy and meat processing plants, grain and vegetable storage facilities, agricultural input advisory and distribution services and marketing businesses in the targeted states; (2) strengthening local, regional and national associations to support members in private agricultural production, processing and marketing; (3) the privatization of Russian and Ukrainian collectives and state-owned enterprises; and (4) the revision of policies and regulations set by the Ministry of Agriculture of the Russian Federation and Ukraine.

III. Project Description

In pursuit of the goals and purposes of the Farmer-to-Farmer Special Initiative Program, LOL will in collaboration with the National Future Farmers of America (FFA) Foundation develop model agribusiness, institutionally strengthen private farmer organizations and foster the privatization of collectives and state-owned enterprises.

LOL will serve as the lead institution responsible for overall technical, administrative, and financial aspects of the program. In-state, LOL will collaborate with the Association of the Country Farms and Agricultural Cooperatives of Russia (AKKOR), the Farmers Association of Ukraine and collaborating local agricultural associations. These organizations will assist with overall program management in-state.

An important aspect of this project is the people-to-people component. The program offers the opportunity for U.S. volunteers and host-state farmers to understand each others' cultures and to establish lasting friendships.

IV. Activities

To accomplish the goal and purpose, and Land O' Lakes (LOL) plans:

1. To recruit, train and field approximately 128 U.S. agribusiness volunteers in support of its program to the Russian Federation and Ukraine.
2. To provide an approximate in-kind contribution of \$700,000 over the three-year Cooperative Agreement.
3. To establish, equip and staff a local office in the Russian Federation.
4. To strengthen the institutional capacity of the Association of the Country Farms and Agricultural Cooperatives of Russia (AKKOR), the Farmers Association of Ukraine and approximately two (2) regional and eight (8) local organizations.
5. To advise in the privatization of approximately three(3) collective and state-owned enterprises including the conversion of one defense enterprise to food processing facility.
6. To design a methodology by which target beneficiary organizations solicit FTF technical assistance from the Recipient.
7. To design a methodology for defining the scope of work for each assignment including but not limited to the perceived needs, objectives, number of beneficiaries and timeframe.
8. To design a system to identify, catalog, select and train the volunteers as well as obtain their commitment to the program.
9. To design a monitoring and evaluation plan to assess program impact and to self-correct ongoing program activities as reflected by the benchmarks of LOL's implementation plan (See Enclosure 5).
10. To develop techniques to enhance democratic processes including, but not limited to, increased beneficiary understanding of the U.S. culture and democracy, and increased volunteer understanding of other cultures and development.

12. To develop a system for tracking and reporting project expenditures.
13. To design a plan for the substantial participation by women as FTF volunteers and targeted beneficiaries.
14. To develop a plan for long-term commercial viability, i.e., the sustaining of project activities by host-country organizations and U.S. private sector participants as A.I.D. funding subsides and ultimately terminates, including leverage of funds from the private sector and accessing other sources of funds.
15. To design a system for the dissemination of timely information of program developments at the grassroots level useful to all project participants in implementing and accelerating the desired reforms. For example, eliminating existing obstacles to rapid distribution of food, privatization of agribusiness, development of basic democratic institutions, and creation of a democratic free-market system.
16. To plan for the potential collaboration of this program with other programs planned by the Agency for International Development, Peace Corps and the U.S. Department of Agriculture.

V. Program Management

The Farmer-to Farmer Special Initiative Program will be implemented by LOL. Ms. Martha Cashman, Vice President for International Development, Land O' Lakes, Inc., will be principally responsible for the overall management and implementation of the activities under this program.