

Agency for International Development
Washington, D C 20523

APR 15 1991

Clare B. Smith
President
Aid to Artisans, Inc.
80 Mountain Spring Road
Farmington, Connecticut 06032

Subject: Cooperative Agreement No EUR-0032-A-00-1022-00

Dear Ms. Smith:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D ") hereby provides to the Aid to Artisans, Inc. (hereinafter referred to as "ATA" or "Recipient") the sum of four hundred thousand U.S. dollars (\$400,000) in support of a two-year program under the Private Voluntary Organization (PVO) Humanitarian/Development Initiatives Project (Project Number 180-0032), as more fully described in Attachment 1 of this Cooperative Agreement entitled "Schedule" and Attachment 2, entitled "Program Description."

This Cooperative Agreement is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives for the period set forth in Section B of Attachment 1 of this Cooperative Agreement. Funds disbursed by A I.D. but uncommitted by the Recipient at the expiration of this period shall be refunded to A.I.D.

The total estimated amount of this Cooperative Agreement is \$400,000 of which the full amount is hereby obligated. A.I.D. shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount.

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This Cooperative Agreement is made to ATA on the condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, the Schedule; Attachment 2, the Program Description; and Attachment 3, the Standard Provisions; which have been agreed to by your organization and which together constitute the complete Cooperative Agreement

Please sign the original and each copy of this cover letter to acknowledge your receipt of this Cooperative Agreement, and return the original and all but one copy to the undersigned

Sincerely,



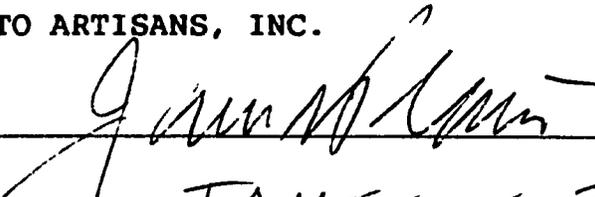
Diane M. Miller
Grant Officer
Overseas Division-EE
Office of Procurement

Attachments:

- A. Fiscal Data
- 1. Schedule
- 2. Program Description
- 3. Standard Provisions
- 4. Standard Form 269
- 5. Standard Form 272
- 6. Standard Form 270

ACKNOWLEDGED:

AID TO ARTISANS, INC.

BY:  _____

TYPED NAME: JAMES S. FLAUT

TITLE: CHAIRMAN

DATE: April 22, 1991

Attachment A

FISCAL DATA

PIO/T No.	:	180-0032-3-1183692
Appropriation No.	:	72-11X1010
Budget Plan Code	:	QAIX-91-33180-IG-12
Allotment No.:	:	184-63-180-01-69-11
Total Estimated Amount	:	\$400,000
Total Obligated Amount	:	\$400,000
Technical Office	:	ENE/EUR, D. Frago
Funding Source	:	AID/FM/CMP
DUNS No.	:	19-679-9894
TIN	:	04-2577837

SCHEDULE

A. PURPOSE OF COOPERATIVE AGREEMENT

The purpose of this Cooperative Agreement is to provide financial support for the program described in Attachment 2, "Program Description." This program is in response to the Request For Applications (hereinafter referred to as "RFA") to the PVO Humanitarian/Development Initiatives Project.

B. PERIOD OF COOPERATIVE AGREEMENT

1. The effective date of this Cooperative Agreement is the date of the attached Cover Letter and the estimated completion date is April 9, 1993.
2. Funds obligated hereunder are available for program expenditures from April 10, 1991 through the completion date two years thereafter as shown in the financial plan of this Cooperative Agreement (see Section D).

C. AMOUNT OF COOPERATIVE AGREEMENT AND PAYMENT

1. The total estimated amount of this Cooperative Agreement for the period shown in Section B above is \$400,000.
2. A.I.D. hereby obligates the amount of \$400,000 for project expenditures during the period set forth in Section B above and as shown in the financial plan of this Schedule (see Section D).
3. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment 3, the standard provision entitled "Payment - Periodic Advance." In accordance with this standard provision, the Recipient shall submit the required documentation to the following address:

Agency for International Development
Office of Financial Management, FM/CMP
Room 700, SA-2
Washington, D.C. 20523-0209

D. FINANCIAL PLAN

1. The following is the financial plan for this Cooperative Agreement. The Recipient may not exceed the obligated amount (see Section C.2 of this Schedule). Except as specified in the standard provisions entitled "Revision of Grant Budget" and "Cost Sharing (Matching)", as shown in Attachment 3, the Recipient may adjust line item amounts as may be reasonably necessary for the attainment of program objectives.

A.I.D. and Recipient ("Cost Share") Funding

<u>Category</u>	<u>YEAR ONE</u>		<u>YEAR TWO</u>		<u>TOTAL A.I.D. FUNDING</u>	<u>TOTAL ATA COST SHARE</u>
	<u>A.I.D.</u>	<u>ATA COST SHARE</u>	<u>A.I.D.</u>	<u>ATA COST SHARE</u>		
HUNGARY:						
Salaries	\$ 6,000	\$ 15,000	\$ 6,600	\$ 16,000	\$ 12,600	\$ 31,000
Consultants	50,100	52,650	46,920	32,680	97,020	85,330
Travel/Per diem	65,500	9,500	53,800	9,000	119,300	18,500
Programs	23,500	7,000	26,700	7,000	50,200	14,000
ODCs	0	12,000	0	12,500	0	24,500
Equip/Supplies	4,970	5,000	2,200	5,000	7,170	10,000
Subtotals	\$150,070	\$101,150	\$136,220	\$ 82,180	\$286,290	\$183,330
HEADQUARTERS:						
Salaries	\$ 15,000	\$ 7,980	\$ 16,120	\$ 6,000	\$ 31,120	\$ 13,980
Travel/Per diem	2,000	0	5,500	2,800	7,500	2,800
ODCs	2,000	0	2,200	0	4,200	0
Mon. & Eval.	5,700	0	8,640	0	14,340	0
Overhead	30,090	0	26,460	528	56,550	528
Subtotals	\$ 54,790	\$ 6,000	\$ 58,920	\$ 11,308	\$113,710	\$ 17,308
GRAND TOTALS	\$204,860	\$107,150	\$195,140	\$ 93,488	\$400,000	\$200,638

2. Financial Plan Notes

a. "ATA Cost Share": See section I.4 of this Schedule entitled "Cost Sharing (Matching)."

b. Overhead: See section E of this Schedule entitled "Indirect Costs."

c. Equip/Supplies: See section I.9 of this Schedule entitled "Approval of Nonexpendable Equipment."

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3. Inclusion of any cost in the financial plan of this Cooperative Agreement does not obviate the requirement for prior approval by the Grant Officer of cost items designated as requiring prior approval by the applicable cost principles (see the Mandatory Standard Provision set forth in Attachment 3 entitled "Allowable Costs") and the terms and conditions of this Cooperative Agreement.

4. Not later than 90 days after the close of the Recipient's fiscal year, ATA will submit to the addressee listed below, an independently audited financial statement and supporting documentation in addition to a cover letter with the sixteen digit award number of this Cooperative Agreement for the negotiation of an indirect cost rate agreement:

James J. Deery
Contracting Officer
Agency for International Development
Office of Procurement, MS/OP/PS/OCC
Overhead and Special Costs Branch
Room 1465, SA-14
Washington, D.C. 20523-1417

E. INDIRECT COSTS

1. Overhead

Pursuant to section D of this Schedule entitled "Financial Plan," overhead costs related to salaries and fringe benefits anticipated under this Cooperative Agreement will be set at a fixed amount of \$56,550 to be disbursed in increments consistent with financial reports as required by the standard provision entitled "Payment - Periodic Advance." and section F.1 of this Schedule.

2. Overhead Ceiling

The amount specified for overhead in Section E.1 of this Schedule is \$56,550. Payment on account of allowable indirect costs shall be made on the basis of OMB Circular 122 for each accounting period which applies to this Cooperative Agreement, but not in excess of the following ceiling amount applied to the base which is set forth below. Any indirect cost above the ceiling amount shall be absorbed by the Recipient and considered "cost sharing" (see section I.4 of this Schedule).

<u>Type</u>	<u>Amount</u>	<u>Base</u>
Overhead	\$56,550	Salaries and Fringe Benefits

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F. REPORTING REQUIREMENTS

1. Financial Reports

a. Financial reporting requirements shall be in accordance with the standard provision of this Cooperative Agreement entitled "Payment - Periodic Advance", as shown in Attachment 3.

b. The original and two (2) copies of all financial reports shall be submitted to the Office of Financial Management, whose address is listed in Section C.3. of this Schedule.

c. The Recipient's financial reports shall include expenditures of A.I.D. funds provided hereunder, as well as non-federal cost sharing funds in accordance with Section I.4 and the standard provision entitled "Cost Sharing (Matching)."

d. Concurrently with the submission of Program Evaluation Reports (see Section F.3), one (1) copy of all financial reports shall be submitted to the Project Officer, or her designee, at the office listed below:

Donna Frago, ENE/EUR
Agency for International Development
Bureau for Europe and the Near East
Office of European Affairs
Room 6923, NS
Washington, D.C. 20523-0069

2. Project Implementation Plan

a. Not later than thirty (30) days from the effective date of this Cooperative Agreement (see Section B.1. of this Schedule), the Recipient shall prepare and submit to the A.I.D. Project Officer specified in Section F.1.d. of this Schedule the original and two (2) copies of a detailed project implementation plan (PIP) for the full term of this Cooperative Agreement.

b. The Recipient may develop the PIP in consultation with the Project Officer. The PIP reporting format is specified in Section E.3.a.(3) and should contain the following elements:

(1) A brief description of the major activities indicating the expected outcomes, responsible persons, planned starting and completion dates and duration of the activity (actual time required to complete the task, which may be less than the planned time between starting and completion dates.)



(2) A timeline showing the sequential and concurrent activities, indicating which activities depend on the successful completion of prior activities, and highlighting those activities which are critical, i.e. if delayed, the overall project results will be delayed. A.I.D. preference is for the earliest possible start dates for activities, realization of concrete results.

(3) Plans for periodic consultation and review of the PIP and progress with the Project Officer, with A.I.D. representatives in the field and with Embassy staff in each country of the program. The latter consultations may coincide with field trips and TDY's to Washington by the cognizant A.I.D. or Embassy staff. Reviews with the Project Officer should be held at least every six months.

(4) Approval in writing from the Project Officer will be required for the PIP and any significant changes resulting thereafter. Evidence of consultation with A.I.D. representatives and Embassy staff will be required, but only the Project Officer has the authority to approve amendments to the PIP once it is approved.

3. Quarterly Program Evaluation Reports

a. The Recipient shall submit quarterly program evaluation reports (also referred to as "technical reports"), which briefly presents the following information:

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

(2) Reasons why established goals were not met.

(3) Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs. Cost sharing reporting by the Recipient shall be in accordance with section I.4 of this Schedule.

b. If any evaluation report conducted by the Recipient discloses the need for change in the financial plan estimates in accordance with the criteria established in Mandatory Standard Provision 4 of this Cooperative Agreement entitled "Revision of Grant Budget", the Recipient shall submit a request for financial plan revision.

c. The original and two (2) copies of each project evaluation report shall be submitted to the cognizant Project Officer specified in Section F.1.d. of this Schedule.

d. Concurrently, two (2) copies of each project evaluation report shall be submitted to the following address for official Agency records:

Agency for International Development
Center for Development Information and Evaluation
Development Information Division, PPC/CDIE/DI
Room 219F, SA-18
Washington, D.C. 20523-1802

4. Special Reports

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

a. Problems, delays, or adverse conditions that will materially affect the ability to attain project objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project 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.

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

5. Annual Reports

In lieu of the fourth quarter program performance report, the Recipient shall submit an Annual Report. The original and two (2) copies of the Annual Report plus one (1) copy for the Embassy or A.I.D. Mission in each cooperating country will be submitted to the Project Officer prior to each anniversary date of the agreement. Annual reports will describe program activities and the Recipient's financial contribution to the project (see section I.4 for Recipient cost sharing requirements). The Annual Report will also include a country information sheet for each subproject activity and will be furnished in the format

prescribed in the RFA. Other current A.I.D. grants, contracts, and cooperative agreements to ATA will be noted in the report with an explanation of any relationship of such agreements to this Cooperative Agreement.

6. Final Report

Within ninety (90) days after the expiration date of this Cooperative Agreement and in lieu of a fourth quarter program performance report and an annual report, the Recipient shall submit the original and two (2) copies of a Final Report which summarizes the project in the format set forth in section F.3 of this Schedule.

G. SUBSTANTIAL INVOLVEMENT

a. It is understood that A.I.D. will be substantially involved during the performance of this Cooperative Agreement in the following manner:

(1) Approval of Countries: The following country is approved for direct in-country program support by A.I.D. under the cooperative agreement: Hungary.

Other countries may be approved during the period of the cooperative agreement. Prior approval for the addition of one or more countries which necessitates a revision of the financial plan will be obtained from the Grant Officer in writing after consultation with the Project Officer and relevant Embassy or A.I.D. Mission. If a revision to the financial plan is not required for the inclusion of another country or countries, then prior approval shall be obtained from the Project Officer. The Grant Officer shall promptly receive a copy of the Recipient's request and the Project Officer's approval.

(2) Approval of Evaluators: The Project Officer must approve independent evaluators and any alternate for the mid-term and final evaluations (see section I.7 of this Schedule).

(3) Review and Approval of Project Implementation Plan (PIP): The Project Officer must approve in writing of PIP prior to program implementation (see section F.2 of this Schedule).

H. CLOSEOUT PROCEDURES

1. The following definitions shall apply for the purpose of this procedure:

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

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

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

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

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

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

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

d. The Recipient shall account for any nonexpendable property acquired with A.I.D. funds.

e. In the event a final audit has not been performed prior to the closeout of the 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.

I. SPECIAL PROVISIONS

1. Cost Principles

The cost principles applicable to this Cooperative Agreement is Office of Management and Budget (OMB) Circular A-122.

2. Recipient Application (Proposal)

A summary of the Recipient's program is stated in Attachment 2 of this Cooperative Agreement entitled "Program Description". A more in-depth discussion of the program description is provided by ATA's application (proposal), entitled "Artisan Product Development and Marketing in Hungary," dated December 24, 1990 and revised applications (proposals) dated March 6, 1991 and March 25, 1991. The Recipient's application (proposal) was submitted in response to the RFA to the Office of European Affairs, Bureau for Europe and the Near East. The Recipient's application (proposal) and revisions are hereby referenced and incorporated as part of this Cooperative Agreement; however, the Order of Precedence in Section I 13 applies.

3. Travel

The standard provision entitled "Travel and Transportation" which requires advance notification of the Project Officer of the Recipient's travel intentions overseas, is required. The Recipient is also required to provide advance notification of intention to travel to the Embassy or A.I.D. Mission in each cooperating country.

4. Cost Sharing (Matching)

a. Pursuant to the RFA, the Recipient has agreed to expend from non-federal cash funds by the end of the life-of-program (LOP) not less than the amount shown in the financial plan of this Cooperative Agreement under the Column headed "ATA Cost Share" (see section D.1. of this Schedule.) Therefore, the standard provision of this Cooperative Agreement entitled "Cost Sharing (Matching)" applies.

b. The Cost Sharing (Matching) Standard Provision makes reference to project costs. "Project Costs" are defined in Attachment E of OMB Circular A-110, as well as all allowable costs [as set forth in the applicable Federal cost principles (see the Standard Provision of this Cooperative Agreement entitled "Allowable Costs")] incurred by the Recipient and the value of in-kind contributions

made by the Recipient on behalf of third parties in accomplishing the objectives of this Cooperative Agreement during the program period.

c. The Recipient is required to report in its annual reports and its financial reports (Standard Form 269) the total amount of cost sharing to date. Although the Recipient may cost share on a life-of-program basis, it is expected that funds will be expended on a pro rata basis per year and not withheld until the last year of the agreement.

5. Employee Salaries

Except as the Grant 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.

6. Consultant Fees

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

7. Monitoring and Evaluation

a. Monitoring: On occasion, A.I.D. Technical Officers will, with prior notification to the Recipient's headquarters, visit selected program sites.

b. Self-evaluation: Self-evaluations will be conducted by the Recipient in accordance with its evaluation program as described in its December 24 application (proposal) and March 6, 1991 and March 25, 1991 revisions.

c. Independent Evaluation: An independent mid-term and final evaluation in collaboration with the Recipient will be carried out at the mid point of the program and no later than sixty (60) days prior to the expiration date of the cooperative agreement. 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 Project Officer. This approval must be communicated in writing. The Recipient is encouraged to provide at least one evaluator from its permanent staff who, if possible, is not currently participating in activities funded by this Cooperative Agreement. At least one evaluator will be an individual not currently employed by ATA. The Project Officer is to participate in the pre-evaluation and post-evaluation briefings. The original and two (2) copies of the completed evaluation report plus one (1) copy of each country evaluated will be sent to the Project Officer whose address is specified in section F.1.d. of this Schedule.

8. Source/Origin/Nationality of Suppliers of Commodities and Services - Authorized Geographic Codes

a. Except as A.I.D. may otherwise agree in writing, all services shall have their nationality in the United States (A.I.D. Geographic Code 000) or in the cooperating country, Hungary (A.I.D. Geographic Code 185.)

b. Rental or leasing of office space or warehouse space is authorized for A.I.D. Geographic Code 000, or A.I.D. Geographic Code 185.

c. All goods/commodities shall have their source in the United States or Hungary. The Recipient is expected to use its own private cost-share funds for all procurements of nonexpendable property for all non-U.S. or non-cooperating country procurements.

9. Approval of Nonexpendable Equipment

In furtherance of the Recipient's program, the Grant Officer does hereby provide approval for the following purchase (see the standard provision entitled "A.I.D. Eligibility Rules for Goods and Services.") This approval shall not be construed as authorization to exceed the total estimated amount of this Cooperative Agreement (see section B of this Schedule.)

<u>Item Description</u>	<u>Quantity</u>
Portable (laptop) computer and printer	1

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10. Procurement of Used Equipment

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

11. Title to Property

Title to property purchased by the Recipient under this Cooperative Agreement shall be vested in the Recipient. Accordingly, the Standard Provision entitled "Title to and Care of Property (Grantee Title)" applies. Disposition of property shall be in accordance with this Standard Provision. It is anticipated that the Recipient will dispose of the portable computer in the following manner: ATA will retain the portable computer for use in program continuation and/or expansion.

12. Participant Training

The financial plan in Year 2 provides for a representative of Hungarocoop to attend a function in the United States for observation purposes. Participant Training is hereby authorized under this Cooperative Agreement, therefore, the standard provision entitled "Participant Training" applies. The Recipient shall follow the procedures set forth in this standard provision

13. Order of Precedence

In the event of any inconsistencies in this Cooperative Agreement, they shall be resolved by applying the following in descending order of precedence:

Attachment 1 - Schedule
Cover Letter
Attachment 3 - Standard Provisions
Attachment 2 - Program Description
Recipient's Original and Revised Application (Proposal)

14. Correspondence

For the purposes of "notices" delivered to the A.I.D. Grant Officer, pursuant to Mandatory Standard Provision 13 entitled "Notices", the following addresses shall be used:

- a) Regular U.S. Mail
Grant Officer
Agency for International Development
Office of Procurement
Overseas Division - Eastern Europe Branch
Room 1509; SA-14
Washington, D.C. 20523-1423

- b) By Courier/Express Mail Only
 Grant Officer
 Agency for International Development
 Office of Procurement
 Overseas Division - Eastern Europe Branch
 15th floor receptionist
 1100 Wilson Blvd.
 Arlington, Virginia 22209

15. Zip Codes

Use the following nine-digit zip codes instead of the five-digit zip codes shown in the corresponding standard provisions:

<u>Standard Provision</u>	<u>Zip Code</u>
Disputes	20523-0051
Procurement of Goods and Services	20523-1414
Participant Training	20523-1601
(second address)	20523-0209

16. Standard Provisions

The Standard Provisions set forth in Attachment 3 consist of the following provisions and the corresponding numbers (as specified on pages 4C-1 and 4C-8a of the Attachment) which are attached hereto and hereby incorporated as a part of this Cooperative Agreement:

(a) MANDATORY STANDARD PROVISIONS FOR U.S. NONGOVERNMENTAL GRANTEES

1. Allowable Costs (November 1985)
2. Accounting, Audit, and Records (September 1990)
3. Refunds (September 1990)
4. Revision of Grant Budget (November 1985)
5. Termination and Suspension (May 1986)
6. Disputes (November 1989)
7. Ineligible Countries (May 1986)
8. Debarment, Suspension, and Other Responsibility Matters (March 1989)
9. Nondiscrimination (May 1985)
10. U.S. Officials Not to Benefit (November 1985)
11. Nonliability (November 1985)
12. Amendment (November 1985)
13. Notices (November 1985)

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**(b) OPTIONAL STANDARD PROVISIONS FOR U.S.,
NONGOVERNMENTAL GRANTEES**

2. Payment - Periodic Advance (November 1985)
4. Air Travel and Transportation (November 1985)
6. Procurement of Goods and Services (November 1985)
7. A.I.D. Eligibility Rules for Goods and Services (November 1985)
8. Subagreements (November 1985)
9. Local Cost Financing (November 1988)
11. Publications (November 1985)
14. Regulations Governing Employees (November 1985)
15. Participant Training (May 1986)
19. Government Furnished Excess Personal Property (November 1985)
20. Title To and Use of Property (Grantee Title) (November 1985)
25. Conversion of United States Dollars to Local Currency (November 1985)

(End of Attachment 1)

PROGRAM DESCRIPTION

I. Program Goal

The goal of this Cooperative Agreement is to assist Hungarian artisans to develop a product line of market-sensitive craft products and to establish a market link between Hungarian artisan cooperatives and the U.S. import market. ATA will work to create sustainable microenterprise in Hungarian craft villages, by creating conditions under which Hungarian artisans can continue the design and marketing work begun by ATA.

II. Program Purpose

The purpose of this Cooperative Agreement is to enable ATA to carry out a systematic, three-pronged approach to artisan development, designed to improve product design, increase business skills among artisans and artisan cooperative staff members (co-op staff), and provide a strong and visible market link to the U.S. market.

III. Principal Activities

To accomplish the goal and purpose, ATA plans the following activities:

1. Professional ATA consultants, with the support of Budapest-based professional artisans, will conduct on-site product development workshops with Hungarocoop artisans in the fields of textiles, pottery, and glass. Selected U.S. buyers will make field visits to crafts villages, providing invaluable market-based insight while they observe the production process. Sample purchases may be expected from this visit as well. Workshop participants will share their new knowledge with other artisans, giving village women training and experience in supervision as well as craft production.

2. Business professionals from the United States and Hungary will provide business and export training to artisans and co-op staff, enabling the co-ops and their members to take over business operations after ATA's departure.

3. ATA will draw upon its network of sales contacts to establish Hungarian handcrafts in the U.S. market. It will represent Hungarocoop at the New York Gift Show, prepare and distribute promotional materials and press releases; and introduce selected U.S. buyers, involving them immediately in the product development phase, as well as end-product sales, to ensure market-competitive designs.

Year 1 inputs will include three ATA visits to Hungary. The first ATA team will include Project Director Clare Smith, ATA Treasurer Burges Smith, Consultants Docey Lewis and Jane Griffiths. Team members will confer with Hungarocoop staff; make arrangements for the first set of product development workshops, to be led by Lewis; and begin business training and buyers' office establishment (business training will continue on an ongoing basis throughout the project term.)

A second visit will include Yale analysts who will complete an artisan survey and analysis and continue business training. The third visit will include two consultants for additional product development workshops and business training. A team of selected U.S. buyers will accompany either the first or the third ATA team. Additional inputs for Year 1 include marketing efforts, including representation and sales at the New York Gift Shows in both August 1991 and February 1992.

Year 2 involves two visits for two consultants for continued product development and business training. Additional inputs include continued marketing as during Year 1, the preparation of additional promotional materials, the cost of an independent project evaluation, and a trip by a Hungarocoop representative to the New York Gift Show for marketing training and experience.

IV. Program Management

Project Director, Clare Smith, of ATA will be principally responsible for the overall management and implementation of the program. She will coordinate cooperative agreement activities with the head of Hungarocoop and assure joint programming of activities among professional consultants and the Hungarocoop staff in Hungary. ATA staff and consultants will have full responsibility for successful attainment of cooperative agreement objectives and for monitoring and evaluation of implementation and results.

(End of Attachment 2)