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AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A. I. D. MISSION
TO EL SALVADOR
C/O AMERICAN EMBASSY.
SAN SALVADOR, EL SALVADOR, C. A.

June 28, 1991

Mr. Russell C. Notar
Senior Vice President
International Development
and Finance
Cooperative League of the U.S.A. (CLUSA)
1401 New York Avenue, N.W.
Suite 1100, Washington, D.C. 20005-2160

SUBJECT: Non-traditional Agricultural Export
Production and Marketing Project
Cooperative Agreement No. 519-0392-A-00-1153-00

Dear Mr. Notar:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the Federal Grant and Cooperative Agreement Act of 1977 (P.L. 95-244), the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the Cooperative League of the U.S.A. (hereinafter referred to as "CLUSA" or "Recipient", under this Cooperative Agreement (hereinafter referred to as "Agreement"), the sum of \$2,500,000 to provide financial support for the Recipient's Non-traditional Agricultural Export Production and Marketing Project in El Salvador, as described in the Schedule of this Agreement and the Program Description. The total estimated A.I.D. contribution to this Project, contingent upon the availability of funds is \$9,000,000.

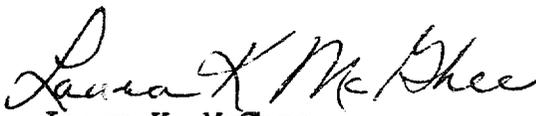
This Agreement is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of project objectives through June 30, 1995.

This Agreement is awarded to the Recipient on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled the "Schedule," Attachment 2, entitled "Program Description," Attachment 3, entitled "Illustrative Financial Plan," and Attachment 4, entitled "Mandatory Standard Provisions for U.S., Nongovernmental Grantees" (effective September 14, 1990), which are hereby agreed to by your organization.

Please sign the original and six (6) copies of this letter to acknowledge your receipt of the Agreement, and return the original and five (5) copies to USAID/El Salvador.

Sincerely yours,


John Heard
Acting Mission Director


Laura K. McGhee
Agreement Officer

Acknowledged by:

 - President, CLUSA
Russell C. Notar
Senior Vice President
International Development
and Finance, CLUSA

Date: 7-2-91

Attachments:

- Attachment 1 "Schedule"
- Attachment 2 "Program Description"
- Attachment 3 "Illustrative Financial Plan"
- Attachment 4 "Mandatory Standard Provisions for U.S., Nongovernmental Grantees" (effective September 14, 1990)

Fiscal Data:

Appropriation: 72-1111021

Budget Plan Code: LDNA9125519KG13

Project Number: 519-0392

Total Estimated Amount: \$9,000,000

Total Obligated Amount: \$2,500,000

Funding Source: USAID/El Salvador

SCHEDULE**A. PURPOSE OF AGREEMENT**

The purpose of this Agreement is to increase the production and marketing of non traditional agricultural exports (NTAEs) by cooperatives and other participant small farmers. The purpose will be achieved by increasing and improving production of NTAE; improving and expanding the NTAE marketing systems; strengthening existing and developing new linkages between NTAE producers and processors/exporters; and promoting investment in NTAE production and marketing as more fully explained in Attachment 2, Program Description.

B. PERIOD OF AGREEMENT

1. The effective date of this Agreement is June 28, 1991. The expiration date of this Agreement is June 30, 1996.
2. Funds obligated hereunder are available for program expenditures for the estimated period from the date of this Agreement through June 30, 1996, as shown in the Illustrative Financial Plan.

C. AMOUNT OF GRANT AND PAYMENTS

1. The total estimated amount of A.I.D. contribution to this Agreement is \$9,000,000, which will encompass a period from the effective date of this Agreement until June 30, 1996.
2. A.I.D. hereby obligates the amount of \$2,500,000, from program expenditures during the period specified in B.2. above and as shown in the Illustrative Financial Plan.
3. Payments shall be made to the Recipient in accordance with the documentation and procedures set forth in the Provision entitled "Payment - Letter of Credit" of Attachment 4, Mandatory Standard Provisions for U.S., Nongovernmental Grantees.
4. Additional funds up to the total amount of the Agreement shown in C.1. above may be obligated by A.I.D. subject to the availability of funds, and to the requirements of Section 4 entitled "Revision of Grant Budget" of Attachment 4, Optional Standard Provisions for U.S., Nongovernmental Grantees.
5. Funds to cover the cost of A.I.D. evaluations and audits as well as other project support activities will be reserved by A.I.D. and not be included in the Letter of Credit. A.I.D. after consultations with CLUSA, will directly contract to undertake these activities.

D. A.I.D. INVOLVEMENT

A.I.D. El Salvador through its Rural Development Office (RDO), will participate in the activities under this Agreement in the following manner:

1. A.I.D. will monitor project implementation to assure that the terms and conditions of this Agreement are met. Project monitoring will be exercised principally by an A.I.D. Project Manager assigned by the Rural Development Office.
2. A.I.D. will approve annual implementation plans presented by CLUSA.
3. A.I.D. will participate in annual reviews of activities financed under this Agreement, based on quarterly reports submitted by CLUSA.
4. A.I.D. will approve the selection of the CLUSA Chief of Party.
5. A.I.D. will approve in advance all contracts with U.S., U.S.-alien, and third country national citizens.
6. A.I.D. will supervise the program evaluations to be conducted during the life of the Project.

E. ILLUSTRATIVE FINANCIAL PLAN

1. The Illustrative Financial Plan for the Project is set forth in Attachment 3 to this Agreement. Revisions to this Plan shall be made in accordance with the Mandatory Standard Provision of this Agreement entitled "Revision of Grant Budget."
2. The exchange rate to be utilized by the Recipient in converting dollars from this Agreement to local currency shall be the highest rate which is not unlawful in El Salvador.

F. AUDITS AND INSPECTIONS

CLUSA will engage a U.S. CPA firm, or an affiliate of a U.S. CPA firm to carry-out an annual audit using Government Accounting Office (GAO) standards of the Recipient's financial statements and use of A.I.D. Agreement funds.

G. REPORTING AND EVALUATION

1. Financial Reports

The financial reports requirements are set forth in the Optional Standard Provision entitled "Payment - Letter of Credit." The financial reports entitled "Financial Status Report" (SF-269), and the "Federal Cash Transaction Report" (SF-272), shall be submitted quarterly to A.I.D./Washington, with copies to USAID/El Salvador, Rural Development Office (RDO) and the Office of the Controller. In addition, CLUSA will

send on a quarterly basis a copy of their local financial reports to RDO, USAID/El Salvador.

2. Program Progress Reports

The Recipient shall monitor performance under the Agreement and ensure that the time schedules are being met, projected work units are being accomplished, and other performance goals are being achieved. Based upon this monitoring, the Recipient shall submit quarterly technical performance reports to A.I.D. that briefly present the following information for each activity under the Agreement:

- a) A comparison of actual accomplishments with the targets established for the period;
- b) Reasons why established targets were not met;
- c) Review expenditures and projected expenditures on planned activities to determine whether program budget is sufficient to cover all activities or if additional funding is required and justified to meet project goals; and
- d) Other pertinent information including, when appropriate, analysis and explanation of costs overruns or high unit costs.

The Recipient shall submit quarterly technical performance reports to A.I.D.'s Rural Development Office (RDO) within 15 days after the completion of the quarter. The last day of the quarter is defined as the last day of the month of March, June, September and December. If any performance review conducted by the Recipient discloses the need for change in the budget estimates in accordance with the criteria established in Mandatory Standard Provision entitled "Revision of Grant Budget," the Recipient shall submit a request for budget revision.

3. End-of-Project Report

Within 30 days following termination of the Project, the Recipient will submit to USAID/El Salvador an end-of-project report of the activities carried out under this Agreement, including a section on "lessons learned."

4. Evaluations

Two Project evaluations will be conducted. The first will be a mid-term evaluation which will take place in 1994, three years after Project start-up. The final evaluation will take place at the end of the Project in 1996, approximately in the last three months of the Project. Other Project assessments may also be conducted at more frequent intervals to provide important information for course correction during Project Implementation. These evaluations will be contracted by A.I.D. using Project funds.

H. SPECIAL PROVISIONS

1. Optional Standard Provisions

The following provisions of the Optional Standard Provisions for U.S. Nongovernmental Grantees are not applicable to this Agreement:

2. Payment - Periodic Advance
3. Payment - Cost Reimbursement
10. Patent Rights
11. Publications
12. Negotiated Indirect Cost Rates - Predetermined
16. Voluntary Population Planning
17. Protection of the Individual as a Research Subject
18. Care of Laboratory Animals
19. Government Furnished Excess Personal Property
21. Title to and Care of Property (U.S. Government Title)
22. Title to and Care of Property (Cooperating Country Title)
23. Cost Sharing (Matching)

2. Condition Precedent to First Disbursement

Prior to initial disbursement under this Agreement, CLUSA will furnish in form and substance satisfactory to A.I.D.:

- a) A statement indicating the name of person(s) and the office he/she holds in CLUSA who is empowered to act for CLUSA with reference to this Agreement, along with a specimen signature of such person(s).
- b) Evidence that CLUSA has established a separate account to control the receipt and disbursement of A.I.D. funds. Upon meeting these conditions, \$500,000 will be added to the CLUSA letter of credit to cover initial administrative costs and basic NIAE activities.
- c) Written Agreement with CLUSA that an Environmental Assessment (EA) will be undertaken and approved by the IAC Chief Environmental Officer prior to commitment of

funds by CLUSA for any activity that would procure, use, or promote the use of pesticides or herbicides, or that would lead to any clearing of forests. Prior to conducting this Environmental Assessment, the mission must first undertake a scoping exercise. The resulting scope of work for the EA must be submitted to the LAC Chief Environmental Officer for approval.

3. Conditions Precedent to Subsequent Disbursement

- a) Within thirty (30) days after signing of this Agreement, CLUSA will prepare and submit to A.I.D. an Implementation Plan in form and substance acceptable to A.I.D. outlining the activities to be carried out during the first year. The Implementation Plan will include, but not be limited to: a schedule of activities and goals, a financial plan related to all activities for the first year, and technical assistance requirements and a schedule of such assistance. Upon meeting this condition, the Letter of Credit will be increased up to the obligated amount less the A.I.D. administered Project Support and Management line item. In addition, CLUSA agrees to submit subsequent annual implementation plans and budgets for A.I.D.'s approval.

4. Special Provisions

- a) The Recipient shall maintain a drug-free workplace in compliance with the certification provided to A.I.D. This certification will be provided to A.I.D. prior to the signing of this Agreement. Violations of the requirements to maintain a drug-free workplace may subject the Recipient to suspension of disbursements, termination or suspension of this Agreement, ineligibility to receive further grant assistance and such other remedies as A.I.D. may consider appropriate. Violations include the failure to comply with the certification, presentation of a false certification, or evidence that such a number of employees have been convicted of violations of criminal drug statutes for acts occurring in the workplace as to indicate that the Recipient has failed to make a good faith effort to provide a drug-free workplace.
- b) U.S. citizen employees of the Recipient, as well as the U.S. citizen employees of its subgrantees and subcontractors, who are in El Salvador solely for the purpose of working under the Agreement, may be granted access to the commissary operated by the American Employee Association in El Salvador (AEAES) in accordance with the policies of the Department of State and the U.S. Embassy to El Salvador.
- c) Pursuant to the Optional Standard Provision entitled, "Air Travel and Transportation," appended to this Agreement, The

Recipient is required to present to the A.I.D. Project Officer for written approval an itinerary for each planned international trip financed by this Agreement, which shows the name of the traveler, purpose of the trip, origin/destination (and intervening stops), and dates of travel, as far as in advance of the proposed travel as possible, but in no event less than three weeks before travel is planned to commence. At least one week prior to commencement of approved international travel, the Recipient shall notify the cognizant Mission, with a copy to the Project Officer, of planned travel, identifying the travelers, flight numbers, and the dates and times of arrival.

The Recipient's Annual Implementation Plan should, to the extent practical, provide the above information for all planned international travel thereby facilitating A.I.D.'s review and approval. Thereafter, any international travel not included in these annual plans will require separate advance notification and approval of the A.I.D. Project Officer, pursuant to instructions in previous paragraph.

- d) CLUSA agrees that assistance to cooperatives whose export plans include crops or products destined to third country markets, which are also exported by the U.S. to those countries, and for which the Salvadoran exports may result in significant impact on the U.S. exports to those markets, will not receive assistance financed under the Agreement, in accordance with A.I.D. Policy Determination 15 (PD-15), unless A.I.D. makes a prior determination in writing that the specific assistance in question would not violate the requirement of PD-15.
- e) CLUSA agrees that assistance will not be given to cooperatives or agribusinesses in the production, processing, or marketing of sugar, palm oil or citrus for export.
- f) CLUSA agrees to pay no more than reasonable prices for any goods and services financed in whole or in part under this Agreement. Such items will be procured by employing fair and good procurement practices to assure the most effective use of the funds provided.

I. OVERHEAD RATE

The following provisional rate shall be applied to the costs under this Agreement for the period indicated, in accordance with Standard Provision entitled "Negotiated Indirect Cost Rates - Provisional".

<u>Type of Rate</u>	<u>Rate</u>	<u>Base</u>	<u>Accounting Period</u>
Overhead	38.4%	Total Direct Costs excluding equipment. Nonexpendable property, sub-contracts and subgrants, and In-country training costs.	Effective date of Agreement until amended
G&A	3.7%	Total Direct Costs for Contracts and Grants.	Effective date of Agreement until amended

J. TITLE OF PROPERTY

Property financed under this Agreement brought into or purchased in El Salvador will be titled in the name of CLUSA.

K. AUTHORIZED GEOGRAPHIC CODE

The Authorized Geographic Code for procurement of goods and services under this Agreement is 000, the United States, except as A.I.D. may otherwise agree in writing. The Standard Provision entitled "A.I.D. Eligibility Rules for Goods and Services" and A.I.D. policy for "Buy America" issued December 5, 1990, apply to procurement under this grant.

PROGRAM DESCRIPTION**A. PURPOSE OF AGREEMENT**

This agreement contributes to the goal of increasing rural incomes in El Salvador through production of alternative crops and access to more lucrative markets.

The purpose of this Agreement is to increase production and marketing of non traditional agricultural exports (NTAEs) by cooperatives and other participant small farmers. The purpose will be achieved by increasing and improving production of NTAEs; improving and expanding the NTAE marketing systems; strengthening existing and developing new linkages between NTAE producers and processors/exporters; and promoting investment in NTAE production and marketing.

B. PROJECT COMPONENTS

The project has five basic components: (1) NTAE Production Technology Transfer; (2) NTAE Marketing and Investment Promotion; (3) Strengthening Cooperative Agribusiness Management, (4) Training and Information Management, and (5) Administrative Support. A separate budget line item, managed by USAID, funds project oversight, evaluation, and audit.

1. NTAE Production Technology Transfer

The project will improve the flow and transfer of NTAE agricultural technologies to cooperatives and small farmers. Technology transfer will be accomplished by:

- * intensive training and focused technology assistance for low resource farmers and producers;
- * linkage of producers to other producers, private sector suppliers and buyers (processors and exporters);
- * development of a network of private sector agricultural service enterprises. These rural enterprises will perform specialized technical services for the target group of producers as well as the processors and exporters.

Intensive training and technology assistance will include in-the-field demonstration, supervised production activities, and topical training sessions. Training sessions will cover planning and product selection, land selection and soil preparation, fertilization, pest control including correct utilization of pesticides and other chemical products, phytosanitary control, irrigation management, harvest and postharvest management and quality control, equipment calibration, and welding and acetylene use.

Simultaneously, CLUSA will strengthen the level of technical assistance provided by exporters and processors to the cooperatives and producer-farmers. Currently, the exporters provide limited support to the growers; they need to give explicit advice and technical assistance to assure the quality and timing of product to support the NTAE industry.

To be eligible for project assistance, processors and exporters must be willing to provide technical assistance and have a track record of dealing equitably with the producers. CLUSA will provide assistance in negotiating contracts between producers and processors/exporters. Technology assistance to processors and exporters who grow some of their own produce will also be provided.

CLUSA will access technologies that have been successfully employed in El Salvador and in other areas of Central America by:

- visiting cooperatives participating in the pilot project which have demonstrated efficient application of project-provided technical assistance and training and which can serve as examples of what can be accomplished;
- training in product use and safety by agrichemical companies;
- visiting production, packing and processing facilities in other Central American countries and in the United States;
- negotiating marketing and technical assistance agreements with U.S. agricultural cooperatives;
- identifying and training for potential cooperative leaders;
- establishing direct contacts between the producers and exporters/processors participating in the project and research and training institutions such as CATIE, Zamorano, and the Salvadoran National Agriculture School.

CLUSA will cooperate with training institutions such as CATIE, Zamorano, and the Salvadoran national agriculture school to promote and encourage the development of a network of service enterprises to meet the needs of the expanding and maturing NTAE sector. Options for setting up service enterprises are the establishment of secondary level cooperatives, independent business entities, and specialized divisions within larger cooperatives or marketing organizations.

Examples of service enterprises include:

- apiary management and pollination services;
- integrated pest management and pesticide application services;
- soil and foliar testing and fertilizer application services;
- heavy tillage and land preparation;

- pre-cooling, packing and post-harvest management services;
- feasibility and marketing studies;
- management accounting and loan packaging services.

CLUSA will continue its advocacy and intermediary role in assisting participating cooperatives to secure production and other credit from the banking system, capitalizing on the relationship it has established with the UFRRA, the Central Reserve Bank unit responsible for defining and monitoring agrarian reform credits. CLUSA will also continue to work with Salvadoran land reform agencies to assist cooperatives to diversify production by introducing NTAE products. Their field workers will be invited to attend training-of-trainers sessions sponsored by the Training Unit of the project.

2. NTAE Market and Investment Promotion

Parallel to the NTAE production technology transfer component, CLUSA will promote marketing and investment to local and U.S. buyers, brokers, exporters and processors. Activities with the agricultural division of the Salvadoran Foundation for Economic and Social Development (FUSADES) a PVO will provide information to processors and exporters about market demand and price quotations for NTAE products.

Activities which strengthen the marketing capability of the exporters and processors include:

- implementing a system for in-country quality control inspection and certification of exports;
- implementing a quality assurance service for all product exported;
- visit ports of entry to observe U.S. Customs, USDA, and FDA inspection procedures;
- design packing/loading systems to reduce handling fresh produce (e.g. utilization of palletized loads);
- assist in marketing feasibility studies.

The marketing promotion activities are key to promotion of NTAE investment. Investment promotion activities introduced in the pilot project will be expanded to identify, counsel, and assist foreign and local investors and otherwise facilitating joint ventures, co-ventures, and marketing contracts between brokers and importers in the U.S. and Salvadoran producers, exporters and processors. CLUSA will request the Overseas Private Investment Corporation (OPIC) to provide U.S. investment protection information. CLUSA will identify potential U.S. and other foreign investors and link them to the Salvadoran NTAE sector through equity joint ventures and contract joint ventures. The former

involves long term commitments of investment capital in infrastructure or in share participation of a Salvadoran export or processing business. The latter has been used by some NTAE processors and exporters in contracts with U.S. brokers.

CLUSA will promote forward contracting by the produce buyer. For example, CLUSA will assist the cooperatives to obtain production credit at time of planting; to obtain broker purchase and supply of cartons and packing materials; to initiate joint investment by buyers and brokers in postharvest infrastructure; and to promote investment of the exporters and brokers in production infrastructure for use by the producers.

The investment promotion activity is intended to increase the number of foreign buyers and businesses who enter into equity or contract joint ventures with project assisted cooperatives. CLUSA will seek to increase the total dollar amount of capital and extend the terms under which foreign companies invest in NTAE businesses, and to develop equitable arrangements among the brokers, buyers and producers' cooperatives as a means of distributing the risk more fairly between producers, exporters and buyers.

The market/investment promotion will be done jointly by CLUSA in El Salvador and Washington. CLUSA's International Development Division in Washington will be responsible for developing initial contacts and following up on leads provided by staff in El Salvador. CLUSA staff in El Salvador will be responsible for providing detailed product information to potential buyers, providing current cost information on products, shipping, etc. CLUSA/Washington will have follow-up responsibilities, including letters of credit (as appropriate), assistance with shipping, customs documentation, etc.

CLUSA/Washington will utilize its network of associate and member cooperatives and organizations to develop cooperative-to-cooperative links within the project. It will also contract, as needed, the services of short-term specialists who can promote the program with potential brokers/importers as well as potential investors and joint venture partners. Although there is usually general interest in purchasing commodities through cooperatives, the U.S. cooperatives are usually purchasing rather small quantities, so that while direct purchases could be arranged, the cost may become too high. CLUSA will explore ways of combining shipments while keeping costs in an acceptable range.

Market promotion and investment is a process of developing a network of possible buyers based upon an ability to provide quality and quantity product in a timely fashion. To this end, the project will build linkages and institutional capacity within the cooperatives and their supporting institutions so they can continue when the project is completed. It is important that Salvadorans are involved in all steps of the process and gradually, yet as rapidly as possible, take over the activity. This marketing promotion will become institutionalized over the life of the project.

U.S. cooperative investment may take the form of provision of training in, for example, use of pesticides and their proper storage, fertilizer application, equipment repair, as well as sessions on cooperative board and member responsibilities, accountability, cost accounting, etc. These would supplement the sustainability efforts of the project, even though the cooperatives may not be direct buyers of the NTAE. Markets outside of the U.S. also will be explored. Building upon existing relationships with other organizations, the project will pursue foreign markets for Salvadoran NTAE.

3. Strengthening Cooperative Agribusiness Management

Since most of the participating cooperatives are involved in the production of traditional crops as well as NTAE crops, and, since in some instances the amount of land devoted to the former is greater than that devoted to NTAE production, profits reaped from NTAE production and marketing can be quickly dissipated if other production activities suffer losses. Some cooperatives also are carrying heavy debt loads due to inadequate financial management or mismanagement. CLUSA will address these factors to ensure viability and sustainability of participating cooperatives.

CLUSA will establish a separate Cooperative Agribusiness Unit to address the business, financial and training needs of the cooperatives. The Unit will provide some direct technical assistance and training, complemented by the activities of other providers under subcontract work orders.

The major project activities to strengthen the management capacity of the cooperatives include:

- developing action plans for the overall enterprise, of which NTAE operations will be a major component;
- developing practical accounting systems within the cooperatives that provide information relating to all of the production and marketing activities of the cooperative;
- building functional management structures within the participating cooperatives to promote the delegation of production and administration responsibilities to cooperative managers;

- developing business norms, operational procedures and administrative controls;
- building communication skills and techniques to improve the ability of managers to report and communicate with the directors and improve the capacity of the directors to communicate with the general membership;
- developing secondary level cooperatives or other organizations which can assist in coordinating the production and export of non traditional crops.

4. Training and Information Management

The project will install a record keeping and reporting system to monitor the production of the participating cooperatives. The system will provide CLUSA management with information needed to evaluate and monitor the project, such as:

- areas planted summarized by producer organization and planting seasons;
- production yields from each cultivated plot summarized by producer organization and planting season;
- percentage of export quality production summarized by cultivated plot, planting season and the producer organization;
- itemized material, labor and equipment costs to produce crops summarized by plot, producer and planting season;
- income summaries showing distribution of income to each cooperative;
- production value summaries showing economic returns from each operation;
- summary of training activities completed within each cooperative;
- comparative summary of services and prices offered by exporter and packing organizations;
- breakdown of counterpart contributions to the project.

The project will make the information and data base system fully operational and will adapt software packages to meet the needs of the exporters, producer cooperatives or service businesses supporting the NTAE sector. The project will set up a mechanism to distribute the redesigned software packages to the project clientele.

Training is a major tool for supporting and reinforcing the project. CLUSA will expand the range of training and increase the number of participants receiving production and management assistance. To provide support the NTAE Production Unit and Agribusiness Unit, a specialized training unit will be set up. This unit will be headed by a non formal education specialist and will perform the following functions:

- develop training modules for the participating producers and other project clients;
- develop work orders and sub-contracts for vendors of training services;
- conduct training-of-trainers programs in participatory, interactive training methodologies;
- monitor the delivery of training services provided by subcontractors;
- evaluate the effectiveness of training modules and delivery systems in the transfer of technology;
- coordinate the delivery of training services to project participants.

CLUSA will select individuals to be trained as trainers who are members of the participating groups or who live in the project areas who demonstrate leadership skills and training ability. Neither formal education nor training experience will be prerequisites for project-trained trainers.

The project will tap locally available expertise through work orders for specific assignments in accounting, management, and traditional products sectors, as required in cooperative development activities. Other organizations in El Salvador which have special expertise in areas of concern/needs for cooperatives/producers/processors will also be subcontracted for project work under work orders. Technical assistance contracts procured outside the U.S. will not exceed \$250,000 during the life of project, and are therefore in accordance with prevailing Buy America guidance issued December 5, 1990.

5. Administrative Support

This component includes the administrative operations of the Project. CLUSA home office staff will visit the project annually and will coordinate activities in the U.S. and in El Salvador. A local support staff plus communications and other direct office costs are included in this component. Maintenance expenses such as vehicle insurance and housing repair for expatriate staff are considered administrative support.

Procurement will be undertaken in this component. CLUSA will procure, subject to the applicable standard provision and Buy America guidance, up to 27 vehicles and other equipment for project implementation. Office equipment will be procured for the CLUSA El Salvador office, as will furnishings and security equipment for the expatriate advisors' homes. A listing of commodities planned for procurement is shown in the illustrative budget by component of the CLUSA proposal upon which this Grant is based.

C. AID ADMINISTERED FUNDS

AID will program and contract biennial financial and compliance audits of this Agreement, one mid-term and one final evaluation of project activities financed by the Agreement, and the services of a Salvadorian project manager to maintain communication between CLUSA and USAID/El Salvador.

D. END OF PROJECT STATUS

At the end of the Agreement period, CLUSA and its participating cooperatives will have attained the following status:

1. 7,250 additional hectares will have been planted in selected non traditional agricultural export crops due to CLUSA's assistance and market facilitation.

2. 21,800 metric tons of incremental production will have been obtained from non traditional agricultural export crops assisted by the CLUSA.

3. 50 cooperatives (or participating private farms, if any are assisted) representing approximately 163,000 rural dwellers will be profitably engaged in the production of non traditional agricultural crops for part of their income.

ILLUSTRATIVE FINANCIAL PLAN
BY BUDGET ELEMENT

<u>BUDGET ELEMENTS</u>	<u>YEAR ONE</u>	<u>YEAR TWO</u>	<u>YEAR THREE</u>	<u>YEAR FOUR</u>	<u>YEAR FIVE</u>	<u>TOTAL</u>
1. Salaries and Wages	\$ 401,795	452,858	484,561	518,482	423,695	2,281,391
2. Fringe Benefits	91,697	102,015	109,157	116,798	83,029	502,696
3. Consultant Fees	27,360	28,728	30,164	31,672	33,256	151,180
4. Travel and Transportation	147,367	109,293	151,110	157,832	138,234	703,836
5. Allowances	213,981	212,000	223,811	236,294	125,824	1,011,910
6. Other Direct Costs	61,425	63,410	66,583	69,912	73,408	334,738
7. Overhead	362,352	371,829	409,108	434,300	336,939	1,914,528
8. Subordinate Agreements	215,944	150,000	125,000	125,000	100,000	715,944
9. Procurement of Equipment	413,455	43,575	169,234	10,998	11,549	648,811
10. General and Administrative Costs	58,202	42,990	50,304	46,877	36,593	234,966
11. USAID-Administered Project Support and Management	70,000	145,000	70,000	70,000	145,000	500,000
Sub-Total A.I.D. Contributions	\$ 2,063,578	1,721,698	1,889,032	1,818,165	1,507,527	9,000,000
12. Personnel Expenses	114,250	139,130	172,540	216,771	256,800	899,491
13. Operating Expenses	166,250	207,390	254,972	337,187	395,085	1,360,884
14. Estimated Fees for Services	2,500	5,000	10,000	20,000	40,000	77,500
Sub-Total CLUSA Counterpart	\$ 283,000	351,520	437,512	573,958	691,885	2,337,875
PROJECT TOTAL	\$ 2,346,578	2,073,218	2,326,544	2,392,123	2,199,412	11,337,875

Best Available Copy

ILLUSTRATIVE FINANCIAL PLAN FOR INITIAL OBLIGATION
US DOLLARS

<u>BUDGET ELEMENTS</u>	<u>YEAR ONE</u>	<u>OBLIGATION</u>
1. Salaries and Wages	\$ 401,795	600,000
2. Fringe Benefits	91,697	117,000
3. Consultant Fees	27,360	30,000
4. Travel and Transportation	147,367	160,000
5. Allowances	213,981	250,000
6. Other Direct Costs	61,425	63,000
7. Overhead	362,352	400,000
8. Subordinate Agreements	215,944	250,000
9. Procurement of Equipment	413,455	500,000
10. General and Administrative Costs	58,202	60,000
11. USAID-Administered Project and Management	70,000	70,000
SUB-TOTAL AID CONTRIBUTION	\$ 2,063,578	2,500,000
12. Personnel Expenses	114,250	
13. Operating Expenses	166,250	
14. Fees for Services	2,500	
SUB-TOTAL CLUSA COUNTERPART	\$ 283,000	
 PROJECT TOTAL	 \$ 2,346,578	

ILLUSTRATIVE FINANCIAL PLAN
BY COMPONENT

Best Available Copy

<u>BUDGET ELEMENTS</u>	<u>YEAR ONE</u>	<u>YEAR TWO</u>	<u>YEAR THREE</u>	<u>YEAR FOUR</u>	<u>YEAR FIVE</u>	<u>TOTAL</u>
1. Production Technology and Transfer	\$ 583,343	489,518	655,065	508,889	563,654	2,800,009
2. Market and Investment Promotion	42,363	43,184	18,123	19,029	19,980	142,679
3. Strengthening Coop. Agrib. Management	409,498	347,856	388,068	414,188	194,377	1,753,987
4. Training & Information Management	510,450	367,822	410,729	439,707	197,377	1,926,085
5. Administrative Support	447,915	328,763	347,029	366,334	386,739	1,876,780
6. AID Managed Activities	70,000	145,000	70,000	70,000	145,000	500,000
6.1 Project Manager	50,000	50,000	50,000	50,000	50,000	250,000
6.2 Audit	20,000	20,000	20,000	20,000	20,000	100,000
6.3 Evaluation	—	75,000	—	—	75,000	150,000
Sub-Total A.I.D. Contribution	\$ 2,063,569	1,722,143	1,889,014	1,818,147	1,507,127	9,000,000
1. Production Technology and Transfer	283,000	351,520	437,512	573,958	691,885	2,337,875
Sub-Total CLUSA Counterpart	\$ 283,000	351,520	437,512	573,958	691,885	2,337,875
PROJECT TOTAL	\$ 2,346,569	2,073,663	2,326,526	2,392,105	2,199,012	11,337,875

ILLUSTRATIVE FINANCIAL PLAN BY COMPONENT

	<u>YEAR ONE</u>
1. Production Technology & Transfer	\$ 583,343
2. Market & Investment Promotion	42,363
3. Strengthening Cooperative Agribusiness Management	409,498
4. Training & Information Management	510,450
5. Administrative Support	447,915
6. A.I.D. Managed Activities	70,000
6.1 Project Manager	50,000
6.2 Audit	20,000
6.3 Evaluation	—
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Sub-Total A.I.D. Contribution	\$ 2,063,569
1. Production Technology & Transfer	283,000
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Sub-Total CLUSA Counterpart	\$ 283,000
 PROJECT TOTAL	 \$ 2,346,569