



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

Tri Valley Growers
1255 Battery Street
P.O. Box 7114
San Francisco, CA 94120-7114
Attn: Mr. Ed Thor

Subject: Cooperative Agreement No. CCN-0006-A-00-3038-00

Dear Mr. Thor:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, and the Federal Grant and Cooperative Agreement Act of 1977, the Agency for International Development (hereinafter referred to as "A.I.D.") hereby provides to Tri Valley Growers (hereinafter referred to as "TVG" or "Recipient") the sum of Two Million Two Hundred Thousand Dollars (\$2,200,000) (hereinafter referred to as the "Total Obligated Amount") in support of the Food Systems Restructuring Project in the New Independent States, as more fully described in Attachment 2, entitled "Program Description."

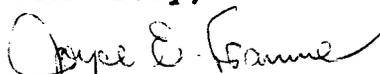
This Cooperative Agreement (hereinafter referred to as "Agreement") is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives for the period of this Agreement, as established in Section B.1. of the Schedule (see Attachment 1). 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 program, as described in Attachment 2, is \$11,105,500. Subject to the availability of funds, A.I.D. intends to provide \$9,888,000 (hereinafter referred to as "Total Agreement Amount") and the remainder shall be funded through in-kind and cash contributions from other non-Federal sources. Please note that A.I.D. shall not be liable for reimbursing the Recipient for any costs in excess of the Total Obligated Amount.

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 this Cover Letter; Attachment 1, entitled "Schedule;" Attachment 2, entitled "Program Description;" and Attachment 3, entitled "Standard Provisions"; which together constitute the entire Cooperative Agreement document and have been agreed to by your organization.

Please acknowledge receipt 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,



Joyce E. Frame
Agreement Officer
Contracts and Commodities
Division
Office of Procurement

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. Special Provision entitled "Restrictions on Lobbying"

ACKNOWLEDGED:

Tri Valley Growers

BY: 

TYPED OR PRINTED NAME: _____

Edward C. Thor

TITLE: Vice President

TITLE: _____

DATE: February 17, 1993

DATE: _____

FISCAL DATA

A. GENERAL

A.1. Total Agreement Amount: \$ 9,888,000
A.2. Total Obligated Amount: \$ 2,200,000
A.3. Project No.: 110-0006
A.4. A.I.D. Project Office: NIS/TF/PSI
Address: L. Mailloux
Room 2638, New State
Washington, D.C. 20523
A.5. Funding Source: NIS/TF
A.6. Paying Office Address: A.I.D.
FA/FM/CMP/DC - Room 700 SA-2
Washington, D.C. 20523-0209
A.7. Letter of Credit No.: N/A
A.8. CEC No.: 00 013 617G
A.9. Tax I. D. No.: 94-0934140

B. SPECIFIC

B.1.(a) PIO/T No.: 110-0006-3-366-2254
B.1.(b) Appropriation Symbol: 72-112/31037
B.1.(c) Allotment: 270-68-110-00-69-31
B.1.(d) BPC: WES2-93-36110-KG-12
B.1.(e) Amount: \$2,200,000

Attachment 1

SCHEDULE

A. PURPOSE OF COOPERATIVE AGREEMENT

The purpose of this Cooperative Agreement is to provide support for the Food Systems Restructuring Project (110-0006) in the New Independent States, as more specifically described in Attachment 2 entitled, "Program Description."

B. PERIOD OF COOPERATIVE AGREEMENT

B.1. The effective date of this Cooperative Agreement is the date of the Agreement Officer's signature on the Agreement Cover Letter. The estimated completion date is April 23, 1996 which is the existing Program Assistance Completion Date (PACD) for Project Number 110-0006. It is anticipated that this date may be extended in the future and that this Agreement will be amended to extend the Agreement to four years.

B.2. Funds obligated hereunder are available for program expenditures from the effective date of this Agreement through the estimated date of January 31, 1994.

C. AMOUNT OF COOPERATIVE AGREEMENT AND PAYMENT

C.1. The total estimated amount of the program described in Attachment 2 of this Cooperative Agreement is \$11,105,500 (hereinafter referred to as "Total Estimated Amount").

C.2. The total amount of the A.I.D. contribution to the total estimated program cost shown in C.1. above, to be provided through this Cooperative Agreement (hereinafter referred to as "Total Agreement Amount") for the period shown in B.1. above is \$ 9,888,000. The remaining amount of the total project costs will be provided by other non-Federal sources.

C.3. A.I.D. hereby obligates the amount of \$2,200,000 (hereinafter referred to as "Total Obligated Amount") for program expenditures during the estimated period from the effective date through January 31, 1994. In no event will A.I.D. be liable for the reimbursement of costs to the Recipient which exceed the obligated amount.

C.4. Payment shall be made to the Recipient in accordance with procedures set forth in the Standard Provision entitled "Payment - Periodic Advance", as set forth in Attachment 3.

D. COOPERATIVE AGREEMENT FINANCIAL PLAN (BUDGET)

D.1. The following is the financial plan for this Cooperative Agreement. Except as specified in the Standard Provision of this Cooperative Agreement entitled "Revision of Cooperative Agreement Budget", as set forth in Attachment 3. The Recipient may transfer no more than 15% of each line amount within the AID Contribution amongst other line items, except for indirect costs under which funds may not be transferred to other line items, for the attainment of program objectives. Any adjustments to the budget for the AID Contribution above 15% require the prior written approval of the Agreement Officer.

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

D.2. Budget

<u>DESCRIPTION</u>	<u>Total Amount</u>
Salaries and Wages	\$ 1,936,700
Fringe Benefits	582,500
Travel, Transport. & Per Diem	348,600
Allowances	113,800
Supplies & Equip.	505,400
Other Direct Costs	<u>40,900</u>
Subtotal	\$ 3,527,900
Indirect Costs	<u>272,800</u>
Total	<u>\$ 3,800,700</u>
SubAgreements	<u>\$ 6,087,300</u>
TOTAL A.I.D. CONTRIBUTION	<u>\$ 9,888,000</u>
TOTAL COST SHARING AMOUNT	<u>\$ 1,217,500</u>
TOTAL PROGRAM COST	<u>\$11,105,500</u>

E. REPORTING REQUIREMENTS

NOTE: REPORTING REQUIREMENTS OUTLINED BELOW APPLY TO BOTH THE RECIPIENT AND TO EACH SUBGRANT/AGREEMENT. IT IS THE RECIPIENT'S RESPONSIBILITY TO OBTAIN THE REQUIRED REPORTING FROM SUBGRANTEES/SUBRECIPIENTS.

E.1. Financial Reporting

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

E.1.(b) The original and two (2) copies of all financial reports shall be submitted to A.I.D.; Office of Financial Management, (FA/FM/CMP/DC); Room 700, SA-2; Washington, D.C. 20523-0209. In addition, six (6) copies of all financial reports shall be submitted to the A.I.D. Project Officer specified on the Fiscal Data section of this Cooperative Agreement and the respective USAID Mission(s) where the program is performed.

E.1.(c) With the exception of the final financial report, all financial reports shall be submitted within 30 days following the end of the reporting period. The final financial report shall be submitted within 90 days following the estimated completion date of this Cooperative Agreement.

E.1.(d) All financial reports shall include a summary of expenses by country and shall include a summary of all non-federal sources of funding.

E.2. Program Performance Reporting

E.2.(a) The Recipient shall submit six (6) copies of quarterly program performance reports to the A.I.D. Project Officer and the USAID Mission(s) where the program is being performed. These reports shall be submitted within 30 days following the end of the reporting period and shall briefly present the following information:

E.2.(a)(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 shall be related to cost data for computation of unit costs.

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

E.2.(a)(3) Summary financial report of all project expenditures, by subcomponent.

E.2.(a)(4) Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

E.2.(b) Between the required performance reporting dates, events may occur that have significant impact upon the program. In such instances, the Recipient shall inform A.I.D. as soon as the following types of conditions become known:

E.2.(b)(1) Problems, delays, or adverse conditions that will materially affect the ability to attain program objectives, prevent the meeting of time schedules and goals, or preclude the attainment of work units by established time periods. This disclosure shall be accompanied by a statement of the action taken, or contemplated, and any A.I.D. assistance needed to resolve the situation.

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

E.2.(b)(3) If any performance review conducted by the 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.

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

E.2.(d) Annual Progress Reports: Within 30 days following the annual anniversary date of this Cooperative Agreement, the Recipient shall submit to the A.I.D. project officer and the respective USAID Mission(s) where the program is being performed six (6) copies of an annual progress report which will describe the year's activities including technical, scientific, managerial and fiscal information. The report shall include:

E.2.(d)(1) A review of program and problems to date, and a discussion of technical and managerial issues significant to the success or failure of the Cooperative Agreement.

E.2.(d)(2) A description of activities to be undertaken in the subsequent year.

E.2.(d)(3) A review of the budget to date by fiscal category expenditures, and a forecast of the expected expenditures for the coming year.

E.2.(e) Final Report of Project: Within 60 days following the estimated completion date of this Cooperative Agreement the Recipient shall submit six (6) copies of a final report to the A.I.D. project officer and the respective USAID Mission(s) where the program was

performed and two (2) copies to the following address: A.I.D.; Center for Development Information and Evaluation; Document Information Division, POL/CDIE/DI; Room 209F, SA-18; Washington, D.C. 20523-1802. It shall include: (1) an executive summary of the Cooperative Agreement's accomplishments or failings, a description of the Cooperative Agreement activities from its inception, (3) significance of these activities, (4) comments and recommendations, and (5) a fiscal report that describes in detail how the Cooperative Agreement funds were used.

E.2.(f) Evaluations

E.2.(f)(1) The Food Systems Restructuring Project will be monitored and evaluated on an ongoing basis by the responsible A.I.D. Project Officer. Informal evaluation of the Cooperative Agreement progress will be an integral part of all activities with new procedures adapted as experience dictates.

E.2.(f)(2) In addition, A.I.D. will conduct annual assessments of the performance and program direction of the Cooperative Agreement. This will permit the redirection of resources to meet changed circumstances in target countries if that is needed. The Recipient shall cooperate fully with the assessment of activities.

E.2.(f)(3) An independent external evaluation of the program activities will be conducted. The recipient and subgrantees will cooperate with independent evaluation(s). A.I.D. will determine independent consultants to conduct the external evaluation.

F. CLOSEOUT PROCEDURES (OMB CIRCULAR A-110)

F.1. This paragraph prescribes uniform closeout procedures which are in accordance with the Office of Management and Budget (OMB) Circular A-110 for A.I.D. grants and cooperative agreements.

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

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

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

F.2.(c) Disallowed costs. Disallowed costs are those charges to an 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 agreement.

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

F.3.(a) Upon request, A.I.D. shall make prompt payments to the Recipient for allowable reimbursable costs under the Cooperative Agreement being closed out.

F.3.(b) The Recipient shall immediately refund 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.

F.3.(c) A.I.D. shall obtain from the Recipient within ninety (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 authorize extensions to the Cooperative Agreement when requested by the Recipient.

F.3.(d) When authorized by the 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.

F.3.(e) The Recipient shall account for any property acquired with A.I.D. funds, or received from the Government in accordance with any provisions of this Cooperative Agreement.

F.3.(f) 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.

(The remainder of this page intentionally left blank.)

G. INDIRECT COST RATES

Pursuant to the Standard Provision of this Cooperative Agreement entitled, "Negotiated Indirect Cost Rates - Provisional", a rate or rates shall be established for each of the Recipient's accounting periods which apply to this Cooperative Agreement. Pending establishment of revised predetermined, provisional or final indirect cost rates for each of the Recipient's accounting periods which apply to this Cooperative Agreement, 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>Description</u>	<u>Rate</u>	<u>Base</u>	<u>Period</u>
Provisional	7.73% *		Effective Date of Agreement- Until Amended

* Total Direct Costs excluding subagreements.

H. SUBSTANTIAL INVOLVEMENT UNDERSTANDINGS

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

H.1. The A.I.D. Project Officer will review for approval the recipient's solicitation document prior to its issuance to the agribusiness associations.

H.2. The A.I.D. Project Officer will review for approval the subgrants/subprojects the recipients intend to award. The A.I.D. Agreement Officer shall review for approval the budgets of each subgrant/subproject that is expected to include A.I.D. funding in excess of \$1,000,000.

H.3. The recipient and/or subgrantee shall provide periodic consultations to USAID and Embassy staff concerning activities being implemented incountry.

H.4. The recipients must seek written approval from the A.I.D. Project Officer for any significant changes to the implementation plan.

H.5. Reviews of project implementation and incountry programs shall be conducted with the A.I.D. Project Officer at least once a year.

H.6. A.I.D. will conduct at least one, independent evaluation of the program and activities being supported under the Food Systems Restructuring Project. It is understood that the recipient and subgrantees will cooperate with the independent evaluation(s). The costs of the independent evaluation(s) will be outside of the cooperative agreement.

(The recipient is not precluded from conducting its own evaluation of the program using funds provided under the cooperative agreement. If the recipient intends to conduct its own evaluation, it should be provided for in the implementation plan and the budget for the cooperative agreement. The A.I.D. independent evaluation will be conducted whether or not the recipient intends to conduct one.)

H.7. The Recipient shall provide resumes and employee biographical data, including proposed salary and salary history, for each employee and/or consultant who will be devoted full time to this Agreement. This information should be forwarded to the Agreement Officer for his/her concurrence prior to the employees/consultants commencement of service under this Agreement. The Recipient does not need to seek concurrence for those individuals who were included in the Recipient's original and/or revised proposal.

H.8. The Recipients and subrecipients under this award shall work with and on behalf of the NIS farmers and agriculture related companies.

I. PROCUREMENT AND (SUB)CONTRACTING

I.1. Authorized Geographic Code

Since the total procurement of goods and services is estimated to be \$250,000 or more the following shall apply:

All services shall have their nationality in the United States (A.I.D. Geographic Code 000) or the cooperating country, except as A.I.D. may otherwise agree in writing. The authorized source and origin for all goods/commodities shall be in accordance with the Optional Standard Provision entitled, "A.I.D. Eligibility Rules for Goods and Services (August 1992)". Requests for deviations to this requirement must include a full justification to be submitted to the Project Office indicated on the Fiscal Data page of this Cooperative Agreement. Approval of the Agreement Officer and the Project Office is required before procurement of this nature can be undertaken. Ocean shipping financed by A.I.D. under the program shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

I.2. Procurement Cost Detail

Whenever feasible, the lead U.S. Agribusiness Association Recipient and/or its subgrantees will be responsible for purchasing the U.S. equipment and commodities required for the technical assistance components of the program. This equipment must be specifically and directly linked to the programs undertaken under the various subcomponents. The prime Recipient will be responsible for providing more exact details and specifications of the commodities they propose to procure, including estimated costs of same, in their application to A.I.D.

I.3. Local Cost Financing

Local cost financing is hereby authorized under this Cooperative Agreement, provided such financing falls within the legitimate needs of the Program Description of Attachment 2, and does not exceed the following limitations:

I.3.(a) Procurement locally of items of U.S. origin, which are otherwise eligible for financing, if the value per transaction is estimated not to exceed \$100,000 exclusive of transportation costs.

I.3.(b) Commodities of geographic code 935 origin if the value of the transaction does not exceed the local currency equivalent of \$5,000.

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

I.3.(c)(1) utilities - including fuel for heating and cooking, waste disposal and trash collection;

I.3.(c)(2) communications - telephone, telex, facsimile, postal, and courier services;

I.3.(c)(3) rental costs for housing and office space;

I.3.(c)(4) petroleum, oils, and lubricants for operating vehicles and equipment;

I.3.(c)(5) newspapers, periodicals, and books published in the cooperating countries, and

I.3.(c)(6) other commodities and services (and related expenses) that, by their nature or as a practical matter, can only be acquired, performed, or incurred in the cooperating countries.

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

Except as otherwise changed by the above limitations, the conditions of the Optional Standard Provision entitled "Local Cost Financing (August 1992)", hereby incorporated into this Cooperative Agreement, apply, including paragraphs (b), (c), (d), (e), and (f).

I.4. Travel

The standard provision entitled "Air Travel and Transportation" requires advance notification of the A.I.D. Project Officer of the Recipient's travel intentions overseas. Consent by the A.I.D. Project Officer for travel to the NIS under the Cooperative Agreement shall be received by the Recipient at least two weeks prior to such travel to the NIS. The Recipient is also required to provide advance notification to the appropriate Embassies of intention to travel in the NIS.

All air travel and transportation under this Cooperative Agreement are required to be made on U.S. Flag carriers to the extent service by such carriers is available.

J. SPECIAL PROVISIONS

J.1. Cost Principles

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

J.2. (Sub)contracting with Nonprofit Organizations

For the purposes of this Cooperative Agreement, references to "OMB Circular A-122" in the Standard Provisions of this Cooperative Agreement shall include the A.I.D. implementation of this Circular, as set forth in Subpart 731.7 of the A.I.D. Acquisition Regulations (AIDAR, HB 14) (48 CFR Chapter 7).

J.3. 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.

J.4. Equipment and Other Capital Expenditures

J.4.(a) Requirement for Prior Approval

Pursuant to the Standard Provisions of this Cooperative Agreement entitled "Allowable Costs" and "Revision of Grant Budget," the Recipient must obtain A.I.D. Agreement Officer approval for the following: Purchase of "General Purpose Equipment," which is defined as an article of nonexpendable tangible personal property, the use of which is not limited only to research, medical, scientific, or other activities (e.g., office equipment and furnishings, air conditioning equipment, reproduction and other equipment, motor vehicles, and automatic data processing equipment; items having a useful life of more than two years and an acquisition cost of \$500 or more per unit.) The approval request shall contain a statement that says substantially the following:

"The equipment (or other commodity) requested is within the Agreement budget. The obligated amount and the total estimated cost of this Agreement remain unchanged."

J.4.(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 Total Obligated Amount of this Cooperative Agreement, whichever is less (see Section C.2. above):

<u>Item Description</u>	<u>Quantity</u>
Computers with Software	7 total
HP LaserJet Printers	6 total
Laptops with Software	6 total
Portable Printers	6 total
Various Office Furniture for the NIS offices (desks, lamps, chairs, file cabinets, etc.	

J.4.(c) Exception for Automation Equipment

Any approval for the purchase of automation equipment which may subsequently be 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.

J.4(d) Used Equipment

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

J.5. 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. If DBA insurance is purchased, it shall be purchased from the insurance company or agent with which A.I.D. has a contract to provide DBA insurance for A.I.D. contracts. The Agreement Officer will provide the name, address, and telephone number of such insurance company or agent upon request.

J.6. Title To Property

Title to property purchased by the Recipient under this Cooperative Agreement shall be vested in the U.S. Government. The Standard Provision of this Cooperative Agreement entitled

"Title to and Care of Property (U.S. Government)" applies. Disposition of property shall be in accordance with said Standard Provision.

J.7. Subagreements

The Standard Provision entitled "Subagreements" shall apply. The Recipient shall obtain the Agreement Officer's written approval prior to entering into subagreements. (see Section H., entitled "Substantial Involvement Understandings" for more information.)

K. ORDER OF PRECEDENCE

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

- Attachment 1 - Schedule
- Cover Letter
- Attachment 3 - Standard Provisions
- Attachment 4 - Special Provision - Lobbying
- Attachment 2 - Program Description
- Recipient's Proposal

(The rest of this page was intentionally left blank.)

L. 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:

L.1. Mandatory Standard Provisions For U.S., Nongovernmental Grantees (Recipients)

- (X) Allowable Costs (November 1985)
- (X) Accounting, Audit, and Records (August 1992)
- (X) Refunds (September 1990)
- (X) Revision of Grant Budget (November 1985)
- (X) Termination and Suspension (August 1992)
- (X) Disputes (August 1992)
- (X) Ineligible Countries (May 1986)
- (X) Debarment, Suspension, and Other Responsibility Matters (August 1992)
- (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)
- (X) Metric System of Measurement (August 1992)

L.2. Additional Standard Provisions For U.S., Nongovernmental Grantees (Recipients)

- (X) OMB Approval Under the Paperwork Reduction Act (August 1992)
- () Payment - Letter of Credit (August 1992)
- (X) Payment - Periodic Advance (January 1988)
- () Payment - Cost Reimbursement (August 1992)
- (X) Air Travel and Transportation (August 1992)
- (X) Ocean Shipment of Goods (August 1992)
- (X) Procurement of Goods and Services (November 1985)
- (X) AID Eligibility Rules for Goods and Services (August 1992)
- (X) Subagreements (August 1992)
- (X) Local Cost Financing (August 1992)
- (X) Patent Rights (August 1992)
- (X) Publications (August 1992)
- () Negotiated Indirect Cost Rates - Predetermined (August 1992)
- (X) Negotiated Indirect Cost Rates - Provisional (August 1992)
- (X) Regulations Governing Employees (August 1992)
- (X) Participant Training (August 1992)
- () Voluntary Population Planning (August 1986)
- () Protection of the Individual as a Research Subject (August 1992)

- () Care of Laboratory Animals (November 1985)
- () Title To and Use of Property (Grantee Title) (November 1985)
- (X) 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) (August 1992)
- (1) Use of Pouch Facilities (August 1992)
- (X) Conversion of United States Dollars to Local Currency (November 1985)
- (X) Public Notices (August 1992)
- (X) Provision on Rights in Data (August 1992)

M. Points of Contact

All questions and correspondences that relate to this Agreement shall be addressed to the Agreement Officer. The Officer currently responsible for this Agreement is Mr. J.J. Kryschal, FA/OP/CC/N, Room 1407, SA-14, Washington, D.C. 20523-1415, Phone 703-875-1260, or his designee.

All questions of a technical nature shall be addressed to the Project Officer. The Officer currently responsible for the technical aspects of this Agreement is Ms. Laurier Mailloux, NIS/TF/PSI, Room 2638, New State, Washington, D.C. 20523, Phone 202-736-4416, or her designee.

The point of contact at USAID/Moscow is Elizabeth Kvitashvili who can be contacted on the local phone number of 871-150-6653.

The point of contact at USAID/Kiev is Mr. Jim Osborne who can be contacted on the local phone number of 871-150-7476.

1. The address in paragraph (a) (4) of this Provision should be changed to add "-0001" after "20523" (zip code). This Provision may not be applicable to this Cooperative Agreement.

End of Attachment 1

ATTACHMENT 2

PROGRAM DESCRIPTION

Objective

The objective of this Cooperative Agreement and of Project Number 110-0006, entitled "Food Systems Restructuring Project", is to increase the private sector involvement in the input and output distribution systems of the food systems sector in the New Independent States.

Background

The performance of the food system in the former Soviet Union (FSU) has never been strong, largely because input and output distribution was not efficient. While a number of problems account for the inefficiency of these two systems, three major ones have been identified. First, past government efforts and resources to increase food availability were directed primarily at food production, and not at major improvements in the output distribution system. Second, a lack of economic policies that reflected the real costs of the food system exacerbated the problems caused by inadequate investment. Finally, ineffective coordination within government-enforced commodity sub-systems bred gross inefficiency.

Food production investments far outweighed economic support for the input and output distribution systems. The result was a poor return on the investment in food production, as its supporting input and output distribution systems fell into disarray: equipment became dysfunctional, and techniques fell behind western capabilities. The result was gross inefficiencies that eventually undermined the State's attempts to increase food availability.

Two economic policies effectively masked the real cost of the food system within the FSU. The first was consumer subsidies. Because food availability was seen as critical to political stability, urban consumers have always enjoyed relatively cheap retail prices. These prices, however, did not reflect the true cost of food production. By 1990, for example, the costs of maintaining consumer food subsidies in Russia represented 20% of its total budget. The second policy was inappropriate agricultural economic incentives. Producers were rewarded for meeting certain output targets. The emphasis on meeting a set target meant there was no incentive to provide levels above those mandated, and no incentive to improve the quality -- or variety -- of the food available for consumers.

In the FSU, a centrally directed food distribution system supplied most of the domestically produced food consumed in larger urban areas. This system was made up of state-controlled retail outlets, served by state-controlled distribution centers that procured agricultural products from state-controlled farms and collectives. The food system consisted of four commodity sub-systems: food and feed grains; meat and meat products; mild and dairy products; and vegetables and fruit. Each of these sub-systems was organized as a series of individual organizations. Each sub-system and each individual organization functioned differently, making communication difficult. Extremely poor coordination either between or within the sub-systems existed, again resulting in enormous losses of food.

Such policies and systems particularly harmed private farmers, who face the additional difficulty of being entirely responsible for debt, with little access to credit.

These three problem areas -- a preponderance of resources put into food production, unrealistic economic policies, and poor or non-existent coordination between and within the commodity sub-systems -- continue to affect the input and output distribution systems of the nascent Newly Independent States (NIS).

U.S. agribusinesses, with a long and successful history of providing food to feed the world, have the expertise and knowledge to assist in the development of functional, market, driven agricultural systems. Members of the association, through joint ventures or various other arrangements with indigenous private or cooperative organizations in the NIS, have the opportunity to increase private sector involvement in the input and output distribution systems of the food systems sector in the NIS.

This Cooperative Agreement seeks to address the above problems by supporting the emergence of a private agricultural sector in the NIS.

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The following is the Executive Summary from the Recipient's technical application, dated October 1992. The complete technical application is hereby incorporated by reference.

Tri Valley Growers and its partner associations, the American Seed Trade Association and the National Potato Promotion Board, propose to directly engage their U.S. agribusiness members as investors, joint venture partners and advisors to strengthen private sector agriculture in the former Soviet Union (FSU). The proposal aims to restructure the food systems in the FSU by targeting improvements in the inputs, processing, storage, distribution and marketing of fruits and vegetables. U.S. investments will speed the privatization of state-owned enterprises and support emerging private companies. The project objectives are to introduce competition and strengthen the management and technical capabilities of FSU joint venture partners with critically needed technical assistance that will accompany U.S. investment.

Members of the associations are highly diverse agribusinesses with international interests throughout the FSU. However, the proposal places a heavy emphasis on the Russian Far East, Moldova, Kazakhstan and southern regions of the republics with milder climates and greater agricultural potential. Tri Valley Growers and its California members are heavily involved in seeking investments and joint ventures in the Russian Far East. They also are interested in fruits and vegetables in the southern republics. The American Seed Trade Association and its members want to pursue joint venture opportunities for hybrid seed propagation in Moldova, the Ukraine and southwestern Russia.

The project will engage the U.S. seed industry which is already heavily involved in joint venture and investment activities in the FSU. U.S. seed sales and joint venture production represent an immediate and critical entry point for American agribusinesses. Improved seed varieties are relatively low-cost inputs yet result in dramatic crop and livestock improvements. The introduction of hybrid seeds can reduce crop losses by 50 percent or more; rapidly increase yields up to 60 percent; extend the shelf-life of products for several weeks or longer; and improve their ability to withstand transportation. The project expects to be able to move seed production rapidly from the public to private sector. It also will result in two-way trade since U.S. seed companies are interested in crossbreeding with FSU genetic materials and for hybrid seed propagation to import into the U.S. and overseas markets.

The project also will engage the U.S. potato industry. Potatoes constitute about 35 percent of the average FSU diet. Current potato losses are over 30 percent because of chronic problems of poor quality of seed potatoes and huge post-harvest losses due to inadequate storage, processing and distribution. Yields per hectars are about one-third those of the U.S. The project expects to have a dramatic impact to resolve policy issues on the importation of seed potatoes, work with local partners for the introduction of improved varieties, and spur U.S. investments in modern processing and storage facilities.

The implementation strategy emphasizes business-to-business long-term technical technical assistance, and a strong in-country presence to undertake pre-feasibility assessments for potential member investment, and to strengthen local FSU private partners. The project does not propose to undertake major institution building. Rather, it will encourage early impacts through supporting on-going investment activities of members with technical assistance and critical commodities such as hybrid seeds, small scale processing and other equipment.

Tri Valley Growers will take the lead for this project. Tri Valley Growers is an agribusiness association under California law for the benefit of its members which are diversified farmers, partnerships and stock corporations. The company processes 1.3 million tons of raw product with annual sales of \$850 million which it sources and exports internationally. Only a portion of its members' businesses involve Tri Valley operations. They are involved in nearly all aspects of California's 250 commercial crops. the American Seed Trade Association has 800 members with over 90 engage in international operations and overseas sales. Many members are technological leaders in plant genetics. The National Potato Marketing Board represents all 10,000 U.S. producers of potatoes with vast technical assistance capabilities.

Tri Valley Growers is one of the few American agribusinesses which has a demonstrated capacity to undertake and manage A.I.D. development projects. They are currently managing a Farmer-to-Farmer Program to the FSU and involved in A.I.D. projects in Bulgaria, Poland, Hungary, Morocco and elsewhere. Through these contracts and for this project, they have assembled a top flight staff of development experts to complement their international business expertise.

Tri Valley Growers, the American Seed Trade Association and the National Potato Promotion Board are requesting from A.I.D. \$10,347,247 [original request was for this amount, the final funding request is for \$9,888,000] for this project over four years. These funds will leverage considerably more in U.S. investments and in-kind technical assistance. For example, Tri Valley and its members alone are currently contributing over \$500,000 annually in direct costs and are carrying out a 2.5 million investment in the FSU.