

Date

Père Roger Hallée, OMI, President
Association des Coopératives Caféières d'Haiti
Bois Verna No. 15
Port au Prince, Haiti

Dear Père Hallée:

Subject: Operational Program Grant No. 521-0169-G-00-3041-00
Caribbean Basin Initiative Supplemental Appropriation

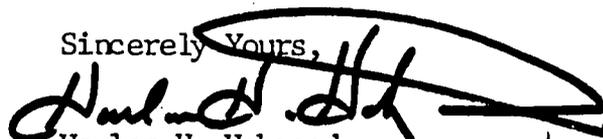
Pursuant to the authority contained in Section 531 of the Foreign Assistance Act of 1961, as amended, and Chapter VI of the Supplemental Appropriations Act of 1982 (PL 97-257), the Agency for International Development (hereinafter referred to as "AID" or "Grantor") hereby provides to the Association des Coopératives Caféières d'Haiti (hereinafter referred to as "CCH" or "Grantee") the sum of Three Hundred Seventy Thousand United States Dollars (\$370,000) to provide financial assistance for the purpose of strengthening the existing coffee cooperative organisations within Haiti by providing adequate administrative training for its personnel as well as other costs more fully described in Attachment 2, entitled "Program Description".

This Grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives through the estimated completion date of March 31, 1985.

This Grant is made to the Grantee on 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 organisation.

Please sign the original and seven (7) copies of this letter to acknowledge your acceptance of this Grant, and return the original and six (6) copies to this office.

Sincerely Yours,



Harlan H. Hobgood
Mission Director, USAID/Haiti

ACKNOWLEDGED:

By *[Signature]*

Date 5 APR 1983

Attachments:

- 1. Schedule
- 2. Program Description
- 3. Standard Provisions
- 4. Assurance of Compliance

Fiscal Data:

Project Number	:521-0169, Input No. 2
Appropriation	:72-112/1037
Allowance	:LES2-83-25521-KG13
Total Grant Amount	:\$370,000
Amount Obligated	:\$370,000
PIO/T Number	:521-0169-3-30035
Funds Available	: <u><i>As per Memo/cont.</i></u>
Date	: <u>3/28/83</u>

SCHEDULE

A. Period of Agreement

1. The effective date of this Operational Program Grant (OPG) is the signature date by the Mission Director as shown on the cover letter, and the estimated completion date is March 31, 1985.
2. Funds obligated hereunder are available for program expenditures for the estimated period the effective date of this agreement until the estimated completion date.

B. Amount of Agreement and Payment

1. AID hereby obligates the amount of \$370,000 for the purposes of this OPG.
2. Payment will be made to the Grantee in accordance with the procedures set forth in Attachment 3--Standard Provision entitled "Payment--Periodic Advance".

C. Financial Plan

1. The following is the Financial Plan for this OPG. A detailed Financial Plan is appended as Annex A to Attachment 2 of this OPG. Revisions to this plan shall be made in accordance with the Standard Provision entitled "Revision of Financial Plans".

	<u>Cost Element</u>	<u>Obligated Amount</u>
1.	Revolving Fund	250,000
2.	Technical training	52,400
3.	Equipment	37,000
4.	Equipment Operation	24,100
5.	Administration	6,500
	TOTAL	370,000

2. The Grantee may not exceed the obligated amount set forth, nor may the Grantee adjust the costs for any individual line item by more than 15% of such line item, unless prior written approval is accorded by USAID/Haiti.

D. Reporting and Evaluation

1. The Grantee shall submit the following reports, in English, at the time and in the quantities specified:
 - a. Technical reports. Grantee shall submit quarterly status reports, due within one month of the expiration of each fiscal quarter under the life of the project, to the Agricultural Development Officer, USAID/Haiti, and a final report, due within one month of the expiration of the project, to the same address.
 - b. Financial reports. Grantee shall submit to the responsible AID Controller all reports required under the Standard Provision entitled "Payment--Periodic Advance".

E. Alterations and Additions to the Standard Provisions

1. Of the attached Standard Provisions, the following will be deleted: 8A, 8B, 9B, 12B, 15B, 15C, 3(a).

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PROGRAM DESCRIPTION

I. Purpose

The purpose of this OPG is to strengthen the existing coffee cooperative organisations within Haiti by providing adequate administrative training for their personnel. The project will permit the CCH to establish the administrative structure necessary for providing export-promotion services to cooperative members, and will result in an increase in the amount of coffee produced and marketed in the CCH project area.

II. General Description

CCH has been operating in Haiti since October 22, 1979. It is composed of 18 member cooperatives and 18 pre-cooperatives, and is under the direction of a five-man administrative council and a five-man surveillance committee. These individuals are elected by vote for one or two years, and work on a part-time voluntary basis. As the AID-financed coffee processing center (project number 521-0083) is completed and enters into operation, the CCH will require full-time paid staff persons, fully trained in cooperative administration and management.

An important constraint to CCH's expansion has been the lack of financial resources for the purpose of paying cooperative member farmers for their coffee at the time of purchase. It is for these reasons that the present project was presented to AID for funding.

There are three major components to the project: (i) the restructuring of the CCH and the appointment of a full-time paid director; (ii) the establishment of a revolving fund for the purpose of procuring coffee from cooperative members; and (iii) the training of CCH and cooperative personnel. The number of beneficiaries is estimated to be around 20,000 coffee farmers, and the GOH will benefit from increased revenues from coffee taxes.

III. Description of Activities

A. Specific Objectives

The specific objectives of the project include, but are not limited to, the following:

The selection of an executive committee at the national level. They will be given proper administrative training to direct the coffee cooperative marketing activities, such training to include six major fields: (i) the structure and organisation of cooperatives; (ii) the organisation and management of enterprises; (iii) coffee technology; (iv) coffee marketing; (v) accounting; and (vi) planning and analysis.

The selection and training, in the abovementioned six fields, of personnel at the regional level to assure proper supervision of local cooperative management. The regional personnel will help to train local personnel and will supervise the loans to local cooperatives.

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The reorganisation of cooperatives and pre-cooperatives on the local level, to assure proper management through good accounting techniques and continued supervision by regional personnel.

The establishment and management of a revolving loan fund of \$250,000 for the purpose of extending credit to local or regional cooperatives so that they may market coffee at the local level. Funds will be used for the immediate payment to cooperative farmers for their produce.

CCH will endeavor to procure the services of the following resource groups to assist in the training program:

1. OPRODEX: Technical assistance on a local and regional level for coffee production.
2. CNC: Technical assistance in the restructuring of the association and in the training of the personnel in cooperative management. CNC will assure the supervision and audit of the project accounts through regular bi-monthly evaluation of the CCH accounts.
3. ILO: An expert in cooperative management to be available on a part-time basis for technical training. An expert in credit analysis and another in coffee marketing should be available for a three-month period. At least one volunteer with experience in cooperative management to work on a full-time basis with the local and regional managers.
4. FAO: An expert in coffee production to work on a part-time basis and an associate expert in coffee to work with local cooperatives on a full-time basis.
5. CLUSA: An expert in coffee marketing to work on a part-time basis through the Caribbean Cooperative Council based in Costa Rica.
6. AID: Local AID personnel with expertise in management and marketing will be called upon as consultants for the CCH reorganisation.

B. Implementation

The following is a time-phased schedule of activities for the project:

April 1983	Choice of project director, field coordinator; order four-wheel-drive vehicle; designate Secretary General and accountant
May 1983	Select regional managers and General Manager
June-August 1983	Three-month training in management and accounting at INAGHEI for Secretary General, regional managers, and General Manager
September 1983	Select production manager; visits throughout CCH

cooperatives by Secretary General, General Manager, and Field Coordinator; three weeks' practical experience in coffee production in UNICORS area for ten regional managers; order motorcycles and sedan; practical experience in marketing for General Manager and Secretary General; choose loan committee

October 1983 Regional managers make initial evaluation of local cooperatives; one-week session for local managers; loan program begins at local level; bi-monthly audit supervision begins

November 1983 ✓ General assembly for CCH; introduction of uniform accounting system; control audit of problem cooperatives

December 1983 ✓ Three-week training course in Costa Rica for General Manager, Production Manager, Field Coordinator and Secretary General; sessions at local levels in cooperative management

January 1984 Move to new building; establish executive council; one-week session in coffee at Thiotte by regional managers; one-week session in management for local managers

March 1984 ✓ Evaluation of project objectives; visit to the Dominican Republic by Secretary General, general Manager, and production manager

April 1984 ✓ Second tranche of loan funds received; exchange visits by cooperatives; repayment of loans

May 1984 Evaluation of regional personnel; selection of personnel for replacement

June-August 1984 Course in general management and accounting for Secretary General and regional managers; General Manager, Secretary General, and Field Coordinator visit all CCH cooperatives; three-week visit to Europe by General Manager; evaluation of cooperatives

September 1984 ✓ Evaluation of loan demand and new loans; general audit of CCH

October 1984 Rotation of local cooperative managers at CCH coffee center; estimate new harvest

November 1984 General assembly of CCH; one-week session for cooperative accountants

December 1984	Evaluate operations at new center; evaluate personnel at executive level
January 1985 ✓	One-week session on evaluation and analysis for regional managers; consultant aids in project evaluation
February 1985 ✓	Final evaluation of cooperative progress for two years; evaluation of regional personnel
March 1985 ✓	General audit of project; final report

The field coordinator will be the project director, and will give monthly progress reports to the CCH administrative council.

The administrative council will be informed on the progress of the project through the Secretary General who will be present on a part-time basis to observe the activities at the CCH coffee center as well as regional activities. Progress reports will be prepared by the Project Director and presented to AID by the administrative council.

IV. Repayment of Revolving Fund

The Grantee agrees to set aside a portion of the annual net profit earnings from the operation of the revolving fund, in order to demonstrate sound fiscal management, with the intention of repaying the revolving fund to AID. The projected cash flow charts for the project indicate the target levels to be achieved for this purpose, which are shown here:

Year 1	\$18,000
Year 2	30,815
Year 3	6,375
Year 4	20,000
Year 5	25,300

If the Grantee meets these earnings targets for three of the five project years, AID will deem that the requisite fiscal discipline has been demonstrated, and will permit these earnings to be reinvested into the revolving fund for the purpose of extending further credit. If, however, the CCH is unable to meet these targets, as verified by audited financial statements, then CCH agrees to repay the total of the revolving fund, at the rate of 10% (i.e., \$25,000) per annum, beginning in the sixth year and continuing for ten years, until the entire amount has been repaid. Payment will be made into a bank account specified by written communication from AID at that time.

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FINANCING

A I D - C B I

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	First Year	Second Year	Total
1. Revolving Fund	100,000	150,000	\$ 250,000
2. Equipment			37,000
1 4x4 vehicle	15,000		
1 Sedan	7,000		
10 Honda 125 trail motor-cycles	15,000		
3. Equipment Operation	10,600	13,500	24,100
4. Technical Training			52,400
Courses	4,000	4,000	
Training sessions		10,000	
Foreign training		10,000	
Local training	11,000	7,400	
Technical assistance		3,500	
Teaching materials	1,000	1,500	
5. Administration:			6,500
Supervision & Audit	1,000	1,000	
Per diem		2,500	
Materials		2,000	
TOTAL	164,600	205,400	370,000

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FINANCING

GOH - O P R O D E X

2. Technical Training	First year only	\$ 26,800
Courses	9,400	
Training sessions	7,100	
Foreign training	3,900	
Technical assistance	5,400	
Teaching material	1,000	
5. Administration		17,200
Salaries		
Accountant	5,200	
Production Manager	4,500	
2 secretaries	3,000	
Per diem	2,500	
Materials	2,000	
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TOTAL		<u>\$ 44,000</u>

FINANCINGI L O

	First year	Second year	Total
2. Technical training			
Technical courses	5,700	10,500	
Training sessions	5,300	5,000	
Training foreign	5,000		
Technical assistance	45,500	50,500	
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Total	61,500	66,000	\$ 127,500

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2. Technical training	6,000	6,000	12,000
Technical assistance			

FINANCINGC C H

	First Year	Second year	Total
2. Technical training			\$ 10,000
	5,000	5,000	
5. Administration:			111,000
Salaries			
1 General Manager	7,500	13,000	
1 Field coordinator	7,800	7,800	
1 Production Manager	1,000	5,800	
10 Regional Managers	18,000	26,000	
1 Accountant	-	5,500	
2 Secretaries	4,700	7,900	
1 Secretary General	3,000	3,000	
TOTAL	<u>47,000</u>	<u>74,000</u>	<u>\$ 121,000</u>

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FINANCINGFinancial Sources per year Funding

<u>AGENCY</u>	<u>First Year</u>	<u>Second year</u>	<u>T O T A L</u>
<u>AID</u>			
CBI	164,600	205,400	370,000
OPRODEX	44,000	-	44,000
<u>UNDP</u>			
ILO	61,500	66,000	127,500
FAO	6,000	6,000	12,000
<u>CCH</u>			
SALES	36,000	47,000	83,000
LOANS	8,000	22,000	30,000
COOPS	3,000	5,000	8,000
<u>T O T A L</u>	323,100	351,400	674,500