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45439

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT

MISSION TO HAITI

For U.S. MAIL :

USAID / HAITI

Department of State

Washington, D.C. 20520

For INTERNATIONAL MAIL :

USAID / HAITI

P.O. Box 1634

Port-au-Prince, Haiti, W.I.

Mr. Lyle Brenneman
COOPERATIVE LEAGUE OF THE U.S.A.
Suite 1100
1828 L St. N.W.
Washington, D.C. 20036

30 MAR 1983

Dear Mr. Brenneman:

SUBJECT: Grant No. 521-0169-G-00-3038-00 .
Caribbean Basin Initiative (ESF Funds)

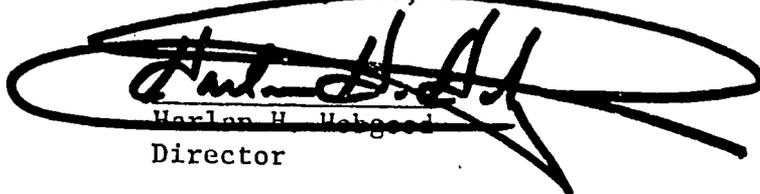
Pursuant to the authority contained in Section of the Foreign Assistance Act, as amended, and Chapter VI of the Supplemental Appropriations Act of 1982 (P.L. 97-257), the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the Cooperative League of the United States of America (hereinafter referred to as "CLUSA" or "Grantee"), the sum of five hundred thousand dollars (\$500,000) to provide support to the Cooperative des Eleveurs de Poulets (COOPEP), a Haitian poultry cooperative in order to increase small farmer income through the development of an integrated cooperative poultry industry, as 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 December 31, 1984.

This Grant is made to CLUSA 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 organization.

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

Sincerely yours,

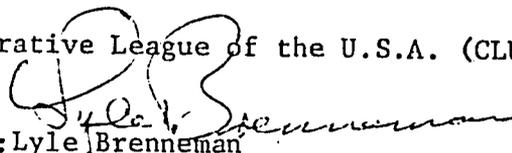

Harlan H. Helgeson
Director

Attachments:

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

ACKNOWLEDGED:

Cooperative League of the U.S.A. (CLUSA)

By : Lyle Breneman 

Title: International Program Officer

FISCAL DATA

Appropriation: 72-112/31037
Budget Plan Code: LES2-83-25521-KG13
PIO/T No.: 521-0169-3-30039
Project No.: 521-0169(9)
Total Grant: \$500,000
Funding Source: USAID/Port-au-Prince, Haiti

SCHEDULEA. Period of Agreement

1. The effective date of this Grant is the signature date by the Grant Officer as shown on the cover letter, and the estimated completion date is 12/31/84.
2. Funds obligated hereunder are available for program expenditures for the estimated periods of 4/1/83 to 12/31/84 as shown in the financial plan below.

B. Amount of Agreement and Payment

1. AID hereby obligates the amount of \$500,000 for purposes of this grant.

Payment will be made to the Grantee in accordance with the procedures set forth in Attachment 3 - Standard Provision entitled "Payment - Federal Reserve Letter of Credit".

C. Financial Plan

1. Detailed Financial Plan for this grant is Annex A, II to Attachment 2 of this grant. Revisions to this plan shall be made in accordance with Standard Provision entitled "Revision of Financial Plans".
2. CLUSA may be reimbursed for expenditures incurred under this project effective March 15, 1983, not to exceed \$3,000.00.
3. 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 without prior approval by USAID/Haiti.
4. The funds provided by this grant represent partial support of the project as described in the Schedule of this grant, and may be used to support the costs of the project as specified in the Financial Plan included in the Schedule.
5. The restrictions on the use of AID grant funds hereunder set forth in the Standard Provisions of this grant are applicable to expenditures incurred with AID funds provided under this grant. The Standard Provisions are not applicable to expenditures incurred with funds provided from non-Federal sources. The grantee will account for the AID funds in accordance with the Standard Provisions of this grant entitled 'Accounting, Audit and Records'.

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 to USAID/Haiti, due within one month of the last day of each fiscal quarter during the life of the project and a final report due one month after the expiration of the project.

b. Financial Reports

The Grantee shall submit to the responsible AID Controller all reports required under Standard Provision entitled "Payment - Federal Reserve Letter of Credit (FRLC) Advance".

c. Special Reports - Evaluations

1. An evaluation of the project will be carried out after the first year of project activities.

2. A final evaluation of the project will be carried out at the end of the project.

d. 3 copies of each report shall be submitted.

E. Establishment of Overhead Rates

Pursuant to the applicable Standard Provision of this Grant on Negotiated Overhead Rates, a rate or rates shall be established for the period beginning October 1, 1982 and ending September 30, 1983. Pending the establishment of final overhead rates for the initial period, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional rates applied to the base(s) which are set forth below:

<u>Rate</u>	<u>Base</u>
34%	Total Direct Costs

F. Special Provisions

1. Of the attached Standard Provisions the following are deleted:

5A; 7B; 7C; 10A; 13B; 13C.

2. Alterations in Grant dated July, 1982 are herein attached and made a part of this grant.

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PROGRAM DESCRIPTIONI. Purpose

The purpose of this grant is to increase small farmer income through the development of an integrated cooperative poultry industry. This will be done by assisting the Cooperative des Eleveurs de Poulets (COOPEP), a Haitian poultry cooperative, to provide increased technical, managerial and educational services to its members and potential members.

II. Detailed Project DescriptionA. PROJECT DESCRIPTION1. General Description of Project

This project has been developed by the Cooperative League of the U.S.A. (CLUSA) and the Cooperative des Eleveurs de Poulets (COOPEP) to address the short term developmental needs of COOPEP and, at the same time, lay the groundwork for longer term development.

COOPEP was organized in January 1981 to assist members to produce and market broilers and eggs more efficiently. Membership in COOPEP is made up of 23 of the approximately 42 commercial poultry growers in the country and these members at present account for about 80,000 broilers per month, or 40 percent of the commercially produced broilers in the country.

COOPEP is proposing a phased expansion program designed to

- a) reduce production costs through bulk purchase of inputs,
- b) modernize and expand facilities,
- c) provide technical assistance to members,
- d) promote market development through higher quality products and brand name promotion, and
- e) eventually to increase its membership to include large numbers of small, emerging poultry growers.

Components of this expansion program include extension of marketing operations, increased capacity for the central COOPEP office, increased technical assistance to members and the development of a feed mill. The addition of a breeding flock, and expanded processing facilities are contemplated for the longer term development. COOPEP is planning to provide all of the services needed by poultry growers, including technical supervision of production, marketing and financial services.

The key constraints to small farmer poultry development in Haiti are a lack of knowledge of efficient growing operations on the part of the small scale producers, lack of balanced poultry feeds at affordable prices, lack of credit to assist the smaller grower through the start-up and growout phases, and the lack of effective supply and marketing structure. The project described in this proposal addresses these constraints by increasing the ability of COOPEP to provide these needed services and to build up its institutional capability. The project will enable COOPEP to extend its membership and its extension services to assist other commercially oriented small growers. In addition to providing specific training in poultry production, the project will involve COOPEP members in the day-to-day functioning of a modern poultry production and marketing cooperative.

The technical assistance CLUSA will provide to COOPEP over an 18-month period will address the major developmental and planning needs of the cooperative. One of the most pressing needs is for increased technical assistance to its members in order to develop better farm management techniques that will result in a reduction of poultry mortality losses and an improved feed conversion ratio. Members also are in need of training in cooperative operations and management as the cooperative business enterprise is a relatively new phenomenon for them. Additional assistance is needed in the development of COOPEP's management and administrative capabilities and the expansion of its marketing operations. Finally, COOPEP requires assistance to develop a long term organizational plan and investment strategy that will assure its position as a self-sustaining business enterprise and eventually allow it to assist with the development of new poultry enterprises throughout the country.

CLUSA will provide appropriate assistance to COOPEP to allow it to develop its potential as a cooperative business enterprise. Specifically, CLUSA will provide a poultry technician to work directly with COOPEP's members on production problems and serve as the trainer/advisor to the cooperative's growout manager. Consultants will be provided by CLUSA as needed in such areas as cooperative management, animal husbandry, animal nutrition, production credit and financial analysis. Training for the Haitian staff of COOPEP (general manager and growout manager) will be provided through the project. Some equipment for feed milling, production and marketing will be purchased and a revolving production credit fund will be set up.

2. Conditions Expected At End of Project

It is anticipated that by the end of the 18-month project, COOPEP will be a considerably stronger institution and its members more productive. Specific outputs expected by the end of this first phase of the project are:

- current members of COOPEP will reduce their feed conversion ratio from an average of 3 lbs. feed for 1 lb. of live bird to 2.5:1 with some members achieving a 2:1 ratio;
- current members will decrease their mortality losses from approximately 8% to 5% during the seven-week growout period;
- COOPEP will increase its marketing capability for handling its members produce from 20% to 75%;
- A trained, full-time general manager will be in place;
- A trained, full-time growout manager will be providing appropriate services to COOPEP members;
- A program of on-farm and classroom training in poultry pathology, farm management, poultry husbandry and cooperative member education in full operation for members and potential members will be strengthened;
- A revolving credit fund will be established for COOPEP members;
- A feed mill owned and operated by COOPEP meeting at least 75% of the current feed requirements of its current members;
- Increase in COOPEP membership of approximately 100%.
- The two members of COOPEP who are medical doctors will have been given field and laboratory experience in poultry pathology and nutrition;
- A long-term investment plan developed covering such areas as procurement and supplies, feed, credit, processing and marketing;
- An organizational development strategy established for COOPEP based on an analysis of its future expansion requirements.

B. PROJECT ANALYSIS

1. The Poultry Sector

Poultry production in Haiti is made up of the traditional "scavenger" chickens raised by small farmers in the countryside and a rapidly expanding commercial market centered in the Port-au-Prince area. Commercial production of broilers began in the late 1950's and expanded steadily so that by the mid-1970's approximately one-half million birds per year were being marketed. Since 1975 the pace of production has been increasing at about 20 percent per year. Approximately 2.5 million broilers are expected to be marketed during 1982.



Increased broiler production is coming largely from new growers entering the commercial poultry business. Desquiron and Company was the first large commercial grower in the country and at one time it commanded a 70 percent share of the market. Even though production of this dominant firm tripled during the 1971-1981 decade, its market share slipped to about 35 percent of the total. In 1982, due to financial difficulties, this firm's production has halted and the farm has been taken over by COOPEP members who are planning to bring the farm back into production. Until recently, much of the increased poultry production has come from medium size growers who are members of COOPEP. At present, these growers maintain about a 40 percent share of the commercial market, about one million birds per year.

The most recent major entrant into the poultry industry is the PRINSA company. This poultry operation will have an annual production capacity of 1.8 million broilers by 1985. At the time of writing, production of broilers by PRINSA is at an annual rate of 300,000 broilers per year. The market position of PRINSA has been aided by the collapse of the erstwhile leading producer, Desquiron and Company.

In spite of the rapid increase in poultry production in recent years, prices for poultry have also been increasing at the wholesale and retail level. In mid-1982, prices were about \$1.15 per pound at the retail level and prospects are good that poultry prices will continue to be favorable to producers for the foreseeable future. Although per capita consumption of poultry has been increasing in recent years, consumption levels are still far below those in other countries in the Caribbean area, so poultry consumption is expected to continue to increase. In addition, poultry enjoys a relative price advantage when compared to other meat sources and poultry should continue to gain an increased proportion of the total meat consumption. A most significant factor in the prospect for increased poultry consumption, of course, is the swine eradication program which began in May, 1982. Historically pork has made up almost half of the total animal protein in the Haitian diet. As swine are completely eliminated from the country, it is anticipated that the population will turn to poultry to fill the meat deficit created.

For all of these reasons, poultry consumption is projected to increase substantially. Accurate projections, however, are difficult because of the impact of the swine eradication program and the lack of any relevant data with which to attempt projected production levels. The most that can be said is that during the phase when the swine are being killed there will be downward pressure on poultry prices because of the large amounts of pork temporarily available on the market displacing the demand for poultry. When the swine have been eliminated, there will be upward pressure on poultry prices as people turn to poultry to replace pork.

Total projected commercial production in Haiti in 1985 is estimated to be 6.6 million birds. Although this is an estimated increase of 250 percent over 1982 levels, the projected 1985 level still represents a per capita consumption of only 3.15 pounds of commercially produced broiler meat. When swine fever forced the elimination of swine herds in the Dominican Republic, consumption of poultry increased by 40 percent per year between 1978 and 1980, and this from a much higher original base. A similar growth in demand in Haiti would mean that the demand for poultry would reach 6.86 million broilers in 1985.

Chilled or frozen broilers are not being imported into Haiti at present because of the desire to encourage indigenous production and it is not anticipated that imports will be allowed to an extent that would undercut local production. In the farm budget studies, however it is projected that at reasonably achievable levels of production efficiency, Haitian farmers will be able to compete effectively with imports.

2. Farm Budget Studies

Data collected during the initial CLUSA economic analysis on farm costs and returns from broiler production were modified in a computer simulation model to determine how changes in various prices, or how alternative COOPEP investments might affect the profitability of broiler operations. The data demonstrated that by far the most important factor in determining the profitability of poultry operations is farm management. Although the COOPEP producers are well established and reasonably profitable, favorable input/output price relationships have allowed producers to make money without attaining feasible levels of production efficiency.

It is estimated, for example, that the typical COOPEP producer had a feed conversion ratio of about 2.8:1 as compared to an attainable level of 2.0:1. Mortality losses are on the order of 5% to 8% where 3% can be reasonably achieved. The typical farmer is raising 4 to 5 flocks per year in a broiler house when he could raise 5 to 6 flocks annually.

If the present COOPEP members were collectively able to improve their farm level management and achieve the levels of efficiency outlined above, net income for the group would increase by somewhere between \$100,000 and \$400,000 per year. More precise figures cannot be calculated at present because the increased costs associated with higher levels of production efficiency were not calculated.

The major conclusion from the farm budget studies is that with reasonably attainable farm management skills and economies in production, Haitian farmers should be able to compete effectively with

imports of chilled or frozen broilers. It is estimated that live birds can be produced for about \$.51 per pound. At this price farmers should be able to compete effectively. In addition, other management and marketing changes would allow the cost of production to be substantially lower. Given the importance of improving farm management skills, this project has as a high priority the posting of a poultry technician to assist COOPEP's members and the training of a Haitian national as the growout manager.

CLUSA's original investigation of the potential for a successful cooperative poultry operation in Haiti indicated that there is no inherent reason that a small farmer cannot produce as efficiently as a large farmer. If COOPEP can be assisted to provide effective extension services and offer the benefits of volume purchasing and marketing to small and large farmers alike, all farmers should be able to produce with equal efficiency. It is COOPEP's intention to provide these services during the next phase of its development program.

3. Relationship to Guidelines for Development Assistance

The key element to the success of the project is that COOPEP function as a sound business enterprise. The project will assist COOPEP to build its development and its extension activities on a sound business basis. The fact that CIUSA will be working directly with COOPEP reinforces the institutional, private sector nature of the project. This is in keeping with one of the major objectives of CLUSA's international programs: the training and equipping of persons in the developing areas of the world to help themselves through working together in successful cooperative business enterprise.

The proposed project is designed to provide assistance to an established poultry cooperative to enable it to strengthen its operations and eventually to expand its extension services to small farmers who seek to enter into poultry production. It is fully intended that the project will enable COOPEP to provide, during the subsequent phases of its development, significant economic benefits to these emerging producers by enabling them to increase their incomes through more efficient production methods and by providing them access to a modern marketing system.

In this respect, CLUSA brings to the project over 60 years of U.S. domestic activities as an apex, national-level organization and over 20 years of extending technical assistance, training and, in some specific instances, operational management to cooperatives in developing countries. It has worked and maintained contact with cooperative

organizations and concerned governmental agencies and departments around the world. In fulfilling its contractual obligations it can call not only on U.S. experience and expertise, through its membership and through its contacts with non-member cooperative organizations and land grant colleges, but also on known experience and talent in other developing countries.

C. IMPLEMENTATION PLAN

1. Technical Assistance and Training

CLUSA, using the resources represented by the U.S. cooperative organizations that are members of the League or associated with it, will hire and provide the necessary orientation to the poultry production specialist who will serve as the long term CLUSA technician to the project. Short term consultants, whose assignments will be planned with the full participation of COOPEP, will also be identified, hired and provided orientation by CLUSA.

In addition, CLUSA will assign a Washington staff member to monitor the project and serve as the primary backstop officer. This officer will visit the project at least once every six months, or more frequently if necessary, and will be responsible for the League's in-house evaluations of the project. The first of these evaluations will be held at the end of twelve months and the second at the end of the project. The first evaluation will be essentially a process evaluation which will focus on procedures and utilization of inputs. The second evaluation will look at processes and impact. Evaluations will conform with the AID evaluation guidelines for Cooperative projects.

During the initial six weeks of the project the CLUSA technician will consult with COOPEP in the finalizing of his own work plan which will focus on providing technical assistance and training at the farm level. CLUSA will also work with COOPEP during these early weeks of the project to review the organization's staffing requirements and finalize the training plan. A draft training plan is included in this proposal (See Training Budget). On the basis of this training plan, CLUSA will arrange for the proposed U.S. training programs and assist COOPEP in developing training activities for all levels of the COOPEP organization: the Board of Directors, the membership, management and staff. High priority will be placed on staff training as the future efficiency and effectiveness of the organization will depend to a great extent on how capable the hired management and staff prove to be. The selection of candidates for specialized training will take place during the first six weeks of the project. These will include the persons selected for the positions of COOPEP general manager and the growout manager.

It is anticipated that the training for the general manager would include a two-month intensive management course in the U.S. or at a management training institution in the Caribbean area. The course will include such topics as planning, financial management, personnel management, scheduling, marketing and sales. The general manager will also participate in a six-week USDA-sponsored training program in poultry science beginning in May, 1983, and will spend up to two months at a U.S. poultry cooperative receiving on-the-job training in management, member relations, inventory control, record keeping, merchandising and marketing.

The growout manager trainee will also attend the USDA course in poultry science. This course will cover such subjects as poultry breeding, hatching, nutrition, farm management, sanitation, disease control, poultry pathology and marketing. The growout manager trainee will have a three-month period of on-the-job training at a U.S. poultry production cooperative and on-site observation at other feed milling, hatchery, production and processing facilities. Visits to U.S. university poultry research centers will also be arranged.

Between the period of academic training and the period of on-the-job training in the U.S., the growout trainee will return to Haiti for a period of in-service training with the CLUSA poultry production specialist. It is felt that this will provide the trainee with a better understanding of the problems of Haitian poultry producers and provide a better perspective for the period of on-the job training in the U.S. The final portion of training for the growout trainee will be a six-month period of in-service work as a counterpart to the CLUSA technician.

U.S. based training will also be provided to two members of the COOPEP board who are medical doctors. These persons will each be given six weeks of laboratory training and field experience in poultry pathology and nutrition. This short-term training and backup technical assistance visits by an American veterinarian will serve the basic needs of COOPEP's members until a veterinarian is trained to work with COOPEP on a full-time basis.

2. Revolving Fund

A revolving fund will be established under the AID Grant for the purpose of providing production credits to COOPEP members. New members will be eligible to receive loans on the same terms as established members. Loans will be made in the form of production inputs (feed, veterinary services and chicks). Priority will be given to small farmers.

A fee of 3% per growing cycle will be charged. It is expected that this will cover costs of operation, losses, inflation and allow for an estimated annual growth of 15% in the fund.

Net income accruing to the fund will be reinvested in the fund. USAID through CLUSA, will verify that this procedure is being followed during the grant period. During the period following the termination of the grant, it will be the responsibility of COOPEP to submit quarterly status reports directly to AID to verify continuance of this procedure. In addition, COOPEP has agreed that the operations of the fund may be subject to USAID audit.

It is considered that a permanent and growing revolving fund can provide the basis for COOPEP's entry into the commercial credit market. To monitor the progress of the revolving fund over a five-year period, annual financial analysis will be undertaken by COOPEP to ascertain whether the annual growth targets of 15% are being met. If, at the end of five years, the growth of the fund does not equal at least 3/5 of the cumulative annual targets, AID may require the reimbursement by COOPEP of a portion or all of the initial revolving fund amount, such reimbursement to be deposited over a period of 5 years into a development loan fund designated by AID.

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COOPEP PROJECT
Draft Implementation Plan

Year Two	Month:	13	14	15	16	17	18
<u>CLUSA POULTRY PRODUCTION SPECIALIST</u>							
--Field work with COOPEP members							
--Supervision of in-service training of manager							
--Training of field men			┌───┐			┌───┐	
--E.O.P. Evaluation							┌───┐

INTEGRATED COOPERATIVE POULTRY PROJECT (ICPP)

BUDGET

I. BUDGET SUMMARY

1. Requested from AID:

Technical Assistance: One long-term and 3-4 short-term advisors (includes all associated costs, e.g., travel and transportation, per diem, other direct costs, home office costs.	266,157
Training	32,315
Equipment and Supplies*	149,000
Revolving loan fund	<u>52,528</u>
Total	500,000

2. COOPEP Contribution:

Consultants	3,200
In-country travel for technicians	2,500
Personnel	97,740
Operating expenses	15,890
Equipment and vehicles	24,250
Extension**	<u>45,000</u>
Total	188,580
Grand Total	<u>688,580</u>

* Includes start up costs of feed mill (\$74,000).

** Includes six-month Grant of \$30,000 from Inter-American Fund.
It is anticipated that grant will be renewed.

II. AID BUDGET SUMMARY

1. Personnel Compensation	\$68,360
2. Consultants	18,240
3. Fringe Benefits	20,875
4. Travel and Transportation	27,850
5. Allowances	48,052
6. Other Direct Costs	<u>15,240</u>
7. BASE OF APPLICATION	198,617
8. OVERHEAD (34%)	67,540
9. EQUIPMENT, VEHICLES, MATERIALS & SUPPLIES	149,000
10. PARTICIPANT TRAINING	32,315
11. REVOLVING FUND	52,528
TOTAL	\$500,000

III. PROJECT BUDGET DETAIL

<u>LINE ITEM</u>	<u>DETAIL</u>	<u>TOTAL</u>
Personnel Compensation		
a) <u>Field Staff Professional:</u> Poultry Production Specialist @ \$38,000/yr. (av) @ 1 1/2 yrs	\$57,000	
b) <u>Home Office Professional</u> backstopping time: \$3,300/mo x 3 mos.	9,900	
c) <u>Unused Vacation Leave at</u> <u>Termination</u> (Poultry Spec.)	<u>1,460</u>	
Total Compensation		\$68,360
2. Consultants		
a) <u>Co-op Mgt. Specialist</u> 8 weeks @ 6 days @ \$180/day	8,640	
b) <u>Veterinarian</u> 4 weeks @ 6 days @ \$220/day	5,280	
c) <u>Economist/Credit Specialist</u> 4 weeks @ 6 days @ \$180/day	<u>4,320</u>	
Total Consultant Fees		18,240
3. Fringe Benefits		
a) <u>Poultry Production Spec.</u> @ 31% of salary	17,670	
b) <u>CLUSA/W Project Officer</u> @ 25% of salary	2,475	
c) <u>Consultant Fringes</u>	<u>730</u>	
Total Fringe Benefits		20,875

III. PROJECT BUDGET DETAIL

4. Travel and Transportation		
a)	U.S. Travel (recruitment)	1,000
b)	International Travel (personnel):	
	(1) <u>Home Office Professional:</u>	
	4 trips at \$500/trip	2,000
	(2) <u>Field Staff Professional:</u>	
	a) travel to/from post at beginning/end of project, 4 persons at \$500/ea.	2,000
	b) U.S. Consultation one trip	<u>500</u>
	Sub-total Personnel Travel	4,500
c)	Consultant Travel:	
	(1) Coop Mgt. Spec. 2 trips at \$500	1,000
	(2) Veterinarian 4 trips at \$500	2,000
	(3) Economist 2 trips at \$500/ea.	<u>1,000</u>
	Sub-total Consultant Travel	4,000
	Total International Travel	8,500
d)	Other Personnel Travel in-country (taxi, rental cars)	500
e)	Transportation of household effects:	
	(1) Accompanied baggage at \$50/person X 4 persons	200
	(2) Unaccompanied baggage (700 lbs. ea. way)	3,000
	(3) Shipment of HHE (2,500 lbs. ea. way)	10,000
	(4) Shipment of personal vehicle	3,000
	Total Transportation	16,200
f)	Storage of HHE (U.S.) at \$50/person/month - \$750 hauling charges	<u>1,650</u>
	Total Travel and Transportation	\$27,850

III. PROJECT BUDGET DETAIL

5. Allowances

a) Post Differential @ 15% of expatriate salaries	8,550	
b) Quarters - Poultry Production Specialist: 17 mos @ \$800/mo.	13,600	
c) Temporary Lodging: 1 mo @ 4 persons	1,500	
d) Education Allowance: 1-½ yrs @ 2 children @ \$2,000/school yr/child	6,000	
e) Per Diem - Recruitment in U.S.: 15 days @ 2 persons @ \$75/day	2,250	
f) Per Diem - Field Staff @ 30 days outside Port-au-Prince @ \$43/day	1,290	
g) Per Diem - Home Office staff in Haiti: 56 days @ \$84/day	4,704	
h) Per Diem - Consultants: 112 days (16 weeks) @ \$84/day	9,408	
i) Cost of Living Allowance \$500/yr x 1 1/2 yrs	750	
		<u>48,052</u>
TOTAL ALLOWANCES		

6. Other Direct Costs

a) Communications @ \$250/mo	4,500	
b) Reproduction @ \$35/mo.	630	
c) Visas, Passports, shots @ \$35/person x 9 persons	310	
d) Physical Exams: \$100/person x 9 persons	900	
e) Vehicle Operating Costs (Project Vehicle - fuel and maintenance) \$400/mo x 18 mos.	7,200	
f) Research Materials	500	
g) Miscellaneous	1,200	
		<u>15,240</u>
TOTAL OTHER DIRECT COSTS		

7. Base of Application 198,6178. Overhead (Provisional)
@ 34% of Base of Application 67,5309. Equipment, Vehicles, Material
and Supplies (incl. freight)

a) Commodities and Equipment	48,000	
b) Feed Mill (see Annex A-VI)	74,000	
c) Household Furniture and Appliances	7,000	
d) Project Vehicle	12,000	
e) Mill Start Up Costs (salary subsidies and operating expenses) 2 mos @ \$4,000	8,000	
		<u>149,000</u>
TOTAL EQUIPMENT, ETC.		

III. PROJECT BUDGET DETAIL

10. Participant Training (See Annex A. V)	<u>\$32,315</u>
TOTAL COSTS	\$447,462
11. Revolving Fund	<u>52,528</u>
Total AID Input	<u>\$500,000</u>

PROJECT BUDGETIV. COOPEP CONTRIBUTIONS

<u>Personnel</u>	<u>Per Month</u>	<u>18-Months</u>	<u>Total</u>
General Manager	\$800.00	\$14,400.00	
Growout Manger	\$750.00	\$13,500.00	
Accountant	\$500.00	\$ 9,000.00	
Secretary	\$500.00	\$ 9,000.00	
Two Sales People	\$400.00 X 2	\$14,400.00	
Commission on Sales	\$400.00	\$ 7,200.00	
Three Drivers	\$200.00 X 3	\$10,800.00	
Three Laborers	\$100.00 X 3	\$ 5,400.00	
Benefits	\$780.00	<u>\$14,040.00</u>	\$97,740.00
<u>Board of Directors</u>			
<u>Accounting and Auditing Fees</u>			
<u>Operating Expenses</u>			
Telephone	\$.50.00	\$ 900.00	
Overseas telephone calls	\$150.00	\$ 2,700.00	
Telexes	\$125.00	\$ 2,250.00	
Car Maintenance	\$500.00	\$ 9,000.00	
Newspapers and Magazines	\$ 30.00	\$ 540.00	
Miscellaneous	\$ 27.77	<u>\$ 500.00</u>	\$15,890.00
<u>Office Equipment</u>			
Office Rent		\$ 5,250.00	
Office Furnishings		\$ 3,000.00	
Member Radio Communication System		\$ 7,500.00	
Pickup Truck		\$ 7,500.00	
Cages/Coops		<u>\$ 1,000.00</u>	\$24,250.00
<u>Consultant Expenditures</u>			
Veterinarian		\$ 200.00	
CLUSA Consultant		\$ 1,000.00	
Engineering Consultant		<u>\$ 2,000.00</u>	\$ 3,200.00
<u>Other</u>			
Local Transportation		\$ 2,500.00	
Extension		<u>\$45,000.00</u>	\$47,500.00
Total COOPEP			<u>\$188,580.00</u>

PROJECT BUDGET DETAIL

V. TRAINING BUDGET - TABLE I

DRAFT TRAINING PLAN

-
1. COOPEP Manager -- 5.5 MM of formal and on-the-job training in the U.S. to begin as soon as possible after the project is initiated.
 - a. Management courses-----2 months
 - USDA Poultry Science Course-----6 weeks
 - b. On-the-job training in a U.S. cooperative-----2 months

 2. Growout Manager -- 4.5MM of formal and on-the-job training in the U.S. to begin as early as feasible.
 - a. USDA Poultry Science Course-----6 weeks
 - b. On-the-job training in a U.S. poultry cooperative----3 months

 3. Veterinary Science -- specialized short term training in the U.S. for two physicians who are members of COOPEP, total of 3.0 MM.

V. PROJECT BUDGET DETAIL

TRAINING BUDGET - TABLE II

Estimated costs of U.S. based training and U.S. in-service training.

COOPEP MANAGER

USDA training course-----	4,334.00	
International and U.S.		
travel-----	1,800.00	
Management		
course two months-----	3,067.00	
Two months in-service		
training-----	3,000.00	
Materials, supplies		
misc. costs-----	<u>500.00</u>	
		\$12,701.00

GROWOUT MANAGER

USDA training course--	4,334.00	
Travel costs-----	1,200.00	
In-service training-----	4,500.00	
Materials, supplies,		
misc. costs-----	<u>300.00</u>	
		\$10,334.00

MEDICAL DOCTORS (Two, Short-Term

Training in Poultry Pathology)

Maintenance-----	4,680.00	
Training costs-----	3,600.00	
Travel-----	<u>1,000.00</u>	
		\$ 9,280.00
		<u>\$32,315.00</u>

TOTAL

PROJECT BUDGET

VI. ITEMIZED LISTING OF COST FOR
FEED MILL

Vehicle (small truck)-----	\$10,500
Building Site-----	\$10,000
Mill Equipment (cost of existing mill currently not in use)-----	\$15,000
Moving and Installation of existing mill-----	\$ 3,000
Building (2,000 sq. ft.)-----	\$23,000
Scale-----	\$ 2,500
Spare Parts-----	\$ 1,500
Office Furniture and Equipment-----	\$ 2,500
Bagging Equipment-----	\$ 2,000
Pellet Machine-----	<u>\$ 4,000</u>
TOTAL	\$74,000

The mill which will be purchased by COOPEP is located near Port-au-Prince. It will be purchased, moved and reassembled on land which will also be the future home office of COOPEP. It was decided to purchase this particular mill because used equipment is cheaper than buying new equipment, it is already in the country so it does not have to be imported, it is an appropriate size and the owner is willing to sell. No other mill is available which fulfills these same requirements.

COOPEP'S LONG TERM DEVELOPMENT PRIORITIES

Since the creation of COOPEP in 1981 its leadership has devoted a considerable amount of time to examining the potential for the long term growth of the organization. In a draft document prepared by COOPEP's leaders in the spring of 1982 entitled "Project for the Development of COOPEP", they examined a number of investment alternatives. The leadership has also actively pursued possibilities with the government and donor organizations to assist in the development of poultry cooperatives or associations for people in the rural areas of Haiti. During the first phase of this project CLUSA plans to assist COOPEP in determining a long-term investment program as well as an institutional development plan. These documents reflect COOPEP's interest in strengthening business operations and expanding its membership, not only to other commercial producers but also to small farmers.

With respect to an investment plan COOPEP has suggested that the following investments be examined: expanded feed mill, hatchery, processing plant, garage and maintenance facility and a breeder farm. These and other investments will be analyzed during the initial phase of the project.

With respect to its institutional development, COOPEP will, of course, concentrate on expanding its services to its membership and increase its share of the poultry market. But the long term holds a number of other possibilities for COOPEP. Its leadership has a strong desire to assist small farmers in Haiti to become more productive and self-sufficient.

With the elimination of the swine population there is an opportunity to expand the number of poultry producers throughout the whole of the country. COOPEP could provide the institutional framework through which the promotion of poultry associations could be accomplished, extension services offered to these poultry associations, and feed and veterinary supplies provided. Additionally, COOPEP could play a role in the organization and development of the poultry market. Should COOPEP become involved in such activities around the country it is not inconceivable that it could provide similar promotion, extension and supply services in other sectors such as small livestock, particularly swine when they are reintroduced into Haiti.

Memorandum of Understanding Between COOPEP AND CLUSA

COOPEP is a cooperative organized for the purpose of providing higher income through poultry operations to member-growers. CLUSA is a nonprofit organization founded by U.S. cooperatives to encourage and promote the development of cooperatives world-wide.

COOPEP and CLUSA agree to work together under the terms of this grant to strengthen and expand COOPEP so that it will be better able to service an expanded membership and serve as a successful model for the development of cooperatives in Haiti and other countries. Accordingly COOPEP and CLUSA agree that working together will be more harmonious if respective responsibilities are understood in advance. However, each organization also understands that not all situations can be completely foreseen and that circumstances may change with time. Therefore COOPEP and CLUSA agree to work together in good faith and to maintain an open dialog to anticipate and resolve differences before they become a hindrance to progress in this program.

CLUSA agrees to be the responsible contracting organization with AID as outlined in this proposal to provide technical assistance to COOPEP. CLUSA agrees to abide by standard AID procedures for reporting, maintaining project records, obtaining clearances, recruitment and hiring, reimbursing expenses and opening account books to AID audit. CLUSA will provide quarterly, year-end and end-of-project reports to AID with copies to COOPEP. CLUSA agrees to recruit and hire long term and short term expertise which is necessary to achieve the goals outlined in this project. CLUSA will assist COOPEP in developing short term and long term strategies for financial, managerial and organizational development. CLUSA will continue to look for sources of financing, grants, technical assistance and commercial opportunities on behalf of COOPEP. CLUSA will assist COOPEP in developing and packaging proposals to procure grants, financing and technical assistance for development of the COOPEP organization and services. CLUSA agrees to arrange for the training in the U.S. of COOPEP personnel outlined in this proposal. CLUSA will advise COOPEP members, board and management on technical, financial and organizational matters. CLUSA will encourage U.S. cooperative organizations to establish closer relations with COOPEP. CLUSA will assume the lead role in evaluation of project activities and impacts. CLUSA will provide timely disbursements of funds for project purposes.

COOPEP will arrange the purchase, transport, assembly and operation of a feed mill. COOPEP will engage the services of an internationally recognized accounting firm to set up, operationalize and supervise a segregated revolving loan fund. COOPEP agrees the revolving loan fund may be subject to AID audit. COOPEP agrees to facilitate local arrangements for outside consultants and CLUSA staff. This will include providing all

transportation outside of Port-au-Prince, assisting in locating housing and assisting in clearance of household goods. COOPEP agrees to continue to encourage and allow small poultry farmers to join COOPEP as fully participating members. COOPEP will continue to encourage members and non-members to follow recommended poultry husbandry procedures.

COOPEP will hire and retain a qualified manager, growout manager and bookkeeper. Each of these employees will be released from their regular duties at appropriate times to receive training and upgrading, of their skills.