



Amendment No. 3  
Letter Grant Agreement No.  
518-0005-G-00-4121-02

June 30 , 1987

ACTION		Dr. Ricardo Izurieta Mora Bowen
DIR		President
D/DIR		Cooperativa Regional de Servicios
O/PE		Agropecuarios (COORSA)
RLA	✓	Quito
O/DP	✓	
EXO		Dear Dr. Izurieta:
O/CONT	✓	
O/BR	✓	Pursuant to the Authority contained in Section 103 of the
GDO		United States Foreign Assistance Act of 1962, as amended, the
RCO		Agency for International Development (hereinafter referred to
RDO	✓	as "A.I.D." or "Grantor") hereby Amends Letter Grant Agreement
FHD		Number 518-0005-G-00-4121-01 for the Cooperativa Regional de
U/H		Servicios Agropecuarios (hereinafter referred to as "COORSA")
RF		which was signed August 30, 1984 and amended July 15, 1985 and
M&R		July 3, 1986.
EMB		This Amendment No. 3 extends the completion date of the grant
WASH.	5	and reprograms the funds remaining as of the date of this let- ter.

The Grant is amended as follows:

1. The fourth paragraph of the Letter Grant as amended is de-  
leted in its entirety and the following substituted in lieu  
thereof:  
"The final contribution date under this Grant will be  
December 31, 1987".
2. Annex A is hereby deleted in its entirety and is replaced  
by the Revised Annex A attached to this Amendment.

The changes to Annex A are the extension of the term for  
the advisor to COORSA by four months. This will permit the  
advisor employment through October 1987. The objective of  
providing funds for a training trip for the Manager of  
COORSA has been eliminated.

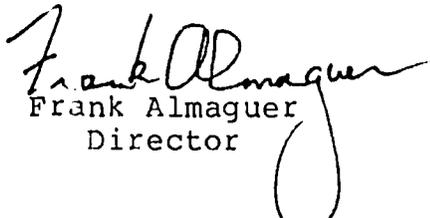
3. Annex B is hereby deleted in its entirety and is replaced  
by the new Annex B attached to this amendment.

Except for the items in the Amendment, the original document, as amended, remains in full effect.

This Amendment No. 3 is effective as of the date of this Letter.

Please sign the original of this Letter to acknowledge acceptance of Amendment No. 3 and return it to our office.

Sincerely Yours,

  
Frank Almaguer  
Director

Acknowledged:

  
Ricardo Izurieta Mora Bowen  
Cooperativa Regional de  
Servicios Agropecuarios

Date: 07-06-87

## ANNEX A

### PROJECT DESCRIPTION

Title: Supply of Agricultural Inputs through COORSA  
Project Number: 518-0005  
Grantee: Cooperativa Regional de Servicios Agropecuarios COORSA

Purpose:

The purpose of this project is to determine the feasibility of COORSA developing its own system for acquiring, through local purchases and by importing, and distributing agricultural inputs and to formulate a medium-term plan for the development of the cooperative.

Background:

In 1983, the Chamber of Agriculture of Zone I decided to undertake the direct importation of agricultural inputs due to a breakdown in the system of importation at that time. This was necessary due to a lack of funds for importing inputs. The Chamber obtained a line of credit of 250 million sucres from the Junta Monetaria and Banco Central and initiated imports of essential inputs. During this exercise, it was decided to create an agricultural supply cooperative to distribute the inputs and provide for a continuation of the system of importation. For this purpose, technical assistance was obtained from the Volunteer for Overseas Cooperative Assistance (VOCA) and, (with a \$30,000 grant from USAID) from the Agricultural Cooperative Development International (ACDI). A pre-existing cooperative, Agricultural Cooperative of Mejía, was used to create the new cooperative by changing its charter and it was renamed the Cooperativa Regional de Servicios Agropecuarios (COORSA). COORSA is now operational, the inputs have been imported, and are being distributed through Agricultural Centers of Zone I of the Sierra 1/. Because their existing input distribution system was inadequate, COORSA requested funds from the

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1/ Zone I represents the provinces belonging to the Chamber of Agriculture of the primera zone include the provinces of Carchi, Imbabura, Pichincha, Cotopaxi, Tungurahua, Bolívar, and Chimborazo.

Ministry of Agriculture to finance additional stores to distribute agricultural inputs within this zone. It has been granted 10 million sucres and plans to establish five new stores with those funds and is seeking a revolving line of credit to continue financing the imports. It has also requested additional grant funds from USAID/Ecuador to enable it to obtain the information and technical assistance needed to prepare and implement a development plan for the five stores, and, in the process, determine the feasibility of a regional distribution system for the cooperative as well as prepare a medium-term (5-year) plan for expansion of the cooperative.

Objectives:

The objectives of the project to be accomplished by the funds provided by this grant are:

1. Determine the feasibility of COORSA organizing its own system for acquiring and distributing agricultural inputs by analyzing and evaluating the legal, institutional, and economic implications and net benefits of the development of such a system and based on this analysis;
2. Develop a medium-term plan (5 year) for the development of COORSA as an agricultural supply cooperative with possible future consideration given to expansion into agricultural products marketing and processing.
3. Maintain the professional services for an additional 29 months of the advisor previously provided to COORSA through the AID/ACDI/Cámara de Agricultura Grant Agreement.
4. Support for up to six months for the preparation and distribution of an information bulletin which COORSA will distribute to sales outlets.
5. Provide funds for the salary, commissions and benefits for the Manager and/or Sales Manager of COORSA and/or Director of Sales for a period of up to six months.
6. Support one trip to Ecuador of an ACDI advisor who will evaluate COORSA activities and provide advice and recommendations for the continued development of COORSA.

Procedures:

The project will be carried out by contracting with a local consulting firm and with the help of a U.S. technical consultant for the planning (third) phase. The project will be

carried out in three phases: 1) The first phase is the collection of data and information relating to the supply and demand for agricultural inputs including the kind and quantities used by area, crop and type of producer, correct number of distributors, their locations, prices, etc. for the entire region and for the areas where the five stores will be located. A large share of this data is available from secondary sources. The remainder will be obtained from interviews with knowledgeable persons throughout the region; 2) The second phase will be to analyze and summarize the data that was collected. This analysis will enable conclusion to be drawn with respect to types and quantities of inputs to be handled, sizes and locations of stores, the capital and credit needs, the distribution system needed, and the demand expansion potential with appropriate technical assistance for producers; 3) The third phase will be to utilize the information and recommendations of the first two phases to formulate a five year plan for the development of COORSA. This plan will become a guide to COORSA in planning the type of operation needed, the resources and investments required, the personnel needed, and approaches to implementing the operation of a region-wide agricultural services cooperative. The plan will also analyze the potential for COORSA expanding into the marketing and processing of agricultural products during this 5 year period.

Implementation:

The project will be implemented by contracting with U.S. and Ecuadorean firms and individuals to carry out the objectives of the project. A.I.D. will contract for the foreign consultant to be provided for assisting in the development of the 5 year plan for the cooperative. COORSA will contract for all other services. The procedures of the Standard Provisions will be followed in implementing the grant.

Output:

The primary outputs of the project will be a report on the feasibility of the system and the development plan for COORSA, plus the supporting data that were collected and analyzed.

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ANNEX B

ILLUSTRATIVE BUDGET

	<u>Original Budget (Amended)</u>	<u>Changes US\$</u>	<u>New Budget</u>
Personal Services			
Foreign Consultant	12,260	(1,068)	11,192
30 days at US\$240	US\$7,200		
Per diem at US\$74	US\$2,200		
Travel and Misc.	US\$3,150		
COORSA Advisor (29 months)	41,450	10,750	52,200
COORSA Manager or Sales Manager (6 months)	4,500	---	4,500
Market Study	34,560	(6,545)	28,015
Support for Information Bulletin	3,000	(1,430)	1,570
Supervisory Visits to Ecuador by ACDI (2)	3,000	(1,630)	1,370
Local Travel	3,000	--	3,000
Supplies, Miscellaneous, etc.	<u>1,230</u>	<u>(77)</u>	<u>1,153</u>
TOTAL	103,000	0	103,000