

PD- AAY-328

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

September 29, 1982

Mr. Adrian E. Chacón
Acting Country Program
Director/El Salvador
Technoserve, Inc.
11 Eeldon Avenue
Norwalk, Connecticut

SUBJECT: Contract/Grant No. 519-0286-G-
00-2051-00.

Dear Mr. Chacón:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "AID" or "Grantor") hereby grants to Technoserve, Inc. (hereinafter referred to as "Technoserve" or "Grantee") the sum of \$500,000 to provide support to rural enterprises and cooperative development as described in Attachment 1 entitled "Schedule" or this Grant, and 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 the project objectives through September 30, 1985.

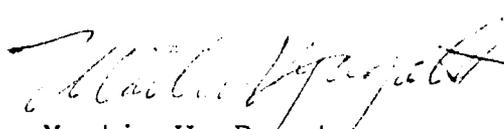
This Grant is made to Technoserve on condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1, the Schedule; Attachment 2, entitled Program Description; Attachment 3, entitled Standard Provisions, and Attachment 4, entitled Statement of Assurance of Compliance, which have been agreed to by your organization, and are hereby made a part of the Grant.

Please sign the original and seven (7) copies of this letter to acknowledge your receipt of the grant, and return the original

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and six (6) copies to the USAID Rural Development Office.

Sincerely yours,



Martin V. Dagata
Director

Attachments:

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

ACKNOWLEDGED

TECHNOSERVE, Inc.

By: _____
Adrian E. Chacón

Title: Acting Country Program Director

Date: _____

FISCAL DATA

Appropriation:	72-1121021.3
Budget Plan Code:	LDAA-82-25519-AG13
Project No.:	519-0286
Total Estimated Amount:	\$1,850,000
Total Obligated Amount:	\$500,000
IRS Employer Identification Number:	13-2626135
Funding Source:	USAID/El Salvador

S C H E D U L EA. Purpose of Grant

The purpose of this Grant is to provide support for the Rural Small Enterprise and Cooperative Development Project (519-0286), as more specifically described in Attachment 2 to this Grant entitled "Program Description".

B. Period of Grant

1. The effective date of this Grant is the date of the signing of this Grant. The expiration date of this Grant is September 30, 1985.
2. Funds obligated hereunder are available for program expenditures as of the date of the signing of this Grant through September 30, 1985, as shown in the Financial Plan below.

C. Amount of Grant and Payment

1. The total estimated amount of this Grant for the period shown in B.1 above is \$1,850,000.
2. AID hereby obligates the amount of \$500,000 for program expenditures during the period set forth in B.2 above and as shown in the Financial Plan below.
3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3 Standard Provision 10, entitled "Payment - Federal Reserve Letter of Credit (FRLC) Advance".
4. Additional funds up to the total amount of the Grant shown in C.1 above may be obligated by AID subject to the availability of funds, and "Revision of Financial Plans".

D. Financial Plan

The following is the Financial Plan for this Grant. Revision to this Plan shall be made in accordance with Standard Provision 9 of this Grant, entitled "Revision of Financial Plan". However, initial funding is in the amount of \$500,000 as presented in Table 3. Local cost financing is authorized up to \$1,850,000.

TABLE 1
A.I.D. Grant Financing
(\\$000)

	<u>10/82-9/83</u>	<u>10/83-9/84</u>	<u>10/84-9/85</u>	<u>10/82-9/85</u>
Personnel Expenses				
Salaries and Benefits				
U.S. Personnel	35	40	35	110
Salvadoran Personnel	320	360	305	985
Travel and Allowances				
International Travel	15	15	15	45
In-country Travel, E.S.	45	50	40	135
In-country Travel, U.S.	5	5	5	15
Office Expenses	32	38	36	106
Other Direct Expenses	40	45	35	120
General & Administrative (G&A)108		122	104	334
T O T A L	600	675	575	1,850

The Grantee may not exceed the Grant total set forth in the above budget nor exceed the amounts of the individual line items by more than 15% without the written approval of USAID. Overhead Rate is 22% of total costs.

TABLE 2
Non-A.I.D. Financing
(\\$000)

	<u>10/82-9/83</u>	<u>10/83-9/84</u>	<u>10/84-9/85</u>	<u>10/82-9/85</u>
Personnel Expenses				
Salaries and Benefits				
U.S. Personnel	18	21	25	64
Salvadoran Personnel	160	189	204	553
Travel and Allowances				
International Travel	7	8	10	25
In-country Travel, E.S.	23	26	27	76
In-country Travel, U.S.	2	3	3	8
Office Expenses	15	21	23	59
Other Direct Expenses	20	24	23	67
General & Administrative	55	63	70	188
T O T A L	300	355	385	1,040

TABLE 3
A.I.D. Grant Financing
(\$000)
10/82-9/83

Personnel Expenses	
Salaries and Benefits	
U.S. Personnel	30
Salvadoran Personnel	254
Travel and Allowances	
International Travel	14
In-country Travel, E.S.	38
In-country Travel, U.S.	6
Office Expenses	29
Other Direct Expenses	39
General & Administrative	90
T O T A L	500

The Grantee may not exceed the Grant total set forth in the above budget nor exceed the amounts of the individual line items by more than 15% without the written approval of USAID. Overhead Rate is 22% of total costs.

E. Reporting and Evaluation

1. Financial Status Report

The financial reporting requirements are detailed in the attached Standard Provision 10(c) entitled "FRLC Reporting". The financial reports entitled "Financial Status Report" SF-269 and "Federal Cash Transactions Report" Form SF-272 shall be submitted to AID/Washington with information copies to the USAID Controller's Office.

2. Program Progress Reports

The Grantee shall monitor the performance under the agreement and ensure that time schedules are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved. Based upon this monitoring, the Grantee shall submit quarterly

technical performance reports to USAID that briefly present the following information for each sub-project function, or activity involved under the Grant:

- a. A comparison of actual accomplishments with the goals established for the period.
- b. Reasons why established goals were not met.
- c. Adequacy of remaining funds to reach goals.
- d. Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

The Grantee shall submit the quarterly technical performance reports to the USAID Rural Development Office.

If any performance review conducted by Technoserve discloses the need for change in the budget estimates in accordance with the criteria established in Standard Provision 9 entitled "Revision of Financial Plans", Technoserve shall submit a request for budget revision.

3. Evaluation

AID and Technoserve agree to establish regular in-house evaluations as an integral part of the program. A final evaluation of the program will be conducted before the expiration of the Grant. The evaluation team will be composed of representative(s) from Technoserve, and AID, and outside consultants or government officials as appropriate. These in-house evaluations will closely measure accomplishments to date, and determine progress toward meeting end of program indicators outlined in the Technoserve proposal submitted to AID.

F. Special Provisions

The following provisions of the Standard Provisions attached hereto are not applicable to this Grant:

- Clause 2. Allowable Costs and Contributions (Educational Institutions)
- Clause 6. Negotiated Overhead Rates - Predetermined
- Clause 8. Negotiated Overhead Rates - Educational Institutions

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- Clause 11. Payment - Periodic Advances
- Clause 12. Payment - Reimbursement
- Clause 16. Procurement of Goods and Services over \$250,000
- Clause 20. Title to and Care of Property (U.S. Government Title)
- Clause 21. Title to and Care of Property (Cooperating Country Title)
- Clause 24. Voluntary Participation
- Clause 25. Prohibition on Abortion-Related Activities
- Clause 26. Voluntary Participation Requirements for Sterilization Programs
- Clause 34. Participant Training
- Clause 35. Health and Accident Coverage for AID Participant Trainees

G. Overhead Rate

The negotiated provisional overhead rate agreed to between AID and Technoserve in January, 1981 is 22 percent of total costs.

H. Title to Property

Grant-financed property brought into or purchased in El Salvador is expected to have title in the name of Technoserve, Inc.

PROGRAM DESCRIPTIONA. Background

Technoserve, Inc., a private, non-profit organization providing technical assistance and training to cooperatives and farm-based rural enterprises, initiated activities in El Salvador in 1975. On September 1, 1978, AID granted Technoserve \$500,000 for a three-year project (OPG 519-0197). The project was extended for one year (October 1, 1981, through September 30, 1982) with an additional grant of \$300,000 to allow Technoserve to continue its on-going activities as well as expand its sub-projects in the agrarian reform and non-reform sectors.

B. Purpose of Grant

The purpose of this Grant for the period October 1, 1982, through September 30, 1985, is to strengthen farm cooperatives and enterprises with emphasis on the agrarian reform sector and provide support for the development of the Salvadoran cooperative movement. This is to be accomplished by providing technical assistance and guidance to: a) individual cooperatives with emphasis on the agrarian reform sector through the private sector enterprise approach; b) the newly chartered federation of agrarian reform cooperatives; and c) GOES and private institutions with the responsibility for fostering the development of cooperatives or private enterprises. The beneficiaries of the program will be small farmers, entrepreneurs and cooperative members. Benefits will come from increased incomes, broader employment opportunities and improved cooperative services.

C. Specific Program Objectives

During the period of this Grant, Technoserve's efforts and objectives will be directed to four principal program areas.

1. On-Going and New Assistance for Phase I Cooperatives

Assistance will continue with the six on-going projects with Phase I cooperatives, i.e. Tangolona, Tamera, Mayucaquín, El Obrajuelo, El Tercio, and Las Lajas. All of these cooperatives are receiving assistance in farm management and accounting and all newly selected cooperatives will also receive this type of assistance. The system developed and used by Technoserve is similar to the uniform accounting and management system being implemented by ISTA with AID assistance.

Specific enterprises being developed with Technoserve client cooperatives include henequen production and decortication, dairying, beef cattle, and vegetable production. As cooperatives become capable of self management, usually after 18 months to two years, they will be graduated and others added to maintain a constant level of six Phase I cooperatives being assisted at a given time. More diversity is being sought as to types of enterprises assisted.

	<u>10/1/82-9/30/83</u>	<u>10/1/83-9/30/84</u>	<u>10/1/84-9/30/85</u>
On-Going	6	6	6
To be Added	3	4	3
To be graduated	3	4	3
TOTAL to be assisted during 10/1/82-10/1/85 = 16			

2. Phase III (Decree 207) and Traditional Sector

As an institutional policy, Technoserve will continue assisting cooperatives in the traditional sector or those created prior to the agrarian reform. Phase III (Decree 207) cooperatives will be chosen for assistance whenever practical. Cooperatives currently receiving assistance are El Castaño, Joateca, Piedra Parada and Asociación Cooperativa de Ganaderos de Morazán. Enterprises being assisted include vegetable production and marketing plus feed mills and feed lots. Assistance has been deferred on two cooperatives due to violence. However, Technoserve plans to work with a minimum of six cooperatives at any given time. New cooperatives and enterprises will be added as the enterprises are sufficiently well established to continue without further technical and management assistance. Efforts will be made to further diversify types of enterprises in new activities chosen for assistance.

	<u>10/1/82-9/30/83</u>	<u>10/1/83-9/30/84</u>	<u>10/1/84-9/30/85</u>
On-Going	5	6	6
To be added	3	3	3
To be graduated	2	2	2
TOTAL to be assisted during 10/1/82-9/30/85 = 14			

3. Support to the Salvadoran Federation of Cooperatives of the Agrarian Reform (FESACORA)

Technoserve will assist FESACORA, the new agrarian reform cooperative federation in organization, management, program-

ming planning, program implementation and accounting. Assistance will be given in training of the board of directors and federation officers, as well as key officials from member cooperatives. Guidance will be given to help FESACORA develop policy positions as well as coordinate assistance from other entities to member cooperatives. An appropriate set of progress indicators will be developed during the first year of this Grant.

Assistance to GOES and Private Sector Institutions

Technoserve will reinforce its relations with other institutions both public and private, working in cooperative and enterprise development. Public sector entities to be assisted include the Agrarian Reform Institute, the Ministry of Planning, the banking system, and the Ministry of Agriculture. In addition to regularly held meetings and work sessions at the regional, zonal and cooperative levels, a minimum of six policy level meetings with senior officials are planned for each year of this Grant. Technoserve will participate in at least two seminars per year in the area of cooperative and enterprise development.

Consultations will continue with private Salvadoran institutions, private voluntary organizations, and international donor organizations. These consultations include the development of surveys, prefeasibility studies, feasibility studies and coordination of the activities of several organizations directed toward a single project or program objective.

D. Major Outputs

1. Enterprise Cooperative Level

- Sub-Project Requests Investigated: 37
The number of projects presented to Technoserve in which Technoserve will carry out a brief review.
- Sub-Projects and Activities Analyzed: 36
The number of individual socio-economic analyses to be carried out. These will include analyses of markets, raw material supply, fixed assets; financial and legal evaluations, potential project beneficiaries; pilot tests; or complete pre-feasibility studies.
- Sub-Project Plans: 36
The number of plans to be developed for the implementation and or operation of a project or activity.

Project studies, business plans and marketing plans are examples of such plans. The majority of projects will have a project study and one or more operating plans.

- Sub-Project Agreements: 36
The number of formal legal project-related agreements. These could include letters of agreement, letters of understanding or technical assistance contracts.

- Sub-Projects Implemented: 36
This indicator represents the actual number of plans, projects to be initiated or completed during the period. Examples could be new products introduced; machinery and equipment purchased/installed or on-line, new credit lines established and utilized; business systems installed/implemented or loan agreements, incorporation papers, by-laws, purchase contracts and licenses inacted.

2. Institutional Level

- Training Programs: 9
The number of formal courses or seminars to be given to enterprise development institutions. They may range from courses on planning, evaluation, accounting administration, agricultural techniques or other related development topics.

- Activities with Government Institutions: 32
The number of activities developed in conjunction with a Salvadoran government institution. These activities could include meetings with staff directly involved in project implementation, senior staff, surveys, pre-feasibility studies, feasibility studies, and contractual agreements.

- Activities with Private Institutions: 12
These are activities which will be enacted in conjunction with private Salvadoran institutions or private voluntary organizations and could include the development of surveys, pre-feasibility studies, feasibility studies and contractual agreements.

3. National Cooperative Federation:

- Training Programs: 6
The number of courses (planning, evaluation, accounting, administration, agricultural techniques, etc.) or seminars given to cooperative federation members.

During the first year of this Grant Agreement, a comprehensive set of indicators will be developed.

UNITED STATES GOVERNMENT

memorandum

DATE: September 30, 1982

REPLY TO
ATTN OF: Lorraine J. *hy* Simard, USAID/EI Salvador

SUBJECT: AID Project No. 519-0286 - Contract/Grant No. 519-0286-G-00-20051-00
Rural Small Enterprise and Cooperative Development (Technoserve OPG)

TO: Mr. Barton Veret, GC/LA
AID/Washington

Enclosed please find one original/signed copy of the subject Grant Agreement dated September 29, 1982.

Also enclosed is a copy of the Project Authorization, the Project Data Sheet, and the Action Memorandum for the Director requesting that he authorize the project.