

INTER-OFFICE CORRESPONDENCE

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IADS

FROM: LDS-JAP

DATE: March 31, 1981

TO:

RWL		

COMMENTS:

SUBJECT: International Agricultural Development Service (IADS)

In response to your memorandum of March 3, 1981, we have attempted to sort out the most important issues with respect to IADS' future and to prepare the necessary background for your consideration. We have also been in contact with Dr. Sterling Wortman and Colin McClung, both of whom have prepared background documents about IADS which we found very useful. We suggest that if you can find the time to do so that you read these also. (Copy of McClung's paper attached. You have copy of Wortman's paper.)

We have tried to focus only on what we think are the key issues which you and the RF Board will want to address. In this memo we shall not try to exhaustively document or elaborate each point. However, that could be done if you wish. Rather, we think at this stage that we would like to set before you those important aspects about the IADS and the IADS-RF relationship which would provide you with the information you need to make the judgment about the future RF support to IADS which you can bring to our Board. We have stated the major issues under the following headings:

What was the rationale for creating IADS? Are the arguments still valid today?

IADS had its origins deep in the roots of the experiences gained in the Foundation's own agricultural program activities. We strongly believed then that the solution to the food and nutrition problem (as well as general economic development) of each nation is a matter which must be addressed on a country by country basis. Although considerable progress has been made since the end of World War II in strengthening international and national institutions which are vital to national agricultural development (the international banks funding for agriculture, the international agricultural research centers,

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the World Food Council, the bilateral assistance programs, etc.), the fact remains that population pressures and the emergence of new nations with inadequate development infrastructure remain today as a serious threat to the survival of millions of people. IADS was created because of: (a) the worsening outlook for world food supplies relative to population, (b) the inadequacy of efforts by the developing countries to develop technology and transfer it to farmers, and (c) the complexity of the process of agricultural development and the attendant need for attention to many factors other than research, if food production is to be increased and standards of living raised.

Originally IADS was perceived as a development service to include not only agriculture but also as a model for health, population and education programs, which in time might be added to an expanded IADS. Because of limited resources and because our earlier experience in helping nations to strengthen agricultural research programs, IADS focused initially in that area. It has broadened out into agricultural development projects and should continue that trend in agriculture, but IADS has not embarked on programs in other areas.

The CGIAR, recognizing the need to assure that the work of the international centers has an impact in target nations, created ISNAR (International Service for National Agricultural Research). We not only helped to bring ISNAR into being, but we continue to be supportive of its proposed programs. However, our own efforts have shown that agricultural research alone will not solve the food problem much less other aspects of economic development. Thus we believe that research, in order to be effective, must be linked to social, political, and economic considerations, especially in putting to work research knowledge in agricultural and rural production programs.

We stated in our docket of 1975:

"Among the obvious remaining weaknesses in the international efforts to combat hunger are the inabilities of the poorer countries, especially the smaller ones, to draw in and utilize effectively the diverse sorts of technical and financial assistance available from many public and private sources. Characteristically, the countries have weak institutions and inadequate numbers of trained people. Governments frequently are relatively new and are headed by individuals with little experience in forcing the pace of agricultural development.

"IADS was established as an initiative of The Rockefeller Foundation for the purpose of assisting developing countries, individually and collectively, to accelerate agricultural productivity and rural prosperity while strengthening their own institutions so that progress can be sustained on a continuing basis."

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The arguments would appear quite persuasive that the basic reasons for creating IADS in 1975 are as compelling today as in 1975. Thus in summary, insofar as the need for an IADS is concerned:

1. There remain at least 70 countries urgently in need of development assistance - affecting 1,500,000,000 people.
2. No other non-governmental organization that we know of is prepared to act on behalf of the recipient nation to marshal resources and assist them, across the board, in agricultural development programs.
3. IADS has almost unlimited flexibility in designing its assistance procedures to meet each country's needs. It can provide a wide range of consultancy services, seek and place qualified individuals in countries at the countries' request, collaborate directly in production programs, act as an "honest" broker on behalf of a country in getting needed services.

Operational Procedures - How does IADS function?

This question may not be critical insofar as the RF's decisions are concerned, but it is important to have an understanding of how IADS is organized to address the problems it was created to help resolve. For us it is important to know the answers to:

1. Does IADS function efficiently in terms of its manpower and available resources?
2. Does IADS function effectively in terms of achieving successful results in country programs?
3. How is IADS perceived by recipient countries, by donors, and development agencies?

Substantive information can be provided to confirm a positive response to each of these questions.

Secondly, with regard to the administration and management of IADS, these points are covered in ACM's memo, but we can elaborate any aspect in more detail if so desired.

Administratively, with respect to the Foundation, there are no services which IADS receives from the Foundation which if now terminated would hamper its operations. Initially IADS relied on the RF for certain functions (comptroller and fellowship services especially) because it was

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more efficient to do it this way. IADS is now capable of providing its own administrative services. Thus this question is no longer a limitation to IADS's independence.

What relationship do IADS programs bear to those of the Foundation?

Although IADS was created initially to assist nations in strengthening their food and agricultural systems, a goal of the COH program, it could, using the same model, assist nations in strengthening health and population efforts and educational programs as well. These latter activities have not been attempted by IADS. It has focused only on the food and agricultural sector.

In the long run it is felt that if a successful organization can be established to assist needy nations in strengthening their agricultural systems and further to help their economic development, this would be a worthy achievement for the RF-COH program. Were there to be such an organization in place, the RF could turn its attention to other promising activities.

The RF has successfully helped to establish an international agricultural research system and that has been a spectacular achievement. The task of accelerating agricultural development where it is needed, while an ambitious goal, is beyond the resources of the RF to achieve. But the RF can undertake to try new approaches and to innovate. IADS also should have, and we think it does have, the built-in quality of imagination, innovation, and aggressive leadership to address the formidable problems which are still with us.

The purposes of IADS are identical to those of the COH program, i.e., the alleviation of poverty and hunger. IADS is an extension of our own initiatives in this endeavor, but it can go far beyond what the RF is capable of doing with limited resources.

Has IADS been successful? By what measures or criteria?

There is little doubt that IADS might have grown beyond its current size if the IADS Board and management as well as RF officers were not sensitive to the negotiations regarding the development of ISNAR. With ISNAR now having come into being and recognizing that while there is complementarity between the two organizations, and no merger is anticipated, it is now possible for IADS to chart its own course and aggressively develop its programs. Nevertheless, even with the foregoing, IADS has made a lot of progress. Its list of achievements are substantial considering the size of the operation; it has established its own creditibility among client nations and development agencies, and its professional staff has grown modestly. In terms of return to RF investment, the IADS operates with a program budget many times the size of the RF's contribution. In 1977, the second year's operation, the ratio stood at 1:1 approximately; in 1978, 2:1; in 1979, 3:1; in 1980, 6:1; in 1981, 10:1. Although this leverage ratio will vary, it is expected that the present trend will continue.

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What are the future implications of the IADS's relationship to the Foundation? Specifically, what about the location issue? What about future support?

If we believe there is a compelling reason for an organization such as IADS to exist, and if we believe that the IADS programs are supportive of the RF program goals and purposes, then we are in a position to decide on some level of RF commitment, in principle, to IADS for a certain period of time. Having some notion of the level and nature of the RF support, IADS can address its own development strategy. Without some continuing level of Foundation support, IADS cannot strike out confidently at this time to achieve both an expanded program and its financial independence.

In addition to the contractual assistance projects which IADS has undertaken, IADS provides non-reimbursable services. These include consultancies, assistance in project preparations and grant funded technical assistance. Indirect or non-reimbursable activities include conferences, support to and participation in leadership workshops, and preparation of development oriented literature.

We believe that it is very important for IADS to expand the indirect service component. This will be the most difficult to achieve because it means raising the level of grant support. However, IADS is confident that with the kind of reputation already established, it is possible to approach funding sources for this level of support. IADS is committed to this activity; however, we believe that to succeed they must separate physically from the RF and not continue to be perceived as an RF subsidiary (which they have been).

What is needed?

First, we hope that future support to IADS can be used exclusively for special project support. If IADS is to carry out the kinds of programs that will assist especially the very needy nations, IADS will require some level of unencumbered funds. Some funds for this purpose may come from project income, most from grants (including the RF support). Projecting the levels of costs and of income of the IADS operations would suggest that a shift in that direction (i.e., from core to project support) would be feasible in a five-year time frame. In fact percentage-wise, the level of RF funds used for core operations have declined from about 91% (1976) to about 25% (1980) (\$993,000 to \$297,000 respectively in costs; totalling \$1,037,000 (1976) and \$1,570,000 (1980) respectively). The trend has been a shift away from use of RF funds for core operations to use of our funds for indirect services and special projects. However, with an anticipated change in location and the need to strengthen its headquarters staff capability, there will be a temporary reversal of the current trend in use of RF funds over the next 2-4 years until the level of operations is adequate to cover the operations overhead. The "bulge" in need for RF support will occur in 1982-83 and possibly 84, after which time IADS should be quite close to covering core operations from contract project income. We are proposing something like a 2,500,000 - 3,000,000 figure spread out over approximately five years, charged against COH program activities, which will cover the cost of the move and increased operating costs of IADS.

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Furthermore, if such a commitment is feasible, we believe IADS should plan its separation physically from the Foundation during the next 12-18 months. The IADS management has made a serious study of possible locations and with the consent of its Board is prepared to move out of the Foundation offices. We not only encourage such a move, but believe it is necessary if IADS is to broaden its support base.

We believe it will be necessary for the RF to assist IADS to accomplish the move and recommend that we be prepared to do so. We believe that IADS should rent office space and not invest in a physical plant at this time. The cost of moving might be in the range of \$250,000 - \$400,000, which includes severance of certain support staff, acquisition of office furnishings, cost of moving IADS owned furnishings and equipment, and cost of staff transfer.

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