

FRONT OF FILE

IADS

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It was, on motion,

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DEVELOPMENT
SERVICE

RESOLVED that the sum of Six hundred thousand dollars (\$600,000),
RF 82046 or as much thereof as may be necessary in addition to RF
82003, be, and it hereby is, appropriated to the INTERNA-
TIONAL AGRICULTURAL DEVELOPMENT SERVICE, Arlington, Vir-
ginia, toward the costs of its operations; the combined
sums to be available during the period ending December 31,
1983.

The following considerations were presented:

CLASSIFICATION: Agricultural Sciences - Increasing Food Production
(Agricultural Sciences)

OBJECTIVE: To continue the planned phasing-out of Foundation core
support while IADS takes steps to establish other sources of funding.

PREVIOUS INTEREST: The Foundation has provided \$7.195 million to
IADS in support of its operations: \$100,000 for use in 1975, \$1.5
million during 1976, \$1.27 million during 1977, \$1.26 million dur-
ing 1978, \$1.0 million during 1979, \$800,000 during 1980, \$600,000
during 1981, and \$665,000 (RF 82003) during 1982. Of this total,
\$436,000 has been set aside by IADS as an operating reserve, with
the approval of the Foundation's Board. About \$4 million of the
same total has been returned to the Foundation for costs of rent,
staff on assignment to IADS, and services rendered to IADS.

DESCRIPTION: Last April, on the basis of their own evaluation of
IADS, as well as an outside review, the officers proposed that the
Foundation initiate a phased termination of core support for IADS's
operations. The external evaluation team recommended specifically
that the Foundation (a) meet the costs incurred by IADS in transfer-
ring its headquarters from New York to the Washington, D.C., area,
and (b) provide IADS with approximately \$1 million in terminal core

Note: A. Colin McClung and John A. Pino are affiliated with IADS.

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support. Accepting these suggestions, the Trustees approved in April a grant of \$665,000 - up to \$310,000 to be used for IADS's relocation costs and the balance applied toward operating expenses during 1982.

IADS completed its move to new offices in Arlington, Virginia, in June. As expected, the transfer has improved communications with the now nearby headquarters of USAID, the World Bank, and other agencies; furthermore, it appears to be strengthening IADS's ability to compete for international agricultural research and development contracts. Discussions currently under way between IADS and Winrock International may possibly lead to merger of the two organizations, but that outcome remains far from certain. Meanwhile IADS, as presently constituted and located, is steadily expanding its income and backlog of contracts; its current contract portfolio totals \$43 million, nearly double the figure of one year ago. It has also recently organized a profit-making subsidiary, IADS Operations, Inc., which will be able to make a profit on IADS contracts and may, in time, generate additional revenues to support IADS's nonreimbursable activities.

In light of this excellent progress by IADS in establishing itself as an agency independent of the Foundation, the officers propose an appropriation of \$600,000 toward its core support requirements during 1983. This would bring to \$955,000 the amount of terminal core support provided, leaving about \$45,000 still to be supplied of the \$1 million recommended by the evaluation team.

A list of the IADS board of trustees is attached.

BASIS OF EVALUATION AND POSSIBLE PROBLEMS, DIFFICULTIES, AND RISKS:

Evaluation would be based on the ability of IADS to continue to expand the volume and scope of its contractual services and to generate new funding for its nonreimbursable functions. The question remains as to whether IADS, following the termination of Foundation core support, can generate sufficient grant funds and other sources of nondedicated revenue to maintain its nonprofit status.

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(Continued)

BUDGET AND SOURCES OF FUNDS: IADS projects an operational budget of \$11,018,000 for 1983 (see attached table). Toward that amount, it expects to earn about \$10.5 million from contracts and other service arrangements; to receive a grant of \$29,000 from the West German Technical assistance agency for preparation of a cassava handbook; and to have available about \$139,000 in income from reimbursed staff time and interest.

The proposed appropriation of \$600,000 in addition to any balance remaining in RF 82003, would be available during the period ending December 31, 1983.

IMPLICATIONS FOR FUTURE SUPPORT: The officers expect to propose a final appropriation or grant in aid to complete the planned phase-out of core support, and thereafter to consider funding for specific IADS project activities on a case-by-case basis.

PROJECTED ALLOCATION OF RESOURCES BY PROGRAM COMPONENT, 1983
('\$'000)

<u>Direct Services to Developing Nations</u>	<u>Headquarters Budget</u>					<u>Special Projects</u>				<u>Total Budget</u>
	<u>Country Programs Office</u>	<u>Communi- cation</u>	<u>Offc. of Mgmt. Services</u>	<u>General Adminis- tration</u>	<u>Total</u>	<u>Con- tracts</u>	<u>Grant funded</u>	<u>IADS funded</u>	<u>Total</u>	
<u>Country Programs</u>										
Asia & Pacific										
Contract Operations	245	35	155	94	529	8,140	-	-	8,140	8,669
Program Development	84	25	60	50	219	-	-	-	-	219
Non-contract Programs	-	-	-	-	-	-	-	24	24	24
Latin America & Caribbean										
Contract Operations	56	-	30	15	101	300	-	-	300	401
Program Development	84	7	48	28	167	-	-	-	-	167
Non-contract Programs	-	-	-	-	-	-	-	6	6	6
Africa & Mideast										
Contract Operations	169	60	126	62	417	395	-	-	395	812
Program Development	179	25	108	73	385	-	-	-	-	385
Non-contract Programs	-	-	-	-	-	-	-	5	5	5
Subtotal	817	152	527	322	1,818	8,835	-	35	8,870	10,688
<u>Indirect Services</u>										
Leadership Development	-	-	-	-	-	-	-	-	-	-
Development-oriented Lit.	-	32	18	9	59	-	23	-	23	82
Liaison Activities	84	25	60	79	248	-	-	-	-	248
Subtotal	84	57	78	88	307	-	23	-	23	330
Total	901	209	605	410	2,125	8,835	23	35	8,893	11,018

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