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AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20503

FD-302 (REV. 5-22-64)

OFFICE OF THE ASSISTANT ATTORNEY GENERAL  
AND ATTORNEY GENERAL, U.S. DEPARTMENT OF JUSTICE

DATE REPORT

REPORT NUMBER

AGENCY REPORT NUMBER

REPORT NO. 1-202-75-75

For the period January 1, 1970  
through September 30, 1970

Public Report No. 1-202-75-75  
January 31, 1973

FORM NO. 10

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REPORT OF EXAMINATION  
OF  
THE FEDERAL RESERVE BANKS  
FOR THE PERIOD  
JANUARY 1, 1978 THROUGH SEPTEMBER 30, 1978  
SECTION I - STATE OF CALIFORNIA

The special functions of the State Auditor General, under Article, III, Section 13 of the California Constitution, were performed in various examinations of the subject banks. This was the third audit series of subject institutions and covered the period from January 1, 1978 through September 30, 1978. The audit work was performed from July 7, 1978 to October 31, 1978.

The primary purpose of the examination was to review and evaluate various policies and implementation as compared with various objectives and to determine the quality and effectiveness of financial and administrative management. Other purposes were to ascertain the degree of compliance with FID policies, regulations and standards.

The examination was made in accordance with generally accepted auditing standards and accordingly included such tests of financial records, transactions and discussions as so considered necessary in the circumstances.

Except to the contrary, this report was prepared by appropriate Division officials and their comments were given due consideration.



and establishment of training and research facilities. Government  
institutions shall be directed to make maximum use of human and material  
resources available to them and to be guided by scientific research and technology to a  
highly efficient and healthy.

During the coming years, subsequent agreements and understandings  
have provided additional financing of the project. The most recent  
agreement, concluded by an FAO/Ministry (FAO/M) agreement was  
signed on May 3, 1978 and covering a 50% increase for continued  
assistance, which the project from July 1, 1978 to June 30, 1979.  
This agreement is in accordance with the FAO/M agreement and understanding  
and establishes the following basic goals and objectives:

- (1) To assist the establishment of the basic government  
institutions through research for improved agricultural  
production in rural production and extension.
- (2) To assist at least 20 percent of the population in the  
establishment of household food-related agricultural  
enterprises.
- (3) To improve the quality of education received in rural  
and food-related extension.

The FAO has provided a 10 million dollar loan request to the  
Inter-American Development Bank (IDB). The loan amount is to be  
supplemented by 10 million dollar loan resources of the IDB  
which shall be used to assist the implementation of  
the National Food Plan (NFPP) in the mountain and semi-  
mountain region of Brazil. The loan agreement between the IDB and the  
FAO was ready to be signed at the conclusion of our field visit. It is

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✓ During the visit we have seen the need for more production units because of  
frequent economic, ecological, social and political changes.







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2. **प्रमाणपत्र के प्रकार**

प्रमाणपत्र एक प्रकार का दस्तावेज है जो किसी व्यक्ति या संस्था के बारे में सत्यता की पुष्टि करने के लिए जारी किया जाता है। यह दस्तावेज अक्सर सरकारी या निजी संस्थाओं द्वारा जारी किया जाता है। प्रमाणपत्रों में विभिन्न प्रकार के प्रमाण शामिल हो सकते हैं, जैसे कि शिक्षा, रोजगार, आय, और अन्य। प्रमाणपत्रों का उपयोग अक्सर विभिन्न संस्थाओं और व्यक्तियों के बीच संपर्क करने के लिए किया जाता है।

प्रमाणपत्रों को अक्सर दो प्रकारों में बांटा जा सकता है: सरकारी प्रमाणपत्र और निजी प्रमाणपत्र। सरकारी प्रमाणपत्रों में विभिन्न प्रकार के प्रमाण शामिल हो सकते हैं, जैसे कि शिक्षा, रोजगार, आय, और अन्य। निजी प्रमाणपत्रों में अक्सर व्यक्तिगत प्रमाण शामिल होते हैं, जैसे कि विवाह प्रमाणपत्र, जन्म प्रमाणपत्र, और अन्य। प्रमाणपत्रों का उपयोग अक्सर विभिन्न संस्थाओं और व्यक्तियों के बीच संपर्क करने के लिए किया जाता है।

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Officially, a total of 564 private concerns scattered over 9 states are registered at the Ministry of Agriculture as producers of seeds and seedlings but a lack of statistical data has prevented an evaluation of their output as a part of the total over the term of the project.

An anticipated plan for continuing the transition is cited in the new Project Agreement which includes a GOB commitment to turn over the responsibility of producing and marketing commercial seeds to the private sector in two southern states, possibly Rio Grande do Sul and Espirito Santo. At present, most private companies are mainly concerned with forage, range, and vegetable seeds. Participation of the private sector in hybrid corn seed distribution has advanced; for example, in the State of São Paulo one company shares about 50 percent of the market. The Mission noted that 80 percent of the hybrid corn seed and 95 percent of the vegetable seed in Brazil comes from private companies. We observed, in most cases, that statistics are not available to distinguish production from distribution or that portion which is imported.

#### D. TRAINING PROGRAM

At the time of our review, a total of 38 Brazilian seed technicians were involved in the training program:

##### (1) Long-Term Academic Training in the U.S.

###### M.S. degree level

Completed	11	
In training	6	
Returned before completion	1	
Selected but not departed	<u>1</u>	19

###### Ph.D. degree level

In training		2
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##### (2) Short-Term Study Tour in the U.S.

Completed	<u>67<sup>1/</sup></u>
Total Participants	<u>38</u> ===

Indications are that the participants who have returned from the U.S. have been retained in the areas of activity associated with the project. Three of them are members of the planning group for PLANASEM at the Ministry of Agriculture in Brasilia. Other training activities were in the form of short-term courses on seed techniques and related matters administered to over 2,300 participants in Brazil, and a number of seed seminars held at several key points in the country.

Within the framework of PLANASEM two institutions have been officially appointed to train and upgrade personnel on seed

1/ Includes five employees from private seed companies.

techniques. These are the Superior School of Agriculture "Luiz de Queiroz" (ESALQ) in Piracicaba, State of São Paulo and the School of Agronomy "Eliseu Maciel" in Pelotas, State of Rio Grande do Sul. Under the new Project Agreement, USAID/B agreed to assist the Ministry of Agriculture and ESALQ in providing a M.S. degree program on seed technology. However, this program is not expected to start for at least another year.

We noted that significant attention has not yet been given to extension services training. An effective extension service is essential to develop a general awareness among the agriculture community of the benefits derived from improved seeds. The Mission is aware of this problem and the new Project Agreement provides for assistance in developing a seed extension education program through ABCAR<sup>1/</sup> in cooperation with the Ministry of Agriculture.

1/ Rural Credit and Assistance Association - a semi-governmental institution that provides extension services over most Brazilian territory.

E. SEED LABORATORIES, STORAGE AND OTHER FACILITIES

Of the 55 facilities originally programmed for in this project, a total of 51 units are either complete or under way:

<u>Type of Facility</u>	<u>Status as of October 1972</u>		
	<u>Complete</u>	<u>Underway</u>	<u>Total</u>
Seed Testing Laboratory	19	2	21
Seed Processing Units	8	8	16
Seed Storage Unit	14	-	14
	—	—	—
	41	10	51
	==	==	==

In addition to the above, GOB initiative has resulted in the construction of 4 other testing laboratories and 9 seed processing or storage units. M S U assisted in this expansion by furnishing orientation in engineering design and equipment procurement.

AID-financed commodity input totalling \$230,000 was channeled to these facilities through June 30, 1972. A selective end-use observation of these commodities disclosed that some seed processing equipment valued at \$16,000 was idle at the Agronomic Institute of Campinas. This was due to non-completion of the required housing facilities which have been in the final stage of construction since early 1970 with no power facilities installed. We were informed by the agronomist in charge of the seed section that some final work in the engineering design for equipment installation was still required. Furthermore, in his view, equipment operation will be a problem since there are

no personnel at the Agronomic Institute with the required capability.

The problem of non-utilization of this equipment was initially observed during the second audit of this project<sup>1/</sup> and the situation remains essentially unchanged. A recommendation for corrective action had been closed on the basis of the Mission's determination that the completion of the facilities was scheduled for mid-1970. Since the equipment is not yet in use and there appears to be a lack of commitment on the part of the Agronomic Institute we feel there should be either a relocation of the idle equipment or a claim made for reimbursement.

Recommendation No. 1

That USAID/B review the status of idle project equipment at the Agronomic Institute of Campinas as a basis for arranging for its transfer to another site where effective use will be assured, or establishing recourse under Standard Provision H of the Project Agreement.

A natural consequence of a research and development program is a measurement of the use of the products. However, sufficient statistics were not available to permit adequate measurement of improved seed production and utilization during recent years. A steady increase

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<sup>1/</sup> Recommendation No. 1, Report 49-70 dated April 1, 1970.

in the number of seed samples sent to public seed analysis laboratories has been taken as a tangible indicator of the increase in planting of improved seeds. During the period 1964-1969, these samples increased from 20,000 to over 60,000 annually. We feel that the noted increase of seed sample analysis may not per se indicate an increase in improved seed production. It may as well reflect more interest by farmers in learning the potential germination rate of seed available for planting. In addition, the Mission, in its response to the draft audit report, cited isolated statistical data which showed a positive trend in four states. Still, unless there is an adequate, comprehensive system of data accumulation, project progress cannot be effectively measured.

Recognizing that adequate data is not available, GOB officials have assured the Mission that detailed statistical information will be made available in the future. Further, the Mission is preparing to give more emphasis to the accumulation of the necessary statistical data to facilitate measurement of project progress. The Mission also feels that a rural extension seed program recently developed by the Ministry of Agriculture and ABCAR will help the government gather statistical data.

EXHIBIT A

SEED INDUSTRY DEVELOPMENT  
PROJECT No. 512-15-130-247.5  
SOURCE AND APPLICATION OF FUNDS  
AS OF JUNE 30, 1972  
- - - - -

	U.S. CONTRIBUTION		GOB CONTRIBUTION	
	U.S. Dollars	U.S. Owned Local Currency	Trust Funds	SUBIN Funds
<b>Total</b>				
<b>Contribution</b>	\$2,125,545.88 =====	Cr\$499,000.00 =====	Cr\$879,045.48 =====	Cr\$1,670,000.00 =====
<b>Funds Applied</b>				
<u>Personnel</u>				
Direct AID	94,440.08		94,588.37	
Contract	1,025,786.33		424,944.56	
<u>Participants</u>				
Direct AID	12,948.54		65,550.04	
Contract	241,693.00		146,970.47	
<u>Commodities</u>				
Direct AID	199,000.00			
Contract	236,035.33			
<u>Other Costs</u>				
Direct AID	41,742.26		132,600.44	
Contract				
Support Costs		499,000.00		1,670,000.00
	\$1,851,645.54	Cr\$499,000.00	Cr\$864,653.88	Cr\$1,670,000.00
<b>Funds to be applied</b>	273,900.34		14,391.60	
<b>TOTAL</b>	\$2,125,545.88 =====	Cr\$499,000.00 =====	Cr\$879,045.48 =====	Cr\$1,670,000.00 =====

EXHIBIT B

DISTRIBUTION OF  
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Nº 1-512-73-73

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which is on file in the Brazil Audit Residency Office,  
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