

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

OFFICE OF THE AREA AUDITOR GENERAL
LATIN AMERICA (SOUTH)

REPORT ON EXAMINATION

OF

AGRICULTURE EDUCATION

ESCOLA SUPERIOR DE AGRICULTURA LUIZ DE QUEIROZ (ESAIQ)

PROJECT AGREEMENT No. 512-11-110-094.4

INVOLVING CONTRACT No. AIL/1a-161

WITH

OHIO STATE UNIVERSITY

FOR THE PERIOD

JUNE 30, 1963 THROUGH JUNE 30, 1971

FINAL REPORT No. 2-512-72-24
Copy No. 12

DATE ISSUED: OCTOBER 20, 1971

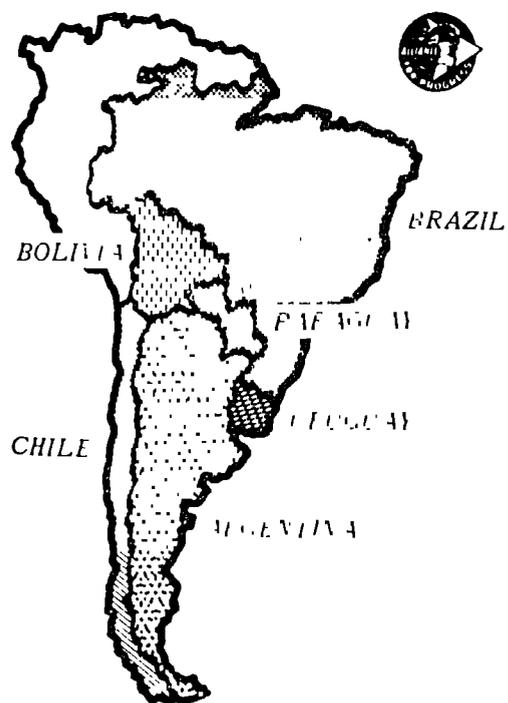


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REPORT ON EXAMINATION
OF
AGRICULTURE EDUCATION - ESAIQ
PROJECT AGREEMENT No. 512-11-110-094.4
INVOLVING CONTRACT No. AID/1a-161
WITH
OHIO STATE UNIVERSITY

SECTION I - SCOPE OF EXAMINATION

At the request of AG/AUD the Brazil Residency of the Area Auditor General, Latin America (South) has performed an examination of the project "Agriculture Education" including contract No. AID/1a-161 with Ohio State University (OSU). This was the second examination of the project and covered the period from June 30, 1968 through June 30, 1971. The audit work was performed from July 8, 1971 to August 30, 1971.

The objectives of the examination were to review project implementation and management; to ascertain the quality of the U.S. contractor's performance; and to determine the degree of compliance with AID policies, regulations and procedures.

Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests, inspections, and discussions as we considered necessary.

Before issuance, this report was reviewed with appropriate USAID/B officials and their comments were given due consideration.

SECTION II - BACKGROUND INFORMATION

Escola Superior de Agricultura Luiz de Queiroz (ESALQ) was founded in 1901 as a specialized school of agriculture. Later, in 1925, ESALQ was upgraded to the university level. And then in 1935, with the founding of the University of São Paulo (USP), ESALQ was made a department of USP. Since then it has developed into one of the finest agriculture schools in South America. It was nonetheless recognized that ESALQ had to upgrade its curricula and improve its teaching and research if it were to train an increasing number of technicians in advanced agricultural techniques and practices. Thus, in 1963, ESALQ requested assistance from the Mission. Subsequently, on April 30, 1963, the Mission, State of São Paulo and USP entered into a project agreement under which the Mission agreed to contract and finance the services of U.S. expertise. Accordingly, on March 16, 1964, the Mission entered into a contract with OSU. OSU was engaged to assist ESALQ implement the following objectives:

1. Adapt teaching, research and farmer education in the ESALQ to the pattern of the U.S. land grant college system.
2. Increase the number of students enrolled in the undergraduate program.
3. Develop teaching and research.
4. Cooperate in the development of a graduate school in agriculture sciences.
5. Strengthen the professional qualifications of the agricultural profession.
6. Assist in the coordination of the work of State, federal and private agencies or organizations concerned with agriculture planning, production and marketing.
7. Aid other aspects of the development of related educational facilities, such as home economics.

The project is currently programed to phase out in December 1973.

In terms of the Mission strategy, assistance to higher agriculture education has been to focus on four leading Brazilian institutions on the premise that these universities would in turn exert a strong influence on the other fourteen. ESAIQ is one of the four Brazilian institutions and is considered to be one of the strongest among them.

Total funding under the project was as follows as of June 30, 1971:

U.S. Contribution

U.S. Dollar Grant Funds	\$3,051,000 =====
U.S. Owned P.L. 480	\$259,000 =====

G.O.B. Contribution

Trust Funds	Cr\$1,143,000
SUBIN <u>1/</u>	<u>975,000</u>
	Cr\$2,118,000 =====

1/ The Subsecretariat for International Economic and Technical Cooperation.

SECTION III - SUMMARY OF EXAMINATION

By and large, most of the objectives of this project have been achieved. However, since some gaps still exist in curriculum strength, the project has been programed through December 31, 1973. There seems to be some question, though, whether the extent of existing long term assistance provided under the OSU contract is needed. ESALQ feels that a mixture of short and long term expertise from several U.S. universities would be more desirable.

Overall we found that OSU's performance was somewhat less than satisfactory. This was due in part to its effort to run the program from the OSU campus; weak leadership in the Chief of Party's role; and recruiting problems. The project has accordingly suffered from lack of good contractor management. While the Mission recently tried to terminate this project because of its marginal effectiveness, AID/W decided otherwise. ESALQ's self-help efforts have been generally good and to some extent have offset OSU's questionable performance. Mission project monitoring, which had been inadequate, has improved considerably during this audit period. As a result, the significant deficiencies in the project have been identified and are being resolved.

AID financed participant training under the OSU contract has had a positive impact on the project. Much of what has been achieved is attributable to such participants. The AID-financed commodity input consisted of \$284,000; however, we noted that the Mission is not involved in the planning or budgeting process for the equipment input. Hence, we feel that more Mission participation is necessary in this regard. We noted also that some \$9,000 in equipment has been idle for approximately two years.

The report contains four recommendations, all relating to the AID-financed commodity input.

SECTION IV - AUDIT FINDINGS AND RECOMMENDATIONS

A. PROJECT PROGRESS

Our review disclosed that the objectives of this project have for the most part been achieved. Most importantly, and insofar as is possible under existing conditions, the U.S. land grant college concept of coordinated agricultural education, research and extension has been adopted. In this trilogy the project's focus has been principally inward; that is, upon teaching and research with considerably lesser attention given to extension work. The latter situation arises in part from the governmental structure under which extension services are vested (by law) in other state and federal agencies. The concomitant result is that the distributive potential of ESALQ's research has been less than anticipated. Whether its full potential can or will be utilized in the future is conjectural and hinges on better integration and coordination among the universities, state and federal extension agencies.

Other results of project implementation are briefly cited below:

1. The number of students in the undergraduate program has increased from 800 (in 1964) to the current 1,200;
2. Master's Degree programs are now offered in eight subject matter areas and PhD's in three,
3. Changes in teaching methodology and techniques were introduced in 1969 under which all classes with one exception were limited to a maximum of twenty five students,
4. A number of new courses have been introduced, hence strengthening professional qualifications; and

5. The number of research projects undertaken has been substantially increased (488 as per the latest figures available).

The manner in which this project was implemented left much to be desired. Such relates essentially to the contractor's performance. For example, there was an absence of strong leadership in the Chief of Party position which permitted the program to drift without adequate planning, particularly as to the identification of key program areas on which to concentrate. Staff have arrived in Brazil with little groundwork having been laid that would enable them to carry out effectively their work assignments. And poor recruitment and long delays in arrival have permitted areas of real opportunity to go unattended, the latter being briefly touched on in our prior audit report ^{1/}. The result is that some eight years were necessary to reach the current stage whereas with better management the same results might have been achieved in a lesser time frame with an obvious savings in cost. Importantly, without the good planning, support and leadership provided by ESALQ, this project would probably not be where it is now. Much credit for this project's performance must therefore go to ESALQ's self-help efforts. In this respect, a considerable number of administrative improvements have been made since 1970, when a new Brazilian Coordinator was appointed.

The project is currently programed to continue another two years, or through December 1973. Hence, over the next two years, the contractor will focus its attention on strengthening existing gaps in curriculum and such other areas where assistance is deemed necessary. ESALQ, on the other hand, feels that there is little need for extensive long term assistance. They

^{1/} See Audit Report No. 15/69 dated October 31, 1968.

would rather prefer an arrangement whereby they could obtain a mixture of short and long term services of U.S. expertise from various U.S. universities. However, it seems unlikely that this proposal, which could possibly result in money savings, will materialize. The Mission, recognizing the marginal effectiveness of the contract team, recently attempted to terminate the OSU contract. AID/W did not accept this Mission decision. //

1. AID-Financed Training Input

AID-financed participant training under the OSU contract is considered to be the most significant input to the project. Such training has been the vehicle used most effectively to improve the quality of pedagogy at both the undergraduate and graduate levels. The returned participants, for example, have been much more prone than their colleagues (not trained) to accept and introduce needed changes in methodology and teaching techniques. Moreover, much of the success in expanding the quality and size of the graduate school is directly due to these participants.

A total of 42 participants have thus far received graduate training at OSU. Of these, 23 have returned, 6 with PhD and 20 with U.S. degrees. All such participants are actively engaged in the project on a full time basis. The latter is a significant point; and as stated, accounts for much of the success of this project. By contrast we found in a similar agricultural education project ^{2/}, now under review, that the participants were only employed on a part-time basis. Progress under that project, which has been underway seven years, has not attained similar results due in part to the non-effective utilization of the participants.

^{2/} Agric. Education University of Rio Grande do Sul (No. 512-11-110-094.2).

The training aspect has not been totally without its problems. First, ESALQ's officials have been concerned that OSU backstopping personnel (at the OSU campus) deviate too much from an agreed upon plan of academic study. In one case a participant selected for a M.S. degree was enrolled in a PhD program; and in another, a participant was delayed six months because his advisor suddenly "took-off". And secondly, ESALQ officials feel that OSU has not given the participants sufficient orientation at the OSU campus. At the time of our examination these and other problems were being resolved. On the basis of recent meetings among ESALQ, OSU and Mission officials, action had been taken to:

- (a) establish firm training periods;
- (b) get OSU campus backstopping to give more attention to the needs of the participants;
- (c) establish the training program prior to the departure of the participants from Brazil; and
- (d) have the Mission become more involved in the selection, language training, and processing of the participants.

No other unresolved problems were ascertained by us.

2. AID-Financed Commodity Input

According to the Mission records, \$234,000 had been obligated for commodity procurement under the AID-financed OSU contract. Under the contract the contractor is required to establish and maintain adequate control records on such procurement. On the other hand, the Mission project manager should verify that the records have been established and ensure that the equipment is being effectively utilized. Without some form of control the commodities could be used for personal gain.

Our review disclosed that the contractor had not established the proper record controls. We found, for example, that the records failed to contain serial numbers, locations and status of equipment. Other than the Chief of Party, who is soon to be replaced, no one else is aware of the commodity procurement. Proper records should therefore be established before this individual leaves.

RECOMMENDATION No. 1

That the USAID/B request the OSU Chief of Party to establish adequate inventory records for commodity procurement.

An even more important deficiency relates to the Mission's non-participation in the budgetary planning process for commodity procurement. This is currently done by ESALQ and OSU and is included in the latter's contract budget (with AID) as a separate line item. The budget for commodities, according to ESALQ's project coordinator, is a rounded figure based on non-specific needs. Hence the question arises: has all the commodity procurement been necessary? The Mission's non-involvement in this matter provides no answer one way or the other. Yet such procurement (\$234,000) approximates some ten per cent of the funds obligated under the OSU contract, a not insignificant sum. We accordingly feel that this input should be more carefully determined than is now the case. More involvement by the Mission project manager would provide the necessary constraint that this budget aspect now lacks.

RECOMMENDATION No. 2

That the USAID/B participate in determining the commodity needs under the AID-financed OSU contract.

During our field work at ESALQ we performed a selective examination to determine whether the commodities were being effectively utilized. The results of this examination disclosed some \$9,000 worth of equipment not being used. Such equipment, which is located in the Food Technology Department, has been idle for over two years. The equipment was planned for a new building where the department was to have been housed; however, a change in plans seems to have altered the immediate need for the equipment. We therefore suggest that the Mission determine what, if anything, can or should be done regarding this idle equipment.

RECOMMENDATION No. 3

That the USAID/B make every effort to ensure that the \$9,000 in idle equipment is placed into effective use.

Finally, we noted that a conflict exists between the AID-financed OSU contract and the project agreement as regards title to the equipment. The project agreement grants title to ESALQ while the OSU contract vests title with the Mission. Mission Legal Counsel informed us that the contract should conform with the project agreement. In this sense, we are unaware of any unusual circumstances why the two documents should not conform with each other.

RECOMMENDATION No. 4

That the USAID/B request AID/W to amend the OSU contract so that title to commodities is vested with ESALQ.

B. U.S. CONTRACTOR'S PERFORMANCE

On balance we found a consensus that OSU's performance has been somewhat less than satisfactory. This deficiency is largely due to its effort to run the program from the OSU campus. Several unfavorable consequences evolved from this arrangement. First, with the contractor's planning and decision making function located in the U.S., a sense of remoteness and hence lack of concern to ESALQ's immediate needs developed. Executive visits by campus administrators did little to bridge this gap. Too frequently such visits were less than useful because of the contractor's failure to acquire adequate local orientation with ESALQ personnel. It was therefore felt that the contractor underrated the importance of the Brazil program. Second, and as a result of the foregoing, the role of Chief of Party was more or less reduced to that of a logistical facilitator. Whether it was coincidental or otherwise, a very weak Chief of Party was assigned to the project. This absence of strong leadership at the project level did nothing to offset the communication gap between the OSU campus and the project. On the contrary, a communication gap developed on the local level as well. And thirdly, but to a lesser extent, motivation on the part of the contractor's staff members recruited for Brazil have not been as high as might be expected and language competence has been deficient. At times this created poor relationships between the contractor's staff and their counterparts.

The interaction of these deficiencies permitted the program to drift, particularly as to the identification of key areas where assistance should have been concentrated. The important point is that more could have been done in lesser time had the contractor's performance been better.

Action is currently underway to correct these shortcomings in the contractor's performance. For example, a new Chief of Party - one with administrative ability - is soon to replace the one now on board. The contractor's U.S. campus backstopping is now more attuned to the needs of ESALQ. And two marginal U.S. technicians on the contractor's Brazil staff have been terminated. Noteworthy as this action is, it is unfortunately being effected at the tail-end of the project implementation time frame.

C. HOST COUNTRY'S PERFORMANCE

On the whole, ESALQ's performance has been good. And in this sense, as stated earlier, it was largely due to such performance that the project moved ahead as well as it did. Yet, in one important respect, ESALQ has not complied fully with its commitments under the agreement: to provide funds for certain local support costs incurred under the project.

To date ESALQ has received Cr\$975,000 from SUBIN to defray such costs as salary supplements to ESALQ technicians supplies, etc. These funds, which are derived from counterpart generations under AID-financed program loans, have substituted for a portion of the budgetary support which ESALQ should but has not been able to provide. Because no AID program loans have been negotiated since 1960, SUBIN is unable to provide further funds after the Cr\$125,000 recently programmed for the project has been expended. The result is that ESALQ must eventually find an alternate funding source if the project is not to suffer the consequence of inadequate local funding.

In an extension of the project agreement dated January 18, 1968, ESALQ agreed to increase its budgetary funding level so that SUBIN funds would no longer be needed by 1969. Two subsequent amendments reiterated the same commitment. Yet no action has been taken to resolve this problem. Our discussions with ESALQ officials disclosed that no alternate funding source has thus far been found. However, they are hopeful that something will turn up when the occasion arises.

D. MISSION'S MONITORING

Prior to the current audit period this project had not been monitored effectively. If it had been the deficiencies in contractor performance might possibly have been corrected earlier with probable cost savings to AID. The disturbing aspect of the monitoring at the project level is that a false picture was being conveyed. To illustrate, in early 1966, a Mission Executive Review expressed considerable concern about the project's leadership inadequacies, lack of interaction between the contractor's Chief of Party and U.S. campus, concentration on research and lack of participants. Subsequently, in August 1968, a Mission contractor evaluation report (U-307) disclosed no problems and good contractor performance. Again, in May 1969, a Project Appraisal Report (PAR) was prepared again disclosing no problems and good performance. Shortly after the latter PAR had been prepared the Mission engaged an independent consulting team to review the four agricultural education projects. The findings of this report (on the project) revealed deficiencies similar to those noted in the Mission's 1966 review.

In the latter part of 1969 a number of constructive organizational changes were effected in the Mission's Agricultural Division (AADO). Those internal changes considerably strengthened division management control over the project and its managers. Approximately a year later internal changes were made in the Program Office. The latter change introduced a further check in the management process by assigning Assistant Program Officers to overview the divisions. Hence, under the existing Mission management system, project management has been considerably improved. As a result, we found that considerable efforts have been made to identify and correct problem areas; moreover, the PARs are now more substantive and factual.

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EXHIBIT A

AGRICULTURE EDUCATION - ESALC
PROJECT AGREEMENT Nº 512-11-110-094.4
ARRIVAL AND DEPARTURE DATES
SHORT TERM CONSULTANTS

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<u>NAME</u>	<u>POSITION</u>	<u>ARRIVAL</u>	<u>DEPARTURE</u>
Walter Harvey	Animal Breeding	11/4/68	12/10/68
David Boyne	Economics	11/1/69	11/29/69
Nicholas Holowaychuk	Soils Classification	1/22/69	4/17/69
Francis Walker	Economics	6/3/69	7/15/69
Alma Tapscott	Home Economics	7/28/69	9/13/69
Edward Naber	Poultry	7/ 7/70	8/13/70
D. Lyle Coleman	Entomology	8/9/70	8/30/70
C.C. Allison	Plant Pathology	11/2/70	12/28/70

No short term consultations 1971 1/

1/ as of 9/30/71.

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EXHIBIT B

AGRICULTURE EDUCATION - ESAIQ
PROJECT AGREEMENT NO 512-11-110-094.4
ARRIVAL AND DEPARTURE DATES
REGULAR STAFF

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<u>NAME</u>	<u>POSITION</u>	<u>ARRIVAL</u>	<u>DEPARTURE</u>
John Parsons	Animal Science	8/12/66	9/15/68
Allen Stinhauer	Entomologist	11/27/66	11/27/68
Fred Deatherage	Food Technologist	1/15/67	8/15/68
Clyde Allison	Plant Pathologist	1/17/67	1/28/69
Robert Welsh	Marketing	6/13/67	8/12/69
Alvin Moxon	Animal Science	(10/15/67 (11/13/69	10/10/69 1/
Eva Wilson	Home Economics	(11/ 1/67 (7/24/69	6/28/70 1/
Kelso Wessel	Economics	4/27/68	7/17/70
Paul Clayton	Poultry	(8/ /68 (9/25/70	8/26/70 7/17/71
Roger Williams	Entomologist	(11/ /68 (1/ 5/71	12/ 4/70 1/
Walter Slatter	Dairy Technologist (Food)	(11/23/68 (12/31/70	11/29/70 7/19/71
Olen Leonard	Sociologist	1/26/69	1/15/71
Donald Larson	Marketing	12/ 6/70	1/

1/ Still on board as of September 30, 1971.

EXHIBIT C

AGRICULTURE EDUCATION - ESALG
PROJECT AGREEMENT N° 512-11-110..094.4
EXECUTIVE PARTY VISITS

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<u>NAME</u>	<u>POSITION</u>	<u>ARRIVAL</u>	<u>DEPARTURE</u>
Mervin G. Smith	Assistant Dean Agric.	9/24/68	10/ 5/68
Mervin G. Smith	" " "	8/ /69	8/ /69
John L. Parsons	Assistant Campus Coord.	2/15/70	2/23/70
Roy M. Kittman	Dean College Agric.	9/25/70	10/ 2/70
Mervin G. Smith	Assistant Dean Agric.	9/25/70	10/ 2/70
Roy M. Kottman	Dean College of Agric.	8/22/71	8/25/71
Mervin G. Smith	Asst. Dean College of Agriculture	8/22/71	8/28/71

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EXHIBIT D

DISTRIBUTION OF
REPORT ON EXAMINATION
No. 2-512-72-24

	<u>COPY No.</u>
Mr. William A. Ellis, Director, United States Agency for International Development Mission to Brazil	1 - 10
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State Department - Mr. Robert W. Dean, Country Director - Office of Brazil Affairs (ARA-LA/BR)	12
AID/W - Executive Director (ARA-LA/IGT/EX)	13 - 14
AID/W - Office of Audit (AG/AUD)	15 - 19
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USAID/Panama - Inspector in Charge, Inspections and Investigations Staff, A.I.D. (IIS)	22
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NOTE: All audit work papers are attached to Copy No. 23 which is
on file in the Office of the Area Auditor General, AAG/LA(S).

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