

AIRGRAM

DEPARTMENT OF STATE

~~512-L-077~~
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PDAAA-326-A1

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TO - AID/W

TOAID A 09

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DATE SENT

12/14/78

DISTRIBUTION
ACTION

INFO.

FROM - BRASÍLIA

E.O. 11652: N/A

SUBJECT - A.I.D. LOAN 512-L-077 - Agricultural Research
Loan Completion Review and Report

REFERENCE - M.O. 1264.1, Section IV

Six copies of the Loan Completion Review and Report for subject loan are transmitted herewith for AID/W's information and use, in accordance with M.O. 1264.1, Section IV. It will be appreciated if LA/DR will distribute one copy of the report to PRF/Loan Policy Division and to CONT/International Loan Division, as well as LA/DP/ES.

SAYRE *[Signature]*

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DRAFTED BY <i>[Signature]</i> SMotta	OFFICE AAO	PHONE NO. 246	DATE 12/14/78	APPROVED BY: AAO: FRCampbell <i>[Signature]</i>
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AID AND OTHER CLEARANCES

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USAID/BRAZIL

LOAN COMPLETION REVIEW REPORT

(Per M.O. 1264.1, Section IV)

Loan N°: 512-L-077 Agricultural Research

Date: December 14, 1978

Borrower: Federative Republic of Brazil

Date Loan Authorized: December 18, 1969
Date

Date Loan Agreement: March 1, 1971

Final Date for Commitment: June 30, 1976

Final Date for Disbursement: December 31, 1977 (*)

Amount of Loan: US\$11,930,000.00

<u>Disbursement Status:</u>	Disbursed	US\$10,245,415.18
	Deobligated	US\$ 1,684,584.82
		<u>US\$11,930,000.00</u>

* Although the terminology was not changed in loan documentation, the TDD really was a completion date for services. An additional period was allowed for presentation of final claims for payment.

I. Purpose of Loan

To improve the capability of the Ministry of Agriculture's agricultural research organization and cooperating state and university research organizations to plan and carry out agricultural research and to increase the competence of the personnel of these organizations through a comprehensive training program.

II. Covenants

The Borrower has complied with all covenants.

III. Reports

All reporting requirements as set forth in the Loan Agreement and Implementation Letters have been complied with.

IV. Monitoring

No further monitoring is required.

V. Recommended Actions

None.

VI. Evaluation

There were several serious implementation problems with this project. Among them:

1. The Ministry of Agriculture's research agency was twice re-organized, the second one of which caused serious delays in 1973 and 1974 in initiating new research projects, identifying equipment to be purchased, and selecting of participants for training;
2. Brazilian import regulations were strongly tightened in 1976 and resulted in the deobligation of \$348,805 of the \$677,002 earmarked for equipment in the 1976-1977 Implementation Plan;
3. The Ministry of Agriculture was not adequately equipped to service University personnel under the host-country contracts financed by the Loan. Thus, when the Embassy decided in 1975 that it was not proper for the Embassy to provide duty free tax exemption and documentation services for such personnel, the Ministry did not itself provide all of these services, with a resultant loss of morale among the U.S. technicians.

Despite the implementation problems, most of the project's planned inputs and outputs were achieved (except, as noted above, for equipment). A true evaluation, in the sense of being able to quantify the agricultural research effort through increases in production and productivity, will probably not be able to be carried out for several years yet - partly because not all project elements were in place until the loan was almost completed, and partly because factors such as two unusual inputs (e.g. fertilizer, herbicides, insecticides etc) due to the petroleum crisis in 1974, affected production figures. Nevertheless, EMBRAPA (the Brazilian Agricultural Research Enterprise) not only established national research centers for the commodities specified in Loan Implementation Plans (corn, sorghum, rice, beans, soybeans and beef cattle) but for 12 other commodity or special research centers as well.

As far as qualitative factors are concerned, EMBRAPA has developed a research model which utilizes multi-disciplinary teams to discover technology packages for farmers of differing technical capability and land-size holdings. EMBRAPA also works closely with most Brazilian

agricultural universities and state government research agencies in order to coordinate research activities. EMBRAPA's "research network" capability is greatly enhanced by the more than 1000 participants trained at the Masters and Phd level during the loan period - 154 of them in the U.S. EMBRAPA has also worked out linkages with most of the International Agricultural Research Centers, particularly CIMMYT, IRRI, CIP, CIAT and ICRISAT.

Finally, there is a formal agreement between EMBRAPA and the Extension Service for divulgation of research information and for periodic meetings with farmers research needs are.

EMBRAPA has prepared a final report on loan activities which will be forwarded to AID/W under separate cover.

AAO: FRCampbell: sm
12-14-78