

PROJECT DATA SHEET

L TRANSACTION CODE

A = Add
C = Change
D = Delete

Amendment Number
12

DOCUMENT CODE
3

PD-APSC-678

COUNTRY/ENTITY
Bureau for Science and Technology

1. PROJECT NUMBER
931-0054

4. BUREAU/OFFICE
Office of Agriculture

2. PROJECT TITLE (maximum 40 characters)
(IFDC)
International Fertilizer Dev. Center

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)
MM DD YY
01 6 31 0 9 3

7. ESTIMATED DATE OF OBLIGATION
(Under "E" below, enter 1, 2, 3, or 4)
A. Initial FY [75] B. Quarter [3] C. Final FY [92]

8. COSTS / 1000 OR EQUIVALENT \$1 =

A. FUNDING SOURCE	FISCAL FY 75			LIFE OF PROJECT		
	E. FX	C. LC	D. Total	E. FX	F. LC	G. Total
AID Appropriated Total	4,000		4,000	83,360		83,360
(Grand S&T/AGR	(4,000)	()	(4,000)	(74,360)	()	(74,360)
Other L Missions & RBS				9,000		9,000
U.S. 2						
Host Country						
Other Donor(s)						
TOTALS	4,000		4,000	74,360		74,360

9. SCHEDULE OF AID FUNDING (1000)

A. APPROXIMATE RELATION CODE	B. PRIMARY CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1)ARDN	49I	967		66,615		6,200		74,360	
(2)									
(3)									
(4)									
TOTALS				66,615		6,200		74,360	

10. SECONDARY TECHNICAL CODES (maximum 7 codes of 3 positions each)
011 | 021 | 090 | 710 | 721 | 870

11. SECONDARY PURPOSE CODE
669

12. SPECIAL CONCERN CODES (maximum 7 codes of 4 positions each)
A. Code | R/AG | INTR | TNG | TECH
B. Amount | 44,730 | 12,000 | 12,000 | 5,630

13. PROJECT PURPOSE (maximum 480 characters)

To assure a dependable supply of better fertilizer at lower cost to farmers of the developing countries.

14. SCHEDULED EVALUATIONS
15. SOURCE/ORIGIN OF GOODS AND SERVICES
[] 000 [] 941 [] Local [] Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment)

The PACD is changed from June 30, 1991 to June 30, 1993; the final year of obligation is changed from FY 1990 to FY 1992, and the central LOP funding is changed from \$68,160,000 to \$74,360,000.

17. APPROVED BY
Signature: David Bathrick
Title: Director
Office of Agriculture
Date Signed: 11/14/91
18. DATE DOCUMENT RECEIVED BY AID/W. OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
MM DD YY

Agency for International Development

Washington, D.C. 20523

AID
EXECUTIVE SECRETARIAT 14 1991

1991 MAY 15 A 10:54

*Assistant
Administrator*

ACTION MEMORANDUM FOR THE ADMINISTRATOR

THRU : AA/PPC, Reginald J. Brown *RJB*
FROM : AA/S&T, Richard E. Bissell *reb*
SUBJECT: Project Authorization Amendment #12 for the International Fertilizer Development Center (IFDC), Project 931-0054, Doc # 00541

PROBLEM: The centrally funded International Fertilizer Development Center (931-0054) project was authorized on May 30, 1975. Your authorization is requested to amend the project as specified below:

- a. extend the final year of obligation from FY 1990 to FY 1992;
- b. change the project assistance completion date (PACD) from 6/30/91 to 6/30/93; and
- c. increase the authorized centrally funded life-of-project (LOP) by \$6,200,000, from \$68,160,000 to \$74,360,000 from the ARDN account.

DISCUSSION: The IFDC project was authorized on May 30, 1975, and thereafter amended annually through 1984. A five-year extension was approved on April 29, 1985, extending the final year of obligation to FY 1989. An additional one-year extension was authorized in FY 1990 to permit clarification as to whether or not IFDC would become a center associated with the Consultative Group for International Agricultural Research (CGIAR).

The CGIAR did not accept IFDC as an associated center in FY 1991 but left the decision open for further review. The Office of Agriculture is working with IFDC and the International Board for Soil Research and Management (IBSRAM), which is also seeking CGIAR association and whose program in agronomy is closely related to IFDC's, to develop a coordinated program dealing with soil nutrient research and management. This coordinated program is expected to receive a more favorable response from the CGIAR but may not be sufficient for the two centers to be offered associate status.

However, the industrial and agribusiness elements of the IFDC program and the technical assistance provided on a reimbursable basis are not looked upon that favorably by the CGIAR. These remain essential elements of the assistance IFDC provides to A.I.D. and are especially critical with the Agency focus on business as an engine of development.

A.I.D funding and the mechanism for such funding will depend on the CGIAR decision to accept IFDC as an associated center and the conditions imposed under that decision. A two-year period is required for IFDC to plan the coordinated program with IBSRAM, to reapply to the CGIAR, for CGIAR to reach a decision and for A.I.D. to make the necessary program adjustments.

The request for grant support for 1991 and 1992 from IFDC, Stangel - Bathrick letter dated December 19, 1991, is the equivalent of a Project Paper supplement as required for project extension with additional funds per A.I.D. Handbook 3, Chapter 13D3b.

Evaluation and Audit: A five-year evaluation of IFDC was completed with a report to A.I.D. on April 10, 1990. The review team concluded that IFDC was doing a superior job in research, technical assistance, training and information services. They concluded that a central grant was essential to the continued viability of the institution. The S&T Bureau concurs in the conclusions of the evaluation team and further notes the extensive use of IFDC services by the Regional Bureaus and USAIDs.

Copies of the evaluation and the latest IFDC Annual Report are attached.

All audit issues within the last five years have been resolved. There are no reports of audits in progress.

Funding: The IFDC project is proposed to be extended for an additional two years. This project appears in the FY 1991 Congressional Presentation on page 154. Funds are available in the approved FY 1991 OYB for S&T Office of Agriculture. Congressional Notification is not required.

Pursuant to A.I.D. Handbook 3, Chapter 5E 3, the project authorization is reserved for the Administrator when the life-of-project exceeds ten years from the date of initial obligation, which was FY 1975 for this project.

Recommendation: That you approve the attached Project Authorization Amendment Number 12.

Attachments:

1. Authorization
2. Project Data Sheet
3. Letter of Request for Extension with Attachments
4. Evaluation Report
5. IFDC Annual Report 1989
6. ~~Project Authorization Amendment Number 11 (for reference)~~

Clearances

GC:HFry MMW Date 2/15/91
PPC/PB:ABaker B Date 4/25/89

PROJECT AUTHORIZATION AMENDMENT NUMBER 12

Name of Project: International Fertilizer Development Center

Number of Project: 931-0054

Country: Worldwide

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, the International Fertilizer Development Center project was authorized on May 30, 1975. That authorization is hereby amended as follows:

- a. The authorized centrally funded life-of-project funding is increased from \$68,160,000 to \$74,360,000.
- b. The final year of obligation is changed from FY 1990 to FY 1992.
- c. The PACD is changed from June 30, 1991 to June 30, 1993.

2. The authorization cited above remains in force except as hereby amended.



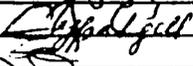
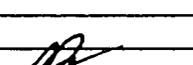
Ronald W. Roskens
Administrator
Agency for International Development

Date: 8-20-91

Project Authorization Amendment number 12
International Fertilizer Development Center (IFDC) - Project No. 931-0054

-2-

Clearances:

S&T/AGR/RNR:JMalcolm		Date	4/4/91
S&T/AGR/RNR:T Gill		Date	4-4-91
S&T/AGR: ECarter		Date	4-4-91
S&T/AGR:DBathrick		Date	4-4-91
S&T/PO:DSheldon		Date	4-9-91
S&T:BLangmaid		Date	
GC/S&T:GWinter (in draft)		Date	4/15/91
GC:HFry		Date	4/15/91
AA/PPC:RBrown		Date	
PPC/PB:ABaker		Date	4/25/91


Drafted: S&T/AGR:BBeckett/JMalcolm:W7086e:Rev 11/21/90:W9041g:Rev
3/5/91:W9297g:Rev 3/26/91:W9365g:Rev 4/2/91:W9381g X54126



IFDC INTERNATIONAL FERTILIZER DEVELOPMENT CENTER • MUSCLE SHOALS, ALABAMA 35662 USA

P.O. BOX 2040 • 205-381-6600

TWX-810-731-3970 IFDEC MCHL

TELEFAX NO. 205-381-7408

December 19, 1990

Dr. David D. Bathrick, Director
Office of Agriculture
Bureau for Science and Technology
Agency for International Development
Washington, DC 20523

Dear Dr. Bathrick:

With this letter the International Fertilizer Development Center (IFDC) formally requests funding for its core activities for the years 1991 and 1992 by the United States Agency for International Development (USAID). The amount requested is \$8,000,000 for the 2-year period.

I offer two prime reasons why having access to this level of funding at this time is so important to the long-term development of IFDC. First, it will allow IFDC management to rapidly respond to the shifts now taking place in many developing countries relative to plant nutrient demands, environmental concerns, and commercial requirements relative to the fertilizer sector as their respective agriculture becomes increasingly complex and more diversified. Second, it will afford IFDC management and staff members in particular an opportunity to re-examine its current research programs on fertilizer. This will be done by taking into consideration the new directions of the Consultative Group on International Agricultural Research (CGIAR) particularly as related to soil fertility/soil/water interactions, and the need to preserve the natural resource base necessary for a sustainable agriculture. As a result, new or improved programs will be developed that broaden and intensify the IFDC thrust in improving nutrient efficiency through environmentally safe and cost-effective fertilizer products and practices and taking into account the importance of biological nitrogen fixation and organic residues and manures all deemed essential in sustaining agricultural productivity.

Intensification in these broad areas will be guided by the priority of the activity, the comparative advantage IFDC has over other institutions, the linkages it forges with other international and national institutions, and willingness of both in carrying out work that is of mutual interest. Let me provide a few specific examples of how IFDC intends to use the funds requested.

There is growing concern over the impact fertilizers have on the environment and long-term sustainability of agriculture in developing

Dr. David D. Bathrick
December 19, 1990

countries. This concern originates from two areas, non-point pollution through excessive application or misuse of fertilizers and point-source pollution from fertilizer plants or distribution facilities due to improper or excessive discharge of gases, wastes, toxic metals, or cooling waters. Nitrates in groundwater, nitrous oxide, and methane emissions to the atmosphere, and heavy metal accumulation in soils are a few examples of non-point and point source pollution. No single international institution is addressing either the point-source or non-point source pollution problems.

IFDC is uniquely positioned to do work in both of these areas. IFDC previously conducted major R&D (USAID funded) to improve plant nutrient efficiency (coated ureas, deep placement of N, urease, and nitrification inhibitors). Therefore, a family of environmentally friendly technologies already exist. It has also begun the development of major programs (partial funding from UNDP) on pollution control at the fertilizer plant production level. Use of the USAID Grant in this type of work will have a major impact. Initial efforts will be focused on identification of the magnitude of the problem, monitoring techniques in tracking its development, and identification of technologies and methods that will solve the problem. This work will be of immediate benefit to such countries as Pakistan, India, Bangladesh, Philippines, Indonesia, Jordan, Egypt, Kenya, Brazil, and El Salvador.

A second major use of USAID Grant monies will deal with policy issues and implementation procedures related to the deregulation, privatization of the fertilizer sector, and development of fertilizer-related agribusinesses. As you know, the fertilizer sector is currently the prime vehicle through which not only fertilizer but nearly all crop-related agricultural technologies are delivered to the farmer. For example, many fertilizer distribution and marketing institutions also provide modern seeds, pesticides, irrigation systems, and technical services on how to use these inputs. Previously these were supplied through centrally planned state-owned institutions. With the shift in government policy and subsequent privatization of the fertilizer sector, there is a need for research, training, and technical assistance to make a shift to this new orientation. In many cases, new "agribusinesses" will emerge. IFDC intends to use a significant portion of the grant to strengthen its fertilizer policy, agribusiness, and training capabilities in these areas. Some specific examples are training courses to be offered in 1991 (which will be partially funded from the core grant) which along with environmental and sustainability issues are shown in the enclosure.

A third major use of the USAID Grant will be in the area of coordination and collaboration. There are many institutions and agencies working on various aspects of fertilizer, soil fertility, and soil and water

Dr. David D. Bathrick
December 19, 1990

management. These range from the United Nations (United Nations Industrial Development Organization [UNIDO], Food and Agriculture Organization [FAO], United Nations Environment Programme [UNEP], United Nations Development Programme [UNDP]) to international development banks (World Bank, Asian Development Bank, African Development Bank), to international agricultural research centers (associated and nonassociated) and national institutions in both developed and developing countries. IFDC has close linkages with a number of these, most notably the World Bank, FAO, UNIDO, UNDP, International Rice Research Institute (IRRI), International Food Policy Research Institute (IFPRI), International Center for Agricultural Research in the Dry Areas (ICARDA), Centro Internacional de Agricultura Tropical (CIAT), International Board for Soil Research and Management (IBSRAM), International Irrigation Management Institute (IIMI), TropSoils, and International Benchmark Sites Network for Agrotechnology Transfer (IBSNAT).

You are aware that at the recent Centers Week Meetings, the CG questioned the validity of the TAC recommendation to decentralize the CG-sponsored research on soil fertility/soil and water interactions and have this handled by regional eco-centers. The CG instructed TAC to re-examine this issue and determine if this could not be best approached from a global perspective and coordinated by a central body. IFDC has every intent to take a lead in this area and if adequate funding is made available assume global leadership in coordinating not only fertilizer R&D but also relevant soil fertility, and fertilizer-related soil and water management activities. Dialogue is already underway with IBSRAM, TropSoils, USDA (Soil Management Services), IBSNAT, Niftal, and others to find a mechanism whereby this can be accomplished. It is clear that more can be accomplished through cooperation and coordination than through independent and frequently isolated work. The additional USAID Grant funds will be used to develop appropriate linkages.

We have two major papers under preparation that will have a significant impact on the future course of IFDC. They are "The Role of Fertilizer in Sub-Saharan Africa - An IFDC Strategy" and "The Importance of the Fertilizer/Soil Fertility/Water Interaction in Sustaining Agricultural Productivity." Both will serve as planning documents for IFDC programs over the next 5-10 years.

As you can see, IFDC is going through a major examination of its programs. It is change program direction in certain areas. I am enclosing the following documents to further support our request for funding in addition to the normal writeup on IFDC's mandate and main activities for 1991:

4

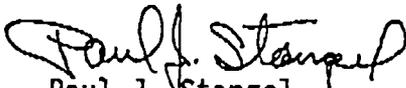
Dr. David D. Bathrick
December 19, 1990

1. Summary of Programs and Budget for Calendar 1991
2. 1991-95 Operating Expense Budget Summary Estimate
3. IFDC Annual Report 1989
4. Price Waterhouse Financial Statement for 1989

IFDC's budget for 1991 was approved at \$13,304,210. A brief explanation of the programs involved and percentage of budget allocated to each program component appears as an enclosure.

Should you need further information, please let us know.

Sincerely yours,



Paul J. Stangel
President and Chief Executive Officer

Enclosures

10

IFDC - EVOLUTION OF PROGRAMS

IFDC was initiated (1974) at a time when there was a genuine fear that high fertilizer prices would make this key input unavailable to developing country farmers with resultant reductions of crop production levels.

IFDC's prime objectives were to improve the efficiency of fertilizers used in the tropics and remove the constraints limiting their use by the farmers of developing countries.

With these objectives in view, IFDC's program of research and development was specifically oriented to inorganic fertilizer production, marketing, and use. Major advances were achieved in the areas of nitrogen, phosphorus, and sulfur use and in the areas of socioeconomics, marketing, distribution, and supply--including the major effort in Bangladesh (a USAID-funded project) on the privatization of the fertilizer sector. Training activities were also strongly developed.

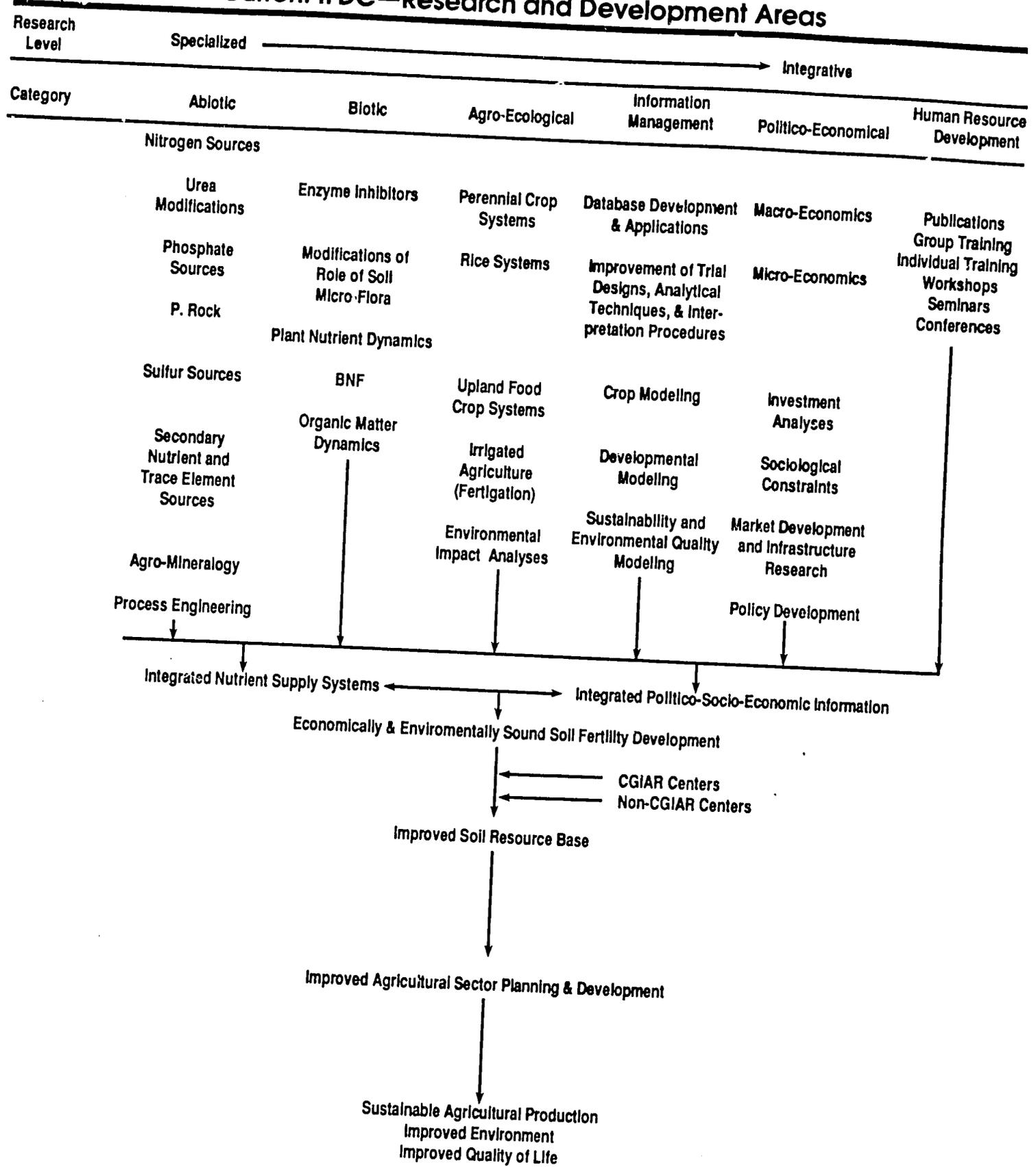
With a burgeoning developing world population and a restricted soil/water base, fertilizer use will have to increase dramatically to feed these nations. However, the use of fertilizer to increase yields has major positive and negative impacts on the environment and the possibility of developing truly sustainable agricultural growth.

For these reasons, IFDC has broadened its range of activities to ensure that its scientists and technicians can interface more closely with other organizations working on sustainable agricultural development.

The attached schematic diagram shows how areas closely linked to environmental concerns and sustainable agriculture have been incorporated in our development plans.

An illustration as to how we will develop capabilities in these areas is our ongoing discussion with ICRAF to develop a joint program with specific plant nutrient dynamics, BNF, organic matter dynamics, modeling, and training components.

Current IFDC—Research and Development Areas





INTERNATIONAL FERTILIZER
DEVELOPMENT CENTER
FINANCIAL STATEMENTS
DECEMBER 31, 1989 AND 1988

Price Waterhouse



Report of Independent Accountants

March 16, 1990

To the Board of Directors of
International Fertilizer Development Center

In our opinion, the accompanying balance sheets and the related statements of revenue and expenses and changes in fund balances, of functional expenses and of cash flows present fairly, in all material respects, the financial position of International Fertilizer Development Center (IFDC) at December 31, 1989 and 1988, and the results of its operations, changes in its fund balances and its cash flows for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the organization's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse

INTERNATIONAL FERTILIZER DEVELOPMENT CENTER
BALANCE SHEETS

ASSETS

LIABILITIES AND FUND BALANCES

CURRENT FUND

	<u>December 31,</u>			<u>December 31,</u>	
	<u>1989</u>	<u>1988</u>		<u>1989</u>	<u>1988</u>
	Cash and cash equivalents	\$2,718,855		\$2,035,215	Accounts payable
Amounts receivable from donors (Notes 1 and 2)	5,504,012	7,027,277	Accrued annual and sick leave	1,738,269	1,825,801
Other accounts receivable	925,421	1,627,557	Deferred revenue (Notes 1 and 2)	6,536,028	7,765,290
Advances to employees	132,360	98,789	Total liabilities and deferred revenue	8,594,136	10,103,157
Supplies inventory (Note 1)	150,281	126,263			
Prepaid expenses	<u>383,670</u>	<u>248,637</u>	Fund balance	<u>1,220,463</u>	<u>1,060,581</u>
	<u>\$9,814,599</u>	<u>\$11,163,738</u>		<u>\$9,814,599</u>	<u>\$11,163,738</u>

NONCURRENT FUND

	<u>December 31,</u>			<u>December 31,</u>	
	<u>1989</u>	<u>1988</u>		<u>1989</u>	<u>1988</u>
	Amounts receivable from donors (Notes 1 and 2) - restricted	<u>\$1,999,320</u>		<u>\$1,110,172</u>	Deferred revenue (Notes 1 and 2) - restricted

BUILDINGS AND EQUIPMENT FUND

(Note 1)

	<u>December 31,</u>			<u>December 31,</u>	
	<u>1989</u>	<u>1988</u>		<u>1989</u>	<u>1988</u>
	Buildings	\$5,904,558		\$5,868,910	Contract retainage
Equipment	5,378,841	5,190,330	Lease obligation (Note 4)	56,564	85,456
Less - Accumulated depreciation	<u>(6,607,655)</u>	<u>(6,152,255)</u>	Fund balance	<u>4,618,759</u>	<u>4,821,314</u>
	<u>\$4,675,744</u>	<u>\$4,906,985</u>		<u>\$4,675,744</u>	<u>\$4,906,985</u>

INTERNATIONAL FERTILIZER DEVELOPMENT CENTER
STATEMENTS OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 1989 AND 1988

	<u>Current Fund</u>		<u>Buildings and Equipment Fund</u>		<u>Total All Funds</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
Revenue:						
Grants (Note 2)	\$ 8,054,003	\$ 8,496,430	\$	\$	\$ 8,054,003	\$ 8,496,430
Recovered project costs	3,811,690	2,888,667			3,811,690	2,888,667
Other	<u>175,838</u>	<u>82,366</u>			<u>175,838</u>	<u>82,366</u>
Total revenue	<u>12,041,531</u>	<u>11,467,463</u>			<u>12,041,531</u>	<u>11,467,463</u>
Expenses:						
Field programs	3,147,451	2,165,876	127,060	86,670	3,274,511	2,252,546
Research	3,445,819	3,483,505	226,216	305,175	3,672,035	3,788,680
Outreach	2,864,494	2,623,980	50,104	48,082	2,914,598	2,672,062
General and administrative	<u>2,140,078</u>	<u>2,162,814</u>	<u>82,982</u>	<u>140,695</u>	<u>2,223,060</u>	<u>2,303,509</u>
Total expenses	<u>11,597,842</u>	<u>10,436,175</u>	<u>486,362</u>	<u>580,622</u>	<u>12,084,204</u>	<u>11,016,797</u>
Excess (deficiency) of revenue over expense	443,689	1,031,288	(486,362)	(580,622)	(<u>\$ 42,673</u>)	<u>\$ 450,666</u>
Other changes in fund balances:						
Transfers from current fund for equipment acquisitions and capital lease payments	(283,807)	(336,965)	283,807	336,965		
Fund balances, beginning of period	<u>1,060,581</u>	<u>366,258</u>	<u>4,821,314</u>	<u>5,064,971</u>		
Fund balances, end of period	<u>\$ 1,220,463</u>	<u>\$ 1,060,581</u>	<u>\$4,618,759</u>	<u>\$4,821,314</u>		

INTERNATIONAL FERTILIZER DEVELOPMENT CENTER
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1989 AND 1988

	<u>Field Programs</u>		<u>Research</u>		<u>Outreach</u>		<u>Administrative</u>		<u>Total Expenses</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
Personnel compensation (Note 3)	\$1,118,106	\$ 770,903	\$1,743,871	\$1,941,135	\$1,252,071	\$1,279,717	\$1,124,525	\$1,143,867	\$ 5,238,573	\$ 5,135,622
Personnel benefits (Note 3)	464,058	340,116	450,147	415,497	357,810	303,978	279,479	264,557	1,551,494	1,324,144
Travel and transportation	454,127	365,668	261,874	285,433	399,401	446,737	179,011	160,594	1,294,413	1,258,433
Occupancy	32,269	24,900	242,558	253,458	121,351	126,781	121,279	126,729	517,457	531,866
Telephone and telegraph	68,104	40,399	33,449	34,651	32,030	33,969	22,660	21,773	156,243	130,799
Rental of equipment	42,697	45,512		128	1,217		1,598	149	45,512	45,788
Contractual research and development	118,983	81,451	198,903	108,775			70,545	60,830	388,431	251,054
Other contractual services	251,980	184,434	230,375	198,102	418,734	179,426	48,402	61,653	949,491	623,611
Institute of International Education fee (Note 3)							135,973	164,693	135,973	164,699
Materials and supplies	578,752	282,353	236,422	191,215	243,827	196,846	130,287	131,368	1,189,288	801,788
Postage	9,563	8,835	20,421	21,665	24,153	26,903	12,419	10,327	66,556	67,733
Insurance	8,812	21,305	27,799	33,446	13,900	29,623	13,900	16,274	64,411	100,644
Miscellaneous				1,708				55,547		57,251
Total expenses before depreciation	3,147,451	2,165,876	3,445,819	3,485,213	2,864,494	2,623,980	2,140,078	2,218,361	11,597,842	10,493,433
Depreciation of buildings and equipment	127,060	86,670	226,215	303,467	50,105	48,082	82,982	85,148	486,362	523,366
Total expenses	\$3,274,511	\$2,252,546	\$3,672,034	\$3,788,680	\$2,914,599	\$2,672,062	\$2,223,060	\$2,303,509	\$12,084,204	\$11,016,799

INTERNATIONAL FERTILIZER DEVELOPMENT CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1989 AND 1988

	<u>1989</u>	<u>1988</u>
Cash flows from operating activities:-		
Excess (deficiency) of revenue over expenses	(\$ 42,673)	\$ 450,666
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities:		
Depreciation	486,362	523,367
Other noncash charges		26,582
Loss on disposal or donation of equipment	2,310	39,380
Changes in assets and liabilities:		
Decrease in receivables from donors	634,117	610,011
Increase in advances to employees	(33,571)	(29,396)
(Increase) decrease in other accounts receivable	702,136	(928,312)
Increase in prepaid expenses	(135,033)	(65,971)
(Increase) decrease in supplies inventory	(24,018)	12,866
Increase (decrease) in accounts payable and accrued expenses	(279,759)	64,751
Increase (decrease) in deferred revenue	(340,114)	300,482
Increase (decrease) in contract retainage	<u>206</u>	<u>(206)</u>
Net cash provided by operating activities	<u>969,963</u>	<u>1,004,220</u>
Cash flows from investing activities:		
Capital expenditures	<u>(257,431)</u>	<u>(330,343)</u>
Net cash used in investing activities	<u>(257,431)</u>	<u>(330,343)</u>

(continued on following page)

INTERNATIONAL FERTILIZER DEVELOPMENT CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1989 AND 1988
(continued from preceding page)

	<u>1989</u>	<u>1988</u>
Cash flows from financing activities:		
Principal payments under capital lease obligation	<u>(28,892)</u>	<u>(27,794)</u>
Net cash used in financing activities	<u>(28,892)</u>	<u>(27,794)</u>
Net increase in cash and cash equivalents	683,640	646,083
Beginning cash and cash equivalents	<u>2,035,215</u>	<u>1,389,132</u>
Ending cash and cash equivalents	<u>\$2,718,855</u>	<u>\$2,035,215</u>

Supplemental schedule of noncash investing and financing activities:

Capital lease obligations of \$100,581 were incurred during 1988 when the organization entered into leases for new equipment.

INTERNATIONAL FERTILIZER DEVELOPMENT CENTER
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES:-

International Fertilizer Development Center (IFDC) is a nonprofit organization incorporated October 7, 1974 under the state laws of Alabama. On March 14, 1977, IFDC was designated as a public international organization by executive order of the President of the United States. The purpose of the organization is to improve fertilizers and knowledge of fertilizer uses in developing countries through research and development, technical assistance and training and communications.

In the event of dissolution, the articles of incorporation provide that the residual assets of the organization will be turned over to one or more tax exempt organizations or to the federal, state or local government for exclusive public purpose.

The accounts of IFDC are maintained on the accrual basis. The following is a summary of significant accounting policies:

- A. Buildings and equipment are stated at cost. Depreciation is computed on the straight-line method over estimated useful lives ranging from three to thirty-five years.
- B. Grants are recorded as receivable in full at the date of the grant with revenue recognition deferred until corresponding expenses have been incurred. Contributions for reimbursable costs are recognized as project costs are incurred.

Revenue is restricted to the extent it is to be used in accordance with the purpose specified by the grant. Restrictions generally include a specified project or goal within a particular geographic region.

- C. Inventories of supplies are valued at the lower of cost or replacement cost, cost being determined on a first-in, first-out basis.
- D. IFDC is exempt from federal income taxes as a publicly supported organization under Section 501(c)(3) of the Internal Revenue Code.
- E. For purposes of the statement of cash flows, IFDC considers certificates of deposit with an original maturity of three months or less to be cash equivalents.

NOTE 2 - GRANTS:-

Grants are summarized as follows:

	<u>Year ended December 31,</u>			
	<u>1989</u>		<u>1988</u>	
	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>
Grants received -				
United States Agency for International Development (AID)	\$1,629,500	\$3,460,000	\$ 2,725,000	\$3,535,000
United Nations Development Programme (UNDP)	63,524			
International Development Research Centre (IDRC)	991,123			
Rockefeller Foundation Directoraat Generaal voor Internationale Samenwerking (Netherlands) (DGIS)	693,457		360,000	
World Bank		1,070,000	727,348	
Der Bundesminister für Wirtschaftliche Zusammenarbeit (BMZ)			270,000	
			919,794	
	<u>3,377,604</u>	<u>4,530,000</u>	<u>5,002,142</u>	<u>3,535,000</u>
Amounts deferred during prior year	<u>7,102,020</u>	<u>1,490,000</u>	<u>6,948,938</u>	<u>1,626,042</u>
	10,479,624	6,020,000	11,951,080	5,161,042
<u>Less - amounts deferred to future periods</u>	<u>(5,863,973)</u>	<u>(2,569,125)</u>	<u>(7,102,020)</u>	<u>(1,490,000)</u>
Other adjustments	(12,523)			(23,672)
Revenue recognized in current period	<u>\$4,703,128</u>	<u>3,350,875</u> <u>4,703,128</u>	<u>\$ 4,849,060</u>	<u>3,647,370</u> <u>4,849,060</u>
Total restricted and unrestricted		<u>\$8,054,003</u>		<u>\$8,496,430</u>

21

In addition to grant amounts deferred to future years, as indicated above, deferred revenue at December 31, 1989 and 1988 includes \$102,250 and \$283,442, respectively, of cash collected on reimbursable cost projects for which revenue has not been recognized.

The restricted grants received during 1989 relate almost exclusively to fertilizer research projects in Africa. The AID grant provides additional funds for fertilizer policy research under a grant which expires July 30, 1992. One IDRC grant provides \$131,645 for development of efficient fertilizer usage techniques and the second provides \$859,478 for promoting fertilizer use by African farmers; the first grant is to expire March 31, 1990 and the second expires April 30, 1992. The DGIS grant provides additional funds to support the Togo Center in monitoring, collecting and disseminating fertilizer information in Africa. The UNDP grant relates to fertilizer research and training, but is not restricted to Africa.

During 1988, IFDC received several restricted grants relating to work in Africa. DGIS awarded \$727,348 to be used for the Togo Center. BMZ awarded two grants: \$325,162 restricted to development of the Togo Center and \$594,632 restricted to research for underdeveloped phosphate deposits in West Africa. The World Bank also awarded \$270,000 to be used for the Togo Center. The Rockefeller Foundation awarded \$360,000 to be used for fertilizer research in West Africa; this grant expires March 31, 1991. AID awarded \$1,620,000 for fertilizer research in West Africa and \$1,105,000 for a research project in tropical Africa; both grants represent additional funds for projects which were funded by AID grants in 1987. For all restricted AID grants, the contracts require that unexpended funds be returned to the grantor at the completion of the contract.

Receivables from donors at December 31, 1989 and 1988 are summarized as follows:

	<u>December 31,</u>			
	<u>1989</u>		<u>1988</u>	
	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>
AID	\$3,050,871	\$1,629,125	\$3,380,496	\$1,490,000
DGIS	878,977		440,911	
UNDP	940,290		1,549,046	
IDRC	725,278		165,617	
Rockefeller Foundation	60,000		240,000	
Kellogg Foundation			475,000	
BMZ	<u>218,791</u>		<u>396,379</u>	
	5,874,207	1,629,125	6,647,449	1,490,000
<u>Less -</u> Noncurrent portion	<u>1,999,320</u>		<u>1,110,172</u>	
	<u>\$3,874,887</u>	1,629,125	<u>\$5,537,277</u>	1,490,000
		<u>3,874,887</u>		<u>5,537,277</u>
Total restricted and unrestricted		<u>\$5,504,012</u>		<u>\$7,027,277</u>

NOTE 3 - INSTITUTE OF INTERNATIONAL EDUCATION:

IFDC has a contract with the Institute of International Education (IIE) whereby all payroll administrative functions are performed by IIE; IFDC makes advances monthly to fund salaries, employment taxes and fringe benefits.

23

NOTE 4 - CAPITALIZED LEASE OBLIGATIONS:-

IFDC leases office equipment under agreements classified as capital leases. Assets recorded under capital leases are included in property and equipment as follows:

	<u>December 31,</u>	
	<u>1989</u>	<u>1988</u>
Office Equipment	\$130,672	\$130,672
<u>Less - Accumulated depreciation</u>	<u>29,929</u>	<u>19,040</u>
	<u>\$100,743</u>	<u>\$111,632</u>

As of December 31, 1989, future minimum lease payments are as follows:

1990	\$21,126
1991	21,126
1992	<u>21,126</u>
	63,378
<u>Less - Amounts representing interest</u>	<u>6,815</u>
Present value of minimum lease payments	<u>\$56,563</u>

SUMMARY OF PROGRAMS AND BUDGET FOR CALENDAR YEAR 1991

INTRODUCTION

IFDC has moved into a new stage of development, one which offers many opportunities for growth but requires some hard choices if well-focused and high-impact programs are to continue to be the IFDC hallmark into the 1990s. The 1991 programs and budget reflect a beginning of this shift and takes advantage of some of these opportunities. However, it bares a few of the hard choices that IFDC Management has and must continue to make as it reshapes its programs for the 1990s.

IFDC will find itself in 1991 with a major presence in Africa, Asia, and North America, but with only token representation in Latin America. A total of 322 people are on the payroll. Of these, 139 are posted at Headquarters, while 59 are in the sub-Sahara (57 in Togo, one each in Niger and Zimbabwe), 122 in Asia (120 in Bangladesh, one each in the Philippines and Indonesia) and two in Latin America (one each in Colombia and Uruguay). These figures represent a continued growth in total staff (mainly Togo and Bangladesh) and a gradual reduction in staff at Headquarters.

The total budget for 1991 is \$13,304,210. Of this total, approximately 38% (\$5,182,000) is directed toward Africa with the vast majority (\$5,060,000) allocated to programs focused in the sub-Saharan African countries. Approximately 35% (\$4,733,000) of the budget is dedicated to solving problems that have global implications (sustainability and environment) while the remaining 27% (\$3,389,000) represent country- or company-specific projects, the largest of which is Bangladesh (\$1,949,000) which accounts for 60% of this category and about 15% of the total IFDC budget.

Training, technical assistance, and R&D continue to be the main program activities. However, within these categories, there is a growing demand that a focus be placed on fertilizer-related policy, environmental, and sustainability of issues. Two projects, the USAID-funded IFPRI/IFDC Fertilizer Policy and the UNDP-funded Fertilizer Management and Environmental

Research, reflect this shift of direction and sharper focus of programs. Several external factors are causing IFDC to refocus its efforts.

With the exception of sub-Saharan Africa, many countries are experiencing a rise in personal incomes, increase in food available per capita, a shift in diet, and a demand for a broader range of agricultural produce. In addition, countries have found they need agriculture to sustain overall economic growth and have made a major effort in this area by generating foreign exchange through export of fruits, vegetables, and non-traditional industrial crops. This has led to a series of policy reforms which include: a shift to greater crop diversification, removal of price controls and subsidies on fertilizer, and encouragement of greater competition in the marketplace through removal of state-owned monopolies and efforts to privatize the fertilizer sector. Equally important is the growing concern of donors on factors which impact the overall environment and/or sustainability of agriculture. Fertilizer is an input that is receiving critical examination.

The impact of these changes is being felt throughout the developing world and has caused IFDC to re-examine its capabilities particularly to link with fertilizer-related efforts in such programs as agroforestry, water quality, greenhouse gases, ozone depletion, and soil restoration. The need to retrain existing staff members, hire new staff members, and re-equip facilities to address these areas is receiving major attention by Management and is partially reflected in the 1991 Program and Budget Document.

26

SUMMARY OF 1991 BUDGET

This section of the budget report provides a summary of planned expenditures for 1991 through 1995.

Planned Expenditures

The main budget document contains comparisons of expenditures by budget unit and operating expense item for 1990 versus 1991. Five-year projections of expenditures through 1995 have also been developed.

1991 vs. 1990 Budgets: A Comparison in Total Expenditures and Budget Unit

The operating expenses for IFDC (all budgetary units) during 1991 is estimated at \$13,304,210. This is less than 1% higher than the \$13,207,050 the Board approved for 1990 and under which IFDC Management is currently operating. The amounts budgeted and percent change for 1991 compared to 1990 by budgetary unit is shown below:

<u>Budgetary Unit</u>	<u>Amount Budgeted</u>		<u>Percent Change</u>
	<u>1990</u>	<u>1991</u>	
Office of the Managing Director (OMD)	\$ 3,296,595	\$ 2,960,960	(10.18)
Outreach Division (ORD)	3,079,355	2,887,480	(6.23)
Agro-Economic Division (AED)	2,008,020	2,246,590	11.88
Fertilizer Technology Division (FTD)	1,763,345	1,990,430	12.88
West Africa Division (WAD)	<u>3,059,735</u>	<u>3,218,750</u>	<u>5.20</u>
Total	\$13,207,50	\$13,304,210	0.74

The prime reason for the decrease (-10.18%) in OMD's budget is because all programs for East Africa for 1991 are transferred from OMD to Outreach. The overall Outreach Budget decreased by (-6.23) due to reductions

27

in staff, travel, and a reduction in activities under the Fertilizer Distribution Improvement (FDI)-II Project in Bangladesh. The increase in budgets for AED and WAD is due to increased spending under current projects. The increase for FTD (12.88%) is related to additional program activities.

Operating Expense Budget Summary - Calendar 1991

The detailed breakdown by Division according to operating expense is shown for 1991 in Table 1. The percentages of each item against the total budget are summarized below:

<u>Item</u>	<u>Amount</u>	<u>1991 % of Total</u>	<u>Percent Change from 1990</u>
Salary and Benefits	\$ 7,825,240	58.82	(0.12)
Travel	1,163,720	8.75	(13.55)
Rent, Communications, Utilities	729,750	5.49	8.27
Printing and Reproduction	134,400	1.01	(10.52)
Contractual Services	1,858,820	13.97	(2.48)
Supplies and Materials	933,080	7.01	7.84
Fixed Assets	<u>659,200</u>	<u>4.95</u>	<u>52.95</u>
Total	<u>\$13,304,210</u>	<u>100.00</u>	<u>0.74</u>

Operating Expenditure--5-Year Projection (1991-1995)

Management has developed a 5-year projection of operating expenditures for the period 1991-1995. The results appear in Table II. Five-year projections were based on a 5% growth rate per year.

TABLE I.
OPERATING BUDGET SUMMARY (U.S. \$)
CALENDAR YEAR 1991

DIVISION	SALARIES	BENEFITS	TRAVEL	RENT COMMUNICATIONS UTILITIES	PRINTING & REPRODUCTION	CONTRACTUAL SERVICES	SUPPLIES & MATERIALS	FIXED ASSETS	TOTAL	% of Budget
OFFICE OF THE MANAGING DIRECTOR	1,180,160	402,700	182,350	427,300	27,000	528,550	174,900	38,000	2,960,960	22.26%
OUTREACH DIVISION	1,421,710	392,060	375,160	165,300	64,500	257,800	171,750	39,200	2,887,480	21.70%
AGRO-ECONOMIC DIVISION	1,104,760	382,330	248,100	6,250	1,400	215,970	125,780	162,000	2,246,590	16.89%
FERTILIZER TECHNOLOGY DIVISION	976,800	316,470	178,360	6,400	5,500	122,000	206,900	174,000	1,990,430	14.96%
WEST AFRICA	1,045,300	602,950	179,750	124,500	36,000	734,500	253,750	242,000	3,218,750	24.19%
TOTAL IFDC	5,728,730	2,096,510	1,163,720	729,750	134,400	1,858,820	933,080	659,200	13,304,210	100.00%
CORE & INDIRECT NONCORE	3,558,500	1,272,160	462,820	496,400	42,400	882,420	525,530	491,200	7,731,430	58.11%
	2,170,230	824,350	700,900	233,350	92,000	976,400	407,550	168,000	5,572,780	41.89%
TOTAL IFDC	5,728,730	2,096,510	1,163,720	729,750	134,400	1,858,820	933,080	659,200	13,304,210	100.00%

09/26/90

TABLE II
OPERATING EXPENSE BUDGET (U.S. \$)
FIVE YEAR PROJECTION

DIVISION	1991	1992	1993	1994	1995
OFFICE OF THE MANAGING DIRECTOR	2,960,960	3,109,000	3,264,500	3,427,700	3,599,100
OUTREACH DIVISION	2,887,480	3,031,900	3,183,500	3,342,700	3,509,800
AGRO-ECONOMIC DIVISION	2,246,590	2,358,900	2,476,800	2,600,600	2,730,600
FERTILIZER TECHNOLOGY DIVISION	1,990,430	2,090,000	2,194,500	2,304,200	2,419,400
WEST AFRICA	3,218,750	3,379,700	3,548,700	3,726,100	3,912,400
TOTAL IFDC	13,304,210	13,969,500	14,668,000	15,401,300	16,171,300

IFDC'S MANDATE AND MAIN ACTIVITIES FOR 1991

The International Fertilizer Development Center (IFDC) was established in 1975 with the objective of improving fertilizers and fertilizer know-how for the developing countries. Special emphasis is placed on enhancing the importance of fertilizer to increase crop yields and agricultural production on a sustainable basis without adversely affecting the environment of those countries that lie within the tropics and subtropics. Although the tropics and subtropics have great agricultural potential, little attention had been given to fertilizers as an input to help sustain agricultural and human productivity prior to the creation of IFDC. All fertilizers and most fertilizer know-how had been developed in the temperate climates for use on temperate climatic soils, crops, and socioeconomic conditions. In an attempt to fill this void, IFDC continues to conduct programs of research development, training, and technical assistance.

Research and Development

Research and development at IFDC is a multidisciplinary effort covering all aspects of fertilizers from raw material evaluation and utilization through fertilizer production, marketing, and use. Two general programs are being followed with due emphasis on the environment and sustainability. The first is to improve the efficiency of applied and native nutrients. The second is to make maximum use of indigenous raw materials.

In the efficiency of applied and native nutrients both flooded and upland soils and crops are being studied. Great strides have been made in determining the magnitude and pathways of nutrient uptake (primarily nitrogen and phosphorus) and strategies to improve their effectiveness (plant uptake)

through management or improved products are being developed. This work is done in cooperation with other international centers (IRRI, ICRISAT, ICARDA, IITA, and CIAT) and national programs in the centers' mandated areas of Africa, Asia, and Latin America.

In order to make full use of indigenous resources (mainly phosphate ores, but also sulfur ores) wherever this use is technically and economically feasible IFDC has worked to develop technology that will permit the use of so-called difficult ores (high chlorine, magnesium, carbonates, iron, aluminum, etc.). This has progressed to a stage whereby a number of countries (Brazil, Colombia, Burkino Faso, Niger, Mali, Togo, etc.) have or are contemplating using IFDC technology.

Training

Human development continues to be one of the major goals of IFDC. Facilities at IFDC were established as much for hands-on-training opportunities as they were for research and development. These along with a formal training center have proved very useful for courses at IFDC Headquarters. (See attached listing of Training Programs for 1991.)

Courses away from Headquarters also now outnumber those at home base. From 300-350 personnel are trained annually either in formal courses or as on-the-job groups or individuals. To date, approximately 4,300 individuals from more than 120 countries have participated in IFDC training programs.

Training encompasses most phases of fertilizer production, marketing, and use. Many courses equip participants with information and training materials that can be used to set up training courses for others within their company or organization.

Numerous examples of participants utilizing these materials for further training are known.

Technical Assistance

Another major activity of IFDC is technical assistance in all phases of fertilizer production, marketing, and use. Until 1990, technical assistance had been provided to more than 200 clients and had directly benefited about 100 countries located mainly in Asia (30 countries), Africa (28 countries), Latin America (12), and several clients in the Caribbean and Central America. From a regional perspective, IFDC's technical assistance activities have shown an evolutionary pattern over the years. Initially, IFDC's involvement was greatest in South America. With time, emphasis shifted to Asia and more recently to Africa.

IFDC has gained a reputation of furnishing unbiased assistance to clients. To service requests for assistance in addition to IFDC's multidisciplinary staff, consultants with other experiences and know-how are contracted from TVA as well as industry or academia from the United States and other countries. Most technical assistance is conducted on a reimbursable basis with funding coming from donor agencies, lending institutions, or individual companies.

African Initiative

During 1987 IFDC expanded its operations by adding a fourth Division--IFDC-Africa--this Division, located in Lomé, Togo, and is setup to give more direct attention to soil fertility and fertilizer problems in West Africa. It is further setup to encourage donors, especially European donors, to support the efforts to improve fertilizers and fertilizer know-how in West Africa. These donors had previously found it difficult to support IFDC programs when it appeared to them that IFDC by being

34

located in the United States was too closely allied with the United States to be a truly international organization. The location in Africa is attracting additional support as Germany, France, and the Netherlands are providing increasing support to the African effort.

This new effort and its support are shown in the IFDC's 1991 approved Programs and Budgets.