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STUDY BY THE STAFF OF THE U.S.

# General Accounting Office

## Status Report On U.S. Participation In The International Fund For Agricultural Development

The International Fund for Agricultural Development (IFAD) was established in 1977 as a specialized agency of the United Nations to mobilize an additional \$1 billion to attack the problem of world hunger. Contributions toward the \$1-billion fund were to be equitably shared by countries of the Organization for Economic Cooperation and Development and by countries of the Organization of Petroleum Exporting Countries. The United States contributed \$200 million.



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IFAD is expected to commit its available funds by mid-1981, and is seeking a replenishment of \$1.27 billion to continue its operations. The two groups of donor countries have been unable to reach agreement on equitable burden sharing.

This study discusses IFAD operations and raises several questions to consider during deliberations on U.S. contributions to IFAD replenishment.



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## FOREWORD

This limited study of U.S. support of the International Fund for Agricultural Development (IFAD) was initiated in July 1980, in anticipation of a probable U.S. budget request for a replenishment contribution. By mid-1981, IFAD is expected to fully commit the \$1 billion with which it started operations in 1977, and it is seeking a replenishment of \$1.27 billion to continue its lending program.

IFAD was organized on the basis that member countries of the Organization for Economic Cooperation and Development and the Organization of Petroleum Exporting Countries would give equitable and substantial financial support to this organization. Equitable sharing of the replenishment continues to be a source of major disagreement between member countries, however, with the result that the replenishment negotiations remain deadlocked.

Officials of U.S. agencies and of multilateral development banks (MDBs) believe that IFAD is generally complying with premises upon which the initial \$200-million contribution was made. As an example, IFAD is perceived by these officials as having emphasized providing additional resources for the poor in food-deficient countries without duplicating the efforts of existing institutions.

The following questions pertain to the replenishment issue.

- Should enough time be allowed to elapse to see program results before a major replenishment, in as much as IFAD has yet to demonstrate an impact from its initial \$1-billion commitment?
- What will be the future mode of IFAD operations? Is there a trend of reduced IFAD reliance on existing institutions as may be indicated by staff increases and planned expansion of IFAD involvement in the project cycle? If so, is it contrary to U.S. objectives to limit proliferation of international organizations?
- Will the MDBs give equal priority to supervising the implementation of IFAD projects, especially if there is a major replenishment and a trend toward IFAD exclusively financed projects, or will they give higher priority to their own projects during peak workload periods?

This study has been discussed with program officials of the Department of the Treasury and the International Development Cooperation Agency. Their views have been incorporated where appropriate.

A handwritten signature in black ink that reads "Frank C. Conahan". The signature is written in a cursive style with a large, prominent "F" and "C".

Frank C. Conahan  
Director  
International Division

C o n t e n t s

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ABBREVIATIONS

FAO	Food and Agriculture Organization
GAO	U.S. General Accounting Office
IDCA	International Development Cooperation Agency
IFAD	International Fund for Agricultural Development
MDB	Multilateral Development Bank (Asian Development Bank, Inter-American Development Bank, and World Bank)
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries



## STATUS REPORT ON U.S. PARTICIPATION

### IN THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

The International Fund for Agricultural Development (IFAD) was established to generate additional resources for agricultural development from the traditional donor countries comprising the Organization for Economic Cooperation and Development (OECD) and, for the first time, from the member countries of the Organization of Petroleum Exporting Countries (OPEC). Its establishment was the fulfillment of one of the 1974 World Food Conference resolutions. The Conference called for actions to enhance world food security, to promote food production in the developing countries, and to increase assistance to the developing countries by the international community in a common effort to attack the problem of hunger.

In December 1977, IFAD began operating as a specialized agency of the United Nations. As stated in the Articles of Agreement establishing IFAD, which were ratified by member countries

"The objective of the Fund shall be to mobilize additional resources to be made available on concessional terms for agricultural development in the developing Member States."

IFAD's 131 member countries belong to either the traditional 20 OECD countries in Category I; 12 OPEC countries in Category II; or 99 developing countries in Category III. Pledged contributions by each category were \$607.9 million for Category I; \$435.5 million for Category II; and \$19.8 million for Category III. As of December 31, 1980, IFAD's financial standing was as follows.

#### IFAD FUNDS

<u>Source and Application</u>	<u>Amount</u> (millions)
Paid contributions (cash and promissory notes)	\$ 976
Promissory note due from Iran	+ 87
Total contributions pledged	\$1,063
Net interest income after administrative expenses	+ 80
Funds available for project and grant commitments	\$1,143
Less: Unexpended funds committed to projects	<u>-906</u>
Uncommitted funds	\$ <u>237</u>
Project and grant disbursements reported through August 31, 1980	\$ <u>30</u>

The unexpended balance of \$906 million represents funds which are committed to specific agricultural projects in the same sense that U.S. agencies obligate funds to be spent on Federal programs. Of the \$906 million in project commitments, 50 percent is secured by cash contributions and 50 percent is secured by non-interest-bearing promissory notes. As of December 31, 1980, the United States had paid IFAD only \$19.6 million against its promissory note of \$200 million.

The following chart illustrates the regional distribution and the concessional nature of lending terms for IFAD agricultural loans based on data which was available as of December 31, 1980. At that time, IFAD had approved 60 loans valued at \$885 million and 49 grants valued at \$21 million for 73 countries.

IFAD LOAN MATURITIES AND TERMS

<u>Regions</u>	<u>50 yrs.</u> <u>(1 percent</u> <u>per annum)</u>	<u>20 yrs.</u> <u>(4 percent</u> <u>per annum)</u>	<u>15 yrs.</u> <u>(8 percent</u> <u>per annum)</u>	<u>Total</u>	<u>Percent</u>
	----- (millions) -----				
Africa	\$259	\$ 45	-	\$304	34
Asia and Near East	377	69	-	446	51
Latin America	<u>27</u>	<u>66</u>	<u>42</u>	<u>135</u>	<u>15</u>
Total	<u>\$663</u>	<u>\$180</u>	<u>\$ 42</u>	<u>\$885</u>	100
Percent	75	20	5	100	

IFAD agricultural projects are directed primarily toward an estimated 1 billion poor persons in 28 countries. According to World Bank estimates, the average per capita income of these people was \$140 in 1975. Through its project loans and technical assistance grants, IFAD has sought to ensure improved onfarm development, better management of water, adequate supplies, credit, and extension services so that natural resources can be used effectively to raise the production and incomes of the small farmers and those without land.

The estimated \$237 million available for making loan and grant commitments in calendar year 1981 is far less than the average annual commitment level of the past 3 years. At prior commitment rates, these funds will be exhausted by mid-1981. The Articles of Agreement provide that the Governing Council will review the adequacy of available resources no later than 3 years after IFAD commences operations to assure operational continuity. In January 1980, the Governing Council adopted a decision asking members to replenish IFAD resources at a level to permit an increase in real terms in Fund lending activities during 1981-83. In December 1980, the Governing Council approved a proposed replenishment level of \$1.27 billion.



IFAD has actively sought agreement on replenishment among member countries. Nevertheless, the replenishment negotiations have remained snarled over differing viewpoints between the OECD and the OPEC members on equitable burden sharing. Because replenishment pledges have not been forthcoming, the financial future of IFAD is uncertain.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

In view of a possible budget request requiring congressional deliberation on the U.S. contribution to IFAD, this study presents information about IFAD lending activities during its first 3 years of operation--January 1, 1978, through December 31, 1980. Several agencies within the executive branch are involved in formulating U.S. positions on IFAD matters. The International Development Cooperation Agency (IDCA) has primary responsibility for representing the U.S. Government on the IFAD Executive Board and the IFAD Governing Council. In this capacity, IDCA also coordinates IFAD issues among the agencies which comprise the Development Coordination Committee Working Group on Multilateral Assistance: the Departments of Agriculture, State, and the Treasury. IDCA consults with the Working Group on Multilateral Assistance to assure that proposed IFAD lending policies and practices complement U.S. foreign, economic, and agricultural policies.

Except for discussions with the Asian Development Bank in Manila, the Philippines, our work was carried out in Washington, D.C. We talked with headquarters officials of IDCA, and the Departments of Agriculture, State, and the Treasury and with headquarters officials of the World Bank and the Inter-American Development Bank. These banks and the Asian Development Bank will be referred to collectively as multilateral development banks (MDBs) throughout this study.

The data we gathered and reviewed consisted of (1) IFAD administrative policy and loan documents, (2) congressional authorization and appropriation reports relating to IFAD, (3) OECD reports from 1975 to 1979, and (4) available OPEC reports. For 10 projects which IFAD approved, we examined project documents available at U.S. agencies. We attempted to select projects with a wide geographic dispersion which covered varying agriculture activities. For these projects, we ascertained the targeted beneficiaries, the apparent impact of IFAD on the project, and IFAD operating relationships with the MDBs.

Except for the Asian Development Bank, which we visited in conjunction with other work, we visited only the pertinent international organizations with headquarters in Washington. We did not hold discussions with IFAD headquarters officials in Rome, Italy, so their observations are not reflected in this study. Because most IFAD projects have not been implemented, indications of their actual impact are not available.

HAVE IFAD OPERATIONS BEEN CONSISTENT WITH THE  
PREMISES UPON WHICH U.S. PARTICIPATION WAS BASED?

Although the United States agreement to contribute to IFAD hinged largely on equitable burden sharing by OPEC countries, there were other concerns. Essentially, these other concerns were satisfied by the Articles of Agreement which provide that IFAD will not

- duplicate the work of existing institutions resulting in the creation of another international bureaucracy, but will cooperate with existing international development organizations;
- become an alternative or substitute source of funding, but will provide substantial additional resources for agricultural development; and
- direct its resources to the expansion of larger-scale agro-industries and capital-intensive projects, but will focus on small farmers and the rural poor, especially in food-deficient countries.

Generally, the U.S. agencies and the MDBs expressed the view that IFAD has performed according to its Articles of Agreement and has satisfied the objectives upon which the United States based its contribution. They also believe that IFAD cooperative arrangements with other institutions have worked well and they believe that IFAD should not evolve into another international bureaucracy. If IFAD were to increase its staff to appraise, administer, and implement its own agricultural development projects, it could become a bureaucracy.

Although the information available in IFAD loan and administrative documents generally supports the views that IFAD operations have been consistent with its Articles of Agreement and U.S. objectives, the information also raises several questions, including the following.

- Because IFAD has yet to demonstrate an effect from its initial \$1-billion commitments, should enough time be allowed to elapse to see the results from its projects before a major replenishment? Some projects are acknowledged to be innovative and more complex to implement than MDB projects, some of which are reported to have experienced implementation difficulties.
- What will be the future mode of IFAD operations? Is there a trend of reduced IFAD reliance on existing institutions as may be indicated by staff increases and planned expansion of IFAD involvement in the project cycle? If so, is such a trend contrary to U.S. objectives?

- Should the United States actively promote greater IFAD reliance on MDBs and other institutions or should it accept as inevitable, a gradual growth in the IFAD organization and involvement in the project cycle with possibly less reliance on existing institutions?
- Will the MDBs give equal priority to supervising the implementation of IFAD projects, especially if there is major replenishment, or will they give higher priority to their own projects during peak workload periods? If the administration of IFAD projects receive lower priority from MDBs, the disbursement periods could be lengthened and project objectives could be jeopardized.

Does IFAD duplicate the lending activities of other organizations?

Some congressional committees were concerned when IFAD was established because of a possible proliferation of international organizations. Congressional committees wanted to avoid approving U.S. support of IFAD until adequate assurances were given that IFAD was not going to duplicate the work of existing multilateral development institutions, thereby becoming another international lending bureaucracy. IFAD Articles of Agreement, in effect, provided these assurances by essentially requiring IFAD to entrust certain responsibilities to competent multilateral development institutions.

To avoid duplication, IFAD has entered into cooperative agreements with several international institutions, including the Food and Agriculture Organization (FAO); the World Bank; the United Nations Development Program; the Asian, African, and Inter-American Development Banks; the International Labor Organization; and the Islamic Development Bank. The cooperative agreements permit IFAD to draw upon the services and experienced staffs of these international organizations to assist in the identification, preparation, and administration of its agricultural project loans.

In addition, before appropriating a U.S. contribution to IFAD, congressional committees sought and received assurance from U.S. officials that the size of the IFAD professional staff would remain small. AID officials estimated that the IFAD professional staff would not exceed 25 to 30 persons. Because the size of the IFAD staff is now significantly larger than 25 to 30 professionals, earlier congressional concerns over the staff size and duplication have been renewed. The staff levels, as reported by IFAD, are as follows.

<u>Authorized staff</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981 a/</u>
Professionals	35	54	67	74
Support	<u>45</u>	<u>68</u>	<u>83</u>	<u>93</u>
Total	<u>80</u>	<u>122</u>	<u>150</u>	<u>167</u>

Note a: Estimated data.

We tried to ascertain if IFAD's mode of operation duplicated the work of existing multilateral development institutions and why the staff level is 400 percent higher than the initial estimate by U.S. officials.

### The project cycle

The following description of the IFAD project cycle helps to understand its mode of operations and relationships with cooperating institutions, such as the MDBs, its expanded staff, and the length of time required to implement and disburse funds for agricultural projects.

1. Project identification. MDB and IFAD planners meet semiannually to coordinate project identification and to make tentative financial commitments on those projects to be cofinanced within the next 2 years. IFAD involvement in identifying its approved projects has varied considerably. The initial 10 projects approved during calendar year 1978 were MDB projects in which IFAD involvement, apart from cofinancing with the MDBs, was limited to assuring its member countries that those projects were consistent with its mandate. Some member countries, however, expressed concern that these MDB projects lacked the innovative aspects necessary to set the IFAD lending program apart from the MDB program.

In response to these member countries, IFAD intensified efforts during calendar year 1979 to influence the design of MDB cofinanced projects and it joined other agencies, such as FAO, in identifying additional projects to benefit small farmers and those without land. The FAO Investment Center and staff experts of other development agencies, for example, have participated in several IFAD special programming missions which identified and studied government policies and other factors affecting the poor in developing countries. Once projects are identified and formulated, they become part of the IFAD project pipeline for future work in the country.

Although the MDRs also conduct similar project identification missions, MDB officials said that their goals and objectives are somewhat different from IFAD goals and objectives. These officials indicated that IFAD missions do not duplicate MDB missions because IFAD projects

- are limited to agriculture,
- have a narrower focus on the rural poor and landless poor in food-deficient countries,
- are not as concerned with a country's credit rating,
- take greater risks to test innovative ideas, and
- will use more indigenous technology and labor.

These differences may be one of degree or extent, especially in relation to the more concessional loan programs of the MDBs. Some U.S. officials agreed that there were differences, but this study did not develop a detailed comparison of the mandates or operations of IFAD with the MDB concessional loan operations. As noted in this study, however, IFAD cofinancing of MDB projects is generally accepted as adding another dimension to those projects, especially after 1978.

2. Project preparation. IFAD also works with the borrowing countries to prepare projects for appraisal. With assistance from FAO and other development assistance agencies, for example, IFAD sponsored 11 missions for project preparation during calendar year 1979. Although project preparation is usually the responsibility of the borrowing countries, many borrowing countries require technical assistance in doing the feasibility and design studies to identify institutional alternatives, costs, and benefits.

3. Project appraisal. When a preparatory study is completed, the selected MDB schedules the IFAD project or project component for an appraisal. The IFAD Articles of Agreement require competent development institutions to appraise both IFAD cofinanced projects and IFAD exclusively financed projects. For most projects, IFAD has used the appraisal services of the three MDBs we visited. A project appraisal involves a detailed examination of project feasibility, including a determination of whether the economic rates of return will justify the cost. Technical studies are also conducted to evaluate the capabilities of a borrowing country to implement and operate the project.

4. Project implementation and supervision. IFAD has little or no direct control over project implementation and related disbursements because, in accordance with the Articles of Agreement, the administration of project loans (i.e., disbursement of loan proceeds and supervision of project implementation), are entrusted to MDBs or other cooperating institutions. Thus, the MDBs are responsible for ensuring borrower compliance with reporting requirements and agreed-upon methods to procure goods and services; for organizing the timing, scope, and character of supervision missions; for following borrower actions in implementing

projects; and for processing borrower applications to withdraw funds under IFAD loans. IFAD participated in several supervision missions in 1979 because it was concerned about effective project implementation.

Questions have arisen about the need for replenishing IFAD when, as of August 31, 1980, it had only disbursed \$30 million against project and grant commitments. Treasury Department and MDB officials said that IFAD's year-end unexpended balance of \$906 million is not unusual in view of the length of time required to implement most agricultural development projects and the complexity of some IFAD projects.

According to these officials, agricultural development projects generally require more time to implement and disburse than other types of projects. For example, fishery projects disburse over 4 or 5 years because they mostly involve procuring vessels, engines, and ice plants, whereas, disbursements for an agricultural development project (such as a complex irrigation scheme) may take from 6 to 8 years. Moreover, these officials added that the limited extension services and facilities of some IFAD target countries will likely slow the implementation and disbursement of some IFAD projects. As an indication of the time required for a typical agricultural project to progress through the project cycle, the World Bank reported in 1979 that of its 28 agricultural projects completed in 1979, 23 were initially identified in the 4-year period between fiscal years 1969 and 1972. Treasury Department officials described a typical disbursement profile for MDB agricultural projects as follows.

<u>Year</u>	<u>Disbursements</u>
1st year	*no disbursements because of the time required to hire needed consultants and to make necessary preparations
2nd year	*disbursements of from 5 to 7 percent of funds
3rd year	*disbursements of from 10 to 13 percent of funds
4th, 5th, 6th years	*equal disbursements of remaining funds

If IFAD projects have an average disbursement cycle typical of MDB agricultural projects (as both Treasury and MDB officials generally believe) the IFAD projects approved through December 31, 1980, would not complete disbursements until after calendar year 1986.

Although there was a general consensus among Treasury Department and MDB officials regarding the future disbursement activity for IFAD projects, officials of one MDB pointed out that its staff has a tendency to give preference to administering its

own projects over IFAD projects. The MDB officials point out that they try to minimize this occurrence. If this situation should occur frequently, it could further lengthen the disbursement period for some IFAD projects, delay implementation, and jeopardize successful project completion.

Growth in staff size--will it continue and what does it mean

Executive branch officials believed that a staff of approximately 25 or 30 professionals could accomplish the IFAD objective of mobilizing additional resources through a role of acting as a check-writing institution. Under this method of operation, IFAD would select suitable agriculture projects to cofinance and would write a check to other institutions for its project share. Several developments, however, have led to a more extensive IFAD involvement in the project cycle than was anticipated by the executive branch, broadening the IFAD role beyond that of a check-writing institution.

Shortly after IFAD commenced operations some IFAD member countries wanted IFAD to have a broader role than writing a check to cofinance its portion of agricultural projects. According to IDCA officials, various member countries asserted that the MDB projects submitted for IFAD financing were inappropriate because insufficient emphasis was given to small farmers and landless poor. As a result, in 1979, IFAD began initiating its own project identification missions and began exclusively financing some projects.

IDCA and Treasury officials said that whether the United States agreed or disagreed with other member countries does not really matter because the United States does not have the necessary support to be a controlling influence in IFAD. The IDCA official explained that the established IFAD voting mechanism has never been used to avoid any political exploitation of IFAD. Instead of voting, all IFAD business matters brought before the Governing Council and the Executive Board are settled by consensus.

Although the IFAD initial involvement in MDB projects was essentially limited to a check-writing capacity, MDB officials noted that, to effectively participate in their agricultural lending programs and to undertake the responsibilities associated with cofinancing, IFAD had no choice but to employ additional staff members with the necessary expertise and background.

Officials of one MDB said that although it initially shared its project pipeline with IFAD, it in turn expected IFAD to develop its own project pipeline. Officials of another MDB said that IFAD cannot expect to accomplish its mandate unless it actively participates in the project identification and preparation process.

Although the IFAD staff has grown steadily to 150 persons, officials of the MDBs perceived this growth to be a result of understaffing rather than as an indication that IFAD is growing into another international food and lending bureaucracy, which they would not favor. Some officials believe this could happen if IFAD increased its staff to appraise, administer, and supervise projects, but they noted that IFAD would have to double its professional staff to handle these functions.

IDCA officials indicated that the IFAD staff would probably continue to grow at a modest rate as the IFAD loan and grant portfolio grows. According to the planned 1981 IFAD program, it will

- sponsor 30 project identification and 6 special programming missions, an increase of 29 percent over the number of IFAD missions conducted between 1978 and 1980;
- commit \$450 million in project lending, an increase of 12.5 percent over 1980 project lending; 1/
- initiate approximately 20 exclusively financed projects;
- participate for the first time in the appraisal process by organizing a limited number of appraisal missions; and
- expand its managerial and financial staff capabilities to begin processing loan disbursements and maintain loan accounts as MDBs implement and supervise IFAD projects.

These planned program initiatives support the IDCA conclusion that the IFAD staff will likely continue to expand. The large increase in project identification missions and project lending, the plan to initiate project appraisal missions, and an increase in the number of IFAD exclusively financed projects could also represent the beginning of reduced IFAD reliance on MDBs. Further, a departure from the expressed intent of its Articles of Agreement and the conditions upon which the United States based its support could result.

Has IFAD provided additional funds for agricultural development?

IDCA and other executive branch officials viewed IFAD as an additional funding source from the standpoint that the \$435.5-million pledged contribution from OPEC represents additional

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1/Based on an IFAD planning assumption that replenishment negotiations can be completed by June 1981.



resources for agricultural development in food-deficient countries which have traditionally been excluded from receiving OPEC assistance. These officials also indicated that IFAD is the first non-Arab multilateral development institution to receive significant OPEC financial support and that OPEC support for traditional multilateral development agencies remains relatively modest. OECD data, reported between 1975 and 1978, shows that of the 28 IFAD recipient countries, 20 received small amounts of OPEC bilateral or multilateral assistance during this 4-year period.

The 1978 OECD annual report noted, however, that as new and existing Arab funds and multilateral organizations broaden their lending criteria, those developing countries which have traditionally been excluded will be eligible for OPEC bilateral and multilateral assistance. Very little of this new OPEC assistance to developing countries is expected to go toward improving agricultural production. Instead, current OPEC lending to the developing countries takes the form of quick disbursing general support assistance and project assistance for projects such as electric power and urban-related water projects.

In addition, MDB officials viewed IFAD cofinancing as an additional source of funding for their agricultural projects. IFAD cofinanced projects--10 in 1978, 19 in 1979, and 7 in 1980--were selected primarily from the MDB project pipelines and were administered without charge to IFAD. Cofinancing enabled MDBs to fund some agricultural projects which initially lacked sufficient funding and enabled IFAD to introduce investment programs complementary to, but not included in, the scope of the original MDB project.

Although MDB officials believe that IFAD's comparatively small amount of funds available for cofinancing has not been significant enough to affect the volume and sectoral distribution of overall MDB lending, they generally agree that there would have been less lending with a special focus on small farmers and landless poor, if IFAD had not existed. They further favored an IFAD replenishment because of the magnitude of the unmet hunger problems in most developing countries. MDB officials noted that if the replenishment negotiations remain unresolved during calendar year 1981, IFAD's ability to effectively participate in future project planning and cofinancing activities with the MDBs and other international development institutions could be substantially reduced.

Do IFAD projects focus  
on small farmers?

As of December 1980, IFAD had approved loans to finance 60 agricultural projects. We examined the loan and project summaries for 10 of these projects and found the targeted project beneficiaries to be the small farmers owning from 2.5 to 25 acres and those without land, located in food-deficient countries. Although

our project sample shows that IFAD projects do focus on small farmers in food-deficient countries, the fact remains that as of August 31, 1980, only 12 project loans were in very early stages of implementation. Thus, project accomplishments and ultimate impact in reaching targeted beneficiaries are not yet evident.

More specifically, the loan and project documents for the 10 projects show the following.

--Two small farmer agricultural credit projects designed to re-orient the agricultural credit policy and procedures to benefit only farmers owning 2 acres or less in Bangladesh and farmers with less than 25 acres in Pakistan. In Pakistan, farms with less than 25 acres are treated as small farms.

--One smallholder cattle project designed to provide draft power to about 40,500 smallholders of upland farms of 2.5 to 5 acres in Southern Sumatra, Republic of Indonesia.

--Four integrated rural development projects designed to stabilize and increase food production and food storage, to improve farming practices and crop patterns, and to improve the incomes and living conditions of

- \*Cameroon farm families, totaling 65,000, whose per capita farm income is \$140;

- \*Bolivian subsistence farmers with average landholdings of between 5 and 7.5 acres per farm;

- \*Niger farm families, totaling 65,000, with traditional farms averaging 13.3 acres in size; and

- \*Dominican Republic farm families, totaling 4,800, with farms averaging 10 acres in size.

--Three irrigation projects designed to increase and sustain agricultural production through the efficient use of available land, water, and human resources. In addition, these irrigation projects embrace agriculture research, extension, and training subprograms to benefit

- \*22,000 Sudan farming families and nomadic farm families,

- \*4,600 Mauritania farming families, and

\*21,500 Thailand farming families.

MDB officials categorized IFAD as an organization for the rural poor because in contrast to their own agricultural lending, IFAD projects have a stricter focus on the agricultural needs of the very poor in food-deficient countries. An IDCA official asserted that IFAD has intensified efforts to strengthen the aspects of each project it cofinances with the MDBs and other development institutions, to assure that the small farmers and landless poor share the project benefits accruing to the affluent farmers who have medium and large land holdings.

In its 1979 annual report, IFAD states that in several cases, implementation and disbursements are behind the schedule predicted at appraisal. The IFAD report also states that because the projects are in such an early stage of implementation, it is not possible to predict whether or not these delays will result in any significant restructuring of the projects or delays in project completion. One MDB official expressed concern that IFAD projects may require more supervision than its own agricultural projects because of the complexity and special focus on small farmers.

Because IFAD has cofinanced the majority of its projects with the World Bank, the published audit reports on some World Bank agricultural projects may provide some indications of difficulties that IFAD projects may face. For example, for 28 of its agricultural projects, the World Bank reported in 1979 that

- two projects encountered serious problems leading to the cancellation of a substantial part of the loans,
- labor availability and requirement were not properly analyzed in four projects and labor constraints were not foreseen,
- drought had a negative effect on production in three West African projects,
- ten projects experienced cost overruns from 10 to over 50 percent and some projects were reduced in scope to stay within the original cost estimates, and
- eight projects suffered serious delays of 50 percent or more against the originally planned schedule.

An official at the Treasury Department said that he expects IFAD projects to do well under MDB supervision. He said the MDBs have the most expertise and a proven track record in supervising

agriculture project implementation. Officials of other agencies said that it was too soon to venture any opinion about the possible outcome for IFAD projects.



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