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TITLE: Foreign Assistance: Reforming the Economic Aid Program  
ACCESSION NUMBER: 149686 RPTNO: T-NSIAD-93-20  
DOCUMENT DATE: 07/26/93 DOCUMENT TYPE: Testimony  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
Foreign Assistance Act of 1961

BACKGROUND:

GAO discussed the reform of the U.S. foreign assistance program in the post-Cold War era. GAO noted that: (1) Congress and the Administration need to reexamine foreign assistance objectives and agree on policy goals to permit budget and program flexibility to meet new challenges; (2) the proliferation of foreign aid objectives has seriously affected the Agency for International Development's (AID) ability to accomplish its mission and led to serious management problems; (3) the new Administration intends to narrow the focus of AID, but officials have not agreed on the specifics of the focus; (4) the role of AID as the lead agency for foreign assistance programs has been reduced because it lacks a strong and influential base within the executive branch; (5) AID development operations are being dispersed throughout the executive branch without interagency coordination; (6) AID needs to provide agencywide policy direction to its programs to overcome management problems; (7) AID lacks adequate controls and management systems to ensure that its decentralized operations are accountable to agency policies; (8) AID is implementing new management information and accounting and financial reporting systems that may have some problems; and (9) AID has not restructured its workforce to reflect administrative changes and lacks work-force planning and management systems to ensure that it makes the best use of its staff.

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TITLE: Exchange Programs: Inventory of International Educational, Cultural, and Training Programs  
ACCESSION NUMBER: 149281 RPTNO: NSIAD-93-157BR  
BNUMBER: B-252673 DOCUMENT DATE: 06/23/93  
DOCUMENT TYPE: Briefing Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development  
Department of Agriculture  
Department of Commerce  
Department of Defense  
Department of Education  
Department of Health and Human Services  
Department of the Interior  
Japan-United States Friendship Commission  
Department of Labor  
National Science Foundation  
Smithsonian Institution  
Department of State  
United States Information Agency  
National Foundation on the Arts and the Humanities: National Endowment for the Arts

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National Foundation on the Arts and the Humanities: National Endowment  
for the Humanities

LAW AUTHORITY:

Support for East European Democracy Act of 1989 (SEED)  
Freedom Support Act  
National Security Education Act of 1991

BACKGROUND:

Pursuant to a congressional request, GAO reviewed U.S. government-funded international educational, cultural, and training exchange programs, focusing on: (1) potentially duplicative, overlapping, or fragmented programs; (2) program coordination and oversight; and (3) legal requirements that limit executive branch officials' ability to manage international exchange programs.

FINDINGS:

GAO found that: (1) the 16 agencies in its review have reported spending \$655 million for 75 programs covering about 54,000 participants; (2) recent legislation has created new programs for Eastern Europe and the former Soviet Union and expanded the scope of existing programs; (3) some programs could be duplicative, since they target the same participants and the lines of responsibility between the Agency for International Development (AID) and the U.S. Information Agency (USIA) are not clear; (4) USIA does little active coordination of exchange programs; (5) the only formal USIA oversight and coordination effort is the publication of an annual report listing U.S. government-funded international exchange and training programs, but the publication does not include all programs; (6) some nongovernment organization officials believe AID and USIA should conduct more program evaluations; and (7) agency officials believe that authorizing legislation gives them flexibility in managing programs, but funding may be delayed or reduced by congressional earmarks.

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TITLE: Foreign Assistance: AID Strategic Direction and Continued Management  
Improvements Needed

ACCESSION NUMBER: 149279

RPTNO: NSIAD-93-106

BNUMBER: B-247725

DOCUMENT DATE: 06/11/93

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Foreign Assistance Act of 1961

Federal Managers' Financial Integrity Act of 1982

BACKGROUND:

GAO discussed the need to address management problems at the Agency for International Development (AID) to ensure that AID is adequately meeting its foreign economic assistance responsibilities.

FINDINGS:

GAO found that: (1) the AID management approach and its organizational capacity have not kept up with the increasingly diffuse scope of the foreign assistance program and the expanding number of countries in which AID operates; (2) AID has expanded its operations; (3) in some cases, small AID programs have had such a negligible effect on a country's development that the effect may not justify AID in-country presence; (4) studies have shown that AID has not effectively managed, and has not been held accountable for achieving results from, a diffuse foreign assistance program; (5) opening new overseas offices has further burdened the AID

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operating expense budget; (6) the fragmentation of the foreign assistance program is largely due to a lack of consensus among the many groups that are concerned with the AID mission or have a stake in its services and resources; (7) congressional involvement has hampered AID ability to use foreign aid as leverage to secure needed economic reforms and target assistance to the most pressing development needs of recipient countries; (8) AID has not been able to fully implement the strategic management concepts that would enable it to better focus and concentrate its limited resources; (9) AID maintains that its decentralized organizational structure and management approach are appropriate given the widely varying development and assistance needs of the numerous countries in which it operates; and (10) lack of management controls has impaired AID program effectiveness.

RECOMMENDATIONS TO AGENCIES

AID should play a leadership role in achieving strategic direction of the U.S. foreign assistance program by working with others in the executive branch and in Congress. As part of this process, the Administrator, AID, should develop agency objectives in support of the new strategic direction for the foreign program.

The Administrator, AID, should determine the most appropriate organizational structure to implement the agreed-upon agency objectives. In making these determinations, the Administrator, AID, should investigate the costs and benefits of various approaches, such as the traditional mission structure, regional offices, and the experimental headquarters-based model for Central and Eastern Europe.

Regardless of the organizational structure, the Administrator, AID, should establish central oversight to ensure that: (1) AID officials are effectively pursuing agency program objectives; and (2) program and project plans for each recipient country are developed within the context of the agency's strategic direction.

The Administrator, AID, should ensure that the various bureaus of Agency for International Development in Washington, D.C. (AID/W) institutionalize the agency's strategic management framework, thus helping to ensure that it will continue beyond the tenure of one AID Administrator.

The Administrator, AID, should use the strategic management framework to bring AID management systems into balance with its decentralized organizational structure by establishing agencywide policy and procedures defining agency programming goals.

The Administrator, AID, should use the strategic management framework to bring AID management systems into balance with its decentralized organizational structure by clearly identifying who has the responsibility and authority for implementing specific agency goals.

The Administrator, AID, should use the strategic management framework to bring AID management systems into balance with its decentralized organizational structure by developing measurable goals and objectives and tying program and project results to those goals and objectives.

The Administrator, AID, should use the strategic management framework to bring AID management systems into balance with its decentralized organizational structure by developing standardized management information systems to provide accurate, meaningful, and timely data across the agency to serve as a basis for measuring performance.

The Administrator, AID, should use the strategic management framework to bring AID management systems into balance with its decentralized organizational structure by monitoring implementation of programs and projects and holding bureau and mission staff accountable for results.

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The Administrator, AID, should develop and implement a comprehensive workforce planning process and management capability as a systematic, agencywide effort. This planning should develop human resource planning guidance and assure integration with AID proposed strategic planning process.

The Administrator, AID, should develop and implement a comprehensive workforce planning process and management capability as a systematic, agencywide effort. This planning process should ensure that accurate, standard, and comprehensive data, which are needed for workforce planning, are available in AID/W, including: (1) workload assessments; and (2) projections of optimum levels of staffing and skill mixes for all types of employees.

The Administrator, AID, should develop and implement a comprehensive workforce planning process and management capability as a systematic, agencywide effort. This planning process should assign, recruit, and train direct- and nondirect-hire staff to meet the staff and skill requirements and projections identified in the mission workload and staff assessments.

The Administrator, AID, should institutionalize workforce planning and management capability to ensure its continuation by successive administrators by ensuring that staff qualified in human resource management fill key positions in the Human Resource Development and Management Division.

The Administrator, AID, should institutionalize workforce planning and management capacity to ensure its continuation by successive administrators by training appropriate line managers and human resource staff in workforce planning.

The Administrator, AID, should institutionalize workforce planning and management capability to ensure its continuation by successive administrators by systematically budgeting for training and related travel costs and ensuring that funds remain available for this purpose.

The Administrator, AID, should institutionalize workforce planning and management capability to ensure its continuation by successive administrators by assigning responsibility for preparing bureau-specific workforce plans that support AID strategic vision to the heads of each bureau to ensure line-manager support and involvement in workforce planning.

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TITLE: [Claim for Protest Costs Pursuant to Protest of AID Solicitation for  
Technical Assistance]

ACCESSION NUMBER: 149377

BNUMBER: B-251902.2

DOCUMENT DATE: 06/08/93

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

KPMG Peat Marwick

Agency for International Development

LAW AUTHORITY:

Freedom of Information Act

4 C.F.R. 21.6(e)

B-240391.5 (1991)

70 Comp. Gen. 558

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F.A.R. 9.505-4  
F.A.R. 9.506  
71 Comp. Gen. 243

**BACKGROUND:**

A firm requested reimbursement for its protest costs pursuant to its protest against an Agency for International Development (AID) solicitation for technical assistance. GAO held that the protester was not entitled to reimbursement of its protest costs, since: (1) AID promptly acknowledged that the protest had merit; (2) the protester was not required to expend resources to convince AID of the merits of its protest; and (3) AID corrective action was reasonably prompt considering the complexity of certain protest issues. Accordingly, the request was denied.

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**TITLE:** Financial Management: Federal Departments and Agencies With Unvouchered Expenditures  
**ACCESSION NUMBER:** 149508  
**BNUMBER:** B-253413  
**DOCUMENT TYPE:** Fact Sheet

**RPTNO:** AFMD-93-73FS  
**DOCUMENT DATE:** 06/03/93  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

Accounting and Financial Management Division

**ORGANIZATION CONCERNED:**

Agency for International Development  
Department of Agriculture  
Department of Commerce  
Department of Defense  
Department of the Army  
Department of the Navy  
Department of the Air Force  
Executive Office of the President  
General Services Administration  
Department of the Interior  
Department of Justice  
National Aeronautics and Space Administration  
Department of State  
Department of Transportation  
Department of the Treasury

**LAW AUTHORITY:**

Debt Collection Act of 1982  
14 U.S.C. 658

**BACKGROUND:**

Pursuant to a congressional request, GAO provided information on unvouchered expenditures for fiscal years (FY) 1989 through 1991.

**FINDINGS:**

GAO found that: (1) 17 of the 74 departments and agencies selected reported unvouchered expenditures for FY 1989 through 1991; (2) 10 agencies have had at least one audit of unvouchered expenditures since 1986; (3) the Department of Defense did not issue a department-wide regulation concerning funds used for confidential expenditures; (4) the Army's management of contingency funds was effective; (5) the Navy's internal controls for official representation and congressional travel funds were adequate; (6) the Air Force's disbursements of confidential investigative contingency funds and internal controls were adequate; and (7) Department of State financial records were incomplete and inaccurate, internal controls were inadequate, and requirements of the Debt Collection Act were not fully implemented.

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**TITLE:** Financial Management: Inadequate Accounting and System Project  
Controls at AID

ACCESSION NUMBER: 149203

RPTNO: AFMD-93-19

BNUMBER: B-245360

DOCUMENT DATE: 05/24/93

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

Accounting and Financial Management Division

**ORGANIZATION CONCERNED:**

Agency for International Development

Agency for International Development: Office of Financial Management

Agency for International Development: Office of Information Resources  
Management

**LAW AUTHORITY:**

Defense Authorization Act for Fiscal Year 1991 (National)

P.L. 101-510

Federal Managers' Financial Integrity Act of 1982

Chief Financial Officers Act of 1990

P.L. 101-576

**BACKGROUND:**

GAO reviewed key accounting and reporting weaknesses in the Agency for International Development's (AID) financial management systems, and evaluated AID efforts to improve these systems.

**FINDINGS:**

GAO found that: (1) AID has experienced serious accounting system and financial reporting problems; (2) AID overseas offices did not promptly and accurately report disbursements, and AID could not ensure that disbursements against valid, pre-established obligations were valid; (3) at the end of fiscal year 1991, AID property management systems overstated vehicle acquisitions by 44 percent and disposals by 14 percent, reported more than 20,000 items valued at \$1.9 million that could not be located, and understated property balances in overseas offices by \$19 million; (4) AID did not use automated techniques to exchange information and report financial and quantitative data which resulted in inaccurate and inefficient information; (5) top management did not effectively support and oversee two major system improvement initiatives; and (6) AID has not established a steering committee to ensure top management involvement or formulated a detailed system development, testing, and implementation plan.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, should direct the Chief Financial Officer, in conjunction with the Office of Financial Management, Office of Information Resources Management, and appropriate AID headquarters and overseas offices to develop and implement a plan and timetable to match unmatched disbursements with appropriate obligations.

The Administrator, AID, should direct the Chief Financial Officer, in conjunction with the Office of Financial Management, Office of Information Resources Management, and appropriate AID headquarters and overseas offices to verify property records by taking a physical inventory of all property on hand at Headquarters and at overseas offices, comparing the results to amounts recorded in AID property systems, investigating and resolving discrepancies, and adjusting records as appropriate.

The Administrator, AID, should direct the Chief Financial Officer, in conjunction with the Office of Financial Management, Office of Information Resources Management, and appropriate AID headquarters and overseas offices to ensure that the property data are kept up-to-date

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by enforcing existing requirements for: (1) promptly entering property acquisitions and dispositions; and (2) conducting annual physical inventories.

The Administrator, AID, should direct the Chief Financial Officer, in conjunction with the Office of Financial Management, Office of Information Resources Management, and appropriate AID headquarters and overseas offices to review all financial management systems and revise system documentation and user manuals to reflect existing system designs.

The Administrator, AID, should direct the Chief Financial Officer, in conjunction with the Office of Financial Management, Office of Information Resources Management, and appropriate AID headquarters and overseas offices to eliminate from AID system inventory those systems that are not used.

The Administrator, AID, should direct the Chief Financial Officer to develop and implement a long-term plan for directing the AID Washington Accounting and Control System (AWACS) activities and ensuring continuity of management regarding this and related system development efforts. The plan should include establishing a steering committee, appointing a project manager, and specifying the goals, objectives, and scope of AWACS.

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**TITLE:** Foreign Assistance: U.S. Efforts to Spur Panama's Economy Through Cash Transfers

ACCESSION NUMBER: 149067

RPTNO: NSIAD-93-56

BNUMBER: B-250062

DOCUMENT DATE: 05/10/93

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development

Republic of Panama

**LAW AUTHORITY:**

Urgent Assistance for Democracy in Panama Act of 1990

P.L. 101-243

Dire Emergency Supplemental Appropriation Act, 1990

P.L. 101-302

**BACKGROUND:**

GAO provided information on economic aid to Panama, focusing on cash grant programs implemented pursuant to the Dire Emergency Supplemental Appropriation Act.

**FINDINGS:**

GAO found that: (1) the Agency for International Development (AID) has not justified the size and composition of Panama's economic aid package with sufficient documentation; (2) although AID believes that the economic assistance program has been a success, the Panamanian economy began recovery before U.S. economic assistance was introduced; (3) AID could not determine the impact of private and public sector programs on the Panamanian economy, standard of living, debt, and unemployment due to unspecified target areas, delays in program implementation, and the lack of implementation guidelines; (4) Panama's economy began to recover once political and economic burdens were removed; (5) Panama's gross domestic product was restored to nearly pre-1987 levels and grew by about 9.3 percent in 1991 despite delays in cash grant program implementation; (6) AID needed to thoroughly analyze targeted countries' economies, set economic reform conditions, and withhold funds until conditions were met.

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before providing assistance; and (7) AID assistance could have been effective if private sector reactivation funds were disbursed after economic reforms were implemented.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should require that cash transfer program assistance approval documents, including those not directly linked with policy reform objectives such as the Private Sector Reactivation Program, contain: (1) specific program objectives; (2) time frames or milestones for their accomplishment; and (3) expected impacts to facilitate measuring program success.

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TITLE: [Protest of AID Contract Award for Technical Assistance]  
ACCESSION NUMBER: 149026 BNUMBER: B-252801  
DOCUMENT DATE: 04/19/93 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Medical Service Corp. International  
John Snow, Inc.  
Agency for International Development

LAW AUTHORITY:  
4 C.F.R. 21.1  
B-246276.2 (1992)  
B-247833.2 (1992)

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for technical assistance, contending that there was improper contact between an unidentified technical evaluator and the awardee. GAO held that the protester's allegation was speculative. Accordingly, the protest was dismissed.

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TITLE: [Claim for Protest Costs Pursuant to AID Contract Award]  
ACCESSION NUMBER: 148979 BNUMBER: B-250831.3  
DOCUMENT DATE: 04/13/93 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Diez Management Systems, Inc.  
Centech Group, Inc.  
Agency for International Development

LAW AUTHORITY:  
4 C.F.R. 21.6(e)  
B-250030.4 (1993)  
B-250592.2 (1993)  
B-250530 (1992)

BACKGROUND:

A firm claimed reimbursement for its protest costs pursuant to its protest against an Agency for International Development (AID) contract award for facility management. GAO held that the claimant was not entitled to reimbursement of its protest costs, since AID: (1) took corrective action 10 days after the protester filed its protest; and (2) notified the claimant in writing of its action 14 days after the protest filing. Accordingly, the claim was denied.

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TITLE: [AID Purchase of Business Suits for Agency Chauffeurs]  
ACCESSION NUMBER: 148942 BNUMBER: B-251189  
DOCUMENT DATE: 04/08/93 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
Foreign Assistance Act of 1961  
22 U.S.C. 2396(a)(12)  
63 Comp. Gen. 245  
64 Comp. Gen. 6  
2 Comp. Gen. 258  
S. Rept. 87-612  
H. Rept. 100-1088

BACKGROUND:

An Agency for International Development (AID) official requested a decision regarding whether AID was authorized to use appropriated funds to purchase business suits for its chauffeurs. GAO held that AID was not authorized to use appropriated funds for the purchase of business suits for its chauffeurs, since: (1) business suits do not qualify as uniforms; (2) government employees are required to report to duty properly attired; and (3) federal appropriations are not available to pay for personal clothing required as part of an employee's work.

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TITLE: Impoundment Control: Comments on the President's Third Special  
Impoundment Message for Fiscal Year 1993  
ACCESSION NUMBER: 148861 RPTNO: OGC-93-5  
BNUMBER: B-250728.5 DOCUMENT DATE: 03/30/93  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Executive Office of the President  
Forest Service  
Agency for International Development

LAW AUTHORITY:  
Congressional Budget and Impoundment Control Act of 1974  
2 U.S.C. 681 et seq.  
B-250728.4 (1993)

BACKGROUND:

GAO reviewed three deferrals of budget authority included in the President's third special impoundment message for fiscal year 1993.

FINDINGS:

GAO found that the: (1) deferrals were in accordance with the Congressional Budget and Impoundment Control Act of 1974; and (2) unreported impoundment of budget authority reported to Congress is reported in the President's special message.

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TITLE: Exchange Programs: Observations on International Educational,  
Cultural, and Training Exchange Programs  
ACCESSION NUMBER: 148821 RPTNO: T-NSIAD-93-7  
DOCUMENT DATE: 03/23/93 DOCUMENT TYPE: Testimony  
DOCUMENT CLASS: P,U

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GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Department of Defense  
United States Information Agency  
Department of Education

LAW AUTHORITY:

Support for Eastern European Democracy Act of 1989 (SEED)  
Freedom Support Act  
National Security Education Act of 1991  
Executive Order 12048

BACKGROUND:

GAO discussed the federal government's support for international educational, cultural, and training exchange programs, focusing on the: (1) number and types of international exchange programs; (2) extent of duplicative or fragmented programs; (3) extent of program coordination and oversight; and (4) legal requirements that inhibit program flexibility. GAO noted that: (1) in 1992, 16 agencies spent about \$660 million for about 80 international exchange programs for 41,000 participants; (2) the Agency for International Development, which trained about 14,000 participants and had program costs totalling \$330 million, and the United States Information Agency (USIA), which had about 15,000 participants and spent about \$198 million had the largest nonmilitary international training and exchange programs; (3) the Department of Defense spent \$44.5 million on its International Military Education and Training Program which provided military skills and other defense-related training to over 6,000 foreign military and selected civilian personnel; (4) although international exchange program duplication, overlap, and fragmentation has increased due to legislation, it is not a serious problem; (5) USIA has not fulfilled its mission of providing interagency coordination or oversight and agencies have not conducted adequate program evaluations; and (6) legislation authorizing international exchange programs generally contained few restrictions and allowed adequate program flexibility, but some provisions created administrative problems, operational ineffectiveness, and management flexibility limitations.

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TITLE: [Protest of AID Rejection of Bid for Technical Assistance]  
ACCESSION NUMBER: 148829                      BNUMBER: B-251375  
DOCUMENT DATE: 03/22/93                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development  
R-N-R Consulting Co.

LAW AUTHORITY:

F.A.R. 52.215-10  
B-246686 (1992)

BACKGROUND:

A firm protested the Agency for International Development's (AID) rejection of its late bid for computer and audio-visual equipment. The protester contended that AID improperly determined that its bid was late, since it timely submitted the bid to a commercial courier. GAO held that AID properly rejected the protester's late bid, since it failed to follow the solicitation instructions. Accordingly, the protest was denied.

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**TITLE:** [Protest of AID Contract Award for Emergency Medical Evacuation  
Services Insurance]  
**ACCESSION NUMBER:** 148907                      **BNUMBER:** B-245571.5  
**DOCUMENT DATE:** 01/26/93                      **DOCUMENT TYPE:** Decision  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel

**ORGANIZATION CONCERNED:**  
Agency for International Development  
International SOS Assistance, Inc.  
MEDEX Assistance Corp.

**LAW AUTHORITY:**  
B-243450 (1991)  
B-237060.2 (1990)  
71 Comp. Gen. 481

**BACKGROUND:**

A firm protested an Agency for International Development (AID) contract award for emergency medical evacuation services insurance, contending that AID: (1) failed to adequately evaluate bids in accordance with the solicitation's technical evaluation criteria; (2) improperly determined that the bids were technically equal; and (3) improperly awarded the contract, since its bid was technically superior. GAO held that AID properly: (1) evaluated the bids in accordance with the solicitation's evaluation criteria; (2) determined that the bids were technically equal, since there was no significant difference in the technical bids; and (3) awarded the contract to the low bidder. Accordingly, the protest was denied.

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**TITLE:** Aid to Kenya: Accountability for Economic and Military Assistance Can  
Be Improved  
**ACCESSION NUMBER:** 148547                      **RPTNO:** NSIAD-93-57  
**BNUMBER:** B-250021                      **DOCUMENT DATE:** 01/25/93  
**DOCUMENT TYPE:** Chapter Report                      **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development  
Department of Defense  
Republic of Kenya  
Agency for International Development: Office of Regional Housing and  
Urban Development  
Republic of Kenya: Nairobi City Commission  
Republic of Kenya: Ministry of Finance

**LAW AUTHORITY:**  
Foreign Assistance Act  
P.L. 102-266  
106 Stat. 92  
P.L. 102-229  
Arms Export Control Act  
Agriculture Trade Development and Assistance Act of 1954  
P.L. 83-480  
H.R. 5757 (102nd Cong.)

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the effectiveness of the Agency for International Development's (AID) and the Department of

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Defense's (DOD) accountability and control procedures over economic and military assistance programs to Kenya, focusing on: (1) how the Kenyan government controlled and used U.S. aid; and (2) the adequacy of program controls.

FINDINGS:

GAO found that: (1) between 1986 and 1991, the United States transferred approximately \$125 million in cash and commodities to Kenya to generate local currency; (2) local currency funds remained vulnerable to misuse or diversion due to weaknesses in AID monitoring and documentation controls over program expenditures, withdrawals, and use; (3) AID strengthened its policy guidance for local currency accountability, however, guidelines for existing local currency programs remained vague; (4) AID lacked adequate oversight over whether local currency fund expenditures were meeting program objectives; (5) since 1969, the United States has made guaranteed low-income housing improvement loans totalling \$50 million; (6) delinquent housing loan repayments and the growing insolvency of the housing programs have delayed funding for other ongoing U.S. programs; (7) a local Kenyan government board was responsible for delays in food aid distribution; (8) since 1987, the United States has provided \$47.3 million in military aid to Kenya; (9) Kenyan inventory controls over U.S. supplied military equipment were often weak and inadequate; and (10) there was a lack of integration between the Kenyan Army helicopter unit and the rest of the Kenyan Army and uncertainty existed about the potential use of U.S.-supplied helicopters.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should direct the AID mission in Nairobi to determine which provisions of the 1991 policy guidance on local currency accountability could be applied to agreements currently in effect without renegotiation with the Kenyan government and apply these accordingly.

The Administrator, AID, should direct the Regional Housing and Urban Development Office (RHUDO) to follow up on its May 1991 recommendations to the Nairobi City Commission (NCC) designed to maintain the Umoja II housing project and to identify any further requirements to ensure continued viability.

RHUDO should work with the Ministry of Finance to ensure prompt repayment of outstanding U.S. housing guaranty loans.

RHUDO should work with NCC to strengthen the collection policies at the Umoja II housing site and to review mortgage payments to determine the best interest rate for recovering costs while still meeting the goal of providing affordable housing.

The Secretary of Defense should direct the Security Assistance Office (SAO) in Kenya to assist the Kenya military in strengthen controls over inventory, especially for munitions and other sensitive items. At a minimum, SAO should provide a training mechanism for sharing U.S. inventory techniques with appropriate Kenyan military personnel and encourage logistics training through the International Military Education and Training program.

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TITLE: Major Issues Facing a New Congress and a New Administration

ACCESSION NUMBER: 148279

RPTNO: T-OCG-93-1

DOCUMENT DATE: 01/08/93

DOCUMENT TYPE: Testimony

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the Comptroller General

ORGANIZATION CONCERNED:

Department of Defense

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Agency for International Development  
Occupational Safety and Health Administration  
Pension Benefit Guaranty Corporation  
Federal Aviation Administration  
National Aeronautics and Space Administration  
Department of Veterans Affairs  
Department of Energy  
Department of Commerce  
Forest Service  
Department of the Army: Corps of Engineers  
Department of the Interior  
Department of Health and Human Services  
Department of Education  
Internal Revenue Service

LAW AUTHORITY:

Chief Financial Officers Act of 1990  
Endangered Species Act of 1973  
Clean Water Act of 1977  
Credit Reform Act of 1990 (Federal)  
S. 20 (102nd Cong.)  
Federal Deposit Insurance Corporation Improvement Act of 1991

BACKGROUND:

GAO discussed the series of reports concerning the major issues facing the new Congress and the new President. GAO noted that: (1) important issues included the budget deficit, investment, and long-term economic growth; (2) because of defense budget reductions and changing world events, there is a \$150 billion gap between Department of Defense planned projects and budgetary resources; (3) escalating health care costs have created a crisis in funding for many social programs and reforms, as well as long-term strategies to contain costs; (4) education and training services are highly fragmented and reform is needed to help students make the transition from school to work, provide employment and training assistance to economically disadvantaged workers, and assist dislocated workers; (5) investment is needed in the government's infrastructure, particularly in the areas of surface transportation, air traffic control and airline competition, and nuclear and nonnuclear energy; (6) a sound financial system and mutually beneficial international trade are essential to the national economy's stability and productivity; and (7) other important issues include strengthening social programs, strengthening core functions of government, changing government management, clarifying accountability and creating a results-oriented environment, having access to reliable financial and program data, emphasizing a long-term mission, and reforming the budget process and agency structures.

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TITLE: Foreign Assistance: AID's Private-Sector Assistance Program at a Crossroads

ACCESSION NUMBER: 148062

RPTNO: NSIAD-93-55

BNUMBER: B-249938

DOCUMENT DATE: 12/11/92

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

Office of Management and Budget

Trade Promotion Coordinating Committee

Agency for International Development: Bureau for Private Enterprise

AID/ICA/IDCA

**LAW AUTHORITY:**

Foreign Assistance Act of 1961  
Foreign Assistance Act of 1973  
P.L. 93-189

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) efforts to assist private sector growth in developing countries, focusing on: (1) the extent of the AID commitment to private sector development; (2) the results, sustainability, and impact of AID private sector assistance on the poor; and (3) the orientation of AID assistance for the future.

**FINDINGS:**

GAO found that: (1) since 1981, AID has become committed to assisting developing countries move away from state-led economic models to private sector economic models; (2) AID devoted nearly \$1.3 billion or 25 percent of its fiscal year 1991 program funds to serve private sector development programs; (3) private sector program constraints included the need to address competing priorities, an inability to control allocations, a lack of private sector specialists, and an agency-wide lack of private-sector-oriented skills; (4) host country cooperation, the elimination of institutional barriers, sufficient resources, technical assistance, and staff expertise provided the most positive program results; (5) AID missions were supported by cash grants and technical assistance aimed at privatizing government-held enterprises, increasing competitiveness of indigenous businesses, and improving financial markets; (6) AID has not developed a specific model to replace development financing institutions in addressing the credit needs of underserved populations; (7) AID had difficulty in creating institutions that would continue to support private sector growth when donor assistance ends; (8) AID increased attention to private sector growth could detract attention from programs targeted for the poor; (9) private sector development did not directly or indirectly benefit poor people; (10) AID private sector programs advanced open markets where all firms had an opportunity to prosper; (11) AID lacked the ability to adequately advance U.S. business interests; and (12) reallocating funds, staff, and mission goals to advance direct U.S. business interests would likely detract from other AID initiatives and goals.

**RECOMMENDATIONS TO AGENCIES**

AID has begun a process to gain broad-based consensus and a clear articulation on the agency's role and mission for the post-Cold War era. If, at the conclusion of this process, private sector development remains a high priority for the agency, the Administrator, AID, should make a clear commitment to building commensurate staff expertise by: (1) hiring staff with private sector skills; and (2) instituting a formal training program to increase the private sector orientation and skills of specialists in other sectors.

To reinforce existing trends within AID that will maximize the impact of the agency's private sector assistance, the Administrator, AID, should focus technical assistance on removing institutional obstacles to private sector development, such as unfavorable regulatory environments, inadequate financial systems, and lack of business expertise.

Before proceeding with private sector development projects, the Administrator, AID, should ensure that sufficient resources are available to enhance the potential for long-term success and that the host government has demonstrated the political will to cooperate in

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eliminating institutional obstacles to private-sector operations.

The Administrator, AID, should further emphasize sustainability in private sector project design and evaluation, particularly the development of self-sustaining institutions.

The Administrator, AID, should work with Congress and the others members of the Trade Promotion Coordinating Committee, including the Office of Management and Budget, to define the role, if any, that AID should play in directly advancing U.S. commercial interests in developing countries.

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TITLE: [AID Authority to Pay Employee Claims for Personal Property Loss]  
ACCESSION NUMBER: 148137 BNUMBER: B-246211.2  
DOCUMENT DATE: 12/07/92 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Agency for International Development  
Agency for International Development: Office of the Inspector General

LAW AUTHORITY:  
Military Personnel and Civilian Employees' Claims Act of 1964  
Foreign Assistance Act of 1961  
22 U.S.C. 2396(b)  
Claims Act (Employees)  
31 U.S.C. 3721(b)  
Mutual Security Act of 1954  
Executive Order 10893  
H. Rept. 89-382  
H. Rept. 100-1037  
P.L. 88-558  
78 Stat. 767  
P.L. 100-565  
102 Stat. 2833  
H. Rept. 96-858  
31 U.S.C. 3221(b)  
22 U.S.C. 1931(d)  
P.L. 96-519  
94 Stat. 3031  
B-188968 (1978)

BACKGROUND:

The Agency for International Development (AID) requested a decision regarding the extent of its authority to pay employees' and contractors' employees claims for personal property losses. GAO held that AID was not authorized to pay: (1) employees' claims exceeding \$40,000; and (2) the claims of non-government employees merely because it wished to treat them in the same manner as its own employees. Accordingly, AID was not authorized to pay the claims.

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TITLE: Transition Series  
ACCESSION NUMBER: 148244 DOCUMENT DATE: 12/92  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the Comptroller General

ORGANIZATION CONCERNED:  
Department of Transportation  
Federal Aviation Administration

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Office of Management and Budget  
Department of Defense  
Federal Deposit Insurance Corporation  
Resolution Trust Corporation  
Department of Commerce  
Department of Agriculture  
Department of State  
United States Information Agency: Voice of America  
Internal Revenue Service  
Agency for International Development  
National Aeronautics and Space Administration  
Department of Commerce: Bureau of Economic Analysis  
Government-Wide

BACKGROUND:

This is a series of transition reports on major federal policy, management, and program issues facing agency heads, Congress, and the new presidential administration.

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TITLE: Foreign Economic Assistance Issues  
ACCESSION NUMBER: 148269 RPTNO: OCG-93-25TR  
DOCUMENT DATE: 12/92 DOCUMENT TYPE: Letter Report  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the Comptroller General  
ORGANIZATION CONCERNED:  
Agency for International Development  
LAW AUTHORITY:  
Foreign Assistance Act of 1961

BACKGROUND:

Pursuant to a congressional request, GAO summarized issues relating to foreign economic assistance, focusing on: (1) a reassessment of the goals and rationale for foreign economic assistance; (2) management accountability in aid programs; (3) the Agency for International Development's (AID) work-force planning system; and (4) effective information resource management and financial management and accounting systems.

FINDINGS:

GAO noted that: (1) the federal government needs to comprehensively reexamine foreign assistance goals and objectives, and AID needs to clearly articulate its strategic mission; (2) AID lacks a strong centralized policy and priority-setting mechanisms and systems to ensure the accountability of its decentralized units; (3) AID has not systematically planned for its work-force needs, and many AID employees lack the skills they need to perform their responsibilities; (4) AID information resource management include undefined information needs, duplicate data, redundant, outdated, and unintegrated information systems, and nonexistent or inadequate support, standards, and procedures; and (5) serious problems in AID accounting and financial reporting systems hinder its appropriations tracking, property control and inventory, and resource tracking.

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TITLE: AID Management: EEO Issues and Protected Group Underrepresentation  
Require Management Attention  
ACCESSION NUMBER: 148038 RPTNO: NSIAD-93-13  
BNUMBER: B-249283 DOCUMENT DATE: 11/23/92  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:

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National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Equal Employment Opportunity Commission

LAW AUTHORITY:

Civil Rights Act of 1964  
Foreign Service Act of 1980  
EEOC Management Directive 707  
EEOC Management Directive 714  
Civil Service Reform Act of 1978

BACKGROUND:

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) compliance with equal employment opportunity (EEO) and affirmative action requirements, focusing on: (1) women and minority representation by job category, major occupation, and grade level; (2) an AID recruitment strategy to ensure women and minorities were hired at representative rates; (3) AID assignment and promotion practices' impact on EEO groups; and (4) AID development of EEO and affirmative action monitoring processes.

FINDINGS:

GAO found that: (1) in AID professional, administrative, technical, clerical and other (PATCO) job categories, women and minorities were underrepresented in 22 of 40 categories and in the AID foreign service workforce, EEO groups were underrepresented in 12 of 20 categories; (2) in major occupational categories, EEO groups, except black males, were underrepresented in 44 of 80 categories; (3) at senior grade levels, EEO groups were underrepresented in 25 of 40 civil service categories, and in 53 of 80 foreign service categories; (4) AID did not have a formal written plan for recruiting and hiring underrepresented EEO groups; (5) external recruitment efforts focused mainly on black and Hispanic institutions; (6) AID internal recruitment efforts comprised of two foreign service programs leading to career candidate status; (7) AID internal recruitment efforts were not integrated into its affirmative action plan; (8) most EEO groups were hired at representative rates for entry level positions in both services, while mid-level position rates were mixed; (9) AID did not meet its numerical hiring goals for underrepresented occupations from 1989 to 1991; (10) most EEO groups were adversely affected by AID civil service hiring procedures, but not by foreign service procedures; (11) AID did not routinely collect and analyze data to determine the adverse impact of hiring procedures or attempt to ascertain if adverse impact was due to inadequate recruitment efforts or to agency selection procedures; (12) all EEO groups, plus white males, were adversely affected by AID assignment and promotion practices, and AID did not follow Equal Employment Opportunity Commission (EEOC) requirements for briefing promotion panels; (13) a minority recruitment advisory group and an EEO task force assumed the func\*

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should develop a detailed Federal Equal Opportunity Recruitment Program plan that focuses the agency's attention on underrepresented groups and integrates the agency's external and internal recruitment efforts.

The Administrator, AID, should ensure that external and internal recruitment activities are coordinated with the agency's affirmative action plan.

The Administrator, AID, should prepare analyses of PATCO categories with substantially elevated protected group representation levels to determine how better balance might be achieved across job series.

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- The Administrator, AID, should routinely collect and analyze selection data for evidence of adverse impact at each step in the hiring process and determine whether any actual adverse impact is related to bona fide affirmative action efforts.
- The Administrator, AID, should modify or validate those selection procedures where adverse impact not related to bona fide affirmative action efforts is found.
- The Administrator, AID, should routinely collect and analyze assignment and promotion data for evidence of adverse impact and determine whether any actual adverse impact is related to bona fide affirmative action efforts.
- The Administrator, AID, should modify or validate those selection procedures where adverse impact not related to bona fide affirmative action efforts is found.
- The Administrator, AID, should restrict the use of limited career extensions as AID officials have indicated they would be.
- The Administrator, AID, should require that EEO briefings emphasize that selection panel members must only consider merit-based factors in their deliberations.
- The Administrator, AID, should incorporate specific action items from the agency's affirmative action plan in senior managers' performance contracts.
- The Administrator, AID, should develop a work force profile format that uses representation indexes and tables showing the extent of underrepresentation by PATCO category, major occupation, and grade level.
- The Administrator, AID, should ensure that senior- and mid-level managers are informed of EEOC criteria for setting representation goals and the current benchmark data being used by AID.

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TITLE: Foreign Assistance: Cost Reductions Possible From Improved Cash Transfer Management  
ACCESSION NUMBER: 147948 RPTNO: NSIAD-93-58  
BNUMBER: B-249954 DOCUMENT DATE: 11/18/92  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
Foreign Assistance and Related Programs Appropriation Act, 1987  
P.L. 99-591  
100 Stat. 3341  
Foreign Operations, Export Financing, and Related Programs  
Appropriation Act, 1990  
P.L. 101-167  
103 Stat. 1195  
P.L. 102-391  
Foreign Operations, Export Financing, and Related Programs  
Appropriation Act, 1993

BACKGROUND:  
Pursuant to a congressional request, GAO assessed the Agency for International Development's (AID) management of legislatively required separate accounts under its foreign economic assistance program.

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**FINDINGS:**

GAO found that: (1) AID does not always retain cash transfer funds in the U.S. Treasury for as long as possible to minimize costs; (2) foreign governments are able to earn interest on cash transfer funds which, under the applicable grant agreements, they can use for the same purposes as the principal; (3) under other AID grant programs, such interest would have to be repaid; (4) Israel has earned about \$162.9 million in interest, and Poland has earned about \$31.3 million in interest on AID grant funds; (5) options to improve AID cash management include direct AID payments for debts or reimbursements for imports and depositing cash transfer funds in separate accounts with the interest accruing to the United States; and (6) AID was unaware of the extent to which its disbursements were excess to the recipients' needs and to which recipients earned interest on cash grants.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, should: (1) require the use of whichever lower cost option is consistent with the purpose and objectives of each transfer; (2) justify any exemption from the use of the lower cost option on a case-by-case basis; and (3) adopt standardized requirements for periodic reporting on the status of separate accounts to AID headquarters in Washington.

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**TITLE:** East European Energy: Prospects for Improvement in Albania's Energy Sector

ACCESSION NUMBER: 148104

RPTNO: NSIAD-93-27

BNUMBER: B-250217

DOCUMENT DATE: 11/04/92

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development  
Socialist Republic of Albania

**BACKGROUND:**

Pursuant to a congressional request, GAO provided information on: (1) trends and problems related to Albania's energy production, imports, and use; (2) Albania's plans to address its energy problems; (3) the effect of foreign trade and investment on Albania's energy sector; and (4) U.S. and international efforts to assist Albania's energy and business sectors.

**FINDINGS:**

GAO found that: (1) Albania's declining energy production threatens its' economic development; (2) Albania has abundant oil, gas, and coal resources, but energy resource production has declined due to a lack of suitable port facilities and outside access to pipelines, poor mining conditions, a lack of financial resources needed for energy imports, outdated and obsolete mining equipment and spare parts, insufficient insulation and glass for buildings and residential homes, reduced exports due to the political turmoil in Yugoslavia, and an inadequate distribution system; and (3) Albania relies on hydroelectric plants to generate most of its electricity and recent droughts have also decreased power exports and production; GAO also found that: (1) Albania plans to modernize and expand its oil, gas, coal, and electricity industries by raising energy prices; (2) Albania plans to acquire new extraction technology to exploit coal resources and is interested in importing coal from Europe and the United States; (3) Albania has raised energy prices to reduce state subsidies and encourage efficiency; (4) Albania is moving away from a centrally planned government to a local enterprise level; (5) Albania is attempting to gradually privatize its economy to help attract foreign businesses through

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joint ventures, and reduce the size of its public sector; (6) impediments to foreign investment in Albania included decentralization and privatization process difficulties, a lack of financial resources to finance trade or investment, a lack of legislation protecting foreign investment, an unresolved political situation, and the population's unfamiliarity with a market economy; and (7) Albania's long term economic outlook is positive because of a low wage, educated work force, the countr\*

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TITLE: Impoundment Control: President's 104th Special Message for Fiscal Year 1992

ACCESSION NUMBER: 147915

RPTNO: OGC-93-2

BNUMBER: B-246096.15

DOCUMENT DATE: 11/03/92

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

Office of Management and Budget

LAW AUTHORITY:

Congressional Budget and Impoundment Control Act of 1974

2 U.S.C. 681 et seq.

Credit Reform Act of 1990 (Federal)

P.L. 101-508

104 Stat. 388

P.L. 101-513

104 Stat. 1979

P.L. 102-266

P.L. 102-145

105 Stat. 968

106 Stat. 92

Cong. Rec. [138] H2028

BACKGROUND:

GAO reported on one deferral of budget authority that the President proposed for rescission in his 104th special impoundment message.

FINDINGS:

GAO found that the deferral was in accordance with the Congressional Budget and Impoundment Control Act of 1974. GAO noted that: (1) the total amount of budget authority was \$24,664,000, not \$47,801,000, as the message reported; (2) the Office of Management and Budget released \$14,986,000 of the amount withheld from obligation, and the Agency for International Development (AID) had obligated all but \$2.5 million of the funds by September 30, 1992; and (3) AID did not obligate \$2.5 million in funds because of a legislative restriction, but it later concluded that those funds would be available through fiscal year 1993.

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TITLE: [Protest of AID Contract Award for Policy Reform Project]

ACCESSION NUMBER: 147937

BNUMBER: B-248603.2

DOCUMENT DATE: 10/30/92

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

Abt Associates, Inc.

MetaMetrics Inc.

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LAW AUTHORITY:

B-241849 (1991)  
41 U.S.C. 235a(b)(1)  
F.A.R. 15.605(e)  
B-244383.4 (1991)  
55 Comp. Gen. 715  
71 Comp. Gen. 177  
B-247631 (1992)

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for foreign project assistance services, contending that AID: (1) conducted an unreasonable technical evaluation based on undisclosed evaluation criteria; (2) unreasonably evaluated employees' capabilities; and (3) failed to conduct meaningful discussions regarding its bid weaknesses. GAO held that AID: (1) reasonably excluded the protester's technical proposal; (2) properly considered whether the protester's employee would hinder its mission; and (3) lack of meaningful discussions did not prejudice the protester. Accordingly, the protest was denied.

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TITLE: Foreign Disaster Assistance: AID Has Been Responsive but Improvements Can Be Made  
ACCESSION NUMBER: 148064 RPTNO: NSIAD-93-21  
BNUMBER: B-249955 DOCUMENT DATE: 10/26/92  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Office of Management and Budget  
Agency for International Development: Office of U.S. Foreign Disaster Assistance

LAW AUTHORITY:

Foreign Assistance Act of 1961  
P.L. 94-161  
22 U.S.C. 2292 et seq.  
Agricultural Trade Development and Assistance Act of 1954  
P.L. 101-624  
Foreign Operations, Export Financing, and Related Programs Appropriation Act, 1991

BACKGROUND:

GAO reviewed the effectiveness of the Agency for International Development's (AID) Office of U.S. Foreign Disaster Assistance (OFDA).

FINDINGS:

GAO found that: (1) OFDA is viewed as responsive and effective by officials from relief agencies, the United Nations, and other donors; (2) OFDA lack of a work-force plan hindered its effectiveness; (3) OFDA operates under a number of constraints that impede disaster responses; (4) since 1983, OFDA annual obligations have exceeded annual disaster assistance appropriations; (5) OFDA relies on special appropriations and borrowed funds from other AID accounts to fund its activities; (6) AID policies that link OFDA activities with ongoing development programs are unclear; (7) certain operational differences between OFDA and AID regional bureaus and missions impede the full integration of these activities; and (8) OFDA officials have advocated nonpolitical humanitarian assistance and made a good-faith effort to ensure that assistance is provided equitably.

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RECOMMENDATIONS TO AGENCIES

- The Administrator, AID, should develop a work-force plan for OFDA to ensure that its headquarters and field staffing needs are clearly identified and documented, and on the basis of a thoroughly justified work-force plan, request that the Office of Management and Budget authorize adequate staffing levels for OFDA.
- The Administrator, AID, should require that OFDA perform or arrange for regular evaluations of its disaster responses and require grantees of larger OFDA programs to conduct program evaluations.
- The Administrator, AID, should develop and submit realistic disaster relief budget requests that reflect the agency's best estimates of funding needs for the period involved.
- The Administrator, AID, should direct AID officials to conduct an evaluation of how AID can better integrate disaster assistance and country development programs.
- The Administrator, AID, should finalize and implement an updated agency policy on linking longer term development activities with the delivery of disaster assistance. This policy should specifically discuss responsibility for long-term disasters and include provisions for direct linkages between the regional bureaus and the Bureau for Food and Humanitarian Assistance in planning and implementing the prevention, mitigation, and preparedness, disaster assistance, and development activities.

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TITLE: [Protest of AID Contract Award for Project Support Services]  
ACCESSION NUMBER: 147847 BNUMBER: B-249065  
DOCUMENT DATE: 10/21/92 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Agency for International Development  
Chemonics International  
GIC Agricultural Group

LAW AUTHORITY:  
B-238646.3 (1990)  
F.A.R. 9.501  
F.A.R. 9.504  
B-235906.2 (1989)  
4 C.F.R. 21.2  
B-244110 (1991)  
Competition in Contracting Act of 1984  
31 U.S.C. 3554(b)(2)  
4 C.F.R. 21.6(d)(1)

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for project support services, contending that AID: (1) should have barred the awardee from competing due to an organizational conflict of interest; (2) incorrectly evaluated the awardee's bid; and (3) improperly concluded that the awardee's bid was the best value. GAO held that: (1) AID failed to promptly mitigate the awardee's conflict of interest, which arose when the awardee prepared a report defining the required project; and (2) since that portion of the protest had merit, it would not consider the other protest issues. Accordingly, the protest was sustained, and GAO recommended that AID: (1) reopen the competition after resolving the awardee's organizational conflict of interest; (2) submit a copy of the

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awardee's report to the protester; (3) reevaluate proposals and award the contract to the offerer representing the best value to the government; and (4) reimburse the protester for its protest costs.

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**TITLE:** Foreign Service: Agencies Use Various Criteria for Granting Limited Career Extensions

ACCESSION NUMBER: 147875

RPTNO: NSIAD-93-19

BNUMBER: B-250320

DOCUMENT DATE: 10/15/92

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Department of State: Foreign Service

Department of Commerce

Department of Agriculture

United States Information Agency

Agency for International Development

**LAW AUTHORITY:**

Foreign Service Act of 1980

P.L. 96-465

22 U.S.C. 4001 et seq.

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed Foreign Service agencies' use of limited career extensions, focusing on: (1) whether limited career extension grants complied with applicable laws and policies; (2) the number and percentage of eligible employees granted extensions; and (3) how extensions affected promotion opportunities for employees in lower pay grades.

**FINDINGS:**

GAO found that: (1) although the agencies generally complied with applicable laws and regulations, they had differing policies and practices for granting limited career extensions, in particular regarding eligibility requirements; (2) the Department of State mistakenly dropped the law's rank order requirement in 1990, but subsequently reinstated it in its policy; (2) the Agency for International Development (AID) did not always follow its policy to grant extensions only to individuals whom its selection board had considered and recommended, or its selection board's rank order of candidates in granting extensions; (3) although the number and percentage of extensions varied by agency, all agencies except one granted extensions to over half their eligible personnel, with State and AID granting the most extensions because they had larger pools of eligible candidates; (4) State and AID have revised their policies to reduce the number of extensions they grant; and (5) extensions limited promotion opportunities by restricting access to the top salary grades.

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**TITLE:** [Protest of AID Contract Award for Technical Assistance Services]

ACCESSION NUMBER: 147782

BNUMBER: B-246071.4

DOCUMENT DATE: 10/09/92

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

Office of the General Counsel

**ORGANIZATION CONCERNED:**

Labat-Anderson, Inc.

Agency for International Development

Chemonics International

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LAW AUTHORITY:

71 Comp. Gen. 252  
B-236834.9 (1991)  
4 C.F.R. 21  
65 Comp. Gen. 92  
B-241530.2 (1991)  
69 Comp. Gen. 284  
B-242767.2 (1991)  
B-232640 (1989)  
B-245999.2 (1992)  
B-246232 (1992)  
B-244939.2 (1992)  
B-247150.2 (1992)  
B-246249 (1992)  
B-239672.4 (1991)

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for technical assistance services, contending that AID: (1) improperly excluded its proposal from the competitive range; and (2) failed to conduct meaningful discussions with it. GAO held that AID: (1) properly excluded the protester's technically unacceptable bid from the competitive range; and (2) conducted meaningful discussions with the protester. Accordingly, the protest was denied.

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TITLE: Information Resources Management: Initial Steps Taken But More Improvements Needed in AID's IRM Program

ACCESSION NUMBER: 147635 RPTNO: IMTEC-92-64  
BNUMBER: B-249404 DOCUMENT DATE: 09/29/92  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Information Management and Technology Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Foreign Assistance Act of 1961  
Paperwork Reduction Act of 1980  
44 U.S.C. 3502(13)  
OMB Circular A-130

BACKGROUND:

GAO reviewed the Agency for International Development's (AID) information resources management (IRM) program, focusing on: (1) whether the program meets federal IRM quality criteria; and (2) strategic IRM planning efforts to address IRM deficiencies and requirements.

FINDINGS:

GAO found that: (1) the AID IRM program attempts to provide quality information to support agency operations and fulfill reporting requirements; (2) the AID management framework is inadequate to support an effective IRM program; (3) both the Senior AID IRM Official and IRM Director lack the proper authority to enforce agency-wide IRM compliance, and are constrained in meeting IRM objectives; (4) problems which inhibit AID from implementing a quality IRM program include a lack of a specific agency strategic mission, inadequate planning process links to agency business plans and user input, a budget process separate from IRM plan initiatives, and IRM initiatives which are not coordinated to assist in implementing IRM goals; (5) AID policies and standards are outdated, inadequate, and not centrally managed, and lack controls, accountability

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and training to ensure implementation of IRM initiatives; (6) AID managers have a lack of understanding regarding the purpose or benefits of IRM; (7) information management has received a low priority, resulting in poor data administration and failure to identify information requirements and technology needs; and (8) AID has made progress in acquiring information technology, but the lack of IRM initiatives and identification of information requirements creates questions about its ability to meet its information needs.

RECOMMENDATIONS TO AGENCIES

- To better ensure that information resources are managed to meet agency mission and business needs, the Administrator, AID, should develop a functional business plan to provide the agency with a framework for conducting IRM.
- To better ensure that information resources are managed to meet agency mission and business needs, the Administrator, AID, should formalize the designation of the AID Senior IRM Official and assign agency-wide leadership for IRM to this official.
- To better ensure that information resources are managed to meet agency mission and business needs, the Administrator, AID, should direct the Senior IRM Official to establish an effective management structure by: (1) formalizing its IRM planning process so that it includes systematic participation by all levels of the organization; (2) requiring that at least major organizations, such as missions and bureaus, develop IRM plans based on the AID business plan and strategic IRM plan; (3) ensuring coordination of initiatives for effective plan implementation; and (4) linking to the agency budget process. At a minimum, this linkage should include a funding plan that supports IRM at a level commensurate with expressed agency commitment to improving IRM operation.
- To better ensure that information resources are managed to meet agency mission and business needs, the Administrator, AID, should direct the Senior IRM Official to establish an effective management structure by placing priority on developing, updating, and consolidating policies and standards to guide users of information resources.
- To better ensure that information resources are managed to meet agency mission and business needs, the Administrator, AID, should direct the Senior IRM Official to establish an effective management structure by educating agencywide decision makers on the benefits of IRM initiatives and holding them accountable for implementing these initiatives.
- To ensure that information requirements are driving the agency's technology investment, the Administrator, AID, should direct the IRM organization to focus its efforts and resources on completing initiatives to identify information needs. Once these information needs are determined, the agency can best determine what hardware systems and software applications are required to address them.

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TITLE: Foreign Assistance: Promising Approach to Judicial Reform in Colombia  
ACCESSION NUMBER: 147587 RPTNO: NSIAD-92-269  
BNUMBER: B-249318 DOCUMENT DATE: 09/24/92  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Republic of Colombia  
Agency for International Development

AID/ICA/IDCA

Republic of Colombia: Foundation for Higher Education

BACKGROUND:

Pursuant to a congressional request, GAO reviewed judicial reform assistance to Colombia.

FINDINGS:

GAO found that: (1) from 1986 through 1990, the Agency for International Development (AID) used small projects managed by a private Colombian foundation to build consensus among the judiciary, the executive branch, and the private sector on the importance of judicial reform, an approach that was different from those used in two Central American countries; (2) the design of the Courts of Public Order was the most visible successful project while the most significant impact was the commitment of key officials on the need to reform; (3) in August 1991, the two governments signed a 6-year, \$36-million grant agreement to implement further judicial reform, with initial funding based on the Colombian government's commitment to reform; (4) U.S. officials established a multiagency approach to judicial reform by coordinating activities of different U.S. agencies' programs; (5) to succeed, judicial reform programs must be an embassy priority for proper management and coordination, which is dependent on the ambassador's management style; (6) recognizing the need for a comprehensive approach to judicial reform, Colombia ratified a new constitution that established an independent judiciary, procedural improvements, modern and independent means for investigating and prosecuting criminal acts, oversight agencies, and protection of citizens' human rights; and (7) the AID project will complement the three goals of Colombia's judicial reform program by focusing on improving the judicial sector's organization and planning capabilities, improving the investigation and prosecution of crimes while ensuring judicial protection, and the investigation of corruption and human rights violations, and improving the operation, administration, and independence of the courts.

RECOMMENDATIONS TO AGENCIES

To ensure maximum effectiveness and efficiency of U.S. funds, the Administrator, AID, in conjunction with the U.S. Ambassador in Bogota, should establish criteria and set targets or benchmarks for measuring the Colombian government's progress in implementing its reform plans and base additional disbursements on assessments of the government's progress in meeting these goals.

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TITLE: Small Business: Federal Agencies' Contracting Goals for Women-Owned Businesses

ACCESSION NUMBER: 147608

RPTNO: T-RCED-92-95

DOCUMENT DATE: 09/17/92

DOCUMENT TYPE: Testimony

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Resources, Community, and Economic Development Division

ORGANIZATION CONCERNED:

Small Business Administration  
Agency for International Development  
Environmental Protection Agency  
Department of Energy  
Department of Transportation  
Government-Wide

LAW AUTHORITY:

Executive Order 12138

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Small Business Act  
Clean Air Act Amendments of 1990  
Surface Transportation Uniform Relocation Assistance Act of 1987  
Airport and Airway Safety and Capacity Expansion Act of 1987  
Intermodal Surface Transportation Efficiency Act of 1991

**BACKGROUND:**

GAO discussed federal agencies' establishment and achievement of contracting goals for women-owned small businesses. GAO noted that: (1) for fiscal year (FY) 1992, the Small Business Administration (SBA) conducted negotiations on contracting goals for women-owned small businesses with 57 executive branch departments and agencies and established goals with 43 agencies; (2) contracting goals ranged from 0.3 percent to 35 percent, totalling about \$2.4 billion, about 1.4 percent of the estimated total \$172.6 billion in prime contract awards; (3) SBA can not legally require those agencies to meet the negotiated goals; (4) 14 of 17 major federal procurement agencies met or exceeded the contracting goals for FY 1990, awarding about 97 percent of all the federal contracts awarded to women-owned small businesses; and (5) federal agencies generally did not require independent verification that small businesses are actually owned by women for procurement qualification purposes. GAO also noted that, in FY 1991, among agencies with legislative requirements to set-aside contracting funds for disadvantaged businesses, the: (1) Department of Transportation awarded \$646.3 million to women-owned small businesses; (2) Department of Energy awarded at least 10 percent of Superconducting Super Collider project funds to disadvantaged businesses, but it could not determine how much of those funds went to women-owned small businesses; (3) Agency for International Development awarded about \$32 million to women-owned businesses; and (4) Environmental Protection Agency awarded about \$14.3 million to women-owned businesses.

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**TITLE:** Agency for International Development: The Minority Shipping Program  
Is Constrained by Program Requirements

ACCESSION NUMBER: 147430 RPTNO: NSIAD-92-304  
BNUMBER: B-248115 DOCUMENT DATE: 09/01/92  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development

**LAW AUTHORITY:**  
Small Business Act  
P.L. 83-480

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) program to award contracts under section 8(a) of the Small Business Act, focusing on whether: (1) AID 8(a) program criteria limited the number of contracts available for 8(a) firms; (2) the program enhances the competitive viability of 8(a) firms; and (3) proposed new program requirements comply with the Small Business Act and federal procurement regulations.

**FINDINGS:**

GAO found that: (1) AID 8(a) shipping program criteria restricted contract opportunities for 8(a) firms, and some of the criteria were unreasonable; (2) because of the great variability in the type and timing of shipments that AID handles, it cannot make long-term commitments to 8(a) firms, and therefore cannot promote the competitive viability of the firms; and (3)

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because AID guidelines did not comply with the applicable laws and regulations, AID has added two requirements that bring its program into compliance.

RECOMMENDATIONS TO AGENCIES

Given past AID difficulty in meeting its voluntary 8(a) contracting goal for minority shippers, the Administrator, AID, should increase the number of potential 8(a) contract opportunities by lifting the tonnage ceiling for 8(a) cargoes.

Given past AID difficulty in meeting its voluntary 8(a) contracting goal for minority shippers, the Administrator, AID, should increase the number of potential 8(a) contract opportunities by issuing procedures that ensure 8(a) firms are given the opportunity to use foreign-flag vessels whenever possible.

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TITLE: [Protest of AID Contract Award for Technical Assistance]  
ACCESSION NUMBER: 147470 BNUMBER: B-246071.5  
DOCUMENT DATE: 08/31/92 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
Labat-Anderson, Inc.  
Chemonics International

LAW AUTHORITY:  
4 C.F.R. 21.2(a)(2)  
B-236686.2 (1989)  
B-245233.5 (1992)  
B-238877.3 (1990)

BACKGROUND:

A firm protested an Agency for International Development contract award for technical assistance, contending that the awardee misrepresented the qualifications of a key employee. GAO held that the protester untimely filed its protest more than 10 working days after it obtained information regarding the protest issue. Accordingly, the protest was dismissed.

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TITLE: [Protest of AID Evaluation of Bid for Architect-Engineer Services]  
ACCESSION NUMBER: 147448 BNUMBER: B-248478  
DOCUMENT DATE: 08/21/92 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
ARTEL, Inc.  
Overseas Bechtel, Inc./Teleconsult, Inc.

LAW AUTHORITY:  
40 U.S.C. 541 et seq  
B-243277 (1991)  
Property and Administrative Services Act  
F.A.R. 36.602-1(a)  
F.A.R. 5.207(c)(2)  
AID A.R. 736.602-3(b)  
B-226714 (1987)

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B-244226 (1991)  
F.A.R. 15.610

**BACKGROUND:**

A firm protested the Agency for International Development's (AID) evaluation of its bid for an architect-engineer contract to assist with the expansion and upgrade of telecommunications systems, contending that AID improperly: (1) evaluated its past performance; (2) downgraded its bid for not adequately identifying key personnel; and (3) downgraded its bid due to a lack of demonstrated corporate Middle East experience. GAO held that AID: (1) reasonably evaluated the protester's qualifications and experience within the stated criteria; (2) properly evaluated the protester's bid's failure to specify key personnel; and (3) reasonably considered the protester's corporate Middle East experience. Accordingly, the protest was denied.

=====

**TITLE:** Aid to Nicaragua: U.S. Assistance Supports Economic and Social Development

**ACCESSION NUMBER:** 147154

**RPTNO:** NSIAD-92-203

**BNUMBER:** B-248306

**DOCUMENT DATE:** 08/14/92

**DOCUMENT TYPE:** Chapter Report

**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development

International Monetary Fund

Republic of Nicaragua

International Bank for Reconstruction and Development (World Bank)

**LAW AUTHORITY:**

Foreign Operations, Export Financing and Related Programs

Appropriation Act, 1989

P.L. 100-461

Food, Agriculture, Conservation and Trade Act of 1990

P.L. 101-624

P.L. 101-302

Foreign Assistance Act of 1961

**BACKGROUND:**

Pursuant to a congressional request, GAO provided information on aid to Nicaragua and the effectiveness and management of the program.

**FINDINGS:**

GAO found that: (1) the Agency for International Development's (AID) balance of payments support totalled \$265.5 million with \$75 million for debt payment assistance to international financial institutions; (2) AID financial assistance relies on implementation of predetermined economic reforms and AID Nicaraguan bank deposits have accrued \$6.7 million in interest; (3) preconditioned reforms include changing to a market economy, unifying exchange rates, stabilizing public revenues, and reducing fiscal debt; (4) U.S. assistance contributed to the reduction of Nicaraguan inflation and the resolution of \$303.2 million in debts to the World Bank and International Monetary Fund (IMF); (5) future assistance from IMF and other banks totals \$450 million; (6) additional investment promotion and economic growth measures involve settling property disputes and resolving political conflicts; (7) continued U.S. assistance depends upon the settlement and guarantee of rights of an estimated 150 U.S. outstanding expropriated property claims; (8) 9 of 18 projects were immediate-impact projects involving providing schoolbooks and pharmaceuticals; (9) the remaining 9 long-term projects involve natural resource management and

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strengthening democratic institutions; (10) settlement of the estimated 20,000 former resistance members and their dependents was delayed due to problems in demobilization and repatriation, the government's failure to provide enough land, and an increase of beneficiaries to 117,500; and (11) U.S. aid for the resettlement of resistance members totalled \$28.8 million with an additional \$10.9 million for program expansion and additional \$2.8 million to mediate disputes between the resistance and the government.

RECOMMENDATIONS TO CONGRESS

To ensure that it is adequately apprised of the steps being taken by any foreign government to provide relief to any U.S. citizen whose property has been seized or expropriated, Congress may wish to consider amending section 620(e) of the Foreign Assistance Act of 1961 to require the President to report to Congress the factual basis for any conclusion that the foreign government has taken or is taking the appropriate steps to provide such relief.

RECOMMENDATIONS TO AGENCIES

To ensure that U.S. assistance does not exceed the amount intended by Congress, the Administrator, AID, should revise the policy for structuring grant agreements for cash transfers held in Federal Reserve accounts to minimize the cost of providing assistance to other countries.

The Administrator, AID, should direct the AID mission in Nicaragua to: (1) make timely evaluations of projects; and (2) complete appropriate evaluations before projects are extended.

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TITLE: East European Energy: Romania's Energy Needs Persist  
ACCESSION NUMBER: 147510 RPTNO: NSIAD-92-257  
BNUMBER: B-249121 DOCUMENT DATE: 08/04/92  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Republic of Romania  
Department of Commerce

BACKGROUND:

Pursuant to a congressional request, GAO provided information on Romania's efforts to reform and modernize its energy sector, focusing on: (1) trends and problems related to energy production and imports; (2) energy needs and planned recourse steps; (3) factors inhibiting U.S. trade and investment in the Romanian energy sector; and (4) U.S. and international efforts to assist Romania in developing its energy sector.

FINDINGS:

GAO found that: (1) the decrease of Romanian domestic and imported energy resources has created energy shortages; (2) Romanian electricity, oil, and gas production have experienced declines of up to 25 percent, which is attributable to the lack of modern extraction technology and depletion of energy reserves; (3) political disruptions in the mining community, a lack of mining equipment and technology, and insufficient investment capital resulted in a 53-percent decline in coal production; (4) as a result of the 1991 Persian Gulf War, Romania did not receive \$1.7 billion in debt payments from Iraq in the form of crude oil shipments; (5) revitalization of Romania's oil, gas and coal industry requires foreign trade and investment; (6) solutions to the declines in energy production involve decentralizing state-owned oil and gas industries, joint exploration and production with western companies, and procurement of funds and related

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equipment; (7) reorganization of the electricity industry, development of power plant construction and modernization projects, diversification of foreign suppliers, and international joint ventures and capital investments are needed to revitalize the power generation and oil refining industries; and (8) U.S. and international efforts to assist Romania's energy sector include the Agency for International Development's \$1.6-million energy improvement program, funding for power generation projects, a Department of Commerce liaison to facilitate business contacts, and international loans.

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TITLE: [Request for Reconsideration of Protest of AID Contract Award]  
ACCESSION NUMBER: 147279                      BNUMBER: B-246736.4  
DOCUMENT DATE: 07/30/92                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Daniel F. Young, Inc.  
Agency for International Development  
Fritz Companies, Inc.

LAW AUTHORITY:  
B-246736 (1992)  
4 C.F.R. 21.12(a)  
4 C.F.R. 21.0(a)  
B-240426.6 (1991)  
B-245146 (1991)  
B-241151.2 (1991)  
F.A.R. 15.610(a)(1)  
22 C.F.R. 201.65(h)  
F.A.R. 15.609(a)  
F.A.R. 19.702(a)  
F.A.R. 15.601

BACKGROUND:

A firm requested reconsideration of a sustained protest against an Agency for International Development (AID) contract award for freight forwarding services. GAO had held that: (1) AID unreasonably concluded that the other bidders could not make their bids technically equal to the awardee's without substantial revisions; and (2) AID improperly allowed only the awardee to revise its bid. GAO recommended that AID: (1) reopen the procurement and hold discussions with all bidders in the competitive range; and (2) reimburse the protester for its protest costs. In its request for reconsideration, the awardee contended that: (1) the protester was not an interested party, since it was not in line for award; (2) AID was not required to hold discussions with the protester; and (3) AID did not hold discussions with it, but merely asked for clarification of its bid. GAO held that: (1) the protester was an interested party, since it was in line for award; (2) it would only consider issues raised in the original protest; and (3) since the awardee modified its bid prior to award, AID was required to hold discussions with all other bidders in the competitive range. Accordingly, the original decision was affirmed.

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TITLE: [Protest of AID Contract Award for Insurance Carrier]  
ACCESSION NUMBER: 147064                      BNUMBER: B-247896  
DOCUMENT DATE: 07/02/92                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

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ORGANIZATION CONCERNED:

Agency for International Development  
American International Global  
CIGNA Worldwide Companies

LAW AUTHORITY:

4 C.F.R. 21.2(a)(1)  
B-237860 (1990)  
B-237128.2 (1989)

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for an insurance carrier, contending that AID failed to provide sufficient information for it to submit a competitive bid. GAO held that the protester untimely filed after bid opening its protest regarding alleged solicitation improprieties. Accordingly, the protest was dismissed.

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TITLE: Foreign Assistance: Combating HIV/AIDS in Developing Countries

ACCESSION NUMBER: 146936

RPTNO: NSIAD-92-244

BNUMBER: B-247649.2

DOCUMENT DATE: 06/19/92

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

H.R. 2621 (102nd Cong.)

H.R. 2508 (102nd Cong.)

P.L. 102-145

BACKGROUND:

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) response in developing countries to the human immunodeficiency virus (HIV), the virus that causes acquired immune deficiency syndrome (AIDS), to assess: (1) the priority AID places on AIDS prevention; (2) the AID implementation strategy; (3) whether AID has evaluated the disease's impact on its other development programs; and (4) the management, implementation, and oversight of the AIDS Technical Support Project.

FINDINGS:

GAO found that: (1) in 1987, AID issued AIDS policy guidance that stated that missions should not mount large AIDS-specific programs because the disease is a sensitive subject and funds and staff are needed for other priorities; (2) the AID policy has evolved substantially since 1987, but AID has not formulated an agencywide strategy which links its policy with bureau and mission operations; (3) AID has not considered the impact of AIDS on its economic development programs; and (4) AID has not developed an agencywide strategy for carrying out AIDS prevention policies or emphasized AIDS issues in programming and budgeting decisions.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should expedite the completion of the planned study to examine the effects of HIV/AIDS on overall development.

The Administrator, AID, should update the 1987 policy, develop an agencywide strategy for implementing this policy, and formally incorporate HIV/AIDS issues into program and budget planning processes.

The Administrator, AID, should: (1) confirm a list of priority countries for HIV/AIDS prevention assistance under AIDS Control and Prevention (AIDSCAP); (2) develop a standardized set of indicators for use in

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evaluating program impact; and (3) seek ways for satisfying the increased demand for condoms expected to be generated by the AIDSCAP project.

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TITLE: Foreign Assistance: AID's Implementation of Expired Appropriation Account Legislation

ACCESSION NUMBER: 146640

RPTNO: NSIAD-92-189BR

BNUMBER: B-248164.2

DOCUMENT DATE: 05/20/92

DOCUMENT TYPE: Briefing Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Department of Defense Authorization Act, 1991

P.L. 101-510

OMB Bull. 91-07

OMB Circular A-34

P.L. 102-266

P.L. 102-145

BACKGROUND:

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) implementation of the National Defense Authorization Act for fiscal year (FY) 1991, focusing on: (1) AID actions to preserve funds that otherwise would have been cancelled; and (2) issues related to the obligation and expenditure of no-year if obligated funds provided to AID in its annual appropriation acts since FY 1987.

FINDINGS:

GAO found that: (1) the act revised the rules governing federal agencies' management of fixed-year appropriations whose period of availability had ended; (2) AID pursued and received a presidential waiver to extend the deadlines for closing out its M accounts for FY 1984 and before; (3) before the waiver was granted, AID was concerned that legislation would not provide it sufficient time to disburse \$420 million in its M accounts for FY 1984 and before and it developed a contingency plan to shield the funds in its FY 1983 and prior M accounts from legislation; (4) AID planned to use its legislative authority to deobligate annual appropriations and reobligate them as current-year funds, allowing AID an additional 5 years to spend those funds; (5) AID sought the inclusion of a legislative waiver in its FY 1992 appropriation bill to extend the deadline for closing portions of its M accounts for FY 1985 and FY 1986, but the waiver has not been granted and AID plans to close its accounts for FY 1985 to FY 1988 in accordance with statutory requirements; (6) about 85 percent of the AID appropriations for FY 1987 to FY 1991 are in the form of no-year if obligated funds, causing no-year if obligated funds to grow from about 76 percent of total AID FY 1987 appropriations to about 88 percent of total AID FY 1991 appropriations; (7) AID obligated virtually all of its no-year if obligated appropriations during FY 1987 to FY 1991, causing no-year if obligated funds to grow from about \$2.6 billion at the end of FY 1987 to \$7.8 billion at the end of FY 1991; and (8) AID has made little use of its ability to deobligate funds from troubled projects and reobligate the funds for higher priority programs or projects.

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TITLE: [Protest of AID Contract Award for Fisheries Project]

ACCESSION NUMBER: 146704

BNUMBER: B-243777.3

DOCUMENT DATE: 05/19/92

DOCUMENT TYPE: Decision

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DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Sierra Technology and Resources, Inc.  
RDA International, Inc.  
Agency for International Development

LAW AUTHORITY:

- NKF Engineering Co, v. United States 805 F.2d 372 (Fed. Cir. 1986)
- 65 Comp. Gen. 104
- B-233369.2 (1989)
- 66 Comp. Gen. 388
- B-243693 (1991)
- F.A.R. 3.601
- B-211755 (1984)
- B-244228 (1991)
- B-238655 (1990)
- B-226775 (1987)
- 4 C.F.R. 21.2(a)
- B-235906.3 (1990)
- B-239252.3 (1990)
- B-241530.2 (1991)
- B-236964 (1990)
- B-229967 (1988)
- F.A.R. 15.610(c)(2)
- B-238689 (1990)
- B-241169.2 (1991)
- B-220965 (1986)
- 67 Comp. Gen. 314
- B-240265.2 (1990)
- 4 C.F.R. 21.3(m)(5)
- B-246472 (1991)
- B-233085.2 (1989)
- B-239469.3 (1990)
- 64 Comp. Gen. 245
- B-240311.2 (1990)

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for a fisheries project, contending that: (1) the awardee had an unfair competitive advantage; and (2) AID was biased against it. GAO held that: (1) the protester failed to present evidence that the awardee's employee had access to any procurement-sensitive information that was unavailable to other offerors; (2) the allegation that the awardee gained an unfair competitive advantage was speculative; (3) AID reasonably provided the protester with written questions about its proposal, which the protester conceded were covered during oral discussions; and (4) it would not review an affirmative responsibility determination, unless the protester could provide evidence of fraud or bad faith. Accordingly, the protest was denied in part and dismissed in part.

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TITLE: [Protest of AID Contract Award for Freight Forwarding Services]  
ACCESSION NUMBER: 146672 BNUMBER: B-246736,B-246736.2,B-246736.3  
DOCUMENT DATE: 05/13/92 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:

AID/ICA/IDCA

Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
Fritz Companies, Inc.  
Daniel F. Young, Inc.

LAW AUTHORITY:  
F.A.R. 3.104-11  
B-241534 (1991)  
B-242283.4 (1991)  
B-238610.2 (1990)  
B-245128 (1991)  
F.A.R. 19.702(a)  
B-238305 (1990)  
F.A.R. 52.219-8  
Small Business Act  
15 U.S.C. 637(d)(6)  
F.A.R. 19.704  
Office of Federal Procurement Policy Act  
41 U.S.C. 423

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for freight forwarding services, contending that: (1) AID improperly made award based on initial bids; (2) allowed the awardee to modify its bid without conducting discussions with other bidders; and (3) the awardee's proposed subcontractor violated provisions regarding foreign government representation. GAO held that: (1) AID unreasonably concluded that the other bidders could not make their bids technically equal to the awardee's without substantial revisions; (2) AID improperly allowed the awardee to materially revise its bid without providing that opportunity to the other bidders; and (3) the subcontractor's compliance with foreign government representation provisions concerned contract administration, which it would not consider. Accordingly, the protests were dismissed in part and sustained in part, and GAO recommended that AID: (1) reopen the procurement and hold discussions with all bidders in the competitive range; and (2) reimburse the protester for its protest costs.

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TITLE: Aid to Panama: Improving the Criminal Justice System  
ACCESSION NUMBER: 146678 RPTNO: NSIAD-92-147  
BNUMBER: B-247666.2 DOCUMENT DATE: 05/12/92  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Department of Justice  
Agency for International Development  
Department of State  
Republic of Panama  
Republic of Panama: National Police  
Republic of Panama: Judicial Technical Police

LAW AUTHORITY:  
Foreign Assistance Act of 1961  
P.L. 102-140

BACKGROUND:

Pursuant to a congressional request, GAO reviewed U.S. efforts to assist Panama in reforming its criminal justice system by: (1) developing professional police forces; (2) creating an independent judiciary; and (3)

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improving prison conditions.

FINDINGS:

GAO found that: (1) as of March 1992, the Department of Justice's International Criminal Investigative Training Assistance Program (ICITAP) had provided \$13.2 million in economic support funds, and \$9.3 million in military assistance funds to help equip, train, and professionalize Panama's National Police and Judicial Technical Police; (2) although the Panamanian government has made progress in professionalizing its police forces, several problems still remain, including poor pay, few benefits, lack of public confidence in the police, turnover of police leadership, and politicization of the police forces; (3) the lack of Panamanian financial resources devoted to the police could hinder the National Police and the Judicial Police from becoming self-sufficient and effective; (4) on March 8, 1991, the Agency for International Development (AID) signed a 5-year, \$12-million agreement to assist Panama in improving its administration of justice; (5) as of November 1991, AID had spent or committed \$2.1 million to repair the Panamanian Supreme Court building, purchase office supplies and equipment, hold workshops, and support several other projects and activities; (6) although Panama has begun to increase financial support for fiscal year (FY) 1992, enact legislation, and make administrative reforms to improve the judicial system, the court system is clogged with a backlog of cases, suspects are detained for long periods awaiting trial, prosecutorial authorities weaken the legal guarantees of defendants, suspects lack access to adequate legal representation, and administrative courts operate outside the judicial system; and (7) U.S. assistance for corrections has been minimal, since legislation prohibits the use of foreign assistance funds for prisons.

RECOMMENDATIONS TO AGENCIES

Before a U.S. financial commitment to ICITAP is made for FY 1993, and for each FY thereafter, the Secretary of State should direct the U.S. Ambassador to Panama to obtain from the Panamanian government, a demonstration of Panama's resolve and capability to provide resources adequate to enable the program to succeed so that the U.S. government investment in the program will not be wasted.

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TITLE: [Claim for Reimbursement for Protest Costs]  
ACCESSION NUMBER: 146575 BNUMBER: B-245571.4  
DOCUMENT DATE: 05/08/92 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
World Access, Inc.  
MEDEX Assistance Corp.  
Agency for International Development

LAW AUTHORITY:  
4 C.F.R. 21.3(c)  
F.A.R. 15.609(c)  
GSBCA 8589-P  
B-241097 (1991)

BACKGROUND:

A firm claimed reimbursement for its protest costs relating to an Agency for International Development (AID) contract award for emergency evacuation services. GAO held that the claimant was not entitled to reimbursement, since it: (1) did not timely protest the AID failure to timely notify it of the elimination of its bid from the competitive range; and (2) was not

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prejudiced by the delayed notification. Accordingly, the claim was denied.

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TITLE:	Poland and Hungary: Economic Transition and U.S. Assistance		
ACCESSION NUMBER:	146445	RPTNO:	NSIAD-92-102
BNUMBER:	B-247267	DOCUMENT DATE:	05/01/92
DOCUMENT TYPE:	Chapter Report	DOCUMENT CLASS:	P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Department of State  
Agency for International Development  
Polish People's Republic  
Hungarian People's Republic

LAW AUTHORITY:  
Support for East European Democracy Act of 1989 (SEED)  
P.L. 101-179

BACKGROUND:

GAO reviewed: (1) economic conditions in Poland and Hungary; and (2) the effectiveness of U.S. assistance to those countries.

FINDINGS:

GAO found that in response to the rapidly changing political and economic conditions in Poland and Hungary, the United States has developed a short-term, experimental economic assistance approach based on assumptions that: (1) assistance would be required for only a 5-year transitional period; (2) regional rather than country-specific funding allocations would enhance program flexibility; and (3) program planning, implementation, and management authority would be retained at headquarters agencies rather than delegated to U.S. personnel in-country. GAO also found that: (1) although Poland and Hungary have both undertaken such essential economic stabilization efforts as tightening fiscal and monetary policies, devaluing currency, and reducing the growth of debt, the short-term costs of those reforms have been high; (2) foreign trade and investment, considered key factors for restructuring and revitalizing the Polish and Hungarian economies, have not met donors' or the host countries' expectations; (3) despite the benefits of initial U.S. efforts, the effectiveness of future U.S. assistance could be impeded because the program has not been adjusted to reflect changes in the recipients' economic and political conditions; (4) the Department of State's decision to retain program management authority and responsibility created some management problems among the United States and recipient countries; and (5) the U.S. approach to allocating funds in Central and Eastern Europe hinders the host countries' ability to plan their programs.

RECOMMENDATIONS TO AGENCIES

The Secretary of State should, in consultation with other administration officials, direct that the U.S. assistance program be restructured to recognize the longer-term needs of Poland and Hungary.

To enable recipient governments to better plan and prioritize their assistance needs, the Administrator, Agency of International Development, should specify funding targets on a country-specific basis, except for those sectors such as the environment where needs are clearly of a regional nature. The United States should present the funding targets as a planning objective that would depend upon the country's performance, in order to continue encouraging the efficient use of funds and ensure the funds are not seen by the recipient countries as firm commitments.

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**TITLE:** Foreign Assistance: Management Problems Persist at the Agency for  
International Development  
**ACCESSION NUMBER:** 146729 **RPTNO:** T-NSIAD-92-31  
**DOCUMENT DATE:** 05/01/92 **DOCUMENT TYPE:** Testimony  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development

**LAW AUTHORITY:**  
Foreign Assistance Act of 1961

**BACKGROUND:**

GAO discussed the Agency for International Development's (AID) management problems. GAO noted that AID: (1) has such serious, persistent accountability and control problems as limited monitoring of field operations, a lack of standard accountability requirements for overseas missions, and financial and information management system weaknesses, that make its programs vulnerable to fraud, waste, and abuse; (2) increasingly relies on contractors and other third parties to deliver economic assistance, but has only limited ability to ensure assistance delivery, control, and accountability; (3) emphasizes the process of programming foreign assistance, rather than program effectiveness; (4) has not clearly defined responsibilities, and various headquarters offices perform overlapping duties; (5) lacks a work-force planning system, and its work force lacks the skills required to meet its current needs; (6) financial management systems can not match disbursements with outstanding obligations or produce auditable financial statements; (7) information resources management systems do not support decisionmaking and control; (8) announced an initiative to correct some of the key problems, but did not define a comprehensive strategic management plan; (9) lacks a process for prioritizing programs or for linking planning and goal-setting to strategies, budget, and accountability; and (10) has established working groups to solve key management problems, but still lacks a clearly articulated strategic direction.

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**TITLE:** Foreign Assistance: Evaluation of Aid to the Hungarian National  
Assembly  
**ACCESSION NUMBER:** 146417 **RPTNO:** PEMD-92-13  
**BNUMBER:** B-247030 **DOCUMENT DATE:** 04/29/92  
**DOCUMENT TYPE:** Letter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Program Evaluation and Methodology Division

**ORGANIZATION CONCERNED:**  
State University of New York, Albany, NY: Center for Legislative  
Development of State  
Agency for International Development

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the Democratic Institution Building in Hungary project, which is an Agency for International Development (AID) funded program at a U.S. university.

**FINDINGS:**

GAO found that: (1) the university project has been beneficial to the Hungarian National Assembly and the university conducted its activities in the face of substantially difficulties; (2) tension between the two principal goals of the project, the university goal of assisting the

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parliament by building a Hungarian infrastructure for legislative development through long-term assistance to academics and members of Parliament and staff and the U.S. government's goal of providing timely, short-term assistance directly to the National Assembly on behalf of the United States, has been a major difficulty; (3) the university has completed the tasks described in its agreement with AID and has gone beyond those requirements to conduct valuable assistance activities for the Hungarian government; (4) the university successfully focused the attention of some academics and members of Parliament on issues that affect the viability of the National Assembly as an institution; (5) the contractually required needs prepared by the university early in the program were not adequate to serve as a clear guide to later activities; (6) university activities complement the efforts of the House Special Task Force to develop infrastructure for parliamentary democracy in Hungary; and (7) the Task Force is providing nonpartisan, short-term assistance directly to the National Assembly and the university efforts, also nonpartisan, are longer term and intended to assist the parliament indirectly.

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**TITLE:** Impoundment Control: President's Third Special Message for Fiscal Year 1992

ACCESSION NUMBER: 146425

RPTNO: OGC-92-8

BNUMBER: B-246096.7

DOCUMENT DATE: 04/20/92

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

Office of the General Counsel

**ORGANIZATION CONCERNED:**

Executive Office of the President

Office of Management and Budget

Forest Service

Agency for International Development

Department of Housing and Urban Development

**LAW AUTHORITY:**

Congressional Budget and Impoundment Control Act of 1974

**BACKGROUND:**

GAO reported the status of budget authority that the President proposed for rescission in his third special impoundment message for fiscal year 1992, but for which Congress has not passed a rescission bill.

**FINDINGS:**

GAO found that the Office of Management and Budget made available for obligation all funds that the President had proposed for rescission, since Congress failed to complete action on a rescission bill.

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**TITLE:** [AID OIG Purchase of Bottled Water for Employees]

ACCESSION NUMBER: 146408

BNUMBER: B-247871

DOCUMENT DATE: 04/10/92

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

Office of the General Counsel

**ORGANIZATION CONCERNED:**

Agency for International Development

Agency for International Development: Office of the Inspector General

**LAW AUTHORITY:**

2 Comp. Gen. 776

B-236330 (1989)

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40 C.F.R. 141.11  
56 Fed. Reg. 16548  
56 Fed. Reg. 26469

BACKGROUND:

The Agency for International Development (AID) requested a decision regarding whether the Office of Inspector General (OIG) could use appropriated funds to pay for a commercial bottled drinking water service for its employees, since the water available in its building's plumbing system was discolored, had an unusual color and taste, and contained elevated lead levels. GAO held that OIG could use appropriated funds to purchase the bottled water for AID employees until it: (1) adequately corrects its building's water problems; and (2) proves that the building's water is safe. Accordingly, OIG could use appropriated funds to purchase bottled drinking water.

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TITLE: Foreign Assistance: A Profile of the Agency for International Development  
ACCESSION NUMBER: 146164 RPTNO: NSIAD-92-148  
BNUMBER: B-247671 DOCUMENT DATE: 04/03/92  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
Foreign Assistance Act of 1961

BACKGROUND:

GAO reported on its ongoing general management review of the Agency for International Development (AID), focusing on the: (1) organizational structure of AID District of Columbia headquarters (AID/W) and the type and number of AID overseas offices; (2) scope and composition of bilateral economic assistance that AID administers; (3) allocation of resources among AID offices; and (4) composition of the AID work force and distribution among agency management and program functions.

FINDINGS:

GAO found that: (1) AID has a highly decentralized organizational structure, with a headquarters staff in the District of Columbia and missions in more than 70 foreign countries; (2) in 1991, the Administrator initiated a major reorganization of AID/W to improve agency management, but the reorganization did not affect AID offices overseas; (3) in fiscal year (FY) 1990, activities comprised 38 percent of the international affairs budget, but AID does not have total control over administered funds, as illustrated by its direct transfer of \$1.2 billion to Israel; (4) AID had 1,680 active projects in FY 1990, with three-fourths of the projects administered by AID overseas missions and offices, and the remaining administered by AID/W; (5) AID activities involve economic support, bilateral development assistance, food assistance, multilateral development banks, the Peace Corps, military financing and training, and foreign information and exchange activities; (6) in FY 1990, AID obligated \$6.1 billion for project and program expenses, but also had obligated but not expended \$8.3 billion in prior years; and (7) the AID work force is comprised of U.S. and foreign national direct hires and personal services contractors.

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TITLE: Impoundment Control: President's Third Special Message for FY 92  
ACCESSION NUMBER: 146187 RPTNO: OGC-92-5

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BNUMBER: B-246096.4                      DOCUMENT DATE: 03/25/92  
DOCUMENT TYPE: Letter Report            DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
Forest Service  
Department of Housing and Urban Development  
Executive Office of the President  
LAW AUTHORITY:  
Congressional Budget and Impoundment Control Act of 1974  
2 U.S.C. 681 et seq.

**BACKGROUND:**

GAO reviewed the President's third special impoundment message for fiscal year 1992.

**FINDINGS:**

GAO concluded that the proposed rescission and two deferrals were in accordance with the Congressional Budget and Impoundment Control Act of 1974. GAO provided: (1) specific information on the two deferrals which would be useful to Congress in examining the message; and (2) a list of the proposed rescission and deferrals reported by the President.

=====

**TITLE:** AID Management: Strategic Management Can Help AID Face Current and Future Challenges

ACCESSION NUMBER: 145913                      RPTNO: NSIAD-92-100  
BNUMBER: B-247283                              DOCUMENT DATE: 03/06/92  
DOCUMENT TYPE: Letter Report                  DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
Foreign Assistance Act of 1961

**BACKGROUND:**

GAO provided information from its general management review of the Agency for International Development (AID), focusing on: (1) current AID efforts to introduce strategic management compared to a GAO model for strategic management developed for use in other agencies; and (2) persistent management problems and future challenges facing AID.

**FINDINGS:**

GAO found that AID: (1) has no clear priorities or meaningful direction due to significant and recurring management problems in its operations; (2) operations emphasized project design and obligation of funds more than program effectiveness and results, due partly to a budget cycle in which most funds are returned to the Treasury if not obligated in the year appropriated; (3) does not have a work force that reflects its current needs or a work-force planning system; (4) lacks an adequate financial and information resource management system; and (5) has not clearly defined responsibilities, and various AID headquarters offices perform redundant activities. GAO also found that: (1) AID has taken such steps to introduce strategic management as assigning management groups to tackle major weaknesses, and strengthening its evaluation resources and mission to better access and communicate program and management successes and shortcomings and provide meaningful feedback; and (2) despite those efforts, AID still lacks a clearly articulated strategic direction shared by key internal and external groups.

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RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should establish a strategic management process and take the steps necessary to identify key issues to be resolved and articulate a clear strategic direction shared by key internal and external groups. Establishing a strategic management process would include, among other things, ensuring that the systems for making management decisions on programs, budgets, operations, and personnel levels are integrated and include accountability and monitoring.

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TITLE: Foreign Aid: Police Training and Assistance  
ACCESSION NUMBER: 145909 RPTNO: NSIAD-92-118  
BNUMBER: B-247418 DOCUMENT DATE: 03/05/92  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development  
Department of Justice  
Department of State  
Department of Defense  
Federal Bureau of Investigation  
Drug Enforcement Administration

LAW AUTHORITY:  
Foreign Assistance Act of 1973  
P.L. 93-189  
87 Stat. 714  
Foreign Assistance Act of 1974  
P.L. 93-559  
88 Stat. 1795  
International Security and Development Cooperation Act of 1981  
P.L. 97-113  
95 Stat. 1519  
International Security and Development Assistance Authorization Act of 1983  
P.L. 98-151  
97 Stat. 968  
Aviation Security Improvement Act of 1990  
P.L. 101-604  
104 Stat. 3066  
International Security and Development Cooperation Act of 1985  
P.L. 99-83  
99 Stat. 190  
Foreign Assistance and Related Programs Appropriation Act, 1984  
97 Stat. 964  
International Narcotics Control Act of 1986  
P.L. 99-570  
100 Stat. 3207-60  
International Narcotics Control Act of 1988  
P.L. 100-690  
102 Stat. 4181  
International Narcotics Control Act of 1989  
P.L. 101-231  
103 Stat. 1954  
Foreign Operations, Export Financing and Related Programs  
Appropriation Act, 1988

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P.L. 100-202  
101 Stat. 1329-181  
International Narcotics Control Act of 1990  
P.L. 101-623  
104 Stat. 3352  
Urgent Assistance for Democracy in Panama Act of 1990  
P.L. 101-243  
104 Stat. 7  
Foreign Operations, Export Financing and Related Programs  
Appropriation Act, 1991  
P.L. 101-513  
104 Stat. 2060  
Foreign Assistance Act of 1961  
22 U.S.C. 2364

**BACKGROUND:**

Pursuant to a congressional request, GAO provided information on U.S. training and assistance provided to foreign law enforcement personnel, focusing on the: (1) legislative authority for providing training and assistance to foreign law enforcement agencies and personnel; (2) extent and cost of U.S. activities; and (3) opinions of academic and legal experts on current U.S. assistance to foreign police.

**FINDINGS:**

GAO found that: (1) Congress enacted legislation in 1973 and 1974 that prohibited the use of foreign economic or military assistance funds for police training and related programs in foreign countries, but subsequently granted numerous exemptions to permit assistance in some countries and in various aspects of police force development, including material and weapons support, force management, narcotics control, and counterterrorism tactics; (3) the 1974 prohibition did not apply to the use of funds by other such agencies as the Departments of Justice or Transportation to train or assist foreign law enforcement personnel; and (4) although some U.S. departments and agencies do not maintain data or regularly report on the total extent or cost of assistance they provide to foreign police, GAO identified 125 countries that received U.S. training and assistance for their police forces at a cost of at least \$117 million. GAO also found that current and former U.S. government officials and academic experts involved in assisting foreign police forces stated that the U.S. government lacks: (1) a clear policy on the role of U.S. assistance to police forces in the new and emerging democracies; (2) clearly defined program objectives; (3) a focal point for coordination and decision-making; and (4) a means for determining whether individual programs and activities support U.S. policy.

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**TITLE:** Foreign Assistance: AID's Population Program Evaluations Have Improved, but Problems Remain

ACCESSION NUMBER: 145891

RPTNO: NSIAD-92-48

BNUMBER: B-246273

DOCUMENT DATE: 02/21/92

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) population program evaluations, focusing on whether AID: (1) uses uniform indicators in evaluating its population programs' performance and impact; (2) has a system for measuring the impact

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of country-specific and agencywide population programs relative to program objectives; and (3) uses population assistance program evaluation results in making programming and funding decisions.

**FINDINGS:**

GAO found that AID took such steps to improve its population program evaluation process as: (1) establishing an evaluation mandate in its Office of Population; (2) making the Center for Development Information and Evaluation (CDIE) the focal point for analysis, monitoring, and evaluating program performance; (3) expanding its data base to provide more complete population assistance data; (4) establishing a data tracking system; and (5) developing a strategy to target resources to the most populous countries. GAO also found that: (1) although AID has taken steps to improve its population program evaluations, AID still experiences problems since it does not uniformly use a combination of various indicators to evaluate its population program; (2) although AID established an evaluation agenda to determine which long-term results were attributable to AID programs, it could not calculate the extent to which AID population programs accomplished agencywide program goals; (3) although the AID Administrator articulated the populations program's objectives, the Directors of the Office of Population and CDIE stated that those objectives would not effectively measure the program's impact, since measuring progress against the Administrator's objective would, for the most part, be technically inappropriate and not feasible; and (4) population assistance evaluations are not systematically linked to agencywide programming or funding decisions.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, should: (1) clarify whether the three population program objectives he articulated in November are intended to be operational and measurable program objectives and, if not, clearly articulate the program's operational objectives so that program results, impacts, and accomplishments can be measured against them; and (2) use the results of such evaluations in making agencywide programming and budgeting decisions.

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**TITLE:** [Protest of AID Contract Award for Technical Assistance]  
**ACCESSION NUMBER:** 145897 **BNUMBER:** B-246071,B-246071.2  
**DOCUMENT DATE:** 02/18/92 **DOCUMENT TYPE:** Decision  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel

**ORGANIZATION CONCERNED:**  
Labat-Anderson, Inc.  
Chemonics International  
Agency for International Development

**LAW AUTHORITY:**  
F.A.R. 15.605(e)  
F.A.R. 15.608(a)  
F.A.R. 15.606  
70 Comp. Gen. 578  
B-243018.2 (1991)  
B-241498 (1991)  
4 C.F.R. 21.6(d)(1)  
Competition in Contracting Act of 1984  
41 U.S.C. 253

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B-238773.3 (1990)

**BACKGROUND:**

A firm protested an Agency for International Development (AID) contract award for technical assistance, contending that AID: (1) improperly evaluated its bid; (2) failed to conduct meaningful discussions with it; (3) failed to amend the solicitation to reflect its actual needs; and (4) improperly conducted negotiations after best and final offers (BAFO). GAO held that AID: (1) improperly evaluated the protester's bid; and (2) failed to amend the solicitation to allow all bidders in the competitive range an opportunity to compete after it determined that an alternate approach was acceptable. Accordingly, the protest was sustained, and GAO recommended that AID: (1) amend the solicitation to provide bidders with a statement of the evaluation factors and to reflect the alternate approach; (2) request another round of BAFO; (3) terminate the awardee's contract and make award to the protester, if appropriate; and (4) reimburse the protester for its protest costs.

=====

**TITLE:** Israel: U.S. Loan Guaranties for Immigrant Absorption  
**ACCESSION NUMBER:** 145916 **RPTNO:** NSIAD-92-119  
**BNUMBER:** B-247481 **DOCUMENT DATE:** 02/12/92  
**DOCUMENT TYPE:** Letter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Department of State  
State of Israel  
Agency for International Development  
Office of Management and Budget  
Department of the Treasury  
U.S.-Israeli Joint Economic Development Group

**LAW AUTHORITY:**

P.L. 101-302  
Omnibus Budget Reconciliation Act of 1990  
P.L. 101-508

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the \$400-million housing loan guaranty program authorized for Israel to help it cope with the housing needs of Soviet immigrants, focusing on: (1) the impact of the guaranties on Israel's debt servicing capabilities; (2) whether Israel used the \$400-million loan guaranty in accordance with applicable agreements and understandings; (3) whether Israel is offering Soviet Jewish immigrants special incentives or subsidies to settle in occupied territories; and (4) whether Israel's basis for estimating the future immigration of Soviet Jews is reasonable.

**FINDINGS:**

GAO found that: (1) Israel is expected to certify in February 1992 that it used the loan guaranty to finance about 12,300 loans valued at \$425 million, as consistent with the provisions of the guaranty program; (2) although Israel encourages settlement in the occupied territories, it does not direct or require Soviet immigrants to settle there; (3) the Israeli government has reasonably estimated that one million Soviet Jews will immigrate to Israel during the current wave; (4) if the United States provides the additional \$10 billion requested by the Israeli government in loan guaranties, Israel will probably be able to fully service its external debt and continue its past record of payment; and (5) the additional loan to Israel involves more risk, but that risk could be minimized if it fully

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implements its major absorption plans.

RECOMMENDATIONS TO CONGRESS

If Congress decides to authorize the \$10 billion in loan guaranties for Israel, to be disbursed in \$2-billion annual increments, it may wish to consider requiring that, before the annual disbursements of the loan guaranties, the U.S. component of the U.S.-Israeli Joint Economic Development Group certify that Israel has: (1) made satisfactory progress in implementing needed structural reforms; and (2) followed the absorption plans' strategy and not significantly increased nondefense public sector employment or public works projects.

If Congress decides to authorize the \$10 billion in loan guaranties for Israel, to be disbursed in \$2-billion annual increments, it may wish to consider requiring that, at the time of each disbursement of loan guaranties, Israel either: (1) pay a fee to the U.S. Treasury in an amount equal to a set percentage of the loan loss reserves the Office of Management and Budget sets aside for the disbursement; or (2) place in escrow at the U.S. Treasury an amount equal to the loan loss reserves that the Office of Management and Budget sets aside for the disbursement.

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TITLE: [Protest of AID Rejection of Bid for Irrigation Management Project]  
ACCESSION NUMBER: 145597 BNUMBER: B-247160  
DOCUMENT DATE: 01/07/92 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development: Jakarta, Indonesia  
Morrison Knudsen Corp.

LAW AUTHORITY:

4 C.F.R. 21.2(a)  
B-243170 (1991)  
F.A.R. 15.412

BACKGROUND:

A firm protested the Agency for International Development's (AID) rejection of its late bid for a small scale irrigation management project, contending that AID actions in amending the solicitation did not allow it sufficient time to respond. GAO held that the protester untimely filed its protest more than 10 days after it knew of the basis for protest. Accordingly, the protest was dismissed.

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TITLE: Developing Country Debt: Debt Swaps for Development and Nature  
Provide Little Debt Relief  
ACCESSION NUMBER: 145399 RPTNO: NSIAD-92-14  
BNUMBER: B-242690 DOCUMENT DATE: 12/09/91  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Department of the Treasury  
International Bank for Reconstruction and Development (World Bank)

BACKGROUND:

Pursuant to a congressional request, GAO examined issues concerning debt swaps for development and nature, focusing on: (1) the number of developing countries that have participated in debt swaps, the extent to which debt

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swaps have reduced total external debt, and the number of programs that have been undertaken; (2) the advantages and disadvantages of debt swaps and the U.S. Agency for International Development's (AID) efforts to support private voluntary organizations (PVO) that participate in such swaps; and (3) whether the International Bank for Reconstruction and Development (World Bank) implemented the Department of the Treasury's April 1988 recommendations on debt-for-nature swaps.

FINDINGS:

GAO found that: (1) between 1987 and 1990, 13 countries completed 26 debt swaps, retiring debts totalling \$126 million; (2) PVO participation in debt swaps enhances developing countries' ability to raise funds and offers the prospect of providing additional funding for programs; (3) AID and Treasury officials reported that increases in the proportion of country debt have not caused a large increase in the price of the developing countries' debt on the secondary market; (4) debt swaps' advantages for debtor countries include the potential prospect of conserving foreign exchange resources through reduced debt service costs and environmental and development improvements; (5) debt swaps' disadvantages include inflationary impact, high debt prices, and the cost of servicing domestic bonds; (6) some economists believe that a debt swap makes sense only if a straight donation would not occur; and (7) the World Bank has not swapped any of its debt instruments, but has acted on four of the Treasury recommendations.

=====

TITLE: [Protest of AID Rejection of Bid for Fisheries Development]  
ACCESSION NUMBER: 145460 BNUMBER: B-244271.2  
DOCUMENT DATE: 12/09/91 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
RDA International, Inc.  
Agency for International Development  
Chemonics International Consulting Division  
Cecchi and Co.

LAW AUTHORITY:  
F.A.R. 15.1001  
66 Comp. Gen. 2

BACKGROUND:

A firm protested the Agency for International Development's (AID) rejection of its bid for fisheries development, contending that: (1) AID improperly excluded its bid from the competitive range; (2) AID improperly evaluated its cost proposal; and (3) the other bidders excluded a major project component from their cost proposals. GAO held that: (1) the protester's proposal was excluded from the competitive range based on both its low technical score and its high cost; (2) the protester failed to show that AID lacked a reasonable basis for awarding low evaluation scores, or that it included costs in its cost proposal that other bidders omitted; and (3) AID failure to notify the protester of its exclusion from the competitive range was a procedural defect that did not affect the award's validity. Accordingly, the protest was denied.

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TITLE: [AID Employee's Entitlement to Reimbursement for Airfare Expenses]  
ACCESSION NUMBER: 145380 BNUMBER: B-243712  
DOCUMENT DATE: 11/27/91 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

AID/ICA/IDCA

Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
Foreign Service Act of 1980  
P.L. 96-465  
22 U.S.C. 4081  
94 Stat. 2124  
FAM [6] 115  
FAM [6] 132.4  
FAM [3] 698  
FAM [6] 121.1-4  
55 Comp. Gen. 427

BACKGROUND:

The Agency for International Development (AID) requested a decision regarding an employee's claim for airfare expenses incurred incident to his wife's indirect travel to rest and recuperation locations other than the primary designated relief area. GAO held that: (1) travel regulations did not place limitations on travel routes or the number of stops or layovers to primary or alternate relief areas; and (2) AID should reimburse the claimant, since the claimant's wife's travel cost was less than the cost of one round trip to the primary designated area. Accordingly, the claim was allowed.

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TITLE: Impoundment Control: President's Seventh Special Message for FY 1991 and First Special Message for FY 1992  
ACCESSION NUMBER: 145296 RPTNO: OGC-92-3  
BNUMBER: B-246096.1 DOCUMENT DATE: 11/12/91  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Executive Office of the President  
Office of Management and Budget  
Agency for International Development  
Forest Service  
Social Security Administration  
Federal Aviation Administration  
Department of State: Bureau of Refugee Programs  
Department of Defense: Office of the Secretary: Office of Civil Defense

LAW AUTHORITY:

Congressional Budget and Impoundment Control Act of 1974  
2 U.S.C. 681 et seq.  
P.L. 102-55  
105 Stat. 290

BACKGROUND:

GAO reported on one deferral of fiscal year (FY) 1991 funds for international disaster assistance and seven deferrals of budget authority in the first special message for FY 1992.

FINDINGS:

GAO provided specific information on: (1) three of the deferrals which would be useful to Congress in examining messages, including information regarding one deferral that, due to an oversight, was not reported until September 30, 1991; and (2) a list of the deferrals as reported by the President. GAO found that the deferrals were in accordance with the

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Congressional Budget and Impoundment Control Act of 1974.

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TITLE: [Protest of AID Contract Award for Security Equipment]  
ACCESSION NUMBER: 145110 BNUMBER: B-244693,B-244693.2  
DOCUMENT DATE: 10/21/91 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Agency for International Development  
EG&G Astrophysics Research Corp.  
Worldwide Security Services, Inc.

LAW AUTHORITY:  
B-237486 (1990)  
B-239119 (1990)  
B-237826 (1990)  
B-238790.4 (1990)  
B-237248 (1990)  
B-240951 (1990)  
B-241531.2 (1991)

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for security equipment, contending that AID: (1) improperly rejected its bid; (2) failed to hold meaningful discussions with it; (3) improperly converted the competitive procurement into a sole-source procurement; and (4) improperly determined that its offered product did not meet AID needs, since its product was on another federal agency's qualified products list (QPL). GAO held that: (1) the protester's bid did not comply with material requirements; (2) AID held meaningful discussions with the protester; (3) AID did not convert its procurement method, since it properly determined that the awardee was the only bidder that met its needs; and (4) the inclusion of the protester's product on another agency's QPL did not mean that the protester's product met AID needs. Accordingly, the protest was denied.

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TITLE: Foreign Assistance: AID's Use of Personal Services Contracts Overseas  
ACCESSION NUMBER: 145031 RPTNO: NSIAD-91-237  
BNUMBER: B-244268 DOCUMENT DATE: 09/13/91  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
Property and Administrative Services Act  
Foreign Assistance Act of 1961  
OMB Circular A-76  
OMB Circular A-120  
S. Rept. 96-358  
F.A.R. 37.200  
31 U.S.C. 1114

BACKGROUND:

Pursuant to a congressional request, GAO examined the Agency for International Development's (AID) use of personal services contractors in carrying out its programs overseas, focusing on whether: (1) services and functions performed under personal services contracts (PSC) are

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appropriate; (2) AID discloses its use of PSC in budgetary and services reporting; and (3) AID ensures that personal services contractors do not have conflicts of interest.

FINDINGS:

GAO found that: (1) personal services contractors provided advice on program policy, assisted missions and host government institutions in financial and management operations, designed and implemented development projects, and provided specialized skills in various sectors; (2) although AID requires that personal services contractors be adequately supervised, it has not defined adequate supervision; (3) PSC files and interviews with contractors and their supervisors disclosed no instances where the contractors performed restricted functions; (4) although AID provides contract and consultant service data to Congress through the annual budget reporting process, AID is not required to and does not separately disclose in its congressional budget presentations the number and value of PSC or the types of services provided; (5) since AID does not define the circumstances under which personal services contractors should be considered consultants, AID consultant services reporting is inconsistent and not adequately supported; (6) although federal regulations do not provide specific conflict-of-interest guidance for personal services contractors, AID regulations subject them to the same requirements that apply to AID employees; and (7) AID contracting officers were responsible for ensuring that personal services contractors met such standards and did not have conflicts of interest, but AID officials were generally unaware of the requirement and it was not being enforced.

RECOMMENDATIONS TO AGENCIES

To help ensure that personal services contractors do not perform prohibited activities and are subject to adequate supervision and control of their employees, the Administrator, AID, should provide guidance on the requirements for supervising personal services contractors.

The Administrator, AID, should separately disclose in AID budget presentations to Congress its use of personal services contractors in support of overseas mission management and program activities.

The Administrator, AID, should clarify in what circumstances personal services contractors should be considered consultants.

The Administrator, AID, should require contracting officers to enforce agency regulations designed to ensure that: (1) apparent conflicts of interest involving personal services contractors, including any conflicts on active contracts, are identified and resolved; and (2) financial and post-employment disclosures are made.

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TITLE: Cambodia: AID's Management of Humanitarian Assistance Programs  
ACCESSION NUMBER: 144696 RPTNO: NSIAD-91-260  
BNUMBER: B-244720 DOCUMENT DATE: 08/28/91  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development  
Department of State  
World Vision  
United Nations: Children's Fund  
Khmer Republic (Cambodia)

LAW AUTHORITY:  
International Security and Development Cooperation Act of 1985

AID/ICA/IDCA

Dire Emergency Supplemental Appropriation Act, 1990  
P.L. 101-302  
P.L. 101-513

BACKGROUND:

Pursuant to a congressional request, GAO reviewed U.S. humanitarian assistance in areas of Cambodia controlled by the Phnom Penh government and in areas controlled by the Cambodian noncommunist resistance, focusing on whether the Agency for International Development (AID) can provide reasonable assurance that assistance to the resistance groups and others is being used efficiently and effectively and for the purposes intended by Congress.

FINDINGS:

GAO found that AID: (1) ability to account for assistance supplied to the Cambodian noncommunist resistance groups has improved, but it can not verify that all commodities supplied are necessary or used as intended, because officials observe only a few specific activities; (2) continues to rely heavily on largely unverifiable reports from the resistance groups to determine what commodities are needed and how they are used in Cambodia; (3) has almost no oversight of the use of the \$2 million in humanitarian assistance that Congress directed be provided to children in areas controlled by the Phnom Penh government; (4) has been unable to observe or monitor how the United Nations Children's Fund (UNICEF) is spending funds, and there are indications that some patients are being inappropriately charged for the AID-funded inoculations under the UNICEF program; (5) established bank accounts from which the resistance groups can withdraw funds for specifically approved purposes, but it did not thoroughly document its internal control systems and procedures or review vouchers submitted by the resistance; (6) awarded grants to World Vision and UNICEF without knowing whether their field organizations in Cambodia could meet AID accountability and delivery requirements; and (7) officials expressed concern about their inability to directly or indirectly monitor assistance in Cambodia and believe that grantees can take a more hands-on approach to managing the programs.

RECOMMENDATIONS TO AGENCIES

To increase accountability for the program in Cambodia, the Administrator, AID, should, in addition to limited monitoring by officials at Washington headquarters, require that AID officials in Thailand directly manage grants in areas of Cambodia controlled by the Phnom Penh government.

Until the Department of State rescinds its prohibition against executive branch officials' travel into Phnom Penh government-controlled areas, the Administrator, AID, should establish a better reporting mechanism to monitor grant activities.

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TITLE: Nicaraguan Resistance: Programs for Repatriation and Resettlement  
ACCESSION NUMBER: 144465 RPTNO: NSIAD-91-234  
BNUMBER: B-244236 DOCUMENT DATE: 07/25/91  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
United Nations: Office of the High Commissioner for Refugees  
Organization of American States  
Republic of Nicaragua

AID/ICA/IDCA

**LAW AUTHORITY:**

Dire Emergency Supplemental Appropriation Act, 1990  
P.L. 101-302

**BACKGROUND:**

Pursuant to a legislative requirement, GAO reviewed whether the U.S.-funded United Nations High Commissioner for Refugees (UNHCR) and Organization of American States (OAS) programs provided former resistance combatants and dependents in Honduras and Nicaragua with adequate food, medical care, and repatriation assistance to help them achieve self-sufficiency.

**FINDINGS:**

GAO found that: (1) although the UNHCR repatriation program began later and proceeded more slowly than expected, the program successfully repatriated all the demobilized combatants and dependents from Honduras who chose to be repatriated; (2) although some reports indicated that UNHCR beneficiaries were malnourished, independent experts concluded that their condition was similar to that of the general populations of Honduras and Nicaragua; (3) UNHCR provided adequate health care services to about 2,500 former combatants and dependents living in former military camps, including a large number of children, pregnant women, and war wounded, and improved pre-existing sanitation problems that contributed to high death rates among infants and children; (4) the United States approved an OAS resettlement program extension through July 31, 1991 and increased funding to \$38.79 million because most former combatants did not achieve self-sufficiency within the original time frame; (5) to ensure that U.S. objectives are achieved, the United States established an interagency steering committee to fund, coordinate, and oversee UNHCR and OAS program activities; (6) due to delays in combatant demobilizations and the Nicaraguan government's inability to expeditiously provide promised land, many resistance members did not achieve self-sufficiency; and (7) OAS estimated that between 3,000 and 5,000 former combatants and their families would still need assistance after the extension ends.

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**TITLE:** Foreign Assistance: AID Energy Assistance and Global Warming  
**ACCESSION NUMBER:** 144390 **RPTNO:** NSIAD-91-221  
**BNUMBER:** B-243966 **DOCUMENT DATE:** 07/16/91  
**DOCUMENT TYPE:** Letter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development

**LAW AUTHORITY:**

P.L. 101-167

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed energy sector assistance the Agency for International Development (AID) provided to developing countries, focusing on the: (1) priority AID gave to providing energy assistance; (2) distribution and focus of energy assistance; and (3) extent to which this assistance addresses global warming issues.

**FINDINGS:**

GAO found that: (1) providing energy assistance to developing countries remains a relatively low priority and comprised about three percent of AID total annual economic assistance; (2) most AID energy funding is concentrated in infrastructure support, primarily in Egypt and Pakistan; (3) due to limited funding in most countries, AID concentrates on providing technical expertise and promoting energy policy reforms that will both encourage energy efficiency and investment by the private sector and other

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donors; (4) most AID energy support is focused on the generation, distribution, and use of electricity; (5) in recent years, AID has increasingly focused its energy assistance toward goals that are compatible with concerns about carbon dioxide emissions associated with energy generation and use; (6) in June 1991, AID issued guidance to its missions on taking global warming into consideration when making programming decisions; and (7) although AID identified 7 countries and 2 regions as key countries to be targeted for the global warming initiative and has been supporting or planning relevant energy sector activities in those countries, AID has not shifted funding patterns to those countries to address such issues.

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**TITLE:** Foreign Assistance: Obligated but Unspent Funds as of September 30, 1990

**ACCESSION NUMBER:** 144174

**RPTNO:** NSIAD-91-238

**BNUMBER:** B-244269

**DOCUMENT DATE:** 06/18/91

**DOCUMENT TYPE:** Letter Report

**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development

**LAW AUTHORITY:**

Foreign Assistance Act of 1961

22 U.S.C. 2393(a)

P.L. 101-510

Presidential Determination 91-21

**BACKGROUND:**

Pursuant to a congressional request, GAO provided information concerning the Agency for International Development's (AID) pipeline of obligated but unexpended funds, as of September 30, 1990, focusing on: (1) how much funding was in the overall AID pipeline; (2) how much was in the pipelines of selected countries; and (3) how long the funds had been in the pipeline and their legal status.

**FINDINGS:**

GAO found that: (1) as of September 30, 1990, the obligated but unspent funds in the AID pipeline amounted to \$8.8 billion, which was approximately \$266 million more than the amount of the AID pipeline at the end of fiscal year (FY) 1989; (2) of the 12 countries with the largest pipelines at the end of FY 1990, the three largest were Egypt with \$2.04 billion, Pakistan with \$757 million, and the Philippines with \$433 million; (3) compared to FY 1989, funds for Egypt declined substantially, funds for Pakistan increased, and funds for the Philippines remained about the same; and (4) although existing legislation required AID to cancel the over \$200 million that was obligated in FY 1983 or earlier by March 6, 1991, a presidential determination waived the AID requirement to do so through September 30, 1992. GAO also found that AID planned to: (1) review all obligations for projects that are 9 months beyond the completion of activities and deobligate funds that cannot be justified; (2) annually identify projects with excess pipelines, review the justifications for any excess funds identified, and take steps to deobligate amounts that are not consistent with AID guidance; and (3) include a standard provision in project and program agreements allowing for unilateral deobligation of assistance funds, based on specified conditions.

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**TITLE:** Foreign Assistance: AID Can Improve Its Management and Oversight of Host Country Contracts

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ACCESSION NUMBER: 144003

RPTNO: NSIAD-91-108

BNUMBER: B-242406

DOCUMENT DATE: 05/29/91

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Federal Managers' Financial Integrity Act of 1982

BACKGROUND:

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) policies and procedures for host country contracting for technical assistance services, construction services, and commodities at AID missions in Bangladesh, Egypt, Jordan, and Pakistan, focusing on: (1) whether project officers overseeing individual contracts supported the use of host country contracting; (2) whether AID assessed each host country agency's contracting capabilities prior to using a host country contract; (3) how AID determined whether the expected benefits of host country contracting were being achieved; and (4) whether AID monitoring and oversight of host country contracts was effective.

FINDINGS:

GAO found that: (1) project officers noted that the host country contracts regarding level of competition, price, and quality they managed compared favorably with AID direct contracts, but the contract process for host country contracts was significantly slower than for direct contracts; (2) project officers noted that host country contracts were generally more suitable for the procurement of construction services than AID direct contracts, since host country agencies were in a better position to obtain work permits and authorizations from local government agencies, and more likely to receive favorable judgments in local courts involving contractor or subcontractor noncompliance; (3) AID conducted a capability assessment for only 1 of the 103 host country contracts at the project design phase and for only one-fourth of all contracts after the project design phase; (4) the Egypt and Pakistan missions' capability assessments were superficial and included few specifics on the host agency's capability to award contracts, review invoices, and audit contractor records; (5) AID failed to measure or assess the achievement of principal expected benefits of host country contracting; (6) although senior missions officials discounted institution building and reduced administrative burden benefits of host country contracting, acknowledging only the increased sense of project ownership, project officers stated that all three benefits were achieved; and (7) each mission extensively monitored the contracting process, disbursed contract funds, and assumed responsibility for conducting contract audits, but failed to provide appropriate audit coverage.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should ensure that missions fully comply with recently issued AID guidance on conducting capability assessments.

The Administrator, AID, should determine whether institution building and other expected benefits of host country contracting have been achieved on specific contracts and use the results of such evaluations to help guide future contracting decisions.

The Administrator, AID, should develop specific audit requirements for host country contracts, such as the need to periodically audit cost-reimbursable contracts or to include cost audits as part of close-outs when appropriate.

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The Administrator, AID, should require detailed plans for audit in project papers.

The Administrator, AID, should issue specific guidance on the cognizant audit process for U.S. contractors and encourage missions to use this process for all three types of contract audits.

The Administrator, AID, should establish a unified system for requesting, tracking, and coordinating host country contract audits.

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TITLE: East European Energy: U.S. Business Opportunities in and Assistance to Poland's Energy Sector

ACCESSION NUMBER: 144124

RPTNO: NSIAD-91-206

BNUMBER: B-243812

DOCUMENT DATE: 05/16/91

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Department of Energy

Environmental Protection Agency

Agency for International Development

International Energy Agency

Overseas Private Investment Corporation

Export-Import Bank of the United States

LAW AUTHORITY:

Support for East European Democracy Act of 1989 (SEED)

Foreign Operations, Export Financing, and Related Programs

Appropriation Act, 1991

BACKGROUND:

GAO provided information on the: (1) steps being taken to address Poland's energy needs and the resulting potential trade and investment opportunities for U.S. firms; (2) impediments to realizing possible U.S. trade and investment opportunities; and (3) current status of U.S. programs to support Poland's energy sector.

FINDINGS:

GAO found that: (1) due to a recession and an economic restructuring, Poland estimated that its energy production would need to increase 24 percent within 10 years and 54 percent within 20 years in order to supply the energy needed for economic growth; (2) to meet its energy needs, Poland needed to improve its use of coal as a basic fuel, modernize its power generation and distribution infrastructure, find alternatives to meet its growing energy demands, and encourage businesses and individuals to become more energy efficient; (3) Poland's plans to address its energy needs could open trade and investment opportunities for U.S. firms, depending on the speed of Poland's energy price reforms and the availability of government or private financing; (4) Poland's restrictive labor laws, undeveloped banking system, poor communications system, and lack of property ownership laws presented trade and investment risks to U.S. firms; (5) the U.S. government developed several plans to help firms mitigate those economic and legal risks by sharing the costs of feasibility studies for investment and providing trade credit guarantees and insurance; (6) restrictions in the Agency for International Development's Trade Credit Insurance program limited the ability of U.S. firms to arrange financing for sales to Poland's energy sector, since such sales would require long-term financing and such projects typically involved the public sector; (7) U.S. agencies also initiated programs to help Poland's energy sector make the transition to a market economy, demonstrate clean coal technologies and energy efficiency, and provide information on conservation techniques; and (8) the

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Department of State established an interagency process to ensure that agency programs met Polish energy needs.

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TITLE: AID to Nicaragua: Status of U.S. Assistance to the Democratically Elected Government

ACCESSION NUMBER: 143814

RPTNO: NSIAD-91-183

BNUMBER: B-243559

DOCUMENT DATE: 05/01/91

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Republic of Nicaragua

Agency for International Development

LAW AUTHORITY:

P.L. 101-302

Dire Emergency Supplemental Appropriation Act, 1991

BACKGROUND:

Pursuant to a congressional request, GAO provided information on the Agency for International Development's (AID) disbursement of its appropriation for assisting the new Nicaraguan government's efforts to deal with hyperinflation, high unemployment, low productivity, a weakened agricultural sector, and transition to democracy.

FINDINGS:

GAO found that: (1) AID quickly developed an assistance program after the February 1990 election, and directed first-year assistance toward purchasing large amounts of such commodities as medicines and textbooks, creating jobs and vocational training for the unemployed, strengthening democratic values and institutions, and repatriating and resettling refugees; (2) as of March 31, 1991, AID had initiated 2 cash transfer programs to address Nicaragua's immediate foreign exchange needs, initiated or designed 15 development projects, and funded 2 international programs for refugees; (3) AID began to develop long-term economic strategies and define needed policy reforms after permanent staff arrived in Nicaragua; (4) AID was developing a 5-year country development strategy to identify strategic objectives and performance indicators to evaluate project effectiveness; and (5) AID attributed its disbursement of only half of the budgeted assistance funds to its development of multiyear projects and Nicaraguan government, organization, and legislative delays in meeting some preconditions for receiving funds. GAO also found that: (1) in spite of some success, the Nicaraguan government has not yet been able to bring its fiscal deficit and highly expansionary credit policies under control; and (2) although helpful, U.S. assistance alone would not be sufficient to resolve Nicaragua's social and economic problems.

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TITLE: [Protest of AID Contract Award for Health Resources Management]

ACCESSION NUMBER: 143673

BNUMBER: B-242313, B-242313.2

DOCUMENT DATE: 04/19/91

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

JSA Healthcare Corp.

Healthcare Enterprise International, Inc.

Agency for International Development

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LAW AUTHORITY:

B-215638.2 (1984)  
41 U.S.C. 253b(a)  
B-236932 (1990)  
4 C.F.R. 21.2(a)(2)  
B-234790 (1989)  
B-233113.2 (1989)  
B-240160.3 (1990)  
55 Comp. Gen. 1111  
B-232334.2 (1988)  
B-233693 (1989)  
B-240268 (1990)

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for health resources management, contending that AID: (1) applied unspecified technical evaluation criteria; (2) gave improper weight to cost in its evaluation; and (3) failed to discuss its concern about the protester's best and final offer's (BAFO) insufficient subcontractor costs. GAO held that: (1) AID did not use unspecified evaluation criteria, since the solicitation clearly stated its desire for new networks, relationships, and solutions; (2) the awardee's technically superior proposal justified its higher cost; and (3) AID was not required to reopen discussions, since the subcontractor deficiency first became apparent in the protester's BAFO. Accordingly, the protest was denied in part and dismissed in part.

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TITLE: Foreign Assistance: Progress in Implementing the Development Fund for Africa

ACCESSION NUMBER: 143696

RPTNO: NSIAD-91-127

BNUMBER: B-242693

DOCUMENT DATE: 04/16/91

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

Agency for International Development: Bureau for Africa

Agency for International Development: Bureau for Program and Policy  
Coordination

LAW AUTHORITY:

P.L. 100-202

H. Rept. 100-498

BACKGROUND:

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) administration of the Development Fund for Africa (DFA) to determine whether: (1) DFA provided a stable source of development assistance funding; (2) AID implemented DFA according to congressional policy guidance; (3) administrative changes improved the delivery of development assistance; and (4) evaluation planning would measure the fund's impact on African development.

FINDINGS:

GAO found that: (1) DFA provided a stable source of development assistance funding for sub-Saharan Africa; (2) total U.S. economic assistance in Africa was lower in fiscal year (FY) 1990 than in FY 1987 due to decreases in other types of economic assistance, such as economic support funds and food aid; (3) consistent with congressional guidance, AID concentrated DFA resources in African countries that demonstrated a willingness to undertake economic policy reforms; (4) an exemption from Buy-American procurement

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source rules did not lead to major improvements in project management, since AID did not permit missions to take full advantage of it; (5) the absence of functional accounts improved needs-based planning and encouraged AID deobligation of funds in marginal projects; and (6) AID did not adequately describe appropriate evaluation approaches and techniques for missions to use in analyzing relevant baseline and monitoring data, or methods for evaluating the sustainability of DFA programs and projects.

RECOMMENDATIONS TO AGENCIES

- The Administrator, AID, should direct the Africa Bureau to evaluate DFA procurements to date to determine whether AID Buy American guidance was too restrictive. If this evaluation shows that the timeliness or appropriateness of procurement actions has not improved, the Administrator should revise DFA procurement guidance to take greater advantage of the flexibility Congress provided.
- The Administrator, AID, should direct the Africa Bureau and the Program and Policy Coordination Bureau to develop and provide missions with additional guidance for measuring the impact of DFA. Specifically, the guidance should: (1) describe appropriate approaches or techniques for missions to use in analyzing relevant baseline and monitoring data; and (2) address issues that missions should consider in evaluating the sustainability of DFA programs and projects.

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TITLE: Foreign Assistance: Funds Obligated Remain Unspent for Years  
ACCESSION NUMBER: 143570 RPTNO: NSIAD-91-123  
BNUMBER: B-242580 DOCUMENT DATE: 04/09/91  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
P.L. 101-510  
31 U.S.C. 15  
Foreign Assistance Act of 1961

BACKGROUND:

Pursuant to a congressional request, GAO examined the Agency for International Development's (AID) economic assistance pipeline, focusing on the funds six AID missions obligated for development assistance and economic support but had not yet expended.

FINDINGS:

GAO found that: (1) 44 of the 103 sampled projects at the missions had excess funds totalling \$296.2 million, with the percentage of excess funds at individual missions ranging from 5 to 21 percent; (2) excess funding in the pipeline could be higher than GAO estimated since funding calculations were based on mission estimates of planned spending; (3) 28 percent of other AID missions had over 3 years of funding in their pipelines, and about 9 percent of the funds in the pipelines was obligated in fiscal year 1984 or earlier; (4) \$8 million at the 6 missions were obligated for projects that completed all funded activities by September 1989 or earlier; (5) unrealistic or overstated implementation plans were the primary reason that 22 of 44 projects had excess funds in the pipelines, totalling \$823 million as of September 30, 1989; (6) circumstances that AID could not control, such as delays by host governments, contributed to excess funding; (7) some excess funds in the pipelines were caused primarily by problems in mission contracting and procurement; and (8) AID made limited use of its statutory authority to deobligate funds from slow or stalled projects,

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partly because host countries must agree to deobligation.

RECOMMENDATIONS TO AGENCIES

- The Administrator, AID, should review the justifications for not deobligating funds in projects that have passed their terminal date and deobligate the funds that cannot be justified, beginning with the \$8 million GAO identified.
- The Administrator, AID, should require all missions and offices to identify excess funds in the pipeline at the end of each fiscal year and provide the rationale as to why this excess exists, and if the rationale is not consistent with AID guidance take the necessary steps with the host government to deobligate the funds.
- The Administrator, AID, should require that future AID project and program agreements include a standard provision stating the conditions under which AID could unilaterally deobligate certain assistance funds (such as in the case of long delayed projects). U.S. national interests, political considerations, or constraints regarding the reprogramming of earmarked funds, may affect the extent to which AID actually uses this management tool; nevertheless, a standard provision in the agreements would provide leverage to get some projects or programs moving in the right direction.

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TITLE: Aid to Panama: Status of Emergency Assistance to Revitalize the Economy

ACCESSION NUMBER: 143622 RPTNO: NSIAD-91-168

BNUMBER: B-241864 DOCUMENT DATE: 04/08/91

DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development  
Republic of Panama

LAW AUTHORITY:  
Dire Emergency Supplemental Appropriation Act, 1990  
P.L. 101-302

BACKGROUND:

Pursuant to a congressional request, GAO provided information on the status of Agency for International Development (AID) funded programs and projects in Panama.

FINDINGS:

GAO found that: (1) as of February 28, 1991, AID obligated \$377.5 million of the \$420 million appropriated for assistance to Panama; (2) of that amount, AID obligated \$351.8 million for cash transfers under economic recovery and private sector reactivation programs and \$25.7 million for development projects and operating expenses; (3) of the \$77.9 million AID dispersed, the Panamanian government and AID spent only \$41.8 million; (4) reasons for the slow disbursement of funds included the Panamanian government's failure to meet grant agreements, weakened demand for private-sector loans, and undeveloped AID programs; (5) despite the slow infusion of U.S. assistance into the Panamanian economy, its economy grew by 3.4 percent during 1990; and (6) almost all economic sectors, except transportation and government services, experienced increases from the previous year's levels, although the economic output of all sectors except agriculture and domestic services remained below that of 1987.

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TITLE: Refugee Assistance: U.S. Contributions for the 1980s

ACCESSION NUMBER: 143638 RPTNO: NSIAD-91-137

AID/ICA/IDCA

NUMBER: B-242780

DOCUMENT DATE: 03/21/91

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Department of State

Department of Health and Human Services

Department of Education

Department of Justice: Immigration and Naturalization Service

Agency for International Development

LAW AUTHORITY:

Refugee Act of 1980

P.L. 83-480

Migration and Refugee Assistance Act of 1962

Agricultural Act of 1949

BACKGROUND:

Pursuant to a congressional request, GAO reviewed U.S. contributions for the care and relief of refugees between 1980 and 1989, focusing on: (1) overall U.S. refugee-related expenditures; (2) U.S. contributions to international relief organizations for the care of refugees living overseas; and (3) the geographic distribution of U.S. refugee assistance overseas.

FINDINGS:

GAO found that: (1) from fiscal years 1980 through 1989, the United States contributed about \$9.7 billion in cash, commodities, and in-kind contributions for refugee assistance, of which it spent two-thirds on the admission and resettlement of refugees in the United States; (2) U.S. funding for overseas refugee assistance comprised a smaller share of total refugee aid, but the annual level of this assistance nearly doubled to \$418 million by the end of the decade; (3) the United States donated the largest amount of all contributors to all but one of the four major international refugee relief organizations, annually contributing an average of over 20 percent of their total budgets during the decade; (4) the United States distributed 41 percent of its total spent on refugee assistance overseas to the Near East, which was more than it distributed to any other region during the decade; and (5) refugees in East Asia and Africa received the greatest shares of U.S. food aid.

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TITLE: Development Assistance: AID's Energy Programs and Debt-for-Nature Swaps

ACCESSION NUMBER: 143323

RPTNO: T-NSIAD-91-12

DOCUMENT DATE: 03/06/91

DOCUMENT TYPE: Testimony

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

BACKGROUND:

GAO discussed the Agency for International Development's (AID) energy assistance activities, focusing on: (1) whether AID helped developing countries meet their energy needs; (2) what priority AID gave to providing energy assistance to those countries; and (3) whether AID directed energy assistance activities toward minimizing the contribution to global warming. GAO noted that: (1) AID helped some developing countries meet their energy needs, but the extent of help varied substantially among individual countries; (2) AID directed about two-thirds of its energy assistance

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funding toward improving energy efficiency and conservation in developing countries; (3) AID assistance efforts helped to increase the private-sector role in the energy area and to direct multilateral development bank funding toward increasing efficiency, encouraging private-sector development, and improving the use of renewable energy sources; (4) energy assistance to developing countries remained a low priority for AID, accounting for 2 percent of its total assistance; (5) 1990 AID energy assistance funding was \$206 million, with about 82 percent of it targeted toward developing countries; (6) AID limited energy assistance to low-cost technical assistance and policy activities; (7) AID addressed global warming concerns as one of many goals it was attempting to address with its energy assistance; and (8) AID has supported some debt-for-nature and debt-for-development swaps amounting to about \$6 million for 8 countries through 1990.

=====

TITLE: [Protest of AID Cancellation of Sole-Source Procurement for Technical Assistance]

ACCESSION NUMBER: 143311

BNUMBER: B-241830

DOCUMENT DATE: 03/05/91

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Health Services Marketing & Development Corp.

Agency for International Development

LAW AUTHORITY:

F.A.R. 15.610

F.A.R. 15.600

B-238689 (1990)

B-224607.2 (1987)

59 Comp. Gen. 73

B-238597.2 (1990)

B-209374 (1983)

B-237213 (1989)

B-236735.2 (1990)

B-238704 (1990)

B-238492 (1990)

BACKGROUND:

A firm protested the Agency for International Development's (AID) cancellation of a sole-source procurement for technical assistance, contending that AID: (1) lacked a reasonable basis for cancelling the solicitation; and (2) acted in bad faith by cancelling the procurement after extensive negotiations. GAO held that: (1) AID reasonably cancelled the solicitation, since the protester's proposed costs significantly exceeded the government estimate; (2) the protester failed to show that AID acted in bad faith by cancelling the procurement after extensive negotiations; and (3) it would not consider the protester's assertions related to foreign policy conduct. Accordingly, the protest was denied.

=====

TITLE: Latin America: Views on the Enterprise for the Americas Initiative

ACCESSION NUMBER: 143286

RPTNO: T-NSIAD-91-7

DOCUMENT DATE: 02/27/91

DOCUMENT TYPE: Testimony

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

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Agency for International Development  
Inter-American Development Bank

LAW AUTHORITY:

General Agreement on Tariffs and Trade, Oct. 30, 1947, Multilateral,  
61 Stat. 5(6), T.I.A.S. No. 1700  
P.L. 83-480

BACKGROUND:

GAO discussed the Enterprise for the Americas Initiative, a U.S.-proposed approach to stimulate sustained economic development in Latin American and Caribbean countries. GAO noted that: (1) the Initiative called for expansion of two-way trade negotiations, implementation of free-trade negotiating agreements, reduction and restructure of bilateral debt, and the promotion of direct investment in Latin American and Caribbean countries; (2) Congress has enacted or was working on legislation for cooperative promotion of economic growth, complete with plans for the expansion of trade and investment, reduction of debt, and promotion of environmental conservation; (3) the extent of trade benefits was contingent upon the successful conclusion of multilateral trade negotiations; (4) the Initiative included such preconditions for participation as economic reform plans, major and open investment reforms, and satisfactory commercial debt financing programs; and (5) the U.S. government would provide some funding by setting aside the interest paid in trust funds on restructured bilateral concessional debts. GAO believes that: (1) future legislation may be needed to address the trade portion of the Initiative; and (2) the Agency for International Development will play a greater role than was anticipated in implementing debt and environmental issues and Initiative programs.

=====

TITLE: Foreign Assistance: Assistance to Disabled Persons in Developing Countries

ACCESSION NUMBER: 143283

RPTNO: NSIAD-91-82

NUMBER: B-242116

DOCUMENT DATE: 02/15/91

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

United Nations

Department of State

Peace Corps

Department of Education

LAW AUTHORITY:

P.L. 97-113

BACKGROUND:

Pursuant to a congressional request, GAO provided information on assistance to disabled people in developing countries.

FINDINGS:

GAO found that: (1) the United Nations (UN) and other international organizations have taken steps to address disability issues, but have not met all program goals; (2) UN lacked adequate financial contributions to support its program and a voluntary trust fund for disabled persons; (3) as of June 1989, contributions to the voluntary fund totalled \$2.4 million, an amount that UN officials reported as inadequate for continued program funding; (4) several UN agencies promoted the goals of the world program through a variety of activities; (5) several U.S. government agencies provided assistance to disabled persons in developing countries, but with the exception of the Peace Corps, they sporadically provided assistance

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rather than including it in regular programs and objectives; (6) the Department of State has been the leading advocate for major UN efforts; (7) the Agency for International Development (AID) did not attempt to target the disabled in its regular bilateral programs but provided several million dollars in assistance to the disabled in developing countries; (8) since fiscal year 1989, AID has had authority to provide assistance to civilian war victims; and (9) nongovernment organizations continued to provide a wide range of assistance to disabled persons, but many of those programs remained limited because of a lack of sufficient staffing and funding.

=====

**TITLE:** El Salvador: Aid Compensates for Economic Losses but Achieves Little Growth

**ACCESSION NUMBER:** 143247

**RPTNO:** NSIAD-91-97

**BNUMBER:** B-238726

**DOCUMENT DATE:** 02/15/91

**DOCUMENT TYPE:** Chapter Report

**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development

**LAW AUTHORITY:**

P.L. 83-480

7 U.S.C. 1691

Agricultural Development and Trade Act of 1990

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed U.S. economic assistance to El Salvador, focusing on: (1) how El Salvador used the funds; and (2) whether the Agency for International Development (AID) met its assistance goals.

**FINDINGS:**

GAO found that: (1) AID provided about half of its \$3 billion in economic assistance to El Salvador in the form of balance-of-payment support to finance imported goods; (2) AID assistance helped stabilize El Salvador's economy, but at a level lower than before the leftist insurgency; (3) economic growth rates less than AID projected; (4) as recommended by AID, El Salvador initiated comprehensive economic reforms, including exchange rate revisions, income tax and tariff rate changes, and actions to lessen state control of the banking system; (5) continued violence detracted from AID and Salvadoran efforts to promote exports and overall business activity; (6) economic reforms improved prospects for achieving higher growth rates and foreign aid; (7) AID and El Salvador encouraged nontraditional exports to lessen dependency on coffee; (8) despite AID funding for temporary infrastructure repairs, El Salvador would have to invest millions of dollars for new construction when the insurgency subsides; (9) aid for Salvadoran social programs helped compensate for decreased Salvadoran spending; and (10) poor allocation of resources reduced services to the most needy.

=====

**TITLE:** Foreign Assistance: AID's Implementation of Microenterprise Program Guidance

**ACCESSION NUMBER:** 143340

**RPTNO:** NSIAD-91-78

**BNUMBER:** B-238960

**DOCUMENT DATE:** 02/15/91

**DOCUMENT TYPE:** Letter Report

**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development

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**LAW AUTHORITY:**

P.L. 100-202  
101 Stat. 1329  
P.L. 100-461  
102 Stat. 2268  
P.L. 101-167  
103 Stat. 1202  
P.L. 101-513  
104 Stat. 1985

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) microenterprise development program, focusing on whether: (1) AID implemented congressional guidance concerning microenterprise credit assistance; and (2) accurately reported to Congress on its program.

**FINDINGS:**

GAO found that: (1) prior to 1988 legislation, AID lacked a policy for structuring microenterprise activities and directing resources to support them; (2) in response to the legislation, AID issued and distributed a policy determination that incorporated congressional guidance regarding microenterprise to its overseas missions, but did not make it mandatory; (3) AID microenterprise guidance allowed mission officials considerable flexibility in adapting their program to specific country conditions; (4) AID missions in Guatemala, Senegal, and Honduras used the full range of available approaches in supporting microenterprises, including small credit associations and intermediary organizations; (5) the typical \$300 loans missions provided to microenterprises were appropriate as start-up loans, but were inadequate to meet the needs of expanding microenterprises; (6) despite congressional recommendations, none of the three missions targeted their projects to the poorest 50 percent of the population or emphasized credit assistance to women or the poorest 20 percent of the population; (7) data in the March 1990 AID report to Congress were of questionable validity, since AID lacked a system to track detailed information concerning its microenterprise credit activities; (8) at the three missions, which represented approximately 27 percent of microenterprise loans for 1989, most of the specific data concerning loan size and the recipient's gender and economic status were based on estimates; and (9) AID was taking steps to establish an information system for better oversight of its microenterprise development program.

=====

**TITLE:** Internal Controls: AID Missions Overstate Effectiveness of Controls  
for Host Country Contracts

ACCESSION NUMBER: 143137

RPTNO: NSIAD-91-116

BNUMBER: B-242452

DOCUMENT DATE: 02/11/91

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development

**LAW AUTHORITY:**

Federal Managers' Financial Integrity Act of 1982

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) policies and procedures for host-country contracting, focusing on whether AID missions in Bangladesh, Egypt, Jordan, and Pakistan accurately reported the status of internal controls for

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host-country contracts.

**FINDINGS:**

GAO found that: (1) AID required each of the missions to test and rate selected controls as satisfactory, unsatisfactory, or not applicable at least once during a 3-year review cycle; (2) 45 percent of 47 controls missions rated as satisfactory or not applicable during 1988 and 1989 assessments should have been rated as unsatisfactory; (3) missions rated some controls as satisfactory or not applicable without sufficient justification or despite negative information that should have resulted in an unsatisfactory rating; and (4) such inaccurate reporting of the status of internal controls adversely affected AID headquarters' ability to monitor implementation of key oversight requirements for host country contracts and resulted in lost opportunities to correct mission-specific control weaknesses.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, should ensure that overseas missions provide complete and accurate reports on internal control weaknesses.

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**TITLE:** Defense Inventory: DOD's Humanitarian Assistance Program  
**ACCESSION NUMBER:** 143050 **RPTNO:** NSIAD-91-87FS  
**BNUMBER:** B-241003 **DOCUMENT DATE:** 01/18/91  
**DOCUMENT TYPE:** Fact Sheet **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Department of Defense  
General Services Administration  
Agency for International Development

**LAW AUTHORITY:**  
Department of Defense Authorization Act, 1986  
10 U.S.C. 2547  
Dire Emergency Supplemental Appropriation Act, 1990  
P.L. 101-302

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the Department of Defense's (DOD) Humanitarian Assistance Program, focusing on its effect on the utilization and donation programs administered by the General Services Administration (GSA).

**FINDINGS:**

GAO found that: (1) under the program, DOD could identify and claim excess nonlethal property for humanitarian purposes before the property became available to other federal agencies, state and local governments, or other eligible recipients; (2) GSA could not precisely determine the effect of the program on its utilization and donation programs, since DOD claimed the property before it became available to GSA; (3) the program donated about 2.8 million nonlethal items to foreign countries from fiscal years 1986 through 1989; (4) the acquisition cost of those items was \$48.8 million; (5) Afghan and Cambodian refugees received about 80 percent of the donated property; and (6) reports generally indicated efficient use of the donated property.

=====

**TITLE:** Foreign Assistance: Resettlement of Panama's Displaced El Chorrillo Residents  
**ACCESSION NUMBER:** 142876 **RPTNO:** NSIAD-91-63BR  
**BNUMBER:** B-241864 **DOCUMENT DATE:** 12/20/90  
**DOCUMENT TYPE:** Briefing Report **DOCUMENT CLASS:** P,U

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GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Urgent Assistance for Democracy in Panama Act of 1990  
P.L. 101-302

BACKGROUND:

Pursuant to a congressional request, GAO evaluated the Agency for International Development's (AID) progress in resettling Panama City residents who were displaced as a result of U.S. military action in December 1989, focusing on: (1) the living conditions at a temporary housing facility; (2) the status of the program to find permanent replacement housing for the displaced residents; and (3) factors that could impede further progress in providing permanent homes.

FINDINGS:

GAO found that: (1) the living conditions at the temporary housing facility generally met acceptable standards defined by international refugee organizations; (2) food services appeared adequate, living space, toilet, and bath areas were clean and sanitary, and medical care was available; (3) the two international organizations that inspected the quarters prior to occupancy concluded that the size of the living quarters was adequate for a temporary facility; (4) AID reported that, 6 months after its permanent housing program began, it completed delivery of 142 of the estimated 2,200 replacement homes needed for displaced residents; (5) AID reported that it corrected problems that initially slowed the program, housing units would soon become more rapidly available, and the temporary camps could close by March 1991; (6) AID addressed factors that impeded progress and assigned an AID engineer to work with housing contractors and the Panamanian utility company to correct development problems; (7) AID and the Panamanian government were still working to determine the number of eligible persons and households that would need housing; and (8) AID resolved a problem involving the funding difference between the estimated 2,200 homes that are needed and the 2,000 homes that AID originally funded.

=====

TITLE: Central America: Humanitarian Assistance to the Nicaraguan Resistance  
ACCESSION NUMBER: 142649 RPTNO: NSIAD-91-7  
BNUMBER: B-237240 DOCUMENT DATE: 11/14/90  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
International Medical Corps  
Creative Associates International, Inc.  
Kraus International

LAW AUTHORITY:

P.L. 101-14  
P.L. 101-119  
P.L. 100-276  
P.L. 100-463

BACKGROUND:

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) management of funds provided during the third phase of humanitarian assistance to the Nicaraguan Resistance, focusing on whether AID: (1) provided only authorized assistance; and (2)

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established adequate procedures to administer procurements and monitor deliveries of goods, services, and payments.

**FINDINGS:**

GAO found that: (1) AID and its contractors generally provided only authorized types of assistance and established controls to administer procurement and monitor deliveries; (2) AID adjusted food deliveries to establish a system for maintaining reserve food supplies; (3) AID contracted for additional air support to facilitate deliveries; (4) AID and its medical contractor improved medical facilities; (5) the AID training contractor established maternal and child health care centers and expanded its training program; (6) the Resistance distributed food rations to 18 people who were ineligible for assistance; (7) the medical contractor failed to maintain adequate vaccination records; (8) AID procured some inappropriate medicines from the United States; (9) AID and its medical contractor lacked required documentation for medicines and other items purchased in Costa Rica; and (10) some Resistance members received unauthorized medical treatment.

=====

**TITLE:** [Protest of AID Exclusion of Proposal From Competitive Range]  
**ACCESSION NUMBER:** 142557 **BNUMBER:** B-241351.2  
**DOCUMENT DATE:** 10/26/90 **DOCUMENT TYPE:** Decision  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel  
**ORGANIZATION CONCERNED:**  
Birch and Davis International, Inc.  
Agency for International Development

**LAW AUTHORITY:**  
4 C.F.R. 21.2(a)(2)

**BACKGROUND:**

A firm protested the Agency for International Development's (AID) exclusion of its proposal from the competitive range, contending that AID improperly abandoned the evaluation scheme in excluding its proposal from the competitive range. GAO held that the protester untimely filed its protest. Accordingly, the protest was dismissed.

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**TITLE:** Central America: Assistance to Children Affected by the Nicaraguan Civil Strife  
**ACCESSION NUMBER:** 142517 **RPTNO:** NSIAD-91-26  
**BNUMBER:** B-240256 **DOCUMENT DATE:** 10/25/90  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division  
**ORGANIZATION CONCERNED:**  
Agency for International Development  
Catholic Relief Services  
Cooperative for American Relief Everywhere  
American Red Cross  
World Rehabilitation Fund  
Project HOPE  
Pan American Development Foundation

**LAW AUTHORITY:**  
P.L. 100-276  
P.L. 101-215

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**BACKGROUND:**

Pursuant to a legislative requirement, GAO reviewed the Agency for International Development's (AID) administration and expenditure of \$17.7 million to aid children in Nicaragua under the Children's Survival Assistance Program.

**FINDINGS:**

GAO found that: (1) one organization provided assistance as planned, but five organizations encountered problems in implementing their activities; (2) two organizations had difficulty obtaining project approval, and as a result, experienced delays in project implementation; (3) two organizations experienced problems in implementing their programs after transferring from Nicaragua; (4) a factory constructed to produce items for braces and artificial limbs was not fully productive until the program's latter stages; (5) AID complied with legislative and other requirements and established adequate controls to administer program funds and distribute of goods and services; (6) although organizations generally provided assistance to the target population, about 5,000 of eligible persons received benefits; (7) one organization lacked adequate documentation for some authorized expenses, and another organization had an inadequate financial management system; and (8) one organization did not adequately analyze medical needs before procuring medicines, and as a result, it had to destroy excess quantities of medicine valued at about \$13,000.

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**TITLE:** Foreign Assistance: AID Can Improve Its Management of Overseas Contracting

ACCESSION NUMBER: 142378

RPTNO: NSIAD-91-31

BNUMBER: B-238446

DOCUMENT DATE: 10/05/90

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development

**LAW AUTHORITY:**

Competition in Contracting Act of 1984

Property and Administrative Services Act

40 U.S.C. 474

Foreign Assistance Act of 1961

Cargo Preference Act (Merchant Marine)

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) contract and procurement system, focusing on AID: (1) overseas contracts that were subject to full and open competition requirements; and (2) ability to plan and effectively manage its procurement of goods and services.

**FINDINGS:**

GAO found that: (1) the average award time for full and open competition was 6 months or less at 5 missions, and 8 and 9 months at 2 missions; (2) according to the AID competition advocate, the 6- to 9-month time frame could disrupt project implementation if project designers did not properly plan and realistically schedule procurements; (3) inadequate procurement planning impeded the overseas contracting process; (4) AID often did not prepare procurement plans during project design or did not provide sufficient detail; (5) several factors contributed to poor planning, including inadequate baseline data, agencywide requirements, training, and officer participation; and (6) the procurement organizational structure at AID overseas missions divided responsibilities between contracting and

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program offices, which resulted in nonprofessionals making key procurement decisions during project design and implementation and inadequate control and oversight over acquisitions.

RECOMMENDATIONS TO AGENCIES

- The Administrator, AID, should strengthen mission procurement planning by establishing clear requirements for procurement planning during project design and implementation.
- The Administrator, AID, should strengthen mission procurement planning by requiring contracting officer clearance of project procurement plans.
- The Administrator, AID, should strengthen mission procurement planning by developing a procurement planning model for overseas operations, which includes the development of baseline data on the actual time required for major procurement actions and standard formats for procurement plans.
- The Administrator, AID, should strengthen mission procurement planning by ensuring that project officers and mission management receive procurement-related training necessary to effectively design and manage programs.
- The Administrator, AID, should improve procurement management by: (1) placing host country and direct contracting responsibilities within one office; and (2) requiring that the senior contracting officer at overseas missions report to the deputy mission director.
- The Administrator, AID, should enhance the independence of overseas contracting officers by requiring that annual performance ratings of overseas contracting officers be reviewed and approved by the agency's procurement executive.
- The Administrator, AID, should improve procurement guidance for the missions by, at a minimum, developing a better index for AID handbooks and other policy guidance that lists procurement topics and cites the specific sources that deal with the topic. In addition, specific guidance should be provided to the missions identifying: (1) when follow-on work is justified without recompetition; and (2) the procedures that should be followed when planning the original contract for a possible extension or follow-on work.

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TITLE: Foreign Assistance: AID's Microenterprise Assistance Program  
ACCESSION NUMBER: 142289 RPTNO: T-NSIAD-90-58  
DOCUMENT DATE: 09/26/90 DOCUMENT TYPE: Testimony  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

BACKGROUND:

GAO discussed the Agency for International Development's (AID) microenterprise program. GAO noted that: (1) prior to fiscal year (FY) 1988 legislation, AID did not have a policy for structuring microenterprise activities and directing resources in support of them; (2) in response to the legislation, AID appointed an advisory committee that helped develop policy guidelines and incorporate such guidance into an agencywide policy; (3) AID lacked an adequate tracking system to monitor microenterprise activity information; (4) AID based data on loan size, recipient gender, and economic status on assumptions or estimates, resulting in questionable and unreliable data reports to Congress; (5) there were data discrepancies for 8 projects; (6) due to FY 1988 legislation, AID focused greater management attention on its microenterprise assistance program; (7) AID

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recently took steps to improve its program management and oversight, including placing its microenterprise development projects within the Private Enterprise Bureau to ensure more effective control over program implementation and resources; and (8) in an effort to increase its oversight and congressional response ability, AID contracted a feasibility study to determine whether an information system could be developed to track AID microenterprise programs and produce congressionally requested information.

=====

**TITLE:** Foreign Assistance: Use of Host Country-Owned Local Currencies  
**ACCESSION NUMBER:** 142506 **RPTNO:** NSIAD-90-210BR  
**BNUMBER:** B-238869 **DOCUMENT DATE:** 09/25/90  
**DOCUMENT TYPE:** Briefing Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development

**LAW AUTHORITY:**  
Agricultural Act of 1949  
Foreign Assistance Act of 1961  
Agricultural Trade Development and Assistance Act of 1954  
P.L. 83-480

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed information on U.S. assistance to foreign countries, focusing on: (1) who owned local currencies generated by such assistance; (2) whether use of the currencies was consistent with U.S. assistance objectives; (3) the accountability requirements for local currency use; and (4) the potential for local currency generation and its use to affect host country economies.

**FINDINGS:**

GAO found that: (1) host countries owned the local currencies that were generated by U.S. assistance but the Agency for International Development (AID) was responsible for ensuring that the countries used the currency for agreed-upon purposes; (2) Tunisia spent \$31.5 million in local currencies in fiscal year (FY) 1988; (3) Zaire spent \$24.3 million in local currencies in FY 1988; (4) AID oversight of local currency use did not always adequately ensure that countries consistently used currencies for the agreed-upon projects and programs; and (5) although the generation and expenditure of local currencies can contribute to inflation or deflation in the recipient country, it was not likely that, in 1988, those currencies had a significant macroeconomic effect.

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**TITLE:** Central America: Assistance to Promote Democracy and National Reconciliation in Nicaragua  
**ACCESSION NUMBER:** 142265 **RPTNO:** NSIAD-90-245  
**BNUMBER:** B-240163 **DOCUMENT DATE:** 09/24/90  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development  
National Endowment for Democracy

**LAW AUTHORITY:**  
P.L. 101-119

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P.L. 100-276  
P.L. 101-14

**BACKGROUND:**

Pursuant to a congressional request, GAO examined the Agency for International Development's (AID) administration and monitoring of funds authorized for election support in Nicaragua.

**FINDINGS:**

GAO found that: (1) AID and National Endowment for Democracy grantees generally conducted activities according to legislative and other requirements and established adequate controls to account for funds; (2) the Nicaraguan Institute for Electoral Training and Promotion (IPCE) spent 9.2 percent of its funding on unauthorized salaries and campaign activities; (3) the Nicaraguan Confederation of Labor Unity lacked certain controls and did not strictly adhere to AID requirements before expending funds; (4) the Nicaraguan National Opposition Union (UNO) and IPCE were unable to carry out some preelection activities due to delays in receiving funds, equipment, and Nicaraguan government approval; (5) the Center for Democracy was unable to obtain visas for most of its election day delegation, Via Civica did not obtain legal status until after the election, and the Center for Training and Electoral Promotion (CAPEL) was unable to obtain the Nicaraguan government's approval for some educational activities, which caused those groups to limit or cancel some activities; (6) IPCE and UNO did not become eligible to receive funds until mid-December 1989, when they satisfied AID requirements and negotiated grant agreements, but the Nicaraguan government did not grant approval for the two groups to receive funds until February 1990; (7) despite problems, UNO, IPCE, and U.S. officials believed that the availability of funds contributed to ensuring free and fair elections; and (8) there was no evidence that the Supreme Electoral Council funded partisan activities, but GAO was unable to verify how the Council expended UNO taxes, since Council officials would not grant access to expenditure records.

=====

**TITLE:** El Salvador: Accountability for U.S. Military and Economic Aid  
**ACCESSION NUMBER:** 142266 **RPTNO:** NSIAD-90-132  
**BNUMBER:** B-238726 **DOCUMENT DATE:** 09/21/90  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development  
Department of Defense  
Department of State  
Defense Security Assistance Agency  
Republic of El Salvador

**LAW AUTHORITY:**

Foreign Assistance Act of 1961  
Foreign Operations, Export Financing and Related Programs  
Appropriation Act, 1989  
P.L. 83-480  
Arms Export Control Act

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed accountability for and controls over U.S. military and economic assistance to El Salvador, to determine: (1) whether any assistance was subject to misuse or diversion; and (2) what accountability and controls are in place.

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FINDINGS:

GAO found that: (1) the United States has provided \$3.5 billion in economic and military aid to El Salvador since 1980; (2) there was no evidence that U.S. military aid to El Salvador had been diverted or misused since the time that GAO reported on illegal fuel transfers; (3) Salvadoran officials did not emphasize management controls over logistics, due to combat activities; (4) some written guidance was lacking, storage space was inadequate, and inventories and spot checks were not regularly performed; (5) between 1980 and 1989, U.S. economic assistance to El Salvador totalled nearly \$2.6 billion, the fourth-largest economic aid program in the world; (6) Salvadoran agencies continue to be affected by serious internal control weaknesses despite the Agency for International Development (AID) mission's efforts to control funds; and (7) by improving El Salvador's financial management capability, reductions in the vulnerability of local currency funds could be accomplished.

RECOMMENDATIONS TO AGENCIES

The Secretary of Defense should, after coordination with the Department of State, direct the Defense Security Assistance Agency (DSAA) and MILGROUP in El Salvador to work toward reaching an agreement with El Salvador's military on actions needed to improve internal controls, including appointing independent high-level officials to the Salvadoran property accountability and Inspector General positions.

The Secretary of Defense should, after coordination with the Department of State, direct DSAA and MILGROUP in El Salvador to work toward reaching an agreement with El Salvador's military on actions needed to improve internal controls, including performing periodic inventories of Salvadoran Armed Forces property to ensure that accountability for their custody and use is maintained and to reconcile physical counts with records.

The Secretary of Defense should, after coordination with the Department of State, direct DSAA and the Military Group in El Salvador to work toward reaching an agreement with El Salvador's military on actions needed to improve internal controls, including authorizing MILGROUP to conduct periodic spot checks of selected U.S.-funded military items to provide reasonable assurance of accountability and control.

The Administrator, AID, should ensure that its mission in El Salvador: (1) performs in-depth financial management assessments of Salvadoran organizations scheduled to implement new AID projects; and (2) works with El Salvador to correct identified problems.

The Administrator, AID, should clarify the AID local currency accountability guidance for El Salvador. The guidance should clearly state: (1) what constitutes reasonable assurance that host government agencies have adequate financial systems to manage local currency funds; and (2) what degree of AID oversight and monitoring is required.

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TITLE: Cambodia: U.S. Non-lethal Assistance and Status of the Cambodian Seat  
at the United Nations  
ACCESSION NUMBER: 142235 RPTNO: T-NSIAD-90-63  
DOCUMENT DATE: 09/19/90 DOCUMENT TYPE: Testimony  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division  
ORGANIZATION CONCERNED:  
Department of Defense  
Agency for International Development

AID/ICA/IDCA

United Nations  
Khmer Republic (Cambodia)

LAW AUTHORITY:

International Security and Development Cooperation Act of 1985

BACKGROUND:

GAO discussed the: (1) accountability for and impact of non-lethal assistance the United States provided to the military forces of the Noncommunist Cambodian Resistance (NCR); and (2) the status of the United Nations (UN) seat held by the Coalition Government of Democratic Kampuchea. GAO noted that: (1) despite poor accountability and control over the non-lethal assistance program in its initial years, the Agency for International Development now had controls to ensure that aid reached NCR; (2) while there was no evidence that U.S. assistance was directly providing benefits to the Khmer Rouge, accountability systems did not exist that would provide such assurance; (3) communications occurring between military officers of the NCR and Khmer Rouge may have indirectly augmented the Khmer Rouge's military capacity; (4) the Khmer Rouge had greater financial support than the two NCR parties, and a Khmer Rouge representative headed the UN delegations in New York and Geneva; (5) decisions on UN issues that were important to Cambodia were made on a consensus basis; and (6) the Secretary of State reported that the United States would no longer support the UN seating of the Coalition Government as long as the Khmer Rouge remained a part of the coalition.

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TITLE: [The Government's Use of "M" and Merged Surplus Accounts]  
ACCESSION NUMBER: 141931 RPTNO: T-AFMD-90-26  
DOCUMENT DATE: 08/02/90 DOCUMENT TYPE: Testimony  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Accounting and Financial Management Division

ORGANIZATION CONCERNED:

Department of the Treasury  
Department of the Air Force  
Department of the Navy  
Department of the Army  
Agency for International Development

LAW AUTHORITY:

H. Rept. 99-792  
P.L. 101-189  
B-236940 (1989)  
S. 2840 (101st Cong.)

BACKGROUND:

GAO discussed the government's use of M and merged surplus accounts and provided perspectives on legislation to strengthen control and oversight of those accounts. GAO noted that: (1) at the end of fiscal year (FY) 1989, M accounts for executive agencies totalled over \$28 billion, and the military services accounted two-thirds of that amount; (2) M account balances for the military services grew from \$2.7 billion in FY 1980 to \$18.5 billion in FY 1989; (3) in FY 1989, there were 1,362 individual payments of \$500,000 or more, totalling \$8.1 billion, from accounts; (3) the Agency for International Development (AID) was the second largest user, making 367 payments valued at almost \$1.3 billion; and (4) there were 36 restorations over \$500,000 in FY 1989, amounting to \$320 million, and while the military services accounted for over two-thirds of this amount, AID accounted for less than \$1 million. GAO believes that: (1) the proposed legislation needs better financial information on the status of appropriations; and (2) there

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is a need for leadership to improve reporting and control over appropriations.

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TITLE: Foreign Assistance: Non-Emergency Food Aid Provided Through Private Voluntary Organizations

ACCESSION NUMBER: 141865

RPTNO: NSIAD-90-179

BNUMBER: B-239471

DOCUMENT DATE: 07/24/90

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Agricultural Trade Development and Assistance Act of 1954

P.L. 83-480

BACKGROUND:

Pursuant to a congressional request, GAO reviewed non-emergency food aid programs sponsored by private voluntary organizations (PVO) and cooperatives in Saharan Africa, focusing on whether PVO: (1) were less willing to sponsor non-emergency projects, particularly in Africa; (2) encountered implementation problems that affected their willingness to continue sponsoring projects, and whether those problems could be addressed by legislative or administrative action; and (3) financial management systems were adequate to account for food aid commodities donated by the U.S. government.

FINDINGS:

GAO found that: (1) PVO continued to have a strong commitment to the non-emergency food aid program, and were not withdrawing from it; (2) PVO requested more food for the next five years, but did not have specific plans for additional food use; (3) food distribution in sub-Saharan Africa through feeding projects declined, primarily due to changing opinions, implementing difficulties, and project terminations; (4) PVO sought more reliable funding for project costs, but did not adequately support their need for grants equal to at least 2 percent of the program budget; (5) PVO food sponsors were proposing to develop cost implementation data to help donors evaluate funding needs; (6) the Agency for International Development (AID) worked with PVO to revise program regulations, focusing on clarity, accountability, flexibility, and reporting; (7) AID audits concluded that PVO generally lacked adequate management control systems to account for commodities and funds, making the projects vulnerable to fraud, waste, and abuse; (8) such management weaknesses were primarily due to financial constraints; and (9) AID provided a major food aid sponsor a \$500,000 grant to help it resolve common food aid management problems.

RECOMMENDATIONS TO AGENCIES

To make food aid projects less vulnerable to fraud, waste, and abuse, the Administrator, AID, should consider the adequacy of food aid sponsors' financial and management systems when reviewing their requests to sell title II commodities to generate local currencies, and if such systems are inadequate, ensure that sufficient sales proceeds are set aside for improving those systems.

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TITLE: [Restrictions on U.S. Aid to Bolivia for Crop Development Competing With U.S. Agricultural Exports and their Relationship to U.S. Anti-Drug Efforts]

ACCESSION NUMBER: 141670

RPTNO: T-NSIAD-90-52

DOCUMENT DATE: 06/27/90

DOCUMENT TYPE: Testimony

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DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Department of Agriculture  
Republic of Bolivia  
Development Coordination Committee

LAW AUTHORITY:

P.L. 83-480  
22 U.S.C. 262g  
P.L. 101-167  
P.L. 101-231  
International Narcotics Control Act of 1989

BACKGROUND:

GAO discussed the restrictions on U.S. aid to developing countries for crop development that competes with U.S. agricultural exports, and their relationship to U.S. anti-drug efforts in Bolivia. GAO noted that: (1) drug legislation places certain restrictions on the use of some local currencies generated by the sale of food aid commodities in recipient countries; (2) the provisions prohibit the use of certain funds to promote the production of commodities that would compete in world markets with similar U.S. commodities; (3) the legislation gives the President discretion to determine what would represent competition in world markets with U.S. commodities; (4) the Department of Agriculture (USDA) interpreted the legislation's restrictions as meaning no funds could be used, either directly or indirectly, to support soybean exports; (5) there is disagreement between the Department of State and USDA over the desirability of supporting soybean production in Bolivia as an alternative to coca production; (6) State has urged the Development Coordination Committee (DCC) to reconsider its interpretation of the legislation's restrictions; (7) the Agency for International Development has advised DCC that the total amount of funds it has spent on soybean activities since 1985 is about \$353,000; and (8) in fiscal years 1986 and 1987, \$40 million was allocated to the Bolivia program, but DCC has not changed its position on the restrictions.

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TITLE: [Claim for Transportation Expenses for AID Employee's Dependents]  
ACCESSION NUMBER: 141669                      BNUMBER: B-198930.3  
DOCUMENT DATE: 06/25/90                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development: Office of Financial Management

LAW AUTHORITY:

International Air Transportation Fair Competitive Practices Act of 1974  
49 U.S.C. App. 1517  
B-206723 (1982)  
57 Comp. Gen. 519  
5 U.S.C. 5924(4)  
FAM [6] 134

BACKGROUND:

The Agency for International Development requested a decision regarding whether an employee could be reimbursed for transportation expenses he

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incurred while transporting his dependent children on two separate occasions. GAO held that the claimant: (1) could be reimbursed for an overseas trip, since the record reasonably established the necessity for use of a foreign airline; and (2) could not be reimbursed for the second trip, since it was between two domestic points. Accordingly, the claim was allowed in part.

=====

TITLE: Cargo Preference Requirements: Their Impact on U.S. Food Aid Programs and the U.S. Merchant Marine

ACCESSION NUMBER: 141651

RPTNO: NSIAD-90-174

BNUMBER: B-239401

DOCUMENT DATE: 06/19/90

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Department of Agriculture

Agency for International Development

Department of Transportation

Maritime Administration

LAW AUTHORITY:

Agricultural Trade Development and Assistance Act of 1954

P.L. 83-480

Agricultural Act of 1949

Cargo Preference Act (Merchant Marine)

Food Security Act

P.L. 99-198

P.L. 83-664

Merchant Marine Act, 1936

P.L. 58-198

P.L. 74-858

Food Security Wheat Reserve Act of 1980

BACKGROUND:

Pursuant to a congressional request, GAO reviewed cargo preference laws, focusing on the: (1) cost and timeliness of U.S. food aid shipments; (2) amount of government cargo transported on U.S.-flag vessels; and (3) changes in the number of U.S. merchant marine vessels and support personnel over the past 10 years.

FINDINGS:

GAO found that: (1) the average cost to ship food aid to foreign countries on U.S.-flag vessels has decreased over the past several years; (2) shipping costs have decreased because of liberalized cargo preference requirements and increased shipping efficiency; (3) U.S.-flag vessels did not always provide timely service; (4) the amount of government cargo transported on U.S.-flag vessels has increased nearly 67 percent since 1980, and food aid has doubled; (5) despite the increases, the number of U.S.-flag vessels has decreased by 24 percent, and the number of support personnel has decreased by about 31 percent; (6) active shipping capacity has only decreased 6.5 percent because newer ships are larger and hold more cargo; and (7) the newer ships required fewer personnel to load, operate, and maintain.

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TITLE: Foreign Aid: Efforts to Improve the Judicial System in El Salvador

ACCESSION NUMBER: 141463

RPTNO: NSIAD-90-81

BNUMBER: B-231513

DOCUMENT DATE: 05/29/90

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

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National Security and International Affairs Division  
ORGANIZATION CONCERNED:

Agency for International Development  
Department of State  
Republic of El Salvador

BACKGROUND:

Pursuant to a congressional request, GAO examined U.S. and El Salvadoran efforts to improve the judicial system in El Salvador.

FINDINGS:

GAO found that: (1) the El Salvadoran judicial system was outdated and inconsistent with its current constitution; (2) many judges and others trying to make the system work were undereducated and undertrained; (3) judges were poorly paid, compared to salaries of attorneys in the private sector; (4) the number of public defenders was significantly less than required, which contributed to prisoners remaining in jail without trial for extended periods; (5) investigative and forensic capabilities had improved, but remained limited, forcing police to rely on confessions and eyewitness testimony for evidence; (6) efforts to sustain and build confidence in the judicial system may not materialize unless politically motivated threats, murders, and other crimes are addressed and punished by law; (7) the U.S.-supported Judicial Reform Project has had small success, despite the debilitated condition of the judicial system; (8) investigations included methods and procedures used by U.S. investigative organizations; (9) political interference with the El Salvadoran Commission on Investigation (COI) declined, but the lack of high-level government support was hurting its credibility and authority to conduct investigations; (10) COI lacked the resources to investigate all serious crimes; (11) politics and war have impeded passage of the El Salvadoran Revisory Commission's recommendations; and (12) the United States has been attempting to improve the court systems' human resources, management capabilities, and physical conditions.

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TITLE: Economic Assistance: Integration of Japanese Aid and Trade Policies  
ACCESSION NUMBER: 141650 RPTNO: NSIAD-90-149  
BNUMBER: B-239036 DOCUMENT DATE: 05/24/90  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Japan

BACKGROUND:

Pursuant to a congressional request, GAO reviewed Japanese foreign economic assistance and trade policies and determined the extent to which Japan integrated those policies.

FINDINGS:

GAO found that: (1) Japan's economic assistance system has been more heavily influenced by commercial considerations than has the U.S system; (2) commercial considerations were a factor in Japan's focus on recipient countries' infrastructures; (3) U.S. economic assistance has many officially designated goals, but direct trade was not a prominent consideration; (4) both Japan and the United States require recipients to procure from donor-country firms a portion of goods and services obtained with assistance funds; (5) linkage provisions varied by program and by project within programs; (6) most of the tied Japanese assistance was delivered as grants, including grant funds devoted to technical assistance;

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(7) about 77 percent of U.S. bilateral assistance obligated through three main programs was theoretically tied in 1987, including all commodities provided to recipients as food aid; (8) substantial portions of both Japanese and U.S. assistance were used to procure goods and services from donor-country firms; (9) several aspects of the Japanese administrative system further help to ensure commercial benefits for Japan; and (10) since 1978, Japan has eliminated nearly all fully tied lending.

=====

TITLE: [Protest of AID Contract Award for Agricultural Development and Assistance Project]

ACCESSION NUMBER: 141439

BNUMBER: B-238402

DOCUMENT DATE: 05/23/90

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

Associates in Rural Development, Inc.

Louis Berger International, Inc.

LAW AUTHORITY:

B-225455 (1987)

B-233384 (1989)

B-224551 (1987)

B-209516 (1983)

B-229664 (1988)

B-224182 (1987)

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for an agricultural development and assistance project, contending that: (1) AID failed to adhere to the solicitation's evaluation scheme by emphasizing cost; and (2) the awardee's proposal was unrealistically low. GAO held that: (1) the solicitation clearly emphasized cost; and (2) AID reasonably determined that the awardee's proposed costs were realistic. Accordingly, the protest was denied.

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TITLE: Foreign Assistance: AID's Population Program

ACCESSION NUMBER: 141364

RPTNO: NSIAD-90-112

BNUMBER: B-233489

DOCUMENT DATE: 05/01/90

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

22 U.S.C. 2151

Federal Managers' Financial Integrity Act of 1982

31 U.S.C. 3512

BACKGROUND:

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) Population Program, focusing on: (1) program policy, goals, and strategy; (2) program resources and management; and (3) program accomplishments.

FINDINGS:

GAO found that: (1) despite congressional policies and objectives designed to reduce high population growth rates, AID had no projects directed toward motivating couples to limit their family size; (2) the program, implemented

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by 43 units within AID, lacked overall management or oversight authority and responsibility; (3) because AID lacked a system to provide overall program management above the project level, AID management lacked sufficient information to make sound, fundamental decisions about resource allocations and program priorities; (4) AID did not evaluate the impact of its population assistance in meeting legislative objectives or the priority development needs of recipient countries; (5) AID evaluations were unsystematic, uncoordinated, uneven, and had relatively little influence on project design and management; (6) according to AID, its efforts improved the safety, effectiveness, and acceptability of several contraceptive methods; (7) AID reported that some previously reluctant governments adopted policy reforms and undertook family planning programs; and (8) AID provided training and technical assistance to many program administrators, and equipment and technical support to medical schools and clinics.

RECOMMENDATIONS TO AGENCIES

To improve program oversight, the Administrator, AID, should develop a centralized management information system to obtain comprehensive financial and management information on all AID population projects and activities, which would also enable the Administrator to improve on making decisions about resource allocations and program priorities.

To improve program evaluation, the Administrator, AID, should direct that an overall program impact evaluation be performed, along with country-specific impact evaluations in those countries with large programs.

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TITLE: Foreign Assistance: Circumstances Surrounding a Family Planning

Project

ACCESSION NUMBER: 141288

RPTNO: NSIAD-90-89

BNUMBER: B-238295

DOCUMENT DATE: 04/26/90

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

Family of the Americas Foundation, Inc.

Georgetown University, Washington, DC

LAW AUTHORITY:

Small Business Act

Foreign Assistance Act of 1967

International Security and Development Cooperation Act of 1980

P.L. 99-190

BACKGROUND:

Pursuant to a congressional request, GAO reviewed an Agency for International Development (AID) cooperative agreement with a family planning foundation to determine: (1) whether AID made the award in accordance with applicable procurement policies and procedures; (2) the foundation's efforts to obtain additional AID funding since fiscal year 1985; and (3) the delay in the evaluation process.

FINDINGS:

GAO found that: (1) AID followed its procedures for awarding a sole-source cooperative agreement; (2) AID determined that the foundation was capable of performing the required services and that its proposal was critical to foreign assistance program objectives; (3) AID delayed project evaluation so that the foundation could complete educational materials and conduct additional training; (4) problems in selecting the evaluation team and providing necessary information to AID further delayed the evaluation

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process; and (5) AID did not officially evaluate project proposals because the foundation failed to submit them to the umbrella organization, as required. GAO also found that the: (1) foundation failed to provide uniform and technically accurate materials; (2) amount of staff time required to monitor and assist the foundation's activities was more than anticipated; and (3) the foundation's efforts to obtain AID funding for additional projects were unsuccessful.

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TITLE: [Using Local Currency Generated by U.S. Food Aid for Development Purposes]

ACCESSION NUMBER: 141169

RPTNO: T-NSIAD-90-32

DOCUMENT DATE: 04/18/90

DOCUMENT TYPE: Testimony

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

P.L. 83-480

BACKGROUND:

GAO discussed issues related to local currencies generated from U.S. foreign assistance programs, focusing on: (1) whether recipient countries used local currencies to achieve development goals; (2) who owned the local currencies; and (3) how to improve local currency accountability. GAO noted that: (1) the Agency for International Development (AID) and the recipient countries viewed local currencies as valued resources for country development; (2) AID did not adequately monitor and oversee the use of local currencies; (3) AID programmed the use of currencies consistent with development goals; (4) in some cases, AID did not timely program large portions of generated local currencies due to the host governments' conflicting opinions; (5) host governments owned the local currencies, but the United States played a major role in determining their use; and (6) AID officials believed that currency ownership would increase accountability requirements, but said that they did not have adequate staff to provide the required local currency oversight.

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TITLE: [Accountability and Control Over Foreign Assistance]

ACCESSION NUMBER: 140977

RPTNO: T-NSIAD-90-25

DOCUMENT DATE: 03/29/90

DOCUMENT TYPE: Testimony

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

Department of Defense

Department of State

LAW AUTHORITY:

P.L. 83-480

Federal Managers' Financial Integrity Act of 1982

BACKGROUND:

GAO discussed the Agency for International Development's (AID) potential for misuse of foreign economic and military aid funds. GAO found that: (1) past AID reviews identified many management and internal control problems; (2) questions of accountability and control remained because the AID policy for Economic Support Fund (ESF) cash transfers lacked agencywide standards for verifying and auditing dollar accounts; (3) the Commodity Import

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Program (CIP) and food assistance program showed that AID could not determine whether local currency generated from the assistance was deposited or used as required; (4) AID lacked accountable monitoring and auditing coverage of accounts, and suffered from poor host-country reporting and managing of account activities; (5) AID officials debated whether AID, or the host government should maintain accountability and control over local currencies; and (6) the AID overseas contracting system lacked accountability for certain property in the possession of contractors, inadequate contract close-out procedures and final audit coverage, and poor procurement planning by AID overseas missions. GAO also found that: (1) the AID malaria vaccine research project's inadequate monitoring, lack of financial auditing, and other management weaknesses directly contributed to the misuse of economic assistance funds; (2) many AID problems seemed systemic; and (3) U.S. military foreign aid also had many accountability and management problems.

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**TITLE:** Food Safety and Quality: Five Countries' Efforts to Meet U.S.

Requirements on Imported Produce

ACCESSION NUMBER: 140990

RPTNO: RCED-90-55

BNUMBER: B-237768.1

DOCUMENT DATE: 03/22/90

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

Resources, Community, and Economic Development Division

**ORGANIZATION CONCERNED:**

Department of Agriculture

Environmental Protection Agency

Food and Drug Administration

Agency for International Development

**LAW AUTHORITY:**

Insecticide, Fungicide and Rodenticide Act

7 U.S.C. 1360

Pesticide Monitoring Improvements Act of 1988

Omnibus Trade and Competitiveness Act of 1988

P.L. 100-418

Agricultural Marketing Agreement Act of 1937

7 U.S.C. 608e-1

40 C.F.R. 180

40 C.F.R. 185

General Agreement on Tariffs and Trade, Oct. 30, 1947, Multilateral,

61 Stat. 5(6), T.I.A.S. No. 1700

53 Fed. Reg. 5043

Caribbean Basin Economic Recovery Act

P.L. 98-67

97 Stat. 384

Foreign Operations, Export Financing and Related Programs

Appropriation Act, 1990

P.L. 101-167

Foreign Assistance and Related Programs Appropriation Act, 1987

100 Stat. 3341

Agricultural Marketing Act of 1946

7 U.S.C. 1621 et seq.

H.R. 2026 (101st Cong.)

H.R. 3567 (101st Cong.)

S. 1729 (101st Cong.)

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H. Rept. 101-344  
22 C.F.R. 216  
Food, Drug and Cosmetic Act  
21 U.S.C. 301 et seq.

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed: (1) government and private-sector pesticide controls over exported fresh produce in five countries; (2) federal agencies' efforts to help foreign countries improve their pesticide registration and practices; and (3) U.S., state, and private industry responsibilities in monitoring imported produce.

**FINDINGS:**

GAO found that: (1) the foreign governments' pesticide registration practices affected the presence and composition of pesticide residues on their exported produce; (2) the foreign governments allowed the use of 110 registered pesticides that did not have Environmental Protection Agency-established tolerance levels; (3) like the United States, the foreign governments did not design their food safety and quality systems to meet other countries' import requirements, but rather to address domestic needs and issues; (4) exporting countries faced many varied pesticide requirements; (5) some countries' export sectors tried to use management practices that considered U.S. pesticide residue requirements; (6) the Uruguay Round of Negotiations on the General Agreement on Tariffs and Trade included proposals to harmonize food safety and sanitary requirements as a way to reduce their use as technical trade barriers; and (7) several U.S. agencies and international organizations provided assistance related to pesticide use to developing countries.

**RECOMMENDATIONS TO CONGRESS**

Congress may wish to consider establishing tolerances for additional crops and increasing the flow of information, which could help: (1) increase U.S. consumers' confidence about the safety and quality of imported foods; (2) provide U.S. consumers with a larger variety of foods during a greater part of the year; and (3) developing countries, many of which are debtor nations, increase their exports to the United States.

=====

**TITLE:** [Status Report on GAO's Reviews on P.L. 480 Food Aid Programs]  
**ACCESSION NUMBER:** 140214 **RPTNO:** T-NSIAD-90-23  
**DOCUMENT DATE:** 03/21/90 **DOCUMENT TYPE:** Testimony  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development  
Development Coordination Committee

**LAW AUTHORITY:**

Agricultural Trade Development and Assistance Act of 1954  
P.L. 83-480  
Agricultural Act of 1949

**BACKGROUND:**

GAO discussed U.S. food aid programs, focusing on: (1) the integration of agricultural export programs with food aid programs; (2) food aid program management; (3) the Agency for International Development's (AID) food aid management plan; (4) the role of U.S. private voluntary organizations (PVO) in U.S. food aid programs; and (5) the extent to which AID should maintain accountability over local currencies generated through the sale of food aid. GAO noted that: (1) there was no formal strategy for integrating

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export programs with aid programs, but there was no evidence that the programs were working at cross purposes; (2) AID officials in two countries stated that food aid programs were working well despite complex requirements and bureaucratic and administrative problems; (3) AID developed the food aid management plan to clarify overseas missions' program roles and responsibilities; (4) PVO were not withdrawing from U.S. food aid programs, but made changes in their projects' geographic distribution that particularly affected African countries; and (5) AID officials disagreed regarding accountability and control over host-country-owned local currencies. GAO believes that AID should establish flexible guidelines for missions to use in maintaining such accountability.

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TITLE: Central America: Activities of the Verification Commission  
ACCESSION NUMBER: 140750 RPTNO: NSIAD-90-65  
BNUMBER: B-235946 DOCUMENT DATE: 02/23/90  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Department of Defense  
Agency for International Development  
Sapoa Agreement Verification Commission  
Organization of American States

LAW AUTHORITY:

P.L. 100-276  
P.L. 101-45

BACKGROUND:

Pursuant to a legislative requirement, GAO audited the expenditure of funds transferred from the Department of Defense to the Agency for International Development (AID) to support the activities of the Verification Commission which was established to ensure compliance with the Sapoa Agreement.

FINDINGS:

GAO found that the Commission's activities were curtailed when political events in Nicaragua prevented it from carrying out its duties, and subsequently, it: (1) returned about \$2.2 million in unspent funds, proceeds from vehicle sales, and earned interest to AID; (2) had vehicles and electrical generators put in storage pending possible future use; (3) reduced employee salaries and recouped some funds; (4) was forced to limit its activities to cease-fire investigations, verifications, talks to demobilize and repatriate Resistance members, and election monitoring; and (5) was still receiving funds from AID.

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TITLE: [Request for Reconsideration of Dismissed Protest of AID Subcontract Award]  
ACCESSION NUMBER: 140649 BNUMBER: B-238283.2  
DOCUMENT DATE: 02/20/90 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development  
Development Assistance Corp.  
Health Systems Marketing & Development Corp.

LAW AUTHORITY:

Small Business Act

AID/ICA/IDCA

15 U.S.C. 637(a)  
4 C.F.R. 21.3(m)(4)  
68 Comp. Gen. 130  
B-231998.2 (1989)

BACKGROUND:

A firm requested reconsideration of its dismissed protest against an Agency for International Development (AID) subcontract award, contending that a competitor's disclosure of procurement information to another bidder prejudiced it, which indicated that AID acted in bad faith. GAO held that: (1) the protester submitted supporting information that it should have submitted with its initial protest; and (2) there was no evidence that AID acted in bad faith. Accordingly, the reconsideration request was denied.

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TITLE: Central America: Humanitarian Assistance to the Nicaraguan Democratic Resistance

ACCESSION NUMBER: 140449

RPTNO: NSIAD-90-62

BNUMBER: B-225832

DOCUMENT DATE: 01/23/90

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Creative Associates International, Inc.  
Nicaraguan Association for Human Rights  
International Medical Corps

LAW AUTHORITY:

Department of Defense Appropriation Act, 1989  
P.L. 100-463  
P.L. 100-276  
P.L. 101-14

BACKGROUND:

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) administration of \$27.14 million in humanitarian aid to the Nicaraguan resistance.

FINDINGS:

GAO found that: (1) AID complied with legislative requirements by providing only authorized assistance and establishing new guidelines for family assistance payments; (2) AID implemented internal controls that adequately tracked and verified supply purchases, and maintained extensive oversight of program operations; (3) the removal of legislative limits on monthly spending allowed AID to procure greater quantities of supplies and services while reducing the frequency of deliveries; (4) AID contractors improved medical facilities and recruited and trained 6,000 resistance personnel in health, sanitation, and supply management practices, and vocational and literacy skills, but experienced problems in maintaining medical supply inventories; (5) 8,600 resistance members received human rights training through AID grants to nonprofit organizations; and (6) AID contracted with private firms to increase helicopter use and improve air transport capability.

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TITLE: Foreign Economic Assistance: Better Controls Needed Over Property Accountability and Contract Close Outs

ACCESSION NUMBER: 140431

RPTNO: NSIAD-90-67

BNUMBER: B-236711

DOCUMENT DATE: 01/22/90

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

AID/ICA/IDCA

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Agency for International Development: Office of the Inspector General  
Agency for International Development: Office of Procurement  
Agency for International Development: Quito, Ecuador  
Agency for International Development: Office of Financial Management  
Agency for International Development: La Paz, Bolivia

LAW AUTHORITY:

Federal Managers' Financial Integrity Act of 1982

BACKGROUND:

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) contracting and procurement system, focusing on AID procedures for: (1) maintaining accountability for both AID-owned and cooperating-country-titled nonexpendable property in the possession of contractors; and (2) closing out and auditing expired contracts in conformance with federal and AID contracting policies and regulations.

FINDINGS:

GAO found that: (1) AID did not adequately comply with its regulations requiring accountability for project-funded nonexpendable property in the possession of its contractors and did not know the value or condition of the property or whether the property was properly disposed of at contract completion; (2) AID missions did not keep such records because of a lack of priority for project-funded property accountability, failure of contractors to submit annual and final inventory reports, and inadequate closure of completed contracts; (3) although the AID Inspector General identified the lack of accountability in 1984 and recommended that AID establish an accounting system for this property, AID made no progress in establishing the system; (4) although AID directed its missions to establish contract close-out and audit procedures similar to those it used in Washington, many missions either did not establish adequate procedures or did not perform close-outs; (5) AID could not accurately identify the extent to which it audited its expired contracts; (6) AID was in the process of implementing a new contract information system to keep track of contract expiration dates, audit dates and contract close-out dates; and (7) the latest AID internal control assessment report cited the lack of adequate audit coverage, but did not address the inadequate property accountability or the lack of adequate contract close-outs.

RECOMMENDATIONS TO AGENCIES

- To correct areas of vulnerability, the Administrator, AID, should develop an inventory of AID-owned and cooperating-country-titled nonexpendable property in the possession of contractors and, based on the significance of this inventory, develop and implement an appropriate system for the proper accountability and control of such property.
- To correct areas of vulnerability, the Administrator, AID, should ensure that specific requirements for contract close-outs are established for the overseas missions, including standard requirements or thresholds for final contract audits.
- To correct areas of vulnerability, the Administrator, AID, should ensure that its new contract information system is used to keep track of the extent that expired contracts are being closed out and audited for both AID/Washington and the overseas missions.
- To correct areas of vulnerability, the Administrator, AID, should develop a plan for eliminating the backlog of completed but unaudited contracts.

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**TITLE:** AID-Financed Procurement: Allegations of Irregularities in the  
Procurement of an Oil Drilling Chemical  
**ACCESSION NUMBER:** 140430 **RPTNO:** NSIAD-90-41  
**BNUMBER:** B-233223 **DOCUMENT DATE:** 12/15/89  
**DOCUMENT TYPE:** Letter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development  
Messina, Inc.  
Louisiana Chemical Polymers, Inc.  
Hashemite Kingdom of Jordan  
Islamic Republic of Pakistan  
Agency for International Development: Karachi, Pakistan

**LAW AUTHORITY:**  
22 C.F.R. 201.31(b)  
22 C.F.R. 201.22(d)

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the quality of an oil-drilling product (CELTROL-LV) that a U.S. firm supplied to Jordan and Pakistan under the Agency for International Development's (AID) Commodity Import Program, focusing on another U.S. firm's allegations that the contractor failed to comply with the contract specifications or AID source and origin regulations.

**FINDINGS:**

GAO found that: (1) Jordan tested the product and found that it met the contract specifications and AID source and origin requirements; (2) the awardee offered to have the product tested before shipment to Pakistan, and a testing company certified that it had witnessed the awardee's testing, but did not certify that the product met all of Pakistan's contract specifications; (3) AID incorrectly concluded that the certification meant that the shipment met all specifications and approved the Pakistan contract; (4) although Pakistan was not concerned about product compliance with four additional specifications, AID rules applicable to the Commodity Import Program required conformance to all contract specifications; (5) although one product component was of foreign origin, the dollar value of that component was less than half of the total manufacturing costs, in accordance with AID source requirements; and (6) AID did not have written procedures for investigating allegations of noncompliance, since it generally relied on host countries to investigate such matters.

**RECOMMENDATIONS TO AGENCIES**

Because Messina has already delivered the CELTROL-LV to the Government of Pakistan under the contract and the product is in use, the Administrator, AID, should direct the AID Mission Director in Pakistan to consider during the contract close-out that two contract specifications were not met and to determine whether AID should seek an adjustment from the supplier for providing a product that did not meet specifications.

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**TITLE:** [Protest of AID Refusal to Accept Late Offer]  
**ACCESSION NUMBER:** 140102 **BNUMBER:** B-236386  
**DOCUMENT DATE:** 11/22/89 **DOCUMENT TYPE:** Decision  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel

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ORGANIZATION CONCERNED:

Goodway Graphics of Virginia, Inc.  
Agency for International Development

LAW AUTHORITY:

B-231823 (1988)  
B-225498 (1987)  
F.A.R. 15.606(b)  
B-203731 (1982)

BACKGROUND:

A firm protested the Agency for International Development's (AID) rejection of its late bid for printing and bindery services, contending that AID: (1) advised it to submit its bid after it received two solicitation amendments, but failed to send it the solicitation amendments; and (2) improperly excluded it from submitting a revised bid in response to a third solicitation amendment AID issued after bid opening. GAO held that: (1) the protester was not required to follow AID oral advice, which correctly informed it of an extended bid opening date; (2) the protester bore the risk of not receiving the solicitation amendments and did not show that AID deliberately attempted to exclude it from competition; and (3) AID properly excluded the protester from submitting a revised bid, since it did not timely submit its initial bid. Accordingly, the protest was denied.

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TITLE: Foreign Aid: AID's Malaria Vaccine Research Activities  
ACCESSION NUMBER: 139769 RPTNO: NSIAD-90-9  
BNUMBER: B-233226 DOCUMENT DATE: 10/17/89  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Agency for International Development: Office of the Inspector General  
National Institutes of Health  
National Academy of Sciences: Institute of Medicine  
American Institute of Biological Sciences

LAW AUTHORITY:

Advisory Committee Act (Federal)  
Government in the Sunshine Act

BACKGROUND:

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) Malaria Immunology and Vaccine Research (MIVR) project, focusing on whether: (1) the procedures and processes AID used to select research and support subprojects ensured funding for high-quality, relevant, cost-conscious subprojects; (2) AID instituted an effective, impartial system to monitor performance; (3) AID periodically evaluated the malaria project's relevance, impact, and management; and (4) AID adequately subjected project expenditures to financial oversight and audit.

FINDINGS:

GAO found that: (1) AID waived competition for 10 of the 11 subprojects based in part on inaccurate documentation that the MIVR technical office sent to AID procurement officials, and funded at least three proposals that received negative preaward evaluations; (2) insufficient supervisory oversight over project staff and activities resulted in questionable funding actions, management practices, and undetected financial transactions; (3) AID relied on network members and a few external experts to review subproject performance and did not ensure adequate project

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expenditure audits and oversight; (4) AID acquired more than 1,400 research monkeys with no comprehensive plan to coordinate their purchase, housing, or care, resulting in its purchase of monkeys with limited malaria research use, wasted funds for housing and care, and maintenance of demographic and biomedical databases that did not provide complete census information for inventory accountability purposes; (5) in 1987, AID took corrective actions to expand the number of external auditors, improve subproject selection and monitoring processes, initiate fraud investigations, and replace a project officer pending a criminal investigation of his activities; (6) AID still had not developed adequate guidance for external reviewer selection, redesigned project monitoring, audited several subprojects, or developed a comprehensive primate management plan; and (7) although AID requested the Institute of Medicine to conduct a comprehensive evaluation of global malaria control activities and options, it needed to decide whether to continue funding malaria research.

## RECOMMENDATIONS TO AGENCIES

- To resolve outstanding MIVR project management deficiencies, the Administrator, AID, should develop descriptive guidance for the disclosure of scientific and financial interests, which would enable reviewing officials to identify and resolve real or apparent conflicts of interest in the selection of external consultants.
- To resolve outstanding MIVR project management deficiencies, the Administrator, AID, should redesign the project's semiannual progress reports to improve their usefulness as performance monitoring tools and ensure that confidential information is safeguarded, the reports receive adequate review, and the researchers receive timely feedback on their performance.
- To resolve outstanding MIVR project management deficiencies, the Administrator, AID, should ensure that the scientific consultants groups established for research and development and field trials activities are chartered in accordance with the Federal Advisory Committee Act.
- To resolve outstanding MIVR project management deficiencies, the Administrator, AID, should await the results of the Institute of Medicine evaluation before authorizing long-term funding commitments for malaria vaccine research activities.
- The Inspector General, AID, should schedule and audit those MIVR subprojects which were not audited by the Office of the Inspector General during the past year.
- The Administrator, AID, should develop a comprehensive management plan to be periodically reviewed by AID external scientific advisors and updated to reflect new information and scientific developments. The plan should include: (1) an assessment of the suitability of specific Aotus and Saimiri species for malaria vaccine research; (2) an assessment of future needs and a corresponding plan for acquiring suitable primate species; (3) an evaluation of the usefulness of efficacy trials in monkeys and how AID will use data from such trials in deciding to approve and support human clinical trials; and (4) plans for disposing of unsuitable and surplus monkeys.
- The Administrator, AID, should ensure that research monkeys receive appropriate care and are housed only in facilities meeting National Institutes of Health standards.
- The Administrator, AID, should ensure that all AID-owned monkeys are individually tattooed and included in the AID centralized inventory system.
- The Administrator, AID, should reexamine the MIVR project's primate

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databases and: (1) stop collecting unnecessary information; (2) ensure the integrity of any information collected; and (3) ensure that information is easily accessible to network researchers.

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TITLE: Food Aid: AID's Management of Two Emergency Food Shipments  
ACCESSION NUMBER: 139745 RPTNO: NSIAD-90-8  
BNUMBER: B-236009 DOCUMENT DATE: 10/12/89  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development  
Armada Lines, Ltd.  
Diversified Marine International, Inc.

LAW AUTHORITY:  
Agricultural Trade Development and Assistance Act of 1954  
P.L. 83-480  
7 U.S.C. 1721 et seq.  
Agricultural Act of 1949  
7 U.S.C. 1431

**BACKGROUND:**

Pursuant to a congressional request, GAO provided information on how the Agency for International Development (AID) handled the procurement of transportation services for emergency food shipments of rice to Mali and sorghum to Niger.

**FINDINGS:**

GAO found that: (1) AID selected the lowest bid that was responsive to the delivery date requirement for transporting the Mali shipment; (2) the modifications that AID made to the Mali contract to extend coverage to five inland destinations did not void the contract's delivery date and penalty provisions; (3) the contractor delivered the shipments on time at three of the five destinations; (4) AID assessed an \$85,000 penalty on the shipping contractor, since a preexisting dispute between the contractor and a local subcontractor delayed shipment to one destination, but did not assess a penalty for a delayed shipment to the fifth destination because of unexpected weather conditions; and (5) AID shifted half of the Niger food shipment to another port because of concerns over safety and potential diversion of the commodities, resulting in \$760,000 in additional costs to the U.S. government.

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TITLE: [Protest of AID Rejection of Proposal as Technically Unacceptable]  
ACCESSION NUMBER: 139636 BNUMBER: B-235663  
DOCUMENT DATE: 09/29/89 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Agency for International Development  
Development Alternatives, Inc.  
Futures Group

LAW AUTHORITY:  
F.A.R. 15.610  
B-221068 (1986)  
66 Comp. Gen. 272

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4 C.F.R. 21.2(a)(1)  
B-227853 (1987)

**BACKGROUND:**

A firm protested the Agency for International Development's (AID) rejection of its bid and subsequent contract award for technical assistance, contending that AID: (1) failed to conduct meaningful discussions; and (2) unreasonably required key personnel to have direct experience. GAO held that the: (1) discussions adequately directed the protester to the areas of its bid requiring further elaboration or explanation; and (2) protester untimely filed its protest regarding the personnel experience requirement. Accordingly, the protest was denied in part and dismissed in part.

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**TITLE:** United Nations: U.S. Participation in the Children's Fund  
**ACCESSION NUMBER:** 139644 **RPTNO:** NSIAD-89-204  
**BNUMBER:** B-232149 **DOCUMENT DATE:** 09/27/89  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Department of State

Department of State: Bureau of International Organization Affairs

United Nations: Children's Fund

Agency for International Development

**BACKGROUND:**

Pursuant to a congressional request, GAO assessed various aspects of the United Nations Children's Fund (UNICEF), focusing on: (1) views of the United States and other major UNICEF donor countries on the effectiveness and efficiency of UNICEF programs; (2) UNICEF project monitoring and oversight; (3) UNICEF accounting practices and other financial information; and (4) the level of U.S. influence in UNICEF and the prospects for maintaining that level of influence.

**FINDINGS:**

GAC found that: (1) the Department of State and the Agency for International Development viewed UNICEF programs favorably and, like representatives of other major donor countries, believed that UNICEF had well-managed and effective field programs; (2) U.S. officials believed that UNICEF should collaborate more with other agencies and do more to help recipient governments sustain UNICEF programs; (3) there were program and project deficiencies at some UNICEF projects that could be resolved through improved UNICEF oversight; (4) while 1985 and 1986 audits showed significant problems with certain UNICEF financial practices, UNICEF took corrective actions and subsequent audit statements were acceptable and unqualified; (5) overall, other major donor countries expressed satisfaction with UNICEF programs, but one major donor country was concerned that UNICEF was expanding its programs to areas not directly related to women and children; and (6) the extent of U.S. influence over UNICEF may be declining, and two countries contributed more to UNICEF than did the United States in 1987.

**RECOMMENDATIONS TO AGENCIES**

The Secretary of State should direct the Assistant Secretary for International Organization Affairs to intensify efforts to encourage the UNICEF Executive Board and management to increase the level of field monitoring and oversight of governments' implementation of UNICEF-assisted programs.

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**TITLE:** Economic Assistance: Ways to Reduce the Reprogramming Notification Burden and Improve Congressional Oversight  
**ACCESSION NUMBER:** 139585 **RPTNO:** NSIAD-89-202  
**BNUMBER:** B-227530 **DOCUMENT DATE:** 09/21/89  
**DOCUMENT TYPE:** Letter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division  
**ORGANIZATION CONCERNED:**  
Agency for International Development  
**LAW AUTHORITY:**  
Foreign Assistance Act of 1961

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) congressional notification procedures for reprogramming foreign assistance funds to determine whether changes in the process would reduce the administrative burden without unduly limiting congressional oversight.

**FINDINGS:**

GAO found that: (1) in 1987, AID submitted 700 notifications to Congress, representing 1,171 reprogramming actions; (2) reducing the submissions would be difficult because of widely diversified congressional interests; (3) AID could achieve some reductions without significantly limiting congressional oversight by eliminating notifications for actions that did not increase project funding, raising the reporting threshold, or adopting a dollar-value reporting threshold; and (4) AID could achieve greater reductions if Congress required it to justify its programs and submit notifications of only those reprogramming changes affecting country spending levels.

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**TITLE:** [Protest of AID Contract Award for Technical Services]  
**ACCESSION NUMBER:** 139469 **BNUMBER:** B-234629.2  
**DOCUMENT DATE:** 08/31/89 **DOCUMENT TYPE:** Decision  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel  
**ORGANIZATION CONCERNED:**  
International Resources Group, Ltd.  
Tulane University, New Orleans, LA  
Agency for International Development  
**LAW AUTHORITY:**  
F.A.R. 1.602-2  
F.A.R. 3.101-1  
65 Comp. Gen. 104  
B-233369 (1989)

**BACKGROUND:**

A firm protested an Agency for International Development (AID) contract award for technical services, contending that AID should have rejected the awardee as nonresponsible, since the awardee hired a former AID employee as a chief of party for the contract, which created an apparent conflict of interest. GAO held that AID properly awarded the contract, since it advised the awardee that the former AID employee was an unacceptable choice and evaluated the awardee's bid on the basis of an alternative chief of party. Accordingly, the protest was denied.



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**FINDINGS:**

GAO found that: (1) U.S. military and economic assistance to the countries totalled more than \$6.5 million during fiscal years 1981 through 1988; (2) the countries' continued regional conflicts, slow economic recovery, and long histories of governmental weaknesses, extreme poverty, and political violence limited their accomplishment of assistance objectives; and (3) U.S. sanctions against Panama and Nicaragua contributed to their already serious economic problems. GAO also found that U.S. assistance: (1) halted further Soviet expansion into Central America, although insurgency, military build-ups, and institutional weaknesses hampered countries' progress toward peace and stability; (2) helped to maintain Costa Rica's and Belize's relatively stable democracies and supported democratic transitions in El Salvador, Guatemala, and Honduras; (3) improved the countries' overall human rights situation; (4) helped the countries achieve judicial reform, although continuing violence, inequitable socioeconomic conditions, and corruption posed significant challenges to the fragile democracies; (5) helped to halt economic decline in El Salvador, Honduras, Belize, Costa Rica, and Guatemala, although each of those countries remained dependent on external assistance; and (6) helped countries to maintain higher living standards, although they remained constrained in their ability to generate jobs and improve inequitable economic conditions.

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**TITLE:** [Protest of AID Extension of Contract for Printing Services]  
**ACCESSION NUMBER:** 138875 **BNUMBER:** B-234855  
**DOCUMENT DATE:** 06/14/89 **DOCUMENT TYPE:** Decision  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel

**ORGANIZATION CONCERNED:**  
Copy Data Systems, Inc.  
Goodway Graphics of Virginia, Inc.  
United States International Development Cooperation Agency

**LAW AUTHORITY:**  
Competition in Contracting Act of 1984  
41 U.S.C. 253(a)(1)(A)  
4 C.F.R. 21.2(a)(2)  
B-235308 (1989)

**BACKGROUND:**

A firm protested the Agency for International Development's (AID) extension of a contract for printing services, contending that AID improperly extended the contract for an additional year without competition. GAO held that: (1) the protester untimely filed its protest more than 10 days after it knew the basis for protest; and (2) since AID made no modifications to the awardee's contract, the protester was not entitled to reimbursement for its protest costs. Accordingly, the protest was dismissed and the claim was denied.

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**TITLE:** Central America: Humanitarian Assistance to the Nicaraguan Democratic Resistance  
**ACCESSION NUMBER:** 138783 **RPTNO:** NSIAD-89-152  
**BNUMBER:** B-230756 **DOCUMENT DATE:** 06/01/89  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development

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LAW AUTHORITY:

P.L. 100-276  
Department of Defense Appropriation Act, 1986  
Department of Defense Appropriation Act, 1989  
P.L. 100-463  
Internal Revenue Code (IRC)  
B-225832 (1988)

BACKGROUND:

Pursuant to a legislative requirement, GAO reviewed the Agency for International Development's (AID) expenditure of \$17.7 million in humanitarian assistance to the Nicaraguan democratic resistance.

FINDINGS:

GAO found that: (1) AID conformed to legislative requirements and provided no lethal goods under the program; (2) AID applied adequate controls to administer procurement, monitor goods delivery, and make cash payments for food and family assistance; (3) \$1.2 million in unobligated program funds resulted from legislative limits on fund expenditures; (4) temporary shortages of goods and services to the resistance resulted from the legislated monthly spending limits, increasing numbers of resistance personnel requiring assistance, isolated locations of resistance personnel, and management weaknesses within the resistance; and (5) although AID inappropriately used some program funds due to practices that continued from previous U.S. assistance programs, it discontinued those practices.

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TITLE: Foreign Aid: Issues Concerning U.S. University Participation  
ACCESSION NUMBER: 138378 RPTNO: NSIAD-89-38  
BNUMBER: B-203211 DOCUMENT DATE: 04/11/89  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Agency for International Development: Board for International Food and Agricultural Development  
National Association of State Universities and Land Grant Colleges

LAW AUTHORITY:

Foreign Assistance Act of 1961  
Competition in Contracting Act of 1984  
Balanced Budget and Emergency Deficit Control Act of 1985

BACKGROUND:

Pursuant to a congressional request, GAO reviewed efforts by the Agency for International Development (AID) and the Board for International Food and Agricultural Development (BIFAD) to implement title XII of the Foreign Assistance Act of 1961, which encourages the involvement of U.S. land-grant, sea-grant, and eligible universities in AID development activities, focusing on: (1) the impact of changes in the AID budgetary and administration environments on title XII implementation; (2) procurement issues that hinder title XII implementation; and (3) whether there has been improvement in AID-university efforts to increase commitment to supporting international agricultural development activities.

FINDINGS:

GAO found that title XII project activity declined between 1982 and 1988, and officials believe that the downward trend will continue because of: (1) a decrease in the primary funding source for title XII activities; (2) changing congressional and AID priorities; and (3) the reluctance of some AID staff to use title XII universities. GAO also found that: (1) neither

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AID nor BIFAD accurately tracked title XII activities; (2) AID has not submitted required annual reports to Congress since 1984; (3) although AID has issued several impact studies on university-implemented projects, the studies do not fully discuss all issues pertinent to title XII; (4) AID did not require its contracting officers to evaluate university compliance with the National Association of State Universities and Land Grant Colleges' (NASULGC) principles regarding international development activities; (5) BIFAD has not developed a comprehensive register of title XII universities which it could use to match university capabilities with AID needs; (6) AID was reluctant to use set-asides limiting contractor competition for title XII projects to title XII universities because it did not have confidence in universities' capabilities and did not want to limit competition; and (7) the AID set-aside procurement mechanism was not consistent with statutory competition requirements.

RECOMMENDATIONS TO AGENCIES

- The Administrator, AID, in consultation with BIFAD, should develop a means of accurately tracking and reporting title XII project activities.
  - The Administrator, AID, in consultation with BIFAD, should reinstitute the mandated annual report to Congress on title XII, and ensure that it includes accurate and complete data, including anticipated title XII activities planned over the next 5 fiscal years.
  - The Administrator, AID, in consultation with BIFAD, should make an evaluation of title XII projects, to include university performance, and distribute the results to AID missions and title XII universities.
  - The Administrator, AID, in consultation with BIFAD, should require universities to include in their project proposals a statement, and supporting documentation, regarding the extent of their compliance with the NASULGC Basic Principles for College and University Involvement in International Development Activities.
- BIFAD should place priority on developing a comprehensive and current registry of university resources to facilitate its ability to match university capabilities with AID needs.
- The Administrator, AID, should issue guidance eliminating the separate procurement set-aside for title XII universities.

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TITLE: Foreign Assistance: Administration of Funds for the International Fund for Ireland

ACCESSION NUMBER: 138326

RPTNO: NSIAD-89-53

BNUMBER: B-231247

DOCUMENT DATE: 04/03/89

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

International Fund for Ireland: Board of Directors  
Ireland

Agency for International Development

LAW AUTHORITY:

Anglo-Irish Agreement Support Act of 1986

P.L. 99-415

P.L. 100-461

22 U.S.C. 2346

Treasury Financial Manual #8065.20

BACKGROUND:

GAO reviewed the Agency for International Development's (AID) role in monitoring the activities and administration of U.S. contributions to the International Fund for Ireland (IFI), established to promote economic and

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social reconstruction and development in Northern Ireland and Ireland.

**FINDINGS:**

GAO found that AID: (1) disbursed \$120 million in congressional appropriations to the Fund for fiscal years (FY) 1986 through 1988 and planned to contribute between \$10 million and \$35 million for FY 1989; (2) stipulated that the Fund use the contribution to stimulate private-sector economic growth through activities that would produce visible and measurable results; (3) provided to Congress annual Fund activity status reports, based largely on Fund documents and not on independent evaluations; (4) encouraged the Fund's board of directors to collect relevant economic data in an appropriate format to improve AID ability to report on the Fund's achievements; (5) expressed uncertainty over its ability to measure the Fund's impact on social change, although it continued efforts to develop meaningful criteria for measuring social change; (6) did not assess whether the Fund immediately needed or used U.S. contributions; and (7) did not have the right to audit the Fund's activities, although an agreement between Ireland, the United Kingdom, and the United States stipulated that AID would receive audited financial reports on Fund operations and other information. GAO also found that the Fund's reports did address whether its activities complied with contributor intentions.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, should request the International Fund for Ireland's (IFI) Board of Directors to further develop its capability to collect, sort, analyze, and report economic indicators of the Fund's achievements.

The Administrator, AID, should exercise greater fiscal control over money disbursed to the Fund by evaluating the timing of U.S. contributions to the Fund so the money is transferred only when needed to minimize interest on the public debt.

The Administrator, AID, should request the International Fund for Ireland's Board of Directors to report specifically on the basis of a performance audit on how the program is being managed to comply with its intended purpose and donor wishes.

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**TITLE:** [Protest of AID Contract Award for Technical Services for Education Project]

ACCESSION NUMBER: 138202

BNUMBER: B-232103.2

DOCUMENT DATE: 03/15/89

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

Office of the General Counsel

**ORGANIZATION CONCERNED:**

Agency for International Development  
Institute for International Research, Inc.  
Academy for Educational Development

**LAW AUTHORITY:**

F.A.R. 15.609(a)

F.A.R. 15.605(d)

B-226395.3 (1988)

B-220661 (1986)

B-210849 (1983)

B-193054 (1980)

B-225055 (1987)

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B-230799 (1988)  
B-226422.5 (1988)

**BACKGROUND:**

A firm protested an Agency for International Development (AID) contract award for an education project, contending that AID: (1) improperly excluded its bid from the competitive range, since it could have corrected its bid deficiencies through discussions; (2) should have awarded it the contract, since its bid was low, and there were no significant differences between its proposal and the awardee's; and (3) did not evaluate proposals consistently with the stated criteria. GAO held that: (1) AID reasonably determined that the protester could not correct its deficient bid through discussions; (2) AID properly awarded the contract to a technically superior offerer consistently with the stated evaluation criteria; and (3) the protester failed to prove that AID was biased against it. Accordingly, the protest was denied.

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**TITLE:** [Protest of AID Contract Award for Services Involved in Maternal and Neonatal Health and Nutrition Project]  
**ACCESSION NUMBER:** 138105                      **BNUMBER:** B-233384  
**DOCUMENT DATE:** 03/06/89                      **DOCUMENT TYPE:** Decision  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel

**ORGANIZATION CONCERNED:**  
Johns Hopkins University, Baltimore, MD  
John Snow International  
Agency for International Development

**LAW AUTHORITY:**  
B-225455 (1987)  
B-230699 (1988)  
B-218255.2 (1985)  
F.A.R. 15.609(a)  
B-225357.2 (1987)  
B-221004 (1986)  
B-231704 (1988)  
B-222416 (1986)

**BACKGROUND:**

A firm protested an Agency for International Development (AID) contract award for services involved in a maternal and neonatal health and nutrition project, contending that: (1) AID improperly told only the awardee that it would weight cost equally with technical factors; (2) major personnel changes in the awardee's best and final offer indicated the unacceptability of its initial proposal; (3) the awardee improperly proposed part-time key personnel; (4) AID did not take adequate time to evaluate bids; and (5) the evaluation board was composed of individuals with insufficient technical expertise. GAO held that: (1) since the solicitation did not explicitly indicate relative weights, price and technical factors were presumed to be equally important; (2) the awardee's personnel changes did not constitute a major proposal revision or indicate the unacceptability of the awardee's initial proposal; (3) the solicitation allowed for part-time employees under unusual circumstances, and AID reasonably determined that the unusual circumstances were sufficient to allow use of part-time employees; (4) the protester failed to show that the evaluation was inconsistent with the stated evaluation criteria; and (5) it would not question the composition of the evaluation board absent a showing of fraud, bad faith, conflict of interest, or bias. Accordingly, the protest was denied.

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**TITLE:** Impoundment of Funds: Four New Deferrals for Fiscal Year 1989  
**ACCESSION NUMBER:** 137915 **RPTNO:** OGC-89-4  
**BNUMBER:** B-233179 **DOCUMENT DATE:** 01/30/89  
**DOCUMENT TYPE:** Letter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel

**ORGANIZATION CONCERNED:**  
Executive Office of the President  
Agency for International Development  
Department of State  
Department of Transportation

**LAW AUTHORITY:**  
Congressional Budget and Impoundment Control Act of 1974  
2 U.S.C. 681

**BACKGROUND:**

GAO reviewed the deferrals included in the President's second special budget impoundment message for fiscal year 1989.

**FINDINGS:**

GAO found that the message proposed four new deferrals and three revisions to previously reported deferrals and complied with the Congressional Budget and Impoundment Control Act of 1974. GAO identified no other information, except as noted, that would be useful to Congress in its consideration of the President's proposals.

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**TITLE:** Foreign Aid: Problems and Issues Affecting Economic Assistance  
**ACCESSION NUMBER:** 137686 **RPTNO:** NSIAD-89-61BR  
**BNUMBER:** B-225870 **DOCUMENT DATE:** 12/30/88  
**DOCUMENT TYPE:** Briefing Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development

**LAW AUTHORITY:**  
Foreign Assistance Act of 1961  
P.L. 83-480

**BACKGROUND:**

In response to a congressional request, GAO identified key issues and problems relating to the U.S. foreign economic assistance program.

**FINDINGS:**

GAO found that U.S. bilateral assistance programs had been undermined due to: (1) recipients' inability to provide agreed-upon funding and recurrent cost financing; (2) U.S. failure to effectively use Economic Support Fund and food aid to achieve economic development and policy reforms overseas; (3) recipients' inability to service existing debt and borrow new funds; (4) unsuccessful efforts by the Agency for International Development (AID) to reduce narcotics cultivation through crop substitution and area development; (5) the impact of Acquired Immune Deficiency Syndrome on recipients, which would likely increase their demands for assistance; and (6) recipients' inadequate financial management and accounting procedures over cash transfers and local currency to ensure that assistance is used for intended purposes.

**RECOMMENDATIONS TO CONGRESS**

Congress should structure U.S. bilateral assistance according to the recipient's capability to support projects. Options include emphasizing projects that lessen the administrative and financial

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- burden on recipients, stressing alternatives to project assistance, and making new and continued project funding contingent on recipient compliance with counterpart and recurrent cost-funding agreements.
- Congress should strengthen efforts to encourage recipient economic policy reform by clarifying specific reform objectives, establishing time frames or milestones for achieving stated reforms, and periodically assessing reform progress and impact of U.S. assistance.
- Congress should develop budget strategies to minimize the pipeline problem, consider alternatives to earmarking funds and to programming development assistance by functional accounts, and streamline reprogramming requirements.
- Congress should focus AID programs on more manageable units by decreasing the total number of countries in which AID missions and field offices are located, concentrating AID resources and personnel on key countries, and maintaining a limited in-country presence through U.S. embassy staff in other nations, concentrating resources on fewer or larger projects, and setting a minimum funding level per project.
- Congress should develop an overall debt relief policy that determines how much aid is needed, the U.S. share, and the most appropriate mechanisms for delivery.
- Congress should determine if AID should play a greater role in U.S. efforts to reduce narcotics production and, if so, what that role should be.

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**TITLE:** Participant Training: AID Administration of Training Agreements, Costs, and Support Services

ACCESSION NUMBER: 137744 RPTNO: NSIAD-89-43FS

BNUMBER: B-233418 DOCUMENT DATE: 12/22/88

DOCUMENT TYPE: Fact Sheet DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development

**LAW AUTHORITY:**

- Foreign Assistance Act of 1961
  - P.L. 87-195
  - 22 U.S.C. 2151 et seq.
- Foreign Relations Authorization Act, 1986 and 1987
  - P.L. 99-93
- Comprehensive Anti-Apartheid Act of 1986
  - P.L. 99-440
- Federal Grant and Cooperative Agreement Act of 1977
  - 31 U.S.C. 6301 et seq.
- Competition in Contracting Act of 1984
  - P.L. 98-369
  - 41 U.S.C. 253 et seq.
- Small Business Act
  - 15 U.S.C. 637(a)
  - P.L. 100-202
  - P.L. 99-190
  - P.L. 99-83

**BACKGROUND:**

Pursuant to a congressional request, GAO provided information on the Agency for International Development's (AID) management of participant training activities, which are intended to help individuals from developing countries acquire the knowledge and resources essential to development and improvement of quality of life.

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**FINDINGS:**

GAO found that AID: (1) spent between \$200 million and \$250 million during fiscal year 1987 to provide academic or technical training; (2) had agreements with 105 programming agents, about half of which were university organizations, for placing or managing academic participants, with 9 of the agents managing about 75 percent of the 7,331 academic participants; (3) obtained full and open competition for over 40 percent of the agreements; (4) made most agreements at the mission level to support individual mission projects and activities that involved small numbers of individuals; (5) believed that its largely decentralized management structure supported its efforts to contract with the private sector and small minority businesses; (6) has had no systematic means for collecting data on training expenditures, but is currently installing a new management tool for collecting such information; (7) encouraged, but did not require, missions to provide such support activities as predeparture, arrival and adjustment, and reintegration and follow-up services; (8) is developing a Participant Training Management System to monitor training activities; and (9) plans to establish a contract liaison/monitoring unit to conduct participant training program desk audits.

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**TITLE:** Development Assistance: Issues Concerning AID's Social Marketing for Change Program  
**ACCESSION NUMBER:** 137393 **RPTNO:** NSIAD-89-29  
**BNUMBER:** B-231298 **DOCUMENT DATE:** 11/09/88  
**DOCUMENT TYPE:** Letter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division  
**ORGANIZATION CONCERNED:**  
Agency for International Development

**BACKGROUND:**

In response to a congressional request, GAO reviewed various allegations concerning the Agency for International Development's (AID) Social Marketing for Change (SOMARC) Program, which markets contraceptives for developing countries, to determine whether: (1) AID changed an evaluation of the program to remove criticism; (2) a member of the evaluation team had a possible conflict of interest; and (3) SOMARC was cost-effective.

**FINDINGS:**

GAO found that: (1) there was no evidence that AID influenced the SOMARC evaluation report; (2) AID did not review the allegation of a conflict of interest because the contractor responsible for the evaluation failed to notify it that a member of the evaluation team had worked for SOMARC and planned to work for a subcontractor in the future; (3) critics of the program used inaccurate sales data to calculate the program's costs; and (4) although it was unable to determine from available data whether SOMARC was as cost effective as other similar programs, its costs were consistent with those of other programs.

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**TITLE:** [Protest Against AID Contract Award for Construction]  
**ACCESSION NUMBER:** 137233 **BNUMBER:** B-232049  
**DOCUMENT DATE:** 11/03/88 **DOCUMENT TYPE:** Decision  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel  
**ORGANIZATION CONCERNED:**  
Turner International, Inc.  
ENCORP

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Agency for International Development

LAW AUTHORITY:

4 C.F.R. 21.2(a)(1)  
65 Comp. Gen. 715  
F.A.R. 15.610(d)(3)  
B-218567.2 (1985)  
B-223905.2 (1987)

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for construction, contending that AID: (1) improperly requested best and final offers after disclosure of offerers' initial bids, which amounted to an auction; (2) did not evaluate the bids in accordance with the solicitation's evaluation criteria; and (3) should have rejected all the bids in the competitive range, since they did not meet solicitation requirements. GAO held that: (1) the protester untimely filed its protest against the AID request for best and final offers; (2) AID evaluated the bids consistently with the solicitation's evaluation criteria; and (3) AID properly included in the competitive range bids that were capable of becoming acceptable through discussions. Accordingly, the protest was dismissed in part and denied in part.

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TITLE: Drug Control: U.S.-Supported Efforts in Colombia and Bolivia  
ACCESSION NUMBER: 137207 RPTNO: NSIAD-89-24  
BNUMBER: B-225282 DOCUMENT DATE: 11/01/88  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Department of State  
Department of Justice  
Agency for International Development  
Department of State: Bureau of International Narcotics Matters  
Department of State: Office of the Assistant Secretary for  
International Narcotics Matters  
Republic of Bolivia  
Republic of Colombia

LAW AUTHORITY:

Anti-Drug Abuse Act of 1986  
Foreign Assistance Act of 1961  
22 U.S.C. 2291  
Single Convention on Narcotic Drugs, Mar. 30, 1961, Multilateral, T.I.  
A.S. No. 6298  
International Narcotics Control Act of 1985  
P.L. 99-83  
Convention Relating to the Suppression of the Abuse of Opium and Other  
Drugs, Jan. 23, 1912, Multilateral, 38 Stat. 1912, 8 L.N.T.S. 187  
P.L. 99-190  
Convention on Extradition, Dec. 26, 1933, Multilateral, 49 Stat. 3111,  
165 L.N.T.S. 45

BACKGROUND:

Pursuant to a legislative requirement, GAO evaluated the scope, purpose, and effectiveness of U.S. narcotics control efforts in Colombia and Bolivia.

FINDINGS:

GAO found that U.S.-supported crop control, enforcement, and interdiction efforts in Colombia and Bolivia have not produced major reductions in coca

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and marijuana production and trafficking, and it is questionable whether the efforts will achieve major reductions in the near future. GAO found that Colombia's large-scale efforts have had little effect due to the: (1) unprecedented level of violence associated with narcotics control; (2) lack of an enforceable extradition treaty with the United States for narcotics offenses; (3) general reluctance of the Colombian military forces to become involved in narcotics enforcement; and (4) lack of safe and effective means of chemically eradicating coca. GAO also found that Bolivia's efforts have had little effect due to: (1) the lack of clear legislation in Bolivia outlawing coca cultivation and supporting government control and eradication programs; (2) an inexperienced and ineffective special narcotics police force; (3) limited Bolivian government funding for program objectives; and (4) generalized corruption. In addition, GAO found that the Department of State's Bureau of International Narcotics Matters (INM): (1) did not systematically evaluate program and project performance to assess progress against established goals and objectives or to redirect activities; and (2) does not have guidelines which clearly establish the responsibility for ensuring that INM units perform evaluations. GAO also found that the Agency for International Development's development and narcotics awareness programs in Bolivia have not been effective due to the unwillingness or inability of the Bolivian government to introduce and implement effective coca control and enforcement measures.

RECOMMENDATIONS TO AGENCIES

The Secretary of State should instruct the Assistant Secretary for International Narcotics Matters to: (1) ensure that eradication aircraft are used during the entire day and to spray early in the marijuana growing cycle; (2) increase U.S. monitoring of marijuana eradication activities; (3) encourage Colombian officials to establish aircraft maintenance standards; (4) improve aircraft spare parts inventory management policies and procedures; and (5) request the government of Colombia to use all of its resources, including its military force, more effectively in the fight against drug production and trafficking.

To obtain greater participation in the narcotics control effort, the Secretary of State should encourage the government of Bolivia to: (1) improve the effectiveness of Bolivia's narcotics special police force; and (2) provide additional support for narcotics interdiction and enforcement activities. Such support does not have to be strictly financial, because several requirements for in-kind logistical support can be provided by elements of the government of Bolivia at little or no additional cost.

The Assistant Secretary of State for International Narcotics Matters should: (1) issue clear guidelines on the responsibility for conducting program and project evaluations; (2) establish an evaluation schedule; and (3) establish procedures to ensure that scheduled evaluations are performed.

The Assistant Secretary of State for International Narcotics Matters should initiate a review of procedures for accounting for cash advances and ensure that proper control of advances are instituted and maintained.

The Secretary of State should instruct the Assistant Secretary for International Narcotics Matters to increase U.S. monitoring of marijuana eradication activities.

The Secretary of State should instruct the Assistant Secretary for International Narcotics Matters to encourage Colombian officials to establish aircraft maintenance standards.

The Secretary of State should instruct the Assistant Secretary for

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International Narcotics Matters to improve aircraft spare parts inventory management policies and procedures.

The Secretary of State should instruct the Assistant Secretary for International Narcotics Matters to request the government of Colombia to use all of its resources, including its military force, more effectively in the fight against drug production and trafficking.

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TITLE: Transition Series: Foreign Economic Assistance Issues  
ACCESSION NUMBER: 137349 RPTNO: OCG-89-23TR  
BNUMBER: B-158195 DOCUMENT DATE: 11/88  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the Comptroller General  
ORGANIZATION CONCERNED:  
Agency for International Development  
LAW AUTHORITY:  
Foreign Assistance Act of 1961  
P.L. 83-480

BACKGROUND:

GAO summarized the major issues relating to the Agency for International Development's (AID) foreign economic assistance programs.

FINDINGS:

GAO found that Congress and the new administration will need to: (1) consider the policies and priorities AID should address in the next decade; and (2) identify better ways to administer, manage, and control resources allocated to the program. GAO also found that AID will need to: (1) consider focusing programs on more manageable units by reducing the number of overseas missions and concentrating resources on fewer and larger projects, rather than on numerous small projects; (2) use program funds more efficiently and in a more timely manner; and (3) strengthen control over its program funds.

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TITLE: [State Authority to Retroactively Designate Foreign Post as Unhealthful]  
ACCESSION NUMBER: 137152 BNUMBER: B-228650  
DOCUMENT DATE: 10/26/88 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Department of State  
Agency for International Development  
LAW AUTHORITY:  
Meritorious Claims Act  
31 U.S.C. 3702(b)  
54 Comp. Gen. 263  
37 Comp. Gen. 774  
40 Comp. Gen. 207  
Dept. of State S.R. #920  
FAM [3] 671.5-14a  
B-221749 (1986)  
5 U.S.C. 5925  
22 U.S.C. 4057

BACKGROUND:

An Agency for International Development (AID) employee elected to receive extra service credit in lieu of post differential payments he was entitled

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to. At his retirement, the Department of State advised him that he could not receive the credit, since State had not designated the post as unhealthful. GAO held that: (1) AID erroneously discontinued the employee's payments without determining whether State had designated the post as unhealthful; (2) under the applicable statutes and regulations, the employee was entitled to receive either the post differential or extra service credit; and (3) the Meritorious Claims Act barred any claim for the post differential, since it was more than 6 years after the date the claim first accrued. Accordingly, State should grant the employee extra service credit if AID can provide sufficient documentation for State to retroactively designate the post as unhealthful.

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TITLE: Foreign Aid: Use of Local Currencies for AID's Operating Costs  
ACCESSION NUMBER: 137390 RPTNO: NSIAD-89-7  
BNUMBER: B-225870 DOCUMENT DATE: 10/17/88  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Foreign Assistance Act of 1961

BACKGROUND:

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) implementation and management of trust fund local currencies accruing from Economic Support Fund agreements to pay local operation expenses at AID missions overseas.

FINDINGS:

GAO found that AID: (1) increased the use of trust funds to pay the operating expenses of its missions from \$12.4 million obligated in fiscal year (FY) 1983 to \$55 million in FY 1985; (2) has not always fulfilled its fiduciary responsibilities in reporting trust fund expenses to host governments; and (3) sometimes gave inaccurate information to Congress and did not disclose real property acquisitions.

RECOMMENDATIONS TO CONGRESS

Because of large capital expenditures by AID in Costa Rica and the potential for large capital expenditures in the future by other missions due to expanding trust funds, Congress may wish to consider whether more statutory controls over trust fund real property acquisitions are needed.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should direct AID missions with trust funds to maximize trust fund use by converting operating expenses payable in dollars to local currency expenses and, if necessary, attempt to negotiate larger trust funds to pay these expenses.

The Administrator, AID, should direct AID missions with trust funds to maximize trust fund use by seeking opportunities to use reverse accommodation exchange to convert trust fund local currencies to dollars to pay local operating expenses payable only in dollars, and, if necessary, attempt to negotiate a larger trust fund to cover these additional expenses.

To improve the accuracy of trust fund expenditures submitted to Congress, the Administrator, AID, should issue guidance to the missions instructing them to use the average daily exchange rate when converting trust fund local currency, as shown in their accounting records, to dollars for use in its trust fund mission operating

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expense reports and annual budget submissions to AID headquarters.

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TITLE: Foreign Aid: Better Management of Commodity Import Programs Could  
Improve Development Impact

ACCESSION NUMBER: 136912

RPTNO: NSIAD-88-209

BNUMBER: B-225870

DOCUMENT DATE: 09/26/88

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Foreign Assistance Act of 1961

P.L. 83-480

BACKGROUND:

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) commodity import programs (CIP) in Egypt, Pakistan, Zambia, and Zaire to assess how CIP could achieve greater development impact.

FINDINGS:

GAO found that: (1) CIP have helped sustain economic production in countries experiencing foreign exchange shortages; (2) the Egypt and Pakistan CIP, which supplied commodities to public activities at subsidized prices, contradicted the AID goal of encouraging governments to eliminate subsidies; (3) in Zaire and Zambia, AID missions programmed local currencies to support specific development activities; (4) AID officials in Pakistan believed that emphasizing programming of local currency would reduce their leverage in economic policy reform discussions, and they minimized local currency deposit requirements; and (5) as of January 1987, Egypt had accumulated about \$325 million in local currencies generated from commodity sales, instead of programming those funds to support development. GAO also found that: (1) in Pakistan, Egypt, and Zambia, AID did not ensure that funds were used for the intended purposes; (2) AID accounting systems for monitoring commodity arrival, disposition, and end use operated on a country-by-country basis and did not consistently account for imported commodities; and (3) when end-use checks showed that commodities were idle or not fully used, AID did not resolve the problems before approving further transactions, and the problems recurred.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should require missions to independently verify, on a sample basis, host government reports on the uses of local currencies.

The Administrator, AID, should develop with Egypt a plan to liquidate accumulations of local currency funds and program future generation for development at a pace more commensurate with the rate that funds are deposited.

To ensure that AID can adequately account for the arrival and disposition of CIP commodities, the Administrator, AID, should require that arrival accounting systems provide a clear link between CIP obligations, commodity receipts, and local currency deposits for all import transactions.

To ensure that AID can adequately account for the arrival and disposition of CIP commodities, the Administrator, AID, should specify the extent to which missions should conduct end-use checks and a minimum level of expected coverage.

To ensure that AID can adequately account for the arrival and disposition

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of CIP commodities, the Administrator, AID, should require missions to resolve problems of underused commodities before approving financing of additional transactions by the importer.

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TITLE: Foreign Aid: Issues Concerning AID's Private-Sector Revolving Fund  
ACCESSION NUMBER: 136368 RPTNO: NSIAD-88-185  
BNUMBER: B-230725 DOCUMENT DATE: 07/18/88  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

Agency for International Development: Bureau for Private Enterprise

LAW AUTHORITY:

International Security and Development Assistance Authorization Act of 1983

Foreign Assistance Act of 1961

Antideficiency Act

BACKGROUND:

In response to a congressional request, GAO reviewed the operations of the Agency for International Development's (AID) Private-Sector Revolving Fund, specifically, its: (1) financial management; (2) funding levels; and (3) management and monitoring of field projects.

FINDINGS:

GAO found that the fund had several financial management weaknesses, including: (1) a data base that was inadequate for accurately projecting cash flow and additional appropriations requirements; (2) a lack of complete and audited financial statements to ensure the integrity of its annual reports; (3) no loss reserve account; and (4) inadequate procedures for converting loan reflows of principal, interest, and fees into U.S. securities. GAO also found that: (1) the \$8.5 million AID requested for its fiscal year (FY) 1989 appropriation would exceed its requirements; (2) staff limitations affected the quality of field mission project management and monitoring; (3) AID could not effectively operate a larger program; and (4) AID did not have an overall risk policy for the fund that defined the balance between projects' credit worthiness and AID developmental goals. In addition, GAO found that AID took several actions to address the fund's financial difficulties, including: (1) revising cash flow projections; (2) preparing financial statements; (3) establishing a loss reserve account; (4) strengthening reflow investment procedures; and (5) hiring a financial consultant.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should provide sufficient resources for strengthening the management and monitoring of revolving fund projects by adding fund staff and increasing the direct involvement of its field missions in project management. The Administrator should also provide for annual audited revolving fund financial statements.

The Administrator, AID, should establish a fund policy on maximum collateral requirements for local banks. The policy should: (1) establish a ceiling on banks' collateral requirements as a condition for fund loans and guarantees; (2) identify options for encouraging bank lending based on project performance and cash flow, instead of collateral-based lending; and (3) define, as part of an overall policy of what constitutes acceptable risk, the loss rates necessary and acceptable for balancing developmental goals and the objective of ensuring that revenue exceeds losses to retain revolving fund capital.

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**TITLE:** Caribbean Basin Initiative: Impact on Selected Countries  
**ACCESSION NUMBER:** 136305 **RPTNO:** NSIAD-88-177  
**BNUMBER:** B-225332 **DOCUMENT DATE:** 07/12/88  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development  
Belize  
Republic of Haiti  
Dominican Republic  
State of Grenada  
Saint Vincent and the Grenadines  
Commonwealth of Dominica

**LAW AUTHORITY:**  
Caribbean Basin Economic Recovery Act  
P.L. 98-67  
Tax Reform Act of 1986  
P.L. 99-514  
Foreign Assistance and Related Programs Appropriation Act, 1987  
Trade Act of 1974  
P.L. 93-618  
Food Security Act  
P.L. 99-198

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the Caribbean Basin Initiative's (CBI) impact on selected countries, focusing on: (1) its contributions toward alleviating debt-servicing problems, creating lasting employment opportunities, and fostering broadly based economic growth; (2) executive branch or congressional actions which worked against CBI; and (3) the Agency for International Development's (AID) promotion of CBI.

**FINDINGS:**

GAO found that: (1) CBI fostered some trade and investment opportunities, but not to the extent of generating broadly based economic growth, alleviating debt-servicing problems, or creating lasting employment; (2) a congressionally mandated sugar import quota negatively affected some CBI countries; (3) although increased citrus production and tourism both have potential for helping CBI countries, AID has discouraged missions from providing assistance and funding in these areas; (4) AID CBI-related projects involved skilled employment training, medium- and long-term credit availability, export and investment promotion services, and policy reforms; and (5) factors constraining the effectiveness of AID efforts included a lack of infrastructure, political instability, limited labor and resource bases, and underdeveloped private sectors.

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**TITLE:** Foreign Aid: Improving the Impact and Control of Economic Support Funds  
**ACCESSION NUMBER:** 136209 **RPTNO:** NSIAD-88-182  
**BNUMBER:** B-225870 **DOCUMENT DATE:** 06/29/88  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development

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**LAW AUTHORITY:**

Foreign Assistance Act of 1961  
Federal Managers' Financial Integrity Act of 1982  
P.L. 100-202

**BACKGROUND:**

In response to a congressional request, GAO reviewed the Agency for International Development's (AID) efforts to: (1) promote economic policy reform through the Economic Support Fund (ESF) program; and (2) control ESF cash transfer funds.

**FINDINGS:**

GAO found that AID: (1) relied on cash transfers to encourage economic policy reforms and to address balance-of-payments problems; (2) did not establish sufficient criteria to guide its policy reform efforts; (3) has had mixed success in encouraging policy reforms; (4) encountered problems in its efforts to implement separate accounting for cash transfers, since recipients continued commingling program funds with foreign exchange accounts; (5) failed to require separate accounting for certain ESF grants and projects because it did not consider them cash transfers; and (6) did not verify that recipients complied with its requirement to keep records on separate account disbursement or ensure that they used the funds for authorized purposes.

**RECOMMENDATIONS TO AGENCIES**

- To improve the prospects for successful policy reform efforts and facilitate measuring progress, the Administrator, AID, should require that each internal AID program document justifying cash transfer programs seeking policy reform to: (1) clearly state the specific economic policy reforms that cash transfer is intended to encourage; (2) specify the anticipated time frames or milestones for achieving these reforms; and (3) state the anticipated impacts of the reforms on economic development. Wherever country circumstances render it practical, AID should also include such details in grant agreements.
- To ensure that AID implementation of separate accounting is consistent with congressional intent, the Administrator, AID, should describe how AID will maintain accountability in cash transfer programs when it cannot avoid commingling cash transfers with other foreign exchange.
- To ensure that AID implementation of separate accounting is consistent with congressional intent, the Administrator, AID, should require recipients to maintain all ESF cash grants, not just those termed cash transfers, in separate accounts.
- To ensure that AID implementation of separate accounting is consistent with congressional intent, the Administrator, AID, should ensure that all separate cash transfer accounts be independently audited once every 3 years.

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**TITLE:** [Protest of AID Rejection of Bid for Advisory Services]  
**ACCESSION NUMBER:** 136208      **BNUMBER:** B-230707  
**DOCUMENT DATE:** 06/28/88      **DOCUMENT TYPE:** Decision  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

Office of the General Counsel

**ORGANIZATION CONCERNED:**

Robert R. Nathan Associates, Inc./Louis Berger International, Inc.  
Agency for International Development

**LAW AUTHORITY:**

F.A.R. 52.215-10

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B-219618 (1985)  
B-228062 (1987)  
B-209483 (1983)

**BACKGROUND:**

A firm protested the Agency for International Development's (AID) rejection of its bid for advisory services as late, contending that: (1) the AID contracting officer improperly used the Naval Observatory master clock, rather than the clock at the bid reception area, to determine when the deadline for receipt of proposals had passed; and (2) its representative entered the bid reception area before the deadline, according to the reception area clock, but there was no AID employee there to accept bids immediately and prevent waiting. GAO held that the: (1) contracting officer reasonably relied on the Naval Observatory master clock; and (2) protester's representative entered the reception area after the contracting officer had indicated that the deadline had passed. Accordingly, the protest was denied.

=====

**TITLE:** Sub-Saharan Africa: Factors Affecting Export Capabilities  
**ACCESSION NUMBER:** 135820 **RPTNO:** NSIAD-88-145  
**BNUMBER:** B-229422 **DOCUMENT DATE:** 05/04/88  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Japan  
European Economic Community  
Agency for International Development

**LAW AUTHORITY:**

Agricultural Adjustment Act  
7 U.S.C. 624  
Agriculture and Food Act of 1981  
Agricultural Act of 1956  
7 U.S.C. 1854  
Foreign Assistance Act of 1961  
22 U.S.C. 2413  
General Agreement on Tariffs and Trade, Oct. 30, 1947, Multilateral,  
61 Stat. 5(6), T.I.A.S. No. 1700  
H.R. 2017 (100th Cong.)  
S. 1000 (100th Cong.)

**BACKGROUND:**

In response to a congressional request, GAO reviewed Sub-Saharan African trade between the United States, the European Economic Community (EEC), and Japan to identify: (1) principal U.S., EEC, and Japanese imports from the region; (2) key restrictions that affect importation from the region; (3) EEC and Japanese trade practices aimed at reducing trade barriers to regional exports; and (4) U.S. efforts to reduce barriers and increase regional exports.

**FINDINGS:**

GAO found that: (1) in 1985, 94 percent of regional exports were primarily commodities, including petroleum, minerals, metals, and agricultural products; (2) most countries in the region were vulnerable to commodity market fluctuations, since they relied on two or three commodities for their export earnings; (3) 81 percent of regional exports are to industrialized market economies, with very little trade within the region; (4) most regional exports enter U.S., EEC, and Japanese industrial markets with little or no duty, since they provide special preferential tariff

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treatment to developing countries; (5) nontariff trade barriers have affected many nonpetroleum exports, such as quotas that cover agricultural products and higher tariffs that exclude some textiles and apparel, which could discourage countries in the region from developing these potentially competitive industries; (6) U.S. requirements for obtaining trade preferences, such as health requirements and customs regulations, adversely affect regional export ability; (7) 17 countries had 70 percent or more of their total eligible exports excluded from duty-free treatment because exporters did not or improperly prepared trade preference documentation; (8) in 1986, the U.S. government appointed a task force to end hunger in Africa that included increasing U.S.-regional trade; and (9) although the Agency for International Development (AID) received no new funds to implement the initiative, it received a \$500 million appropriation for regional development and has funded some training on export laws and regulations.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should expand its efforts to provide more training and seminars to better inform exporters of U.S. requirements.

=====

TITLE: [Request for Reconsideration of Protest of AID Delivery Order]  
ACCESSION NUMBER: 135472 BNUMBER: B-228909.2  
DOCUMENT DATE: 04/01/88 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Devres, Inc.  
Agency for International Development

LAW AUTHORITY:  
Freedom of Information Act  
F.A.R. 1.602  
52 Fed. Reg. 46445  
B-228909 (1987)  
B-221438.2 (1986)  
B-227164 (1987)  
B-227843.3 (1987)

BACKGROUND:

A firm requested reconsideration of its dismissed protest against an Agency for International Development (AID) delivery order. GAO had held that AID properly: (1) determined that the protester's bid price was unreasonable; and (2) sought alternative proposals from other bidders. In its request for reconsideration, the protester contended that GAO: (1) should have waited for the outcome of the AID investigation regarding its allegations before issuing its decision; and (2) failed to address the adequacy of AID regulations governing the issuance of delivery orders. GAO held that the protester failed to: (1) show that the original decision contained any factual or legal errors; or (2) provide any new information warranting reversal or modification of the original decision. Accordingly, the dismissal was affirmed.

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TITLE: Drug Control: U.S. International Narcotics Control Activities  
ACCESSION NUMBER: 135305 RPTNO: NSIAD-88-114  
BNUMBER: B-225282 DOCUMENT DATE: 03/01/88  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
National Security and International Affairs Division

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ORGANIZATION CONCERNED:

Department of State  
Agency for International Development  
Drug Enforcement Administration

LAW AUTHORITY:

Anti-Drug Abuse Act of 1986  
Foreign Assistance Act of 1961  
22 U.S.C. 2291  
Executive Order 12590

BACKGROUND:

Pursuant to a legislative requirement, GAO evaluated the effectiveness of the assistance the United States provided to foreign countries participating in the International Narcotics Control Program.

FINDINGS:

GAO reviewed programs in six countries and found that: (1) economic, political, and cultural conditions limited the countries' ability to deal with drug production and trafficking; (2) corruption or intimidation of law enforcement and judicial officials hampered efforts to curb drug production and trafficking; (3) drug cultivation and use were legal in some countries; and (4) non-traditional demands for illegal drugs have increased. GAO also found that: (1) if drug control programs were effective in one area, drug traffickers usually established new sources of supply; (2) the Agency for International Development's (AID) area development programs were only partially successful because of difficulties in identifying substitute crops and integrating enforcement and control programs with development projects; and (3) AID programs also promote the extension of government administration and services in major narcotics-growing areas. GAO believes that the six countries need to: (1) establish clear and quantifiable goals and objectives; (2) periodically evaluate program performance; and (3) improve their aerial survey techniques.

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TITLE:	Drug Control: U.S. Supported Efforts in Burma, Pakistan, and Thailand		
ACCESSION NUMBER:	135119	RPTNO:	NSIAD-88-94
BNUMBER:	B-225282	DOCUMENT DATE:	02/26/88
DOCUMENT TYPE:	Chapter Report	DOCUMENT CLASS:	P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Department of State  
Agency for International Development  
Drug Enforcement Administration  
Department of State: Bureau of International Narcotics Matters  
Islamic Republic of Pakistan  
Socialist Republic of the Union of Burma  
Kingdom of Thailand

LAW AUTHORITY:

Anti-Drug Abuse Act of 1986  
P.L. 99-570  
Foreign Assistance Act of 1961  
22 U.S.C. 2291

BACKGROUND:

Pursuant to a legislative requirement, GAO evaluated the Department of State's Bureau of International Narcotics Matters' (INM), the Drug Enforcement Administration's (DEA), and the Agency for International Development's (AID) narcotics control efforts in Burma, Thailand, and Pakistan, focusing on: (1) financial and technical assistance for crop

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control; (2) law enforcement activities; and (3) development assistance.

**FINDINGS:**

GAO found that: (1) although Burma, Pakistan, and Thailand increased eradication of opium poppy crops, only Thailand had a consistent decline over the last four growing seasons; (2) all three countries have had problems with narcotics-related corruption; (3) Thailand and Pakistan have weak narcotics laws; (4) poorly managed crop-control programs made it difficult to measure progress in all three countries; and (5) opium production reductions in Pakistan and Thailand will depend on the success of rural development projects. GAO also found that: (1) INM often lacked quantifiable project goals and frequently reported inaccurate cultivation, yield, and eradication data; (2) INM provided development assistance through U.S. embassies' narcotics assistance units (NAU) to farmers to discourage opium cultivation; (3) AID spent about \$9.4 million on narcotics control development assistance in Pakistan and Thailand in fiscal year 1987; (4) AID had no projects in Burma, since the Burmese government preferred dealing with a single agency rather than multiple foreign agencies; and (5) AID did not coordinate its narcotics control efforts with those of INM or NAU.

**RECOMMENDATIONS TO AGENCIES**

The Secretary of State should direct INM to seek to develop more specific, quantifiable goals in project agreements and perform the required evaluations, including evaluating the results of development assistance.

The Secretary of State should direct INM to encourage host governments to perform complete and more timely aerial surveys and require more NAU validation of host government eradication results to improve the accuracy of production and eradication statistics.

The Secretary of State and the Administrator, AID, should take steps to ensure that NAU and AID missions work together to make certain that the most effective approach is followed in providing narcotics-related development assistance to Pakistan and Thailand.

=====

**TITLE:** Food Aid: Integration With Economic Assistance Programs in Four African Countries

ACCESSION NUMBER: 135106

BNUMBER: B-217782

DOCUMENT TYPE: Fact Sheet

RPTNO: NSIAD-88-96FS

DOCUMENT DATE: 02/25/88

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development

Department of Agriculture

Republic of Ghana

Republic of Senegal

Republic of Kenya

Democratic Republic of Madagascar

**LAW AUTHORITY:**

Agricultural Trade Development and Assistance Act of 1954

P.L. 83-480

**BACKGROUND:**

Pursuant to a congressional request, GAO provided supplemental information on the economic and market development impact of Food for Peace Program assistance to African countries, focusing on: (1) integration of such assistance with Economic Support Fund and other foreign economic development assistance; and (2) pre-positioning of food commodities in

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Africa to meet critical needs.

**FINDINGS:**

GAO found that: (1) Agency for International Development (AID) and other federal guidance encourages integration of food and non-food assistance; and (2) AID integrates food assistance with its overall development strategy for each country. GAO also found that: (1) in Ghana, AID integrated some resources, but Ghana's reluctance to develop a formal food assistance policy constrained integration; (2) while the overall objectives of the AID policy in Kenya were consistent with its development strategy, integration of resources was not apparent and other donors were willing to provide assistance on a less restrictive basis; (3) in Madagascar, the AID strategy was closely linked with government efforts to increase rice production, but AID did not effectively integrate food and economic assistance; and (4) AID effectively integrated resources in Senegal to help the government stimulate agricultural production and reduce its role in the agricultural sector. In addition, GAO found that AID: (1) pre-positioned some commodities at U.S. ports for Sudan, but anticipated requirements decreased; (2) obtained mixed results from trilateral arrangements under which AID provided commodities to one country for delivery to another country; and (3) preferred not to purchase commodities in advance of formal requests for assistance, because of the risk of buying unused commodities.

=====

**TITLE:** Bringing Accountability to Foreign Aid  
**ACCESSION NUMBER:** 136527 **DOCUMENT DATE:** 88  
**DOCUMENT TYPE:** Other Written Prod. **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development

**LAW AUTHORITY:**  
Federal Managers' Financial Integrity Act of 1982

**BACKGROUND:**

This article, which appeared in the GAO Journal, No. 2, Summer 1988, discusses the financial management of foreign aid programs. Some of the major obstacles to adequate and effective accountability include the: (1) ability of underdeveloped countries to adequately manage foreign aid resources; (2) recipients' political and economic instability, which hampers the ability to ensure that aid reaches those who need it; and (3) Agency for International Development's (AID) ability to monitor its 2,100 active projects and activities. Although AID has improved its internal control systems, it needs to place a higher priority on improving financial management in developing countries.

=====

**TITLE:** [Protest of AID Award of Delivery Order Contract for Technical Services]

**ACCESSION NUMBER:** 134751 **BNUMBER:** B-228909  
**DOCUMENT DATE:** 12/30/87 **DOCUMENT TYPE:** Decision  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel

**ORGANIZATION CONCERNED:**  
Devres, Inc.  
Agency for International Development  
International Resources Consultants, Inc.

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LAW AUTHORITY:

4 C.F.R. 21.3(f)(1)  
F.A.R. 15.802  
F.A.R. 1.602  
F.A.R. 16.504  
B-208281 (1983)  
B-224374.2 (1987)  
B-225648 (1987)

BACKGROUND:

A firm protested an Agency for International Development (AID) delivery order award to another firm for technical services, contending that AID improperly: (1) refused to negotiate with it; (2) solicited bids from other offerers instead of issuing a delivery order under its existing contract; and (3) disclosed its proprietary data. GAO held that: (1) AID properly awarded the contract, since the awardee's bid was low; (2) AID held adequate negotiations with the protester concerning staff salaries; (3) AID reasonably solicited bids, since it determined that the protester's proposed price was unreasonable; and (4) the protester failed to support its allegation that AID officials disclosed its proprietary information to other offerers. Accordingly, the protest was denied in part and dismissed in part.

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TITLE: Food Aid: Improving Economic and Market Development Impact in African Countries

ACCESSION NUMBER: 134687

RPTNO: NSIAD-88-55

BNUMBER: B-217782

DOCUMENT DATE: 12/21/87

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Republic of Ghana

Republic of Kenya

Agency for International Development

Democratic Republic of Madagascar

Republic of Senegal

LAW AUTHORITY:

Agricultural Trade Development and Assistance Act of 1954

P.L. 83-480

Agricultural Act of 1949

Foreign Assistance Act of 1961

H.R. 3 (100th Cong.)

S. 659 (100th Cong.)

BACKGROUND:

In response to a congressional request, GAO examined the economic and market development impact of Public Law 83-480 food aid to four African countries.

FINDINGS:

GAO found that: (1) U.S. agricultural and foreign policy interests, weak agreement provisions, and recipient governments' failure to fully implement some agreement provisions weakened developmental benefits; (2) long-term impact on the economy was difficult to measure; (3) self-help measures should be more measurable and better focused on economic development objectives; and (4) the Agency for International Development's (AID) missions have not fully complied with requirements for monitoring and reporting on recipient governments' implementation of the programs. GAO also found that food programs have provided humanitarian assistance, but

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inadequate private voluntary organization (PVO) management limited efforts to alleviate malnutrition and poverty. In addition, GAO found that: (1) AID mission staff have other duties which they perceive as having a higher priority; (2) economic problems have precluded the African countries from progressing to the point of financing imports on commercial terms; and (3) improvements in AID planning and oversight could enhance both programs' benefits.

RECOMMENDATIONS TO CONGRESS

If Congress concludes that local currencies should be used to some extent to support community and rural development projects which do not include a direct feeding component, it should direct that such use be made. Congress should also include safeguards to ensure that traditional humanitarian feeding programs receive priority in the use of available resources. Congress should further consider amending sections 202, 206, and 207 of Title II, making the provisions expressly applicable to cooperatives as well as PVO.

RECOMMENDATIONS TO AGENCIES

- The Administrator, AID, should improve oversight of the Title I programs by ensuring, during the Washington review of draft Title I agreements, that they: (1) include specific and measurable self-help measures which directly contribute to economic development; (2) specify local currency uses; and (3) include time frames for routine progress consultations with recipient governments.
- The Administrator, AID, should improve oversight of the Title I programs by increasing missions' attention to the oversight of the program, such as reallocating existing mission staff, funding monitoring activities with Title-I-generated local currencies, and using short-term consultants to evaluate self-help measure implementation and local currency projects.
- The Administrator, AID, should improve oversight of the Title I programs by ensuring that missions: (1) verify and document recipient-government implementation of self-help and local currency provisions; (2) submit well-documented, interim and annual analyses of recipient governments' implementation of self-help programs; and (3) define the specific duties of, and the relationships between, offices and individuals responsible for program design and monitoring, including mission controllers.
- The Administrator, AID, should improve oversight of PVO Title II programs through assisting PVO to improve their operational plans and comply with operational plan guidance by: (1) providing them with technical assistance in preparing plans; (2) circulating to missions and PVO copies of plans that comply with operational plan guidance; (3) providing PVO with more specific criteria and a format for reporting financial information; and (4) requiring missions to be more actively involved in reviewing plans, providing them with a format for evaluating the plans' adherence to guidance and requiring mission analyses prior to AID, Washington's approval.
- The Administrator, AID, should improve oversight of PVO Title II programs through clarifying mission oversight responsibilities, including: (1) requiring them to submit analyses of PVO annual reports on their progress toward operational plan objectives and to review management of PVO programs periodically; (2) specifying data that missions would routinely request from PVO to document the scope and results of projects; and (3) defining mission responsibilities for monitoring PVO use of grant funds and achievements of benefits.
- The Administrator, AID, should include in the field manual for Title II

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sales projects a requirement that missions review and approve PVO sales agreements with local buyers and periodically review local currency deposits and uses.

The Administrator, AID, should assess a sample of Title II local currency projects in fiscal year (FY) 1988 to ensure that sales are being properly administered and local currencies are being used as intended.

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TITLE: [Decision Concerning AID Employees' Personal Use of Airline Credits Earned on Official Travel]

ACCESSION NUMBER: 134438

BNUMBER: B-220542,B-220542.2,B-220542.3,B-220542.4,B-220542.5

DOCUMENT DATE: 11/16/87

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

63 Comp. Gen. 229

63 Comp. Gen. 233

64 Comp. Gen. 472

Fed. Property Management Reg. 101-25.103-2

F.T.R. para. 1-3.3d

B-199656 (1981)

B-224054 (1987)

5 U.S.C. 5731

BACKGROUND:

Five Agency for International Development (AID) employees appealed a determination that they were liable for the personal use of airline promotional mileage credits they earned on official travel, contending that they were unaware of any statutory prohibition against such use. Two of the employees also contended that they obtained agency approval before converting the credits for their own use. GAO held that the employees were liable for the full value of the tickets, since: (1) ignorance of the prohibition did not affect their liability; and (2) erroneous advice by agency officials did not prevent application of the prohibition. GAO noted that, since previous decisions did not address the use of bonus mileage credit for accommodation upgrades, AID was not required to collect the value of the upgrades. Accordingly, AID should collect the full value of the tickets.

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TITLE: AIDS: Information on Global Dimensions and Possible Impacts

ACCESSION NUMBER: 134347

RPTNO: NSIAD-88-51FS

BNUMBER: B-229201

DOCUMENT DATE: 10/28/87

DOCUMENT TYPE: Fact Sheet

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

United Nations: World Health Organization

Agency for International Development

Zaire

BACKGROUND:

In response to a congressional request, GAO provided information on the: (1) impact of Acquired Immunodeficiency Syndrome (AIDS) on world population and demographics; and (2) likely effects of AIDS on Zaire.

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**FINDINGS:**

GAO found that: (1) estimates of the number of infected individuals in each country are unreliable because of a lack of adequate information about the natural history of AIDS; (2) the World Health Organization (WHO) estimated that between 5 and 10 million people are infected with the disease and, by 1991, between 50 to 100 million people may be infected; (3) WHO established its Special Program on AIDS to provide technical assistance, financial support, leadership, and coordination for AIDS prevention and control programs; (4) as of October 1987, 149 countries had established AIDS national committees; (5) although voluntary contributions from member countries in the WHO program have totalled \$35 million, WHO officials estimated that they will need \$650 million more by 1991; (6) in fiscal year 1987, the Agency for International Development (AID) contributed \$15 million toward AIDS prevention and control; and (7) AID estimated that it will need \$69 million over the next 5 years to provide technical assistance for surveillance, blood screening, and other activities. GAO also found that: (1) infection rates are high in Zaire, particularly among those in urban areas and cities along major transportation routes; and (2) AIDS is likely to have a significant economic and social impact on Zaire because large numbers of productive, skilled, and well-educated people may be infected.

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**TITLE:** South Africa: Status Report on Implementation of the Comprehensive Anti-Apartheid Act

ACCESSION NUMBER: 134335

RPTNO: NSIAD-88-44

BNUMBER: B-226687

DOCUMENT DATE: 10/21/87

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Republic of South Africa

Agency for International Development

Department of State

**LAW AUTHORITY:**

Comprehensive Anti-Apartheid Act of 1986

P.L. 99-440

22 U.S.C. 5001 et seq.

Foreign Agents' Registration Act of 1938

Strategic and Critical Materials Stock Piling Act

P.L. 96-41

50 U.S.C. 98 et seq.

Executive Order 12532

Executive Order 12535

Executive Order 12571

**BACKGROUND:**

In response to a congressional request, GAO reviewed the status of the administration's implementation of the Comprehensive Anti-Apartheid Act to assess its: (1) enforcement of the act's policies; (2) operation of apartheid victim assistance programs; and (3) efforts to obtain multilateral cooperation for sanctions against South Africa.

**FINDINGS:**

GAO found that: (1) the administration completed most of the 12 reports that the act required; (2) the administration implemented the act's policy objectives mainly through diplomatic initiatives; (3) although two agencies used post-shipment checks to determine act violations, they did not receive additional funds for their enforcement activities; (4) the Agency for

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International Development spent only \$25 million of the \$47 million in appropriated funds made available for victim assistance programs; and (5) although the Department of State continued its diplomatic discussions with other nations on multilateral sanctions, it made no effort to convene the required international conference because it did not consider the conference mandatory. GAO also found that: (1) although the act banned imports of uranium ore and its derivatives from South Africa, other countries convert the compounds into gas and then ship it to the United States; and (2) the Department of State submitted a list of strategic materials that were exempt from the prohibition on imports and has developed a preliminary program to reduce U.S. dependence on South African strategic materials.

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TITLE: [Protest Against AID Contract Award for Rural Health Delivery System]  
ACCESSION NUMBER: 134190 BNUMBER: B-227848.3, B-227848.4  
DOCUMENT DATE: 10/19/87 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Medical Care Development, Inc.  
Birch and Davis International, Inc.  
John Snow International  
Agency for International Development

LAW AUTHORITY:  
4 C.F.R. 21.2(a)(1)  
B-215303.4 (1985)  
B-225677 (1987)  
B-225798 (1987)  
B-209516 (1983)  
B-207285 (1983)  
B-223905.2 (1987)  
B-226683 (1987)  
B-221068 (1986)  
B-221335 (1986)  
B-220661 (1986)

BACKGROUND:

Two firms protested an Agency for International Development (AID) contract award to another firm for a rural health delivery system. Both protesters contended that the AID cost evaluations were improper, since the awardee was not the low bidder. The first protester also contended that AID conducted discussions with the awardee but not with the other offerers in the competitive range. The second protester contended that AID should have awarded it the contract, since its proposal was technically superior. GAO held that: (1) AID properly based its evaluation on cost, since the awardee's and the second protester's proposal were technically equal; (2) the second protester untimely filed after bid opening the portion of its protest concerning best and final offers (BAFO); (3) AID was not required to hold discussions of all deficiencies it found in the first protester's proposal; and (4) the discussions AID conducted with the awardee after it received BAFO addressed minor provisions unrelated to the bid evaluations. Accordingly, the protests were denied in part and dismissed in part.

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TITLE: [Comments on Egypt's Use of Economic Support Fund To Pay Debt]  
ACCESSION NUMBER: 134172 BNUMBER: B-217660  
DOCUMENT DATE: 09/08/87 DOCUMENT TYPE: Other Written Prod.

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DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Arab Republic of Egypt  
Agency for International Development  
LAW AUTHORITY:  
Arms Export Control Act  
22 U.S.C. 2763  
Foreign Assistance Act of 1961  
22 U.S.C. 2346  
Foreign Assistance and Related Programs Appropriation Act, 1987  
P.L. 99-591  
100 Stat. 3341

BACKGROUND:

In response to a congressional request, GAO commented on the legality of Egypt's use of Economic Support Fund (ESF) monies to pay its foreign military sales (FMS) debt to the United States. GAO noted that the Agency for International Development (AID) determined that Egypt used the monies to pay its FMS debt in spite of a special covenant in the grant agreement prohibiting such use. GAO concluded that, since there is no authorization for any country to use ESF funds to pay FMS debt, Egypt's use of the funds for that purpose was improper.

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TITLE: Foreign Aid: Accountability and Control Over U.S. Assistance to  
Indonesia  
ACCESSION NUMBER: 133715 RPTNO: NSIAD-87-187  
BNUMBER: B-226281 DOCUMENT DATE: 08/19/87  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division  
ORGANIZATION CONCERNED:  
Agency for International Development  
Republic of Indonesia  
LAW AUTHORITY:  
Federal Managers' Financial Integrity Act of 1982  
31 U.S.C. 3512(b)  
P.L. 83-480

BACKGROUND:

In response to a congressional request, GAO reviewed the accountability and controls over U.S. assistance to Indonesia.

FINDINGS:

GAO found that: (1) the Agency for International Development (AID) mission did not provide adequate oversight over the Food for Peace Program; (2) Indonesia did not submit audited reports of commodity sales receipts and expenditures; (3) self-help measure progress reports were generally late, incomplete, and did not cover all projects; (4) Indonesia spent an average of 75 percent of the agreed-upon amounts for self-help projects from 1982 through 1985, leaving \$26 million unaccounted for in the equivalent local currency; (5) the mission did not include the food programs in its assessments under the Federal Managers' Financial Integrity Act; (7) the mission did not monitor most self-help projects and incorrectly calculated their required funding levels, resulting in a shortfall of about \$700,000 in equivalent local currency; (8) the mission performed limited oversight of the internal controls of the two voluntary organizations that operated the title II program; and (9) although there was no evidence of major

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misuse or diversions of development assistance funds, the mission did not inventory or monitor other AID-financed development assistance items.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should direct the mission director to: (1) negotiate specific and measurable P.L. 83-480 title I requirements with Indonesia, to include quantifiable baseline information, specific time frames, and detailed budget information; (2) implement the terms of U.S.-Indonesian agreements by requiring Indonesia to submit the required audited reports on sales proceeds and receipts and to improve the content and timely submissions of its progress reports; (3) reconcile discrepancies in title I expenditures for 1982 through 1985 with the Indonesian government and ensure that agreed-upon local currency amounts are spent as intended; (4) consider requiring the Indonesian government to establish a separate P.L. 83-480 local currency account for future agreements; (5) evaluate the adequacy of private voluntary organizations' control under title II programs; and (6) develop procedures with specific criteria for monitoring major AID-financed development assistance items.

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TITLE: Foreign Aid: Improvement Needed in Management of Technical Services Contracts

ACCESSION NUMBER: 133922

RPTNO: NSIAD-87-183

BNUMBER: B-227294

DOCUMENT DATE: 08/18/87

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Competition in Contracting Act of 1984

BACKGROUND:

In response to a congressional request, GAO reviewed the Agency for International Development's (AID) procurement practices and management controls for centrally managed contracts to determine whether AID complied with the laws and regulations applicable to those contracts.

FINDINGS:

GAO found that: (1) while AID generally complied with procurement regulations, in some cases it failed to adequately publicize procurements; (2) although AID established a data base to monitor the amount of and reasons for contract amendments and noncompetitive awards, it did not analyze the data; and (3) because AID has not established written guidelines for its centrally managed procurements, it has inadequate control over contract awards. GAO also found that project officers did not: (1) enforce compliance with an agency requirement that contractors identify the project number on their invoices; and (2) ensure that contractors performed services before receiving payment. In addition, GAO found that the agency's annual report to Congress did not discuss the status of its planned initiatives to increase competition or the reasons for any significant changes in noncompetitive awards.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should ensure that competitive opportunities are fully publicized.

The Administrator, AID, should discuss the status of all actions previously proposed and provide an analysis of the trends in number and percentage of competitive procurement actions, since 1985, in reports to Congress on competition.

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The Administrator, AID, should issue instructions on managing centrally funded procurements, including procedures for: (1) project officers to ensure contractor compliance with billing requirements; (2) missions to provide information on services received; and (3) contracts to require contractors to bill AID by funding organizations.

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TITLE: [Request for Reconsideration of Decision Concerning Protest Against AID Contract Award]

ACCESSION NUMBER: 133622  
DOCUMENT DATE: 08/04/87  
DOCUMENT CLASS: P,U

BNUMBER: B-223905.3,B-225905.4  
DOCUMENT TYPE: Decision

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Universal Shipping Co., Inc.  
Agency for International Development  
Daniel F. Young, Inc.

LAW AUTHORITY:

Competition in Contracting Act of 1984

31 U.S.C. 3553(f)

Freedom of Information Act

5 U.S.C. 556

4 C.F.R. 21

65 Comp. Gen. 651

65 Comp. Gen. 699

65 Comp. Gen. 488

54 Comp. Gen. 896

F.A.R. 15.612(d)(2)

B-223905.2 (1987)

B-225886 (1986)

B-225504.2 (1987)

B-225793 (1987)

B-219420 (1985)

B-216380 (1984)

B-219343.3 (1987)

BACKGROUND:

A firm requested reconsideration of its protest of an Agency for International Development (AID) contract award for international ship booking, chartering, and freight-forwarding services. GAO had: (1) sustained the protester's allegation that AID failed to adequately document the award; (2) denied the protester's contentions that the awardee's bid was nonresponsive and that AID failed to conduct meaningful discussions; and (3) dismissed as untimely the contention that AID improperly held meetings with other offerers. In its request for reconsideration, the protester contended that: (1) it timely filed its protest that AID conducted improper meetings; (2) AID failed to follow the GAO recommendation that it review all offerers' scores; and (3) AID should reimburse it for its bid and protest preparation costs. GAO held that: (1) the protester untimely filed its protest concerning AID meetings; (2) AID properly reviewed both the protester's and the awardee's scores; and (3) the protester was not entitled to reimbursement for its bid and protest preparation costs. Accordingly, the request for reconsideration and the claim were denied.

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TITLE: [Status Report on GAO Review of the U.S. International Narcotics Control Program]

AID/ICA/IDCA

ACCESSION NUMBER: 133884  
DOCUMENT DATE: 07/29/87  
DOCUMENT CLASS: P,U

RPTNO: T-NSIAD-87-40  
DOCUMENT TYPE: Testimony

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Department of State: Bureau of International Narcotics Matters  
Drug Enforcement Administration  
Agency for International Development

LAW AUTHORITY:

Drug Interdiction Improvement Act

BACKGROUND:

GAO discussed U.S. international narcotics control efforts, summarizing its reviews of such efforts in various drug-exporting nations. GAO noted that: (1) production and availability of illicit drugs continues to grow; (2) governments fail to capture and imprison traffickers; (3) corruption in various drug-exporting countries hampers enforcement; and (4) aerial spraying, new legislation regarding asset and contraband seizures, and the expansion of narcotics control efforts should help achieve U.S. goals for drug eradication.

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TITLE: Liberia: Need To Improve Accountability and Control Over U.S. Assistance

ACCESSION NUMBER: 133462

RPTNO: NSIAD-87-173

BNUMBER: B-226281

DOCUMENT DATE: 07/16/87

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Republic of Liberia  
Agency for International Development  
Department of the Army: Corps of Engineers

LAW AUTHORITY:

Agricultural Trade Development and Assistance Act of 1954  
P.L. 83-480

BACKGROUND:

In response to a congressional request, GAO examined U.S. economic, food, and security assistance programs to Liberia since 1980 to determine whether controls over U.S. funds are adequate.

FINDINGS:

GAO found that: (1) the Economic Support Fund and Food for Peace Programs faced several control problems, including misuse of rice and counterpart funds and Liberia's noncompliance with established assistance agreements; (2) the programs' counterpart funds cannot meet critical development objectives if Liberia does not comply with the agreements; and (3) although there was no evidence of any abuse in the military housing construction program, there was little evidence of systematic controls over contract administration prior to 1985, when Liberia handled contract awards. GAO believes that an effective Agency for International Development (AID) strategy will require Liberia to: (1) improve its accountability; and (2) meet the funding needs of its budget to adequately support development projects.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should negotiate agreements with the government of Liberia to strengthen controls over the Public Law 480 program. The following provision, should be considered: (1) counterpart funds

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should be placed in a commercial bank not affiliated with Liberia; (2) the AID mission should be allowed to have prior approval authority for all checks written on the counterpart fund account; (3) project plans that include such things as project objectives, budget line items, and reporting requirements should be submitted to the AID mission prior to disbursing counterpart funds; and (4) independent verification of counterpart fund use should be made by a party acceptable to both Liberia and the United States.

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TITLE: [Protest of Bid Rejection Under Pakistani Solicitation for Diamond Core Drill Bits]

ACCESSION NUMBER: 133324  
DOCUMENT DATE: 06/26/87  
DOCUMENT CLASS: P,U

BNUMBER: B-227154  
DOCUMENT TYPE: Decision

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Sprague & Henwood, Inc.  
Agency for International Development

LAW AUTHORITY:

65 Comp. Gen. 584  
B-220396 (1985)

BACKGROUND:

A firm protested the rejection of its bid under a solicitation for diamond core drill bits that the Agency for International Development funded through a grant to a foreign government. GAO held that it: (1) had no authority to review procurements by foreign governments; and (2) would no longer review complaints concerning contract awards under federal grants. Accordingly, the protest was dismissed.

=====

TITLE: [Protest of AID Rejection of Proposal as Late]

ACCESSION NUMBER: 132973  
DOCUMENT DATE: 05/14/87  
DOCUMENT CLASS: P,U

BNUMBER: B-226063  
DOCUMENT TYPE: Decision

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Abt Associates, Inc.  
Agency for International Development

LAW AUTHORITY:

55 Comp. Gen. 267  
51 Comp. Gen. 329  
F.A.R. 15.412(c)  
F.A.R. 52.215-10  
F.A.R. 14.405(a)  
B-184810 (1975)  
B-225548 (1986)

BACKGROUND:

A firm protested the rejection of its late bid under an Agency for International Development (AID) solicitation for technical assistance. The solicitation required offerers to submit copies of their bids to two separate locations by the specified closing date, but the protester delivered its bid to only one of the locations. GAO held that AID improperly rejected the bid, since: (1) delivery to just one of the locations was legally sufficient; and (2) consideration of the bid would not prejudice other offerers. Accordingly, the protest was sustained, and

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GAO recommended that AID evaluate the protester's bid with the others received by the closing date.

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TITLE: [Request for Reconsideration of Denial of Claim for Lost Yarn and Damages to Knitting Machine]

ACCESSION NUMBER: 132954                      BNUMBER: B-215118

DOCUMENT DATE: 05/07/87                      DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Agency for International Development  
Globus Export Corp.  
Gastex Trading Co., Inc.  
Hang An Cong Ty Co.

LAW AUTHORITY:  
Foreign Assistance Act of 1961  
22 U.S.C. 2151 et seq.  
4 C.F.R. 31.7  
22 C.F.R. 201  
62 Comp. Gen. 80  
B-215118 (1984)  
B-188041 (1977)  
B-179942 (1974)  
Deutsche Bank Filiale Nurnburg v. Humphrey, 272 U.S. 517 (1926)

BACKGROUND:

A Vietnamese refugee requested reconsideration of his denied claim against the United States for the loss of a shipment of yarn and damages to a knitting machine. The claimant had contended that the United States was liable for the claim because of actions taken during the evacuation of Vietnam. GAO had held that the claim was barred by various statutes of limitations. In his request for reconsideration, the claimant reiterated his assertion that the United States improperly diverted and sold the yarn shipment, and alleged that American military personnel rendered the knitting machine unfit for use. The Agency for International Development (AID) maintained that the claimant was a party to a commodity import agreement which entitled AID to seize goods when shipment would violate the intent of the agreement. GAO held that: (1) in accordance with its earlier decision, the claim was barred by applicable statutes of limitations; and (2) the claimant failed to prove that AID improperly seized the yarn shipment. Accordingly, the original decision was affirmed.

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TITLE: Foreign Aid: Impact of Overseas Private Investment Corporation Activities on U.S. Employment

ACCESSION NUMBER: 132853                      RPTNO: NSIAD-87-109

BNUMBER: B-225077                              DOCUMENT DATE: 05/05/87

DOCUMENT TYPE: Chapter Report                      DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Overseas Private Investment Corporation  
Agency for International Development

LAW AUTHORITY:  
Foreign Assistance Act of 1961

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Foreign Assistance Act of 1969  
Overseas Private Investment Corporation Amendments Act of 1985  
P.L. 99-204  
22 U.S.C. 2191

**BACKGROUND:**

In compliance with a legislative requirement, GAO determined the impact of the Overseas Private Investment Corporation's (OPIC) activities on employment in the United States.

**FINDINGS:**

GAO found that OPIC: (1) approved projects that it should have expected would have negative impacts on U.S. trade and potentially negative impacts on U.S. employment; (2) continued to assist some projects despite their negative impacts on trade and employment; (3) did not ensure that its procedures provided adequate project screening and monitoring to prevent significant adverse effects from OPIC-assisted investments; (4) used a methodology for computing the economic impact of its projects that led to overly optimistic reports to Congress concerning direct economic benefits; (5) did not routinely consult such organizations as labor unions and trade associations before approving projects; (6) did not adequately document job loss data when it evaluated proposed projects and monitored ongoing projects; and (7) has not determined the appropriateness of and circumstances for discontinuing assistance to projects whose operations have adverse effects on the U.S. economy.

**RECOMMENDATIONS TO AGENCIES**

- The President, OPIC, in consultation with the Administrator of the Agency for International Development (AID) should develop formal policies and a comprehensive system for screening and monitoring the economic effects on the United States of OPIC-assisted projects, including a methodology that more clearly and accurately: (1) estimates the direct economic effects on the United States of projects being considered for OPIC assistance; and (2) calculates the actual effects of ongoing projects on the economy of the United States.
- The President, OPIC, in consultation with the Administrator, AID, should, in annual reports to Congress concerning the effects of OPIC-assisted projects on the U.S. economy, report: (1) without offsetting alternatives, the aggregate results of the operations of projects expected to have positive direct impacts on U.S. trade and employment separately from the aggregate results of those expected to have negative direct impacts; (2) separately the economic effects on the United States of any alternatives and assumptions that were considered and analyzed as part of the project approval process; and (3) separately the effect on trade and employment of project construction and start-up procurement.
- The President, OPIC, in consultation with the Administrator, AID, should determine the appropriateness and circumstances for including in future assistance arrangements, authority to discontinue assistance to projects whose operations are found to have adverse impacts on the U.S. economy.
- The President, OPIC, in consultation with the Administrator, AID, should establish a documentation system for screening and monitoring that will record actions taken, help ensure the accuracy of results obtained, and be useful in performing future screening and monitoring analysis.
- The President, OPIC, in consultation with the Administrator, AID, should assess the adequacy of staff resources devoted to the screening and monitoring processes.

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The President, OPIC, in consultation with the Administrator, AID, should provide for selection verification of monitoring data and improved use of monitoring results through formal feedback to the screening process.

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TITLE: [Protest of AID Contract Award for Freight Forwarding Services]  
ACCESSION NUMBER: 132778 BNUMBER: B-223905.2  
DOCUMENT DATE: 04/20/87 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Universal Shipping Co., Inc.  
Daniel F. Young, Inc.  
Agency for International Development

LAW AUTHORITY:  
Freedom of Information Act  
5 U.S.C. 552  
Competition in Contracting Act of 1984  
31 U.S.C. 3553(f)  
4 C.F.R. 21.4(b)  
4 C.F.R. 21.3(f)(1)  
4 C.F.R. 21.2(a)(2)  
59 Comp. Gen. 298  
65 Comp. Gen. 651  
54 Comp. Gen. 896  
F.A.R. 15.413-1(c)  
F.A.R. 52.215-12  
F.A.R. 9.105-2(a)(1)  
F.A.R. 15.610  
F.A.R. 15.612(d)(2)  
F.A.R. 2.101  
Business Corporation Act (District of Columbia)  
B-223905 (1986)  
B-219420 (1985)  
B-214081.2 (1984)  
B-222617 (1986)  
B-216772 (1985)  
B-222486 (1986)  
B-220645 (1986)  
B-223715 (1986)  
B-221349 (1986)  
B-218428 (1985)  
B-207285 (1983)  
B-220965 (1986)  
B-219343.3 (1985)

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for ship booking, chartering, and freight forwarding services, contending that: (1) the awardee's bid was nonresponsive, since it did not adhere to the solicitation's geographic restrictions; (2) the technical evaluation committee improperly held discussions in violation of AID regulations; (3) AID failed to conduct meaningful discussions with it; and (4) AID awarded the contract without adequately documenting its basis for selection. GAO held that: (1) although the awardee's initial proposal was deficient, AID reasonably determined that the awardee corrected the

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deficiencies through negotiations; (2) it would not review the contention that the awardee would be unable to comply with the solicitation requirements, since that was a matter of responsibility; (3) it would not review the contention that the awardee would not perform as required, since that was a matter of contract administration; (4) the protester untimely filed its protest against the evaluation committee's actions more than 10 days after it became aware of its basis for protest; (5) AID conducted proper discussions with the protester and notified it of its proposal's weaknesses; and (6) since AID did not support its ranking of the proposals with a written narrative, it had an insufficient basis to make award. Accordingly, the protest was denied in part, dismissed in part, and sustained in part, and GAO recommended that AID terminate the contract and reaward it, if appropriate.

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TITLE: Foreign Aid: Information on U.S. International Food Assistance Programs

ACCESSION NUMBER: 132551

RPTNO: NSIAD-87-94BR

BNUMBER: B-226348

DOCUMENT DATE: 03/27/87

DOCUMENT TYPE: Briefing Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

Department of Agriculture: Commodity Credit Corporation

LAW AUTHORITY:

Agricultural Act of 1949

Agricultural Trade Development and Assistance Act of 1954

Food Security Act

P.L. 99-198

Cargo Preference Act (Merchant Marine)

BACKGROUND:

In response to a congressional request, CAO examined Food for Peace Program issues, including: (1) self-help measures; (2) use of local currency; (3) multiyear commodity commitments; (4) shipments on a fiscal year basis; (5) commodity availability for multiyear commitments; and (6) private-sector participation in preparing guidelines for the local currency private-sector lending program.

FINDINGS:

GAO found that: (1) negotiations of self-help measures did not significantly delay or jeopardize concessional sales in the countries it examined; (2) there was no evidence that local governments used self-help measures to expand their involvement in agricultural markets; (3) neither Pakistan nor the Philippines used program funds to increase employment for general government functions or activities; (4) the Agency for International Development (AID) identified instances where countries either failed to deposit local currency into a special account, as agreed, or did not sell the commodities to generate local currency; (5) AID, recipient governments, and most of the responsible U.S. agencies viewed multiyear food aid commitments as a helpful tool for implementing policy reforms; (6) AID felt that an annual shipping requirement was generally detrimental and considerably reduced the program's leverage for policy reform; and (7) private-sector organizations were generally pleased with their role in preparing guidelines for the local currency private-sector lending program.

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TITLE: Travel Practices: Private Funding of AID Employees' Travel

ACCESSION NUMBER: 132529

RPTNO: NSIAD-87-92

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BNUMBER: B-220542                      DOCUMENT DATE: 03/12/87  
DOCUMENT TYPE: Letter Report            DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
National Security and International Affairs Division  
ORGANIZATION CONCERNED:  
Agency for International Development  
LAW AUTHORITY:  
Executive Order 11222

BACKGROUND:

Pursuant to a congressional request, GAO investigated the Agency for International Development's (AID) procedures for avoiding conflicts of interest for official travel funded by private sources. GAO also reported on its consideration of an Executive Order that defines standards of ethics for government employees in assessing such travel.

FINDINGS:

GAO found that: (1) AID employees made 70 official trips between August 6, 1985, and June 30, 1986, that nonfederal sources funded fully or partially; (2) the AID Office of the General Counsel approved 51 trips in advance and 1 trip retroactively; (3) employees took 10 of the remaining 18 trips within the first few months after AID instituted its new travel guidelines, so they may have been unaware of the guidelines; and (4) the General Counsel approved 2 trips that appeared contrary to AID guidelines and raised questions as to the appearance of conflicts of interest. GAO noted that AID policies prohibit employees from accepting payment for personal travel from private organizations that have or seek contracts or grants from AID, so employees are responsible for refusing payments from these organizations.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should remind agency employees and legal staff to follow the August 5, 1985, guidelines for avoiding actual or apparent conflicts of interest arising from acceptance of offers to pay travel expenses by private organizations that have or seek contract and grant awards from AID; specifically, employees should obtain General Counsel approval before accepting such offers, and the General Counsel should disapprove these offers when employees have responsibilities involving these organizations.

The Administrator, AID, should instruct bureau and office supervisors to advise the legal staff if organizations offering to pay employees' travel expenses have or are seeking contracts or grants with AID. This information could be provided when approval for privately funded trips is requested.

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TITLE: [Decision Concerning Reimbursement of AID-Financed Contractor for Transportation of Personal Effects]  
ACCESSION NUMBER: 132402                      BNUMBER: B-224687  
DOCUMENT DATE: 03/09/87                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Republic of Indonesia  
Agency for International Development  
LAW AUTHORITY:  
International Air Transportation Fair Competitive Practices Act of 1974

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49 U.S.C. App. 1517  
60 Comp. Gen. 718  
56 Comp. Gen. 209

**BACKGROUND:**

The Agency for International Development (AID) requested a decision on whether it should reimburse an AID-financed contractor for the transportation of his personal effects. GAO noted that: (1) the contractor performed health-related services for Indonesia, which paid him with an AID grant; (2) the contract stipulated that AID would not reimburse him for using foreign air carriers to transport his personal effects if U.S. carriers were available; and (3) although he instructed the freight forwarder to use only U.S. carriers, the firm used foreign carriers for portions of the trip where U.S. carriers were available. GAO held that the Fly America Act: (1) precluded payment of U.S. funds for international air transportation on foreign air carriers when U.S. carriers were available; and (2) had no provision for waiver of its requirements. Accordingly, AID should not reimburse the contractor.

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**TITLE:** Liberia: Problems in Accountability and Control Over U.S. Assistance  
**ACCESSION NUMBER:** 132341 **RPTNO:** NSIAD-87-86BR  
**BNUMBER:** B-226281 **DOCUMENT DATE:** 02/13/87  
**DOCUMENT TYPE:** Briefing Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development  
Republic of Liberia

**LAW AUTHORITY:**  
P.L. 83-480

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed U.S. assistance to Liberia to determine whether: (1) there was any misuse or diversion of U.S. assistance; and (2) accountability for and controls over U.S. assistance were adequate.

**FINDINGS:**

GAO found that: (1) the government of Liberia has not established a fiscal and economic policy favorable to donor assistance, nor has it established an adequate level of accountability for development programs; (2) the United States only recently established sufficient controls over its assistance to Liberia; (3) the United States is reluctant to enforce certain conditions to promote fiscal and economic reforms; and (4) in some instances, Liberia did not use U.S. assistance for its intended purposes. GAO also found that: (1) although the Agency for International Development has made improvements in the P.L. 480 program, it needs to take further action to protect funds generated from commodity sales; and (2) the development assistance projects had a limited effect because Liberia did not always meet its counterpart funding requirements.

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**TITLE:** Drug Control: International Narcotics Control Activities of the United States  
**ACCESSION NUMBER:** 132186 **RPTNO:** NSIAD-87-72BR  
**BNUMBER:** B-225282 **DOCUMENT DATE:** 01/30/87  
**DOCUMENT TYPE:** Briefing Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

AID/ICA/IDCA

Agency for International Development  
Drug Enforcement Administration  
Department of State: Bureau of International Narcotics Matters

LAW AUTHORITY:

Foreign Assistance Act of 1961  
Drug Interdiction Improvement Act  
P.L. 99-570

BACKGROUND:

In response to a congressional request, GAO provided information on the U.S. International Narcotics Control Program, specifically: (1) efforts by the Department of State's Bureau of International Narcotics Matters (INM), the Drug Enforcement Administration (DEA), and the Agency for International Development (AID) to curb the international cultivation and production of illicit narcotics; (2) the administration of drug control efforts in Pakistan and Thailand; and (3) the linkage of U.S. foreign assistance to recipient governments' progress in controlling narcotics production and trafficking.

FINDINGS:

GAO found that: (1) the United States began to actively support international efforts to control drug production in 1967; (2) in 1985 and 1986, INM, DEA, and AID spent \$121 million, or 7 percent of total federal narcotics control funds; (3) INM develops, coordinates, and implements the narcotics control strategy through diplomatic efforts, assisting in crop control and interdiction, training foreign personnel, participating in international organizations, and providing technical assistance to reduce international demand; (4) DEA provides expertise, technical assistance, and training to drug law enforcement officials in foreign countries, collects international narcotics intelligence, and assists in investigations; (5) AID implements area development projects to improve the quality of life of those living within the project areas, and a narcotics awareness program to inform source countries' opinion leaders and publics about the harmful effects of narcotic production, trafficking, and abuse on their societies; and (6) in fiscal year 1986, INM spent \$60 million to control narcotics production, DEA spent \$42.3 million, and AID spent \$1.3 million. GAO noted that: (1) Congress must withhold 50 percent of the economic and military assistance allocated to illicit-drug-producing countries unless the countries attempt to control drug distribution; and (2) although Congress denied benefits to Pakistan once in the past 5 years for the production of narcotics, opium production in Pakistan increased in 1986 after farmers violently protested government efforts to ban it.

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TITLE: [Protest of AID Contract Award for Development of Management Training Institute]

ACCESSION NUMBER: 132087

BNUMBER: B-224205

DOCUMENT DATE: 01/30/87

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development  
Education Development Center, Inc.  
RCA International Service Corp.

LAW AUTHORITY:

Competition in Contracting Act of 1984

AID/ICA/IDCA

41 U.S.C. 253b(d)(2)  
65 Comp. Gen. 205  
56 Comp. Gen. 712  
F.A.R. 15.413-1  
F.A.R. 15.610

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for the development of an independent management training institute, contending that, during discussions, AID misled it into raising its proposed costs, which became the determinative factor in selecting the awardee. GAO held that AID: (1) properly informed the protester about the costs it found that the protester might have underestimated; (2) reasonably determined that the protester's proposal did not include costs that were unreasonably high; and (3) reasonably declined to inform the protester of its standing relative to the other offerers, since that did not concern the bid's merits. Accordingly, the protest was denied.

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TITLE: Foreign Aid: Potential for Diversion of Economic Support Funds to Unauthorized Use

ACCESSION NUMBER: 132074

RPTNO: NSIAD-87-70

BNUMBER: B-225870

DOCUMENT DATE: 01/14/87

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Foreign Assistance Act of 1961

BACKGROUND:

In response to a congressional request, GAO reviewed Economic Support Fund (ESF) programs to determine whether: (1) recipient countries had diverted any of the funds to military use; and (2) the Agency for International Development's (AID) program controls leave open the possibility for diversion to unauthorized purposes.

FINDINGS:

GAO found that: (1) AID reported only one possible diversion of funds to military use, which involved jeeps that Somalia imported in 1984 under a commodity import program and which a private concern later resold to the military; and (2) measures such as control provisions in grant agreements, payment verification procedures, program audits and evaluations, as well as AID reviews of recipient government reports and monitoring procedures, prevented unauthorized diversion of funds. GAO also found that there is a potential for possible funds diversion because: (1) accounting for cash transfers that the recipient government has commingled with other revenues is nearly impossible; (2) providing cash assistance frees up other resources for military expenses; (3) AID relies on recordkeeping by recipient country institutions that have administrative weaknesses, and must monitor projects and commodities at remote locations and large numbers of sites; and (4) AID has problems implementing the controls it places over the economic assistance programs and in ensuring the recipients' compliance with the controls.

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TITLE: Caribbean Basin Initiative: Legislative and Agency Actions Relating to the CBI

ACCESSION NUMBER: 131807

RPTNO: NSIAD-87-58FS

BNUMBER: B-225332

DOCUMENT DATE: 12/08/86

AID/ICA/IDCA

DOCUMENT TYPE: Fact Sheet      DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Department of Commerce: United States Travel and Tourism Administration

Department of Commerce: International Trade Administration  
Agency for International Development

Overseas Private Investment Corporation

LAW AUTHORITY:

Caribbean Basin Economic Recovery Act

19 U.S.C. 2701

Tax Reform Act of 1986

P.L. 99-591

BACKGROUND:

In response to a congressional request, GAO provided information on legislation and agency rules, regulations, and decisions enacted to constrain the effectiveness of the 1983 Caribbean Basin Initiative (CBI) legislation.

FINDINGS:

GAO noted that Congress enacted CBI to: (1) permit the United States to import eligible products from designated countries in Central America and the Caribbean duty free; and (2) promote economic and political stability by attracting foreign and domestic investment in these countries. GAO found that the Tax Reform Act of 1986: (1) restricted duty-free imports of ethanol from CBI countries; (2) would bar the International Trade Administration from funding activities such as trade shows and seminars which convey the advantages of relocating U.S. businesses overseas; (3) would direct the U.S. Travel and Tourism Administration to promote travel only to the U.S. and its possessions, preventing the agency from funding policy studies or technical assistance which could benefit the tourism industry in the Caribbean Basin; (4) would restrict Agency for International Development (AID) funding of activities involving foreign agricultural exports which could compete with U.S. production; and (5) would restrict AID-funded activities to promote the export of certain manufactured items in direct competition with U.S. production.

=====

TITLE: [Request for Decision on AID Employee's Entitlement to Home Service Transfer Allowance]

ACCESSION NUMBER: 131699

BNUMBER: B-223644

DOCUMENT DATE: 11/28/86

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development: Office of Financial Management

LAW AUTHORITY:

Dept. of State S.R. #252.22

Dept. of State S.R. #250

Dept. of State S.R. #040h

Dept. of State S.R. #942.2

B-215362 (1984)

B-212278 (1983)

B-194256 (1979)

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B-185376 (1976)  
5 U.S.C. 5924(2)(B)  
5 U.S.C. 5724a(a)(3)  
5 U.S.C. 5702

BACKGROUND:

The Agency for International Development (AID) requested a decision concerning an employee's entitlement to a home service transfer allowance (HSTA) for his temporary lodging costs in one location and for his dependents in a nearby location while awaiting his reassignment. GAO held that: (1) HSTA had a statutory payment limit of 30 calendar days; and (2) since both locations were high-rate geographical areas, the maximum daily HSTA per diem rate would be \$50. Accordingly, AID may reimburse the employee for 30 days HSTA for himself and his dependents, computed on the basis of the \$50 maximum per diem rate.

=====

TITLE: [Protest of AID RFP Provision as Unduly Restrictive]  
ACCESSION NUMBER: 131652 BNUMBER: B-223905  
DOCUMENT DATE: 11/19/86 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Daniel F. Young, Inc.  
Agency for International Development

LAW AUTHORITY:  
B-222162 (1986)  
B-221924 (1986)  
B-221559 (1986)  
B-194327 (1979)  
41 U.S.C. 253(a)

BACKGROUND:

A firm protested a geographic restriction in an Agency for International Development (AID) solicitation for international ocean ship booking and freight forwarding services, contending that the provision unduly restricted competition. Although the protester offered to satisfy the requirement, it argued that the restriction served no legitimate AID need. GAO held that: (1) AID demonstrated its need for the restriction; and (2) the protester did not show that the geographic requirement was unreasonable or had prejudiced its ability to compete. Accordingly, the protest was denied.

=====

TITLE: The Philippines: Distribution and Oversight of U.S. Development and Food Assistance  
ACCESSION NUMBER: 131543 RPTNO: NSIAD-87-24  
BNUMBER: B-224047 DOCUMENT DATE: 11/07/86  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division  
ORGANIZATION CONCERNED:  
Republic of the Philippines  
Agency for International Development

LAW AUTHORITY:  
P.L. 83-480

BACKGROUND:

In response to a congressional request, GAO reviewed U.S. development and food assistance provided to the Philippines during fiscal years (FY) 1980

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through 1985, specifically: (1) governmental and nongovernmental organizations involved in distributing U.S. assistance and the amounts each distributed; (2) the organizations' target populations; and (3) the potential for channeling greater amounts of aid through private organizations. GAO also examined how well the Agency for International Development (AID) managed its programs in the Philippines and reviewed allegations AID received regarding program fund misuse.

FINDINGS:

GAO found that: (1) the U.S. government provided \$386.2 million in development and food assistance to the Philippines between FY 1980 and FY 1985, 65 percent of which Philippine government agencies distributed and 35 percent of which private voluntary organizations distributed; (2) the rural poor were the main recipients of program funds; (3) government agencies used the funds to improve their ability to achieve development objectives; (4) private organizations used the funds on small-scale projects to reach specific target groups; (5) although AID is managing the programs according to project accounting controls, it inadequately monitors the private organization projects; and (6) AID received only five allegations concerning the misuse of its funds between January 1984 and October 1985 and closed its investigations of three of the allegations without taking action.

=====

TITLE: Foreign Aid: Improvement Needed in Loan Reporting and Administration  
ACCESSION NUMBER: 131508 RPTNO: NSIAD-87-2  
BNUMBER: B-220840 DOCUMENT DATE: 10/23/86  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Department of the Treasury  
Department of State

LAW AUTHORITY:

Mutual Security Act, 1953  
Foreign Assistance Act of 1961  
Arms Export Control Act  
International Development and Food Assistance Act of 1978  
International Security and Development Cooperation Act of 1981  
Commodity Credit Corporation Charter Act  
Federal Managers' Financial Integrity Act of 1982  
Export-Import Bank Act of 1945  
P.L. 94-330  
P.L. 91-619  
P.L. 83-480  
OMB Circular A-123  
B-177988 (1973)  
B-133283 (1974)

BACKGROUND:

In response to a congressional request, GAO reported on economic and military loan and grant aid to foreign countries, focusing on the Agency for International Development's (AID) loan management and reporting.

FINDINGS:

GAO noted that: (1) AID did not adequately consider current income levels or future economic prospects of recipients in establishing loan interest rates and repayment periods; (2) recipients of minimum loan terms did not strictly meet statutory criteria; (3) AID provided minimum interest rates

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to countries with significantly different per-capita incomes; (4) AID accelerated only one country's loan repayments, and did not accelerate loan repayments for some countries with highly developed economies; (5) a number of loan recipients rescheduled their loans, sometimes repetitively, to avoid being in default and cut off from further aid; (6) in 1985, AID provided new loans to several countries at the same time that they rescheduled the old loans; (7) AID had not determined the collectibility or realizable value of loans in its portfolio, and had written off few loans; (8) loan data AID and other agencies independently submitted to Congress provided much useful information, but reports had varying formats and classifications which hindered program analysis and, in some respects, the information presented was incomplete and misleading; and (9) Congress may not be fully aware of how debt reschedulings have prevented loan defaults and allowed countries to receive further aid, since AID ceased publishing annual program summaries, including financial statements, of its loan operations in 1979.

RECOMMENDATIONS TO AGENCIES

- The Administrator, AID, should initiate negotiations with countries which received concessional loans from predecessor agencies, or which have achieved high economic development, and seek agreements on early repayment.
- The Administrator, AID, should describe, in the annual report to Congress on foreign assistance, the efforts made to accelerate loan repayments pursuant to requirements of section 127 of the Foreign Assistance Act of 1961.
- The Administrator, AID, should revise AID manual orders to make clear that no Foreign Assistance Act loan, except from the private sector revolving fund, whether to a public or private borrower, may be written off.
- The Chairman, Development Coordination Committee (DCC), should provide more information in reporting debt rescheduling activities to Congress, specifically: (1) notifications of proposed reschedulings should state clearly why the rescheduling is necessary and in the U.S. interest; and (2) reports of completed official debt reschedulings should present a more complete picture of how agreements affect U.S. financial interests, including how much and how many times debts owed to U.S. agencies have been rescheduled and the prospects for collecting rescheduled receivables.
- The Secretary of State should provide more information in reporting debt rescheduling activities to Congress, specifically: (1) notifications of proposed reschedulings should state clearly why the rescheduling is necessary and in the U.S. interest; and (2) reports of completed official debt reschedulings should present a more complete picture of how agreements affect U.S. financial interests, including how much and how many times debts owed to U.S. agencies have been rescheduled and the prospects for collecting rescheduled receivables.
- The Secretary of the Treasury should provide more information in reporting debt rescheduling activities to Congress, specifically: (1) notifications of proposed reschedulings should state clearly why the rescheduling is necessary and in the U.S. interest; and (2) reports of completed official debt reschedulings should present a more complete picture of how agreements affect U.S. financial interests, including how much and how many times debts owed to U.S. agencies have been rescheduled and the prospects for collecting rescheduled receivables.
- Pursuant to the requirements of section 634 of the act, the Administrator, AID, as DCC Chairman, should revise the annual congressional report

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and accompanying annexes as may be necessary to show clearly the amounts of foreign assistance loan authorizations, disbursements, rescheduled debt, repayments, and balances outstanding, by program and country.

Pursuant to the requirements of section 634 of the act, the Administrator, AID, as DCC Chairman, should define the status of repayments, including applicability of aid cut-off sanctions and collectibility of non-current loans, by country.

Pursuant to the requirements of section 634 of the act, the Administrator, AID, as DCC Chairman, should disclose the reasons for any significant shortfalls in repayments of billed loan principal and interest for the preceding year.

Pursuant to the requirements of section 634 of the act, the Administrator, AID, as DCC Chairman, should ensure consistency with the underlying agency loan records.

Pursuant to the requirements of section 634 of the act, the Administrator, AID, as DCC Chairman, should meet the required February 1 reporting deadline.

The Administrator, AID, should revise the U.S. overseas Loans and Grants Report to provide certain information and ensure that the data reported in this book is consistent with other loan records and reports submitted to Congress by other executive agencies.

The Administrator, AID, should prepare and submit to Congress an annual loan program summary, consisting of financial statements, program data, and loan information by country, which adequately discloses the condition and collectibility of loan receivables and operating results of AID lending activity.

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TITLE: Time-Critical Aid: Disaster Reconstruction Assistance--A Better Delivery System Is Needed

ACCESSION NUMBER: 131336

RPTNO: NSIAD-87-1

BNUMBER: B-220921

DOCUMENT DATE: 10/16/86

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Foreign Assistance Act of 1961

P.L. 83-480

BACKGROUND:

GAO reviewed the Agency for International Development's (AID) administration of the disaster reconstruction assistance projects to help Bolivia, Ecuador, and Peru after the floods and droughts resulting from the weather phenomenon called El Nino in 1982 and 1983, focusing on steps AID could take to improve the future delivery of time-critical disaster reconstruction assistance.

FINDINGS:

In response to the disaster, AID obtained specific funds to: (1) deliver medicine and agricultural necessities such as fertilizers and pesticides; (2) reconstruct potable water, sewer, and irrigation systems; and (3) rebuild essential portions of a major highway and its bridge. GAO found that: (1) AID had difficulty in effectively planning, programming, and promptly delivering many time-sensitive reconstruction projects; (2) in two of the countries, reconstruction projects were started 7 to 9 months after the disaster; and (3) in some cases, U.S. aid took more than 1 year to

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reach the disaster victims because AID used procedures and methods established for long-term economic assistance development projects. GAO also found that delivery of assistance was delayed because AID: (1) did not fully use alternatives available for flexible funding and programming to respond to disaster emergencies; (2) applied standard development assistance programming and implementing procedures to deliver time-critical assistance; (3) did not request waivers of competitive bidding and other standard procurement requirements to expedite delivery of needed commodities; and (4) did not establish high priorities for time-critical components, which slowed the flow of required documentation.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should establish a clearly defined program category specifically for delivering time-critical disaster reconstruction assistance. Such a category of assistance would address only time-critical elements of rehabilitation and reconstruction assistance beyond the scope of the Office of Foreign Disaster Assistance's mandate, which for compelling humanitarian and political reasons should be provided quickly.

The Administrator, AID, should require that guidelines governing time-sensitive disaster reconstruction assistance be established and issued. These guidelines should include instructions for: (1) determining the extent to which time-sensitive disaster reconstruction assistance is needed; (2) considering host country agencies' current implementing capabilities; (3) placing less emphasis on institution building in disaster reconstruction project design and instead concentrating on the most expeditious method of efficiently and effectively delivering the disaster assistance; (4) preparing to take a more direct role in ensuring that the disaster project is effectively implemented; (5) confining project coverage to seriously affected regions; (6) treating the disaster reconstruction project as a short-term high priority; (7) using existing procurement, contracting, and waiver authorities; and (8) using expertise on commodity procurement and engineering to assist in design and planning.

=====

TITLE: Time-Critical Aid: Questionable Use of Disaster Assistance Funds for Peru

ACCESSION NUMBER: 131127

RPTNO: NSIAD-86-203

BNUMBER: B-220921

DOCUMENT DATE: 09/30/86

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Supplemental Appropriation Act, 1983

P.L. 98-63

97 Stat. 301

P.L. 98-151

H.R. 308 (98th Cong.)

S. Rept. 94-406

22 U.S.C. 2292

97 Stat. 964

BACKGROUND:

GAO reviewed U.S. disaster reconstruction assistance the Agency for International Development (AID) provided to Peru in response to the effects

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of the weather phenomenon called El Nino in 1982 and 1983.

**FINDINGS:**

Prior to the disaster, AID expressed concerns about Peru's worsening economic condition and proposed a balance-of-payments loan from the Economic Support Fund to establish working capital within Peru. The Executive Branch did not approve the proposal because of a lack of funds. In 1983, Congress granted AID a supplemental appropriation, which gave it authority to reobligate certain funds for relief, rehabilitation, and reconstruction activities in the Andean region. In preparing for the reobligation, AID amended the proposed \$60-million balance-of-payments loan to justify the use of international disaster assistance funds to finance the economic support loan. GAO found that: (1) the loan represented a departure from past practices, since AID had never used disaster assistance funds to finance a balance-of-payments type of economic support assistance; (2) Congress intended that international disaster funds meet individual disaster victims' needs, not the general economic needs of a country; (3) balance-of-payments assistance was traditionally funded from the Economic Support Fund; and (4) it was questionable whether the \$60 million in funds that Congress intended for relief, rehabilitation, and reconstruction activities was an appropriate funding source for the balance-of-payments loan.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, should seek clarification from Congress as to whether international disaster assistance funds may be used for programs, such as balance-of-payments support, normally financed from the Economic Support Fund.

=====

**TITLE:** Frequent Fliers: Use of Airline Bonus Awards by AID Employees  
**ACCESSION NUMBER:** 131417 **RPTNO:** NSIAD-86-217  
**BNUMBER:** B-220542 **DOCUMENT DATE:** 09/26/86  
**DOCUMENT TYPE:** Letter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development

**LAW AUTHORITY:**  
63 Comp. Gen. 229  
B-199656 (1981)

**BACKGROUND:**

In response to a congressional request, GAO reviewed the Agency for International Development's (AID) procedures for controlling and using bonus flight coupons that its employees received from airlines in connection with official travel.

**FINDINGS:**

GAO found that AID issued instructions that implemented a Comptroller General decision which held that airline promotional awards that federal employees received in official travel were the federal government's property. GAO reviewed 50 employees' travel records and found that: (1) nine were members of frequent-flier programs; (2) seven employees redeemed awards to pay for all or portions of official trips; (3) two used the awards to upgrade accommodations to first class for official trips; and (4) only one employee improperly redeemed bonus awards to enable a family member to travel with him, and AID intended to collect that travel amount from the employee. Since savings to the government occur in the use of the frequent-flier programs and bonus awards, GAO believes that AID should encourage all of its employees who travel often to take advantage of the

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savings available through their participation in these programs. Since GAO had not previously addressed the question of accommodation upgrades, and did not intend that employees redeem mileage awards for upgrades without prior government approval, GAO did not believe that AID employees acted improperly.

=====

**TITLE:** Foreign Aid: Questions on the Central American Regional Program Need To Be Resolved

ACCESSION NUMBER: 131044                      RPTNO: NSIAD-86-209  
BNUMBER: B-221422                              DOCUMENT DATE: 09/08/86  
DOCUMENT TYPE: Chapter Report                DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development: Regional Office for Central America and Panama  
National Bipartisan Commission on Central America  
Agency for International Development

**BACKGROUND:**

In response to a congressional request, GAO discussed the evolution, status, and viability of the Agency for International Development's (AID) regional economic assistance programs for Central America.

**FINDINGS:**

GAO found that: (1) according to AID views, studies, and funding actions, extensive regional programs may not be viable; (2) Central American economic and political conditions were not conducive to regional assistance programs, in part because those countries were focusing on domestic issues; and (3) fundamental policy questions on the priority of regional assistance and the need to maintain the AID Regional Office for Central America and Panama (ROCAP) remained unanswered. GAO also found that: (1) AID obligations and expenditures for regional programs were less than planned, primarily due to cancellations or delays in major economic assistance projects the National Bipartisan Commission on Central America recommended; and (2) AID has used over half of its regional program funds for projects its Washington office, rather than ROCAP, managed; and (3) ROCAP is currently taking actions to improve coordination with the bilateral missions to enhance the impact of its existing projects and to better complement AID bilateral programs. GAO believes that the success of ROCAP programs to promote economic growth will depend in part on host country economic and political conditions, and external source flows and credit arrangements.

**RECOMMENDATIONS TO AGENCIES**

To resolve the long-standing controversy over regional programs and ROCAP, and in view of overall U.S. budget deficit reduction goals, the Administrator, AID, should examine the priority and role of regional assistance in Central America and the need to maintain ROCAP.

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**TITLE:** Foreign Assistance: U.S. Use of Conditions To Achieve Economic Reforms

ACCESSION NUMBER: 130786                      RPTNO: NSIAD-86-157  
BNUMBER: B-221738                              DOCUMENT DATE: 08/25/86  
DOCUMENT TYPE: Chapter Report                DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development

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Dominican Republic  
Jamaica  
Republic of Costa Rica  
Republic of Liberia

LAW AUTHORITY:

P.L. 98-396  
P.L. 98-473  
P.L. 99-190  
P.L. 99-83

BACKGROUND:

GAO discussed the conditions the Agency for International Development (AID) set as part of its Economic Support Fund (ESF) balance-of-payments assistance to Costa Rica, the Dominican Republic, Jamaica, and Liberia, focusing on whether the: (1) countries complied with the conditions and what factors affected their compliance; and (2) United States can achieve its objectives in these countries through compliance with the conditions.

FINDINGS:

GAO found that: (1) Costa Rica complied with the conditions AID set because AID provided a high level of assistance; (2) Costa Rica reduced inflation and its current account deficit from 1980 through 1984 and registered gains in real gross domestic product (GDP) from 1983 through 1985, but its foreign debt increased; (3) the Dominican Republic was reluctant to undertake economic reforms because of political considerations, but when AID provided higher levels of assistance, its government adopted appropriate reforms; (4) the Dominican Republic still faced high inflation, its 1985 real GDP growth rate declined, and its foreign debt increased from 1980 through 1984; (5) while AID credited Jamaica with compliance, U.S. political interests in Jamaica weakened AID leverage; (6) despite some improvements, Jamaica continues to have economic difficulties because of declines in tourism and traditional exports, and its foreign debt is increasing; (7) while the Liberian government undertook some reforms and complied with ESF conditions, extrabudgetary expenditures by its leader and external market conditions have hampered its economic recovery; and (8) Liberia is experiencing massive economic problems because of arrearages in its external debt obligations, and its foreign debt is increasing. GAO believes that, given current economic conditions in these and other countries, and the rising debt-service burdens the countries face, it is likely that the United States will need to increase levels of ESF balance-of-payments support in the foreseeable future.

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TITLE: [Protest of AID Contract Award for the Management of Agricultural Research and Technology Project]

ACCESSION NUMBER: 130653

BNUMBER: B-222793

DOCUMENT DATE: 08/06/86

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Chemonics International

Winrock International Institute of Agricultural Development

Agency for International Development

LAW AUTHORITY:

Competition in Contracting Act of 1984

41 U.S.C. 253b(d)(2)

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64 Comp. Gen. 540  
F.A.R. 15.605  
B-213949 (1984)  
B-220000.3 (1986)  
B-220645 (1986)  
B-208871 (1983)  
B-212820 (1984)  
B-215539 (1984)  
B-220007 (1985)  
B-207045 (1983)

**BACKGROUND:**

A firm protested an Agency for International Development contract award for management of an agricultural research and technology project, contending that the agency: (1) failed to conduct meaningful discussions, which deprived it of the opportunity to remedy its weaknesses; (2) should have excluded the awardee from competition because of an organizational conflict of interest; and (3) failed to conduct a realistic cost analysis of its bids. GAO determined that: (1) the agency fulfilled the requirement for meaningful discussions by addressing the weaknesses in the protester's bid; (2) the agency reasonably found the protester's experience to be relatively weak; (3) the agency reasonably determined that the awardee was technically superior; (4) the protester failed to show that there was a conflict of interest; and (5) the contract award to the technically superior, higher priced offerer was reasonable and consistent with the solicitation's evaluation criteria. Accordingly, the protest was denied.

=====

**TITLE:** [Response to Questions on Population Planning Assistance Provision of P.L. 98-473]  
**ACCESSION NUMBER:** 130365                      **BNUMBER:** B-218900  
**DOCUMENT DATE:** 07/09/86                      **DOCUMENT TYPE:** Other Written Prod.  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

Office of the General Counsel

**ORGANIZATION CONCERNED:**

Agency for International Development  
United Nations: Fund for Population Activities  
Population Institute

**LAW AUTHORITY:**

Foreign Assistance and Related Programs Appropriation Act, 1985  
P.L. 98-473  
98 Stat. 1887  
Supplemental Appropriation Act, 1985  
P.L. 99-88  
99 Stat. 293  
63 Comp. Gen. 98

**BACKGROUND:**

Congressional members requested a GAO opinion on whether a provision on population planning assistance contained in the Foreign Assistance and Related Programs Appropriation Act, 1985, authorized the Agency for International Development (AID) to withhold and redirect a portion of the United Nations Fund for Population Activities' (UNFPA) funds. The AID Administrator determined that UNFPA was managing a program in China that supported coercive abortion and involuntary sterilization, which violated the law's provision, so the withheld funds were reprogrammed for other voluntary family planning programs. GAO held that it would not comment on the matter because it was the subject of ongoing litigation.

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TITLE: [Response to Questions on Population Planning Assistance Provision of  
P.L. 98-473]  
ACCESSION NUMBER: 130366 BNUMBER: B-218900  
DOCUMENT DATE: 07/09/86 DOCUMENT TYPE: Other Written Prod.  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
United Nations: Fund for Population Activities  
Population Institute

LAW AUTHORITY:  
Foreign Assistance and Related Programs Appropriation Act, 1985  
P.L. 98-473  
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99 Stat. 293  
63 Comp. Gen. 98

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TITLE: [Request for Resolution of Dispute Between AID and MARAD]  
ACCESSION NUMBER: 130909 BNUMBER: B-194528  
DOCUMENT DATE: 06/26/86 DOCUMENT TYPE: Other Written Prod.  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
Maritime Administration

LAW AUTHORITY:  
Cargo Preference Act (Merchant Marine)  
46 U.S.C. 1241  
Shipping Act, 1916  
46 U.S.C. 808  
59 Comp. Gen. 279  
Council of American-Flag Ship Operators, et al. v. United States, 596  
F. Supp. 160 (D.D.C. 1984)

BACKGROUND:  
In response to a congressional request, GAO investigated a dispute between the Agency for International Development (AID) and the Maritime Administration (MARAD) concerning the latter's refusal to approve a charter to Israel of a foreign-built vessel to carry grain from the U.S. to Israel under the AID Cash Transfer Program. GAO held that, since MARAD had the legal authority to approve charters, GAO had no jurisdiction over the

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matter and could not render a determination.

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TITLE: [Request for Resolution of Dispute Between AID and MARAD]  
ACCESSION NUMBER: 130910 BNUMBER: B-194528  
DOCUMENT DATE: 06/26/86 DOCUMENT TYPE: Other Written Prod.  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Agency for International Development  
Maritime Administration

LAW AUTHORITY:  
Cargo Preference Act (Merchant Marine)  
46 U.S.C. 1241  
Shipping Act, 1916  
46 U.S.C. 808  
59 Comp. Gen. 279  
Council of American-Flag Ship Operators, et al. v. United States, 596  
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TITLE: [Request for Resolution of Dispute Between AID and MARAD]  
ACCESSION NUMBER: 130911 BNUMBER: B-194528  
DOCUMENT DATE: 06/26/86 DOCUMENT TYPE: Other Written Prod.  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Agency for International Development  
Maritime Administration

LAW AUTHORITY:  
Cargo Preference Act (Merchant Marine)  
46 U.S.C. 1241  
Shipping Act, 1916  
46 U.S.C. 808  
59 Comp. Gen. 279  
Council of American-Flag Ship Operators, et al. v. United States, 596  
F. Supp. 160 (D.D.C. 1984)

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TITLE: [Request for Resolution of Dispute Between AID and MARAD]  
ACCESSION NUMBER: 130912 BNUMBER: B-194528

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DOCUMENT DATE: 06/26/86  
DOCUMENT CLASS: P,U

DOCUMENT TYPE: Other Written Prod.

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development  
Maritime Administration

LAW AUTHORITY:

Cargo Preference Act (Merchant Marine)  
46 U.S.C. 1241

Shipping Act, 1916

46 U.S.C. 808

59 Comp. Gen. 279

Council of American-Flag Ship Operators, et al. v. United States, 596  
F. Supp. 160 (D.D.C. 1984)

BACKGROUND:

In response to a congressional request, GAO investigated a dispute between the Agency for International Development (AID) and the Maritime Administration (MARAD) concerning the latter's refusal to approve a charter to Israel of a foreign-built vessel to carry grain from the U.S. to Israel under the AID Cash Transfer Program. GAO held that, since MARAD had the legal authority to approve charters, GAO had no jurisdiction over the matter and could not render a determination.

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TITLE: [Request for Resolution of Dispute Between AID and MARAD]  
ACCESSION NUMBER: 130913 BNUMBER: B-194528  
DOCUMENT DATE: 06/26/86 DOCUMENT TYPE: Other Written Prod.  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development  
Maritime Administration

LAW AUTHORITY:

Cargo Preference Act (Merchant Marine)  
46 U.S.C. 1241

Shipping Act, 1916

46 U.S.C. 808

59 Comp. Gen. 279

Council of American-Flag Ship Operators, et al. v. United States, 596  
F. Supp. 160 (D.D.C. 1984)

BACKGROUND:

In response to a congressional request, GAO investigated a dispute between the Agency for International Development (AID) and the Maritime Administration (MARAD) concerning the latter's refusal to approve a charter to Israel of a foreign-built vessel to carry grain from the U.S. to Israel under the AID Cash Transfer Program. GAO held that, since MARAD had the legal authority to approve charters, GAO had no jurisdiction over the matter and could not render a determination.

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TITLE: [Request for Resolution of Dispute Between AID and MARAD]  
ACCESSION NUMBER: 130914 BNUMBER: B-223217  
DOCUMENT DATE: 06/26/86 DOCUMENT TYPE: Other Written Prod.  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

AID/ICA/IDCA

ORGANIZATION CONCERNED:

Agency for International Development  
Maritime Administration

LAW AUTHORITY:

Cargo Preference Act (Merchant Marine)  
46 U.S.C. 1241  
Shipping Act, 1916  
46 U.S.C. 808  
59 Comp. Gen. 279  
Council of American-Flag Ship Operators, et al. v. United States, 596  
F. Supp. 160 (D.D.C. 1984)

BACKGROUND:

In response to a congressional request, GAO investigated a dispute between the Agency for International Development (AID) and the Maritime Administration (MARAD) concerning the latter's refusal to approve a charter to Israel of a foreign-built vessel to carry grain from the U.S. to Israel under the AID Cash Transfer Program. GAO held that, since MARAD had the legal authority to approve charters, GAO had no jurisdiction over the matter and could not render a determination.

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TITLE: [Request for Resolution of Dispute Between AID and MARAD]  
ACCESSION NUMBER: 130915 BNUMBER: B-194528  
DOCUMENT DATE: 06/26/86 DOCUMENT TYPE: Other Written Prod.  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development  
Maritime Administration

LAW AUTHORITY:

Cargo Preference Act (Merchant Marine)  
46 U.S.C. 1241  
Shipping Act, 1916  
46 U.S.C. 808  
59 Comp. Gen. 279  
Council of American-Flag Ship Operators, et al. v. United States, 596  
F. Supp. 160 (D.D.C. 1984)

BACKGROUND:

In response to a congressional request, GAO investigated a dispute between the Agency for International Development (AID) and the Maritime Administration (MARAD) concerning the latter's refusal to approve a charter to Israel of a foreign-built vessel to carry grain from the U.S. to Israel under the AID Cash Transfer Program. GAO held that, since MARAD had the legal authority to approve charters, GAO had no jurisdiction over the matter and could not render a determination.

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TITLE: [Request for Resolution of Dispute Between AID and MARAD]  
ACCESSION NUMBER: 130916 BNUMBER: B-194528  
DOCUMENT DATE: 06/26/86 DOCUMENT TYPE: Other Written Prod.  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development  
Maritime Administration

AID/ICA/IDCA

LAW AUTHORITY:

Cargo Preference Act (Merchant Marine)  
46 U.S.C. 1241  
Shipping Act, 1916  
46 U.S.C. 808  
59 Comp. Gen. 279  
Council of American-Flag Ship Operators, et al. v. United States, 596  
F. Supp. 160 (D.D.C. 1984)

BACKGROUND:

In response to a congressional request, GAO investigated a dispute between the Agency for International Development (AID) and the Maritime Administration (MARAD) concerning the latter's refusal to approve a charter to Israel of a foreign-built vessel to carry grain from the U.S. to Israel under the AID Cash Transfer Program. GAO held that, since MARAD had the legal authority to approve charters, GAO had no jurisdiction over the matter and could not render a determination.

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TITLE: [Request for Resolution of Dispute Between AID and MARAD]  
ACCESSION NUMBER: 130908 BNUMBER: B-223217  
DOCUMENT DATE: 06/26/86 DOCUMENT TYPE: Other Written Prod.  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development  
Maritime Administration

LAW AUTHORITY:

Cargo Preference Act (Merchant Marine)  
46 U.S.C. 1241  
Shipping Act, 1916  
46 U.S.C. 808  
59 Comp. Gen. 279  
Council of American-Flag Ship Operators, et al. v. United States, 596  
F. Supp. 160 (D.D.C. 1984)

BACKGROUND:

In response to a congressional request, GAO investigated a dispute between the Agency for International Development (AID) and the Maritime Administration (MARAD) concerning the latter's refusal to approve a charter to Israel of a foreign-built vessel to carry grain from the U.S. to Israel under the AID Cash Transfer Program. GAO held that, since MARAD had the legal authority to approve charters, GAO had no jurisdiction over the matter and could not render a determination.

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TITLE: [Question Concerning Claim for Reimbursement for Automobile Shipment Expenses]  
ACCESSION NUMBER: 130014 BNUMBER: B-219835  
DOCUMENT DATE: 06/02/86 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Public Health Service  
Agency for International Development

LAW AUTHORITY:

54 Comp. Gen. 638

AID/ICA/IDJA

J.T.R. [1] para. M7000

**BACKGROUND:**

A Public Health Service (PHS) officer claimed reimbursement for expenses he and his wife incurred incident to his transfer overseas, including: (1) the cost of shipping a foreign-made automobile to his overseas duty station; and (2) per diem expenses that his wife incurred while traveling. PHS executed a retroactive agreement with the Agency for International Development (AID) to convert the claimant to foreign compensation status, which gave him the same privileges as AID employees. GAO held that: (1) PHS committed an administrative error in failing to convert the claimant's status at the time he transferred; (2) PHS clearly intended to convert the claimant when it transferred him; (3) given the agreement, PHS should pay the claimant's expenses in accordance with the Foreign Service Travel Regulations rather than the Joint Travel Regulations; and (4) under the applicable regulations, the claimed expenses were fully reimbursable. Accordingly, the claim was allowed.

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**TITLE:** Sudan: Conditions on U.S. Economic Aid  
**ACCESSION NUMBER:** 130021 **RPTNO:** NSIAD-86-137FS  
**BNUMBER:** B-211263 **DOCUMENT DATE:** 06/02/86  
**DOCUMENT TYPE:** Fact Sheet **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development  
International Monetary Fund  
Democratic Republic of the Sudan

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the conditions of the U.S. Economic Support Fund program for the Sudan, focusing on balance-of-payments assistance.

**FINDINGS:**

GAO noted that assistance to Sudan was: (1) in the form of cash transfers and commodity import financing, which included allocations for petroleum imports; and (2) conditional on the Sudan's compliance with the International Monetary Fund arrangement. GAO found that the Sudan achieved limited progress in: (1) complying with the Agency for International Development's conditions for assistance to the private sector; (2) managing public sector companies or phasing out inefficient enterprises; (3) increasing the generation and management of foreign exchange; and (4) increasing the generation of domestic revenue. GAO also found that the Sudan achieved considerable progress in improving the management of public utilities.

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**TITLE:** Foreign Assistance: The Solanda Housing Guaranty Project in Ecuador  
**ACCESSION NUMBER:** 130228 **RPTNO:** NSIAD-86-120  
**BNUMBER:** B-222302 **DOCUMENT DATE:** 05/21/86  
**DOCUMENT TYPE:** Letter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development  
Ecuador Housing Bank  
Republic of Ecuador

AID/ICA/IDCA

LAW AUTHORITY:

Foreign Assistance Act of 1961

BACKGROUND:

In response to a congressional request, GAO: (1) reviewed the Solanda Housing Guaranty project in Ecuador, focusing on Agency for International Development (AID) and Ecuadoran requirements for financing, design, and implementation; (2) investigated allegations that high indirect costs have unnecessarily increased the prices of Solanda units; and (3) analyzed AID-funded wood house demonstration projects in Peru and Ecuador to determine whether using alternative construction materials might improve the Housing Guaranty Program's delivery of low-income housing in Ecuador.

FINDINGS:

GAO found that: (1) the Solanda housing units' high construction standards and costs were not affordable for much of the original target population; (2) the use of wood or other building materials alone would not have significantly lowered the units' prices; (3) allegations that, due to AID requirements, indirect costs in Solanda had reached 50 percent were unfounded; (4) the Ecuador Housing Bank charged the lowest approved interest rate for Solanda mortgages, but it was still too high for the lower strata of the Housing Guaranty target group to qualify; and (5) U.S. wood was not a viable alternative under the Housing Guaranty Program but could be used for high-income housing.

RECOMMENDATIONS TO AGENCIES

If the Ecuador Housing Bank continues its policy of investing most of its resources in homes for those above the median income, the Administrator, AID, should work with the Bank to retarget its shelter programs to families earning below the median income and refine current Bank interest rate policy for social interest projects and projects for families earning above the median income so that low-income families do not subsidize higher income families. One approach could involve the Bank: (1) separating its investments in below-median income from investments in above-median income homes; and (2) charging different rates of interest for the two separate categories which would reflect the cost of the resources to the Bank.

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TITLE: President's Fourth Special Message for Fiscal Year 1986  
ACCESSION NUMBER: 129933 RPTNO: OGC-86-14  
BNUMBER: B-220532 DOCUMENT DATE: 05/06/86  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Department of Energy  
Agency for International Development  
Department of the Treasury

LAW AUTHORITY:

Congressional Budget and Impoundment Control Act of 1974

BACKGROUND:

GAO reviewed the President's fourth message for fiscal year 1986.

FINDINGS:

GAO found that: (1) the proposed deferrals were in accordance with existing authority; and (2) with regard to the President's rescission proposals, the period during which the funds could be withheld pending congressional consideration of a rescission bill ended on May 9, 1986. GAO identified no other information, except as noted, that would be useful to Congress in its consideration of the President's proposals.

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**TITLE:** The Philippines: Accountability and Control of U.S. Economic Assistance

ACCESSION NUMBER: 129797

RPTNO: NSIAD-86-108BR

BNUMBER: B-222719

DOCUMENT DATE: 05/02/86

DOCUMENT TYPE: Briefing Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Republic of the Philippines

Agency for International Development

**LAW AUTHORITY:**

P.L. 83-480

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed accountability and control over U.S. economic assistance to the Philippines since 1978.

**FINDINGS:**

GAO found that: (1) in recent years, the bulk of development-related assistance has been provided through the Economic Support Fund (ESF) program under which the United States transferred U.S. dollars to the Government of the Philippines; (2) the disposition of ESF dollar transfers could not be determined because the funds were deposited with other receipts in a Philippine Treasury general fund; (3) although the Philippines deposited an equivalent amount of its currency in separate accounts to fund agreed-upon project and nonproject development activities, the Agency for International Development (AID) did not review, approve, or account for final expenditures; (4) AID relied on quarterly Philippines' reports that the local currency funds were disbursed to the designated activities and that the undisbursed balances remained on deposit; and (5) although U.S. dollar transfers were not closely monitored, AID was required to concur with all requests for local currency disbursements of ESF project assistance before the funds could be withdrawn from the special accounts. GAO also found that: (1) AID reviewed and concurred with the Philippines' contracting procedures; (2) selected disbursement records of development assistance and food aid to the Philippines showed that invoices and vouchers were properly certified and authorized for payment; and (3) multilateral organizations used various mechanisms to monitor economic assistance to ensure that resources were used as intended.

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**TITLE:** Overseas Benefits: Foreign Service Benefits and Allowances

ACCESSION NUMBER: 130086

RPTNO: NSIAD-86-105FS

BNUMBER: B-222795

DOCUMENT DATE: 04/25/86

DOCUMENT TYPE: Fact Sheet

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development

Department of State

United States Information Agency

**LAW AUTHORITY:**

22 U.S.C. 4221(a)(2)

Military Personnel and Civilian Employees' Claims Act of 1964

31 U.S.C. 3721

Foreign Service Act of 1980

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P.L. 94-465  
22 U.S.C. 2700 et seq.  
Department of State Authorization Act, 1984 and 1985  
P.L. 98-164  
Overseas Differentials and Allowances Act  
P.L. 86-707  
5 U.S.C. 5913 et seq.  
Foreign Assistance Act of 1963  
P.L. 88-205  
International Development Cooperation Act of 1979  
Foreign Relations Authorization Act, 1979  
Economic Cooperation Act, 1948  
Mutual Security Act, 1954  
Foreign Assistance Act of 1961  
P.L. 87-195  
Foreign Service Buildings Act, 1926  
Foreign Service Act of 1946  
Federal Employees' Pay Act Amendments of 1954  
5 U.S.C. 5541 et seq.  
Rogers Act (Foreign Service)  
Annual and Sick Leave Act  
P.L. 82-233  
5 U.S.C. 6301 et seq.  
Mutual Security Act, 1956  
Department of State Authorization Act, 1979  
P.L. 95-426  
Foreign Service Act Amendments of 1956  
P.L. 84-828  
Foreign Service Act Amendments of 1960  
P.L. 86-723  
State Department Basic Authorities Act of 1956  
P.L. 93-475  
State Department/USIA Authorization Act, Fiscal Year 1975  
Executive Order 10893  
P.L. 83-102  
P.L. 90-221  
H. Rept. 96-992  
H. Rept. 84-229  
H. Rept. 88-646  
S. Rept. 93-838  
S. Rept. 90-235  
H. Rept. 90-993  
S. Rept. 80-935  
H. Rept. 80-2508  
H. Rept. 87-851  
H. Rept. 86-902  
S. Rept. 86-2633  
S. Rept. 86-880  
H. Rept. 96-1432  
H. Rept. 84-2508  
S. Rept. 84-1175  
H.R. 7885 (88th Cong.)  
S. Rept. 88-588  
H. Rept. 88-1006

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S. Rept. 95-426  
H. Rept. 95-1535  
S. Rept. 96-913  
S. Rept. 98-143  
S. Rept. 86-1647  
Dept. of State S.R. #850  
Dept. of State S.R. #650  
Dept. of State S.R. #270  
Dept. of State S.R. #280  
Dept. of State S.R. #600  
Dept. of State S.R. #532  
Dept. of State S.R. #130  
Dept. of State S.R. #400  
Dept. of State S.R. #220  
Dept. of State S.R. #031.3  
Dept. of State S.R. #300  
Dept. of State S.R. #077.32  
Dept. of State S.R. #230  
Dept. of State S.R. #110  
Dept. of State S.R. #240  
FAM [6] 310  
FAM [6] 511  
FAM [6] 524.4-1  
FAM [6] 162  
FAM [6] 100  
FAM [6] 760  
FAM [6] 147  
FAM [6] 171  
FAM [6] 142.1  
FAM [6] 125.1  
FAM [6] 237.2-1  
FAM [3] 330.2.a  
FAM [3] 231.2  
FAM [3] 465.3  
FAM [3] 824  
FAM [3] 453.2  
FAM [3] 873  
FAM [3] 688  
FAM [3] 340  
FAM [3] 698  
FAM [3] 315.4  
FAM [3] 671.5-14  
FAM [2] 240  
FAM [2] 225.3  
FAM [2] 260  
DOD Directive 1330.9  
DOD Instruction 1015.2  
5 U.S.C. 5702 et seq  
5 U.S.C. 8134  
5 U.S.C. 3396  
5 U.S.C. 6103  
22 U.S.C. 4024 et seq  
22 U.S.C. 3927 et seq

BACKGROUND:

In response to a congressional request, GAO provided information on benefits and allowances paid to Foreign Service officers working overseas

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for the Department of State, the Agency for International Development, and the U.S. Information Agency.

**FINDINGS:**

GAO identified 65 categories of benefits, allowances, entitlements, and compensations available to Foreign Service employees and provided: (1) a listing and a brief description of each one; (2) legislative histories on the more significant benefits and allowances, such as danger pay, educational allowances, and family travel; (3) cost information; and (4) private-sector practices for compensating Americans working abroad. GAO noted that some of the benefits and allowances are available only to Foreign Service employees while others are generally available to all federal government employees working overseas.

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**TITLE:** Agency for International Development's 1978 and 1986 Programs for Jamaica, Kenya, and Senegal

ACCESSION NUMBER: 129657

RPTNO: NSIAD-86-103BR

BNUMBER: B-222750

DOCUMENT DATE: 04/15/86

DOCUMENT TYPE: Briefing Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development

**LAW AUTHORITY:**

P.L. 83-480

**BACKGROUND:**

In response to a congressional request, GAO reported on Agency for International Development (AID) programs in Jamaica, Kenya, and Senegal, focusing on: (1) how the current mix of projects compares with AID programs in those countries 10 years ago; (2) how much of the current total aid is going to recipient governments either directly or indirectly; and (3) the content of projects intended to encourage private-sector development.

**FINDINGS:**

GAO found that current objectives for Senegal and Kenya do not differ significantly from fiscal year (FY) 1978. However, objectives for Jamaica have changed in response to economic problems experienced since 1980. In FY 1978, AID provided Jamaica with \$11 million in economic support assistance, but neither Kenya nor Senegal received this type of assistance. In contrast, AID is providing Jamaica with \$59 million, Kenya with \$14 million, and Senegal with \$11 million in economic support funds for FY 1986. These funds are conditional upon agreements with recipient governments to institute specific economic reforms, many of which are aimed at reducing government regulation of the private sector and stimulating its growth. Public Law 83-480 assistance to these countries for FY 1986 is significantly greater than it was for 1978 and is conditional on government reforms in the agricultural sector. GAO also found that some FY 1986 development assistance projects are intended to enhance private-sector growth. GAO identified 2 of 4 FY 1986 projects in Kenya, 2 of 4 in Senegal, and 10 of 16 in Jamaica that included an emphasis on private-sector development in support of private voluntary organizations. For all three countries, proposed FY 1987 programs reflect a continuing emphasis on promoting private-sector growth through development projects and policy dialogue with recipient governments.

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**TITLE:** Famine in Africa: Improving U.S. Response Time for Emergency Relief

ACCESSION NUMBER: 129566

RPTNO: NSIAD-86-56

BNUMBER: B-217978

DOCUMENT DATE: 04/03/86

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DOCUMENT TYPE: Letter Report      DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
National Security and International Affairs Division  
ORGANIZATION CONCERNED:  
Agency for International Development  
Department of Agriculture  
LAW AUTHORITY:  
P.L. 83-480

BACKGROUND:

GAO commented on the time it took federal agencies to approve emergency food requests, obtain the commodities, and start loading them for shipment to African countries during the 1985 emergency.

FINDINGS:

GAO found that: (1) in 1985 it took an average of 110 days to approve emergency food program requests, obtain commodities, and arrange shipping, which was somewhat less than the time required in 1984; (2) requests were approved considerably more quickly in 1985; and (3) commodities were obtained in about the same amount of time in both years but, in 1985, they remained at U.S. ports considerably longer before shipment. GAO also found that: (1) February and March 1985 approvals averaged 21 days, compared with about 2 months for 1984; (2) commodities were obtained in about 58 days during both years; and (3) in 1985, commodities waited for loading and shipment an average of 31 days compared with an average of 14 days in 1984. Although the African drought and the demand for emergency food aid appear to have lessened, GAO believes that: (1) the Agency for International Development (AID) and Department of Agriculture (USDA) should continue to give priority attention to seeking and testing ways to shorten the time for obtaining and shipping emergency program commodities; and (2) such efforts could be facilitated by more systematic coordination and collaboration with the private voluntary and industry organizations involved in the process.

RECOMMENDATIONS TO AGENCIES

The Assistant Administrator, AID, should ensure that appropriate attention continues to be given to finding ways to shorten the timeframe for procuring and shipping emergency food commodities to famine-stricken countries. One way to accomplish this may be the assignment of specific responsibility to an agency official at a sufficiently high level to generate the necessary cooperation and support. This official could obtain the views of government, private organization, and industry officials and monitor the testing and implementation of measures to shorten the time required to provide emergency commodities.

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TITLE: [Protest of Cancellation of AID IFB for Steel Pipes]  
ACCESSION NUMBER: 129493      BNUMBER: B-221824  
DOCUMENT DATE: 04/01/86      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
International Trade Overseas, Inc.  
Agency for International Development  
LAW AUTHORITY:  
F.A.R. 14.404-1  
F.A.R. 52.214-10

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B-204358 (1982)  
B-206943 (1982)  
B-214331 (1984)  
B-218930 (1985)

BACKGROUND:

A firm protested the Agency for International Development's (AID) cancellation of a solicitation for steel pipes after bid opening. GAO noted that the protester: (1) initially alleged that AID improperly accepted a late bid; (2) contended that the revised specifications would result in less cost savings than AID estimated; and (3) alleged that, since AID had reviewed the specifications prior to issuing the solicitation, it improperly cancelled the solicitation to circumvent the initial protest against the late bid. GAO found that: (1) AID properly cancelled the solicitation because it determined that the specifications overstated its minimum needs and that award based on the revised specifications would result in lower costs to the government; and (2) pipeline specialists recommended revisions after a review made subsequent to bid opening. GAO held that: (1) an issuing agency may cancel a solicitation after bid opening regardless of when the information justifying cancellation becomes evident; (2) even if the cost savings were less than originally estimated, they would still be adequate justification for cancellation; and (3) the initial protest that AID improperly accepted a late bid was academic. Accordingly, the protest was denied.

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TITLE: Foreign Assistance: How the Funds Are Spent  
ACCESSION NUMBER: 129637 RPTNO: NSIAD-86-73  
BNUMBER: B-222050 DOCUMENT DATE: 03/07/86  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Export-Import Bank of the United States  
Asian Development Bank  
Inter-American Development Bank  
African Development Bank  
United Nations: Development Program  
United Nations: Children's Fund  
Department of Defense  
International Bank for Reconstruction and Development (World Bank)

BACKGROUND:

Pursuant to a congressional request, GAO reviewed fiscal year 1984 foreign assistance program outlays to determine how funds were actually spent and who benefited from the program.

FINDINGS:

GAO found that: (1) the Agency for International Development (AID) disbursed significant portions of its assistance funds in the United States to a variety of entities, which directly benefited the U.S. economy, the recipient organizations, and the recipient countries involved; (2) AID paid over 75 percent of its disbursements in 9 states and the District of Columbia; (3) the Export-Import Bank paid almost all of its disbursements to U.S. suppliers of materials and services; (4) the World Bank and other multilateral development banks procured less than 10 percent of their goods and services from U.S. sources; (5) the United Nations (UN) Development Program paid about 23 percent of its disbursements to U.S. suppliers; and (6) the UN Children's Fund expended about \$17.9 million in the United

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States, compared to the \$53 million in voluntary contributions it collected in the United States. GAO also found that: (1) it could not identify funding sources for foreign military sales (FMS) contractor payments because FMS loan and Military Assistance Program funds are commingled in individual trust funds for each recipient nation; (2) companies in 10 states received about 84.1 percent of FMS contract awards; and (3) the top 10 FMS contractors received about 59 percent of FMS contract awards.

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TITLE: Famine in Africa: Improving Emergency Food Relief Programs  
ACCESSION NUMBER: 129221 RPTNO: NSIAD-86-25  
BNUMBER: B-217978 DOCUMENT DATE: 03/04/86  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development  
Somali Democratic Republic

LAW AUTHORITY:  
Agricultural Trade Development and Assistance Act of 1954  
P.L. 83-480

BACKGROUND:

GAO reviewed the Agency for International Development's (AID) fiscal year 1984 emergency food program for drought-stricken Africa to determine program results and to evaluate program management.

FINDINGS:

AID provided emergency food to cooperating sponsors in each country, who then distributed the food to the needy. As of December 1984, the sponsors had: (1) distributed 68 percent of the food; (2) not distributed 22 percent; (3) reported the status as unknown for 9 percent; (4) lost 1 percent; and (5) distributed 56 percent to the neediest people. GAO found several factors limiting AID emergency food distribution: (1) difficult terrain; (2) inefficient transportation networks; (3) limited government capabilities for assessing food needs; and (4) variances in the missions' planning and monitoring of emergency food distribution. GAO also found that: (1) there was a direct relationship between the amount of planning and monitoring and the extent to which the food reached the most needy people; (2) the success of emergency programs depends on whether emergency food arrives when it is most needed and can be transported to drought-affected areas; (3) food delivery during rainy seasons can delay or preclude the delivery of significant quantities; and (4) the arrival of large quantities of food shortly before a harvest could significantly limit program success. GAO noted widespread problems in the AID program in Somalia because the government did not follow procedures in selling and auctioning wheat and other commodities, resulting in loss of funds for local development projects.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, in order to improve the prospects for emergency food to reach those most seriously affected by famine, should require missions to review and approve cooperating sponsors' plans for distributing emergency food prior to its arrival. Missions should ensure that distribution plans specify the: (1) geographic areas or categories of people that will receive aid; (2) amount each area or group will receive; and (3) transportation and distribution networks to be used.

The Administrator, AID, in order to improve the prospects for emergency food to reach those most seriously affected by famine, should require

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missions to submit emergency food requests as early as possible and, where appropriate, should encourage missions to submit partial requests based on preliminary estimates of cereal needs, and follow up with supplemental requests once needs are better known.

The Administrator, AID, in order to improve the prospects for emergency food to reach those most seriously affected by famine, should strengthen AID Handbook 9 standards for monitoring emergency food. Such standards should specify the extent and type of monitoring needed to ensure proper accounting for commodities sold or distributed free, including visits to storage facilities, regional and local distribution sites, and villages.

The Administrator, AID, should direct the AID Inspector General (IG) to review Public Law 480 food programs in Somalia; this would provide additional information on the results of title I and II food programs and identify needed improvements.

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TITLE: [Protest of AID Contract Award for Broadcasting and Electronic Equipment and Related Services]  
ACCESSION NUMBER: 129154 BNUMBER: B-220000.3  
DOCUMENT DATE: 02/24/86 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Cosmos Engineers, Inc.  
Harris Corp.  
Agency for International Development

LAW AUTHORITY:  
Competition in Contracting Act of 1984  
31 U.S.C. 3551 et seq.  
59 Comp. Gen. 74  
57 Comp. Gen. 328  
63 Comp. Gen. 393  
B-220804 (1986)  
B-186002 (1976)  
B-218338 (1985)  
B-217072.2 (1985)  
B-210849 (1983)  
31 U.S.C. 3526

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for broadcasting and electronic equipment and services, contending that AID improperly evaluated its proposal and failed to conduct meaningful discussions. GAO found that: (1) AID did not award the contract to the protester because it lacked sufficient experienced and qualified personnel; (2) discussions could not remedy the inadequacies in the protester's proposal; and (3) it would not disturb the agency's determination since there was no evidence that it was arbitrary or unreasonable. Accordingly, the protest was denied.

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TITLE: African Development Bank: A More Independent Evaluation System Is Needed  
ACCESSION NUMBER: 129128 RPTNO: NSIAD-86-48  
BNUMBER: B-221618 DOCUMENT DATE: 02/21/86  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

AID/ICA/IDCA

National Security and International Affairs Division  
ORGANIZATION CONCERNED:

Department of the Treasury  
African Development Bank  
Agency for International Development

LAW AUTHORITY:

P.L. 97-35  
P.L. 94-302

BACKGROUND:

GAO reviewed the African Development Bank's (AFDB) progress in establishing an independent program and project evaluation system as a means of informing member governments and management of its efficiency and effectiveness in meeting its objectives.

FINDINGS:

The United States has political, strategic, economic, and humanitarian interests in Africa which it pursues in part through participation in AFDB. U.S. objectives focus on improving AFDB operations with an effective evaluation system which would: (1) examine ongoing and completed projects and operations; (2) apprise management, governing bodies, and member governments of project results; and (3) apply experience gained to new projects and to AFDB policies and procedures revision. The Agency for International Development's 1982 study showed the need for a more comprehensive and independent evaluation system. GAO found that, since 1980, the AFDB evaluation division has: (1) better defined its role and operating procedures; (2) developed a more comprehensive system encompassing and completed activities; (3) improved its evaluation data collection; and (4) more widely disseminated the results of its work. GAO also found that, because the evaluation division is not an independent department, it: (1) does not have full control over the use of its staff, which has been used for nonevaluation purposes, resulting in delays in evaluation completion; (2) lacks a direct line of reporting to the Board of Executive Directors, causing delays and a lack of objectivity in the reports; and (3) has not exercised control over or developed an evaluation report recommendation follow-up system to keep the AFDB Board and management apprised of the effect of evaluation results on operations.

RECOMMENDATIONS TO AGENCIES

The Secretary of the Treasury should instruct the U.S. Executive Director, AFDB, to propose that AFDB management and the Board of Executive Directors: (1) as an interim measure, establish the evaluation division as a central evaluation unit under the President, but with a direct line of reporting to the Board; and (2) consider the eventual establishment of a fully independent evaluation unit attached directly to the Board.

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TITLE: AID Management: Effort To Improve Cash Management and the Payment Process at AID

ACCESSION NUMBER: 130957

RPTNO: NSIAD-86-36

BNUMBER: B-217738

DOCUMENT DATE: 01/16/86

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

BACKGROUND:

GAO reviewed the Agency for International Development's (AID) efforts to improve management procedures relating to cash management and the payment

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process.

**FINDINGS:**

GAO found that AID has made progress in improving cash management practices for certain programs and activities, including the Commodity Import Program (CIP), the Egyptian decentralization program, and advances to contractors and grantees. GAO believes that AID can further improve its decentralization program disbursements and overseas cash-advance management by: (1) avoiding premature disbursement of funds for the decentralization program; and (2) ensuring that cash advances are limited to those needed to cover immediate disbursement needs. GAO also found that: (1) when AID uses bank letters to reimburse contractors and grantees for carrying out agency programs and activities, agency officials do not have the opportunity to review vouchers and supporting documents before the bank pays the recipients; and (2) the AID headquarters policy guidance recognizes the agency's increased vulnerability to making improper payments through bank letters and discourages use of this financing procedure.

**RECOMMENDATIONS TO AGENCIES**

The Assistant to the Administrator for Management, AID, should instruct the mission in Egypt to make additional improvements in cash management for the Basic Village Services project, particularly to: (1) further reduce the number of days it takes the Egyptian central government and governorates to transfer funds to the village councils; and (2) improve controls to ensure that projects are fully planned and ready for contracting before AID disburses funds.

The Assistant to the Administrator for Management, AID, should instruct AID missions in Indonesia, Niger, and India to review outstanding cash advances at least quarterly to determine whether the advances are excessive and should be reduced or eliminated. The mission in India should be instructed to include justification in project files for cash advance requests.

The Assistant to the Administrator for Management, AID, should have headquarters officials monitor efforts by these missions to improve the payment process. If necessary, these officials should help the mission in India develop a sampling method for inspecting large projects and change the handbook requirements to accommodate this inspection method.

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**TITLE:** Financial Audit: Overseas Private Investment Corporation's 1985 and 1984 Financial Statements

ACCESSION NUMBER: 129165

RPTNO: AFMD-86-28

BNUMBER: B-201607

DOCUMENT DATE: 01/10/86

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

Accounting and Financial Management Division

**ORGANIZATION CONCERNED:**

United States International Development Cooperation Agency: Overseas Private Investment Corporation

**LAW AUTHORITY:**

31 U.S.C. 9105

**BACKGROUND:**

GAO examined the balance sheets of the Overseas Private Investment Corporation (OPIC) as of September 30, 1985 and 1984, and the related statements of income, changes in capital, reserves and retained earnings, and changes in financial position for the years then ended.

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FINDINGS:

GAO found that the financial statements presented fairly the financial position of OPIC as of September 30, 1985 and 1984, and the results of its operations, the changes in its capital and reserves, and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

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TITLE: Central America Aid: Status of the Trade Credit Insurance Program  
ACCESSION NUMBER: 128765 RPTNO: NSIAD-86-29FS  
BNUMBER: B-221422 DOCUMENT DATE: 12/31/85  
DOCUMENT TYPE: Fact Sheet DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development  
Export-Import Bank of the United States  
Belize  
Republic of Guatemala  
Republic of Costa Rica  
Republic of Honduras  
Republic of El Salvador  
Republic of Panama

LAW AUTHORITY:  
Foreign Assistance Act of 1961  
P.L. 98-173

BACKGROUND:

GAO reported on the use, control, and funding of the Trade Credit Insurance Program, which the Agency for International Development (AID) and the Export-Import Bank (Eximbank) jointly administer to guarantee repayment of U.S. commercial credit to finance Central American imports of U.S. goods and services.

FINDINGS:

GAO found that: (1) as of December 1985, less than 9 percent of the \$300 million credit-guarantee ceiling established for the program had been committed; (2) AID and Eximbank attributed the limited program use to start-up difficulties, bank procedures, limited demand, and private-sector reluctance to incur the debt; (3) AID and Eximbank only had data on the specific products imported under the program in Honduras; (4) in Honduras, most of the items imported were being used to produce goods for domestic consumption, but some were ineligible consumer goods; (5) AID has relied on host-country central banks to control the program's use and has sought to avoid complex procedures which could impede program implementation; (6) although AID designed the program to be self-sustaining, it set aside \$60 million in fiscal year (FY) 1985 for a bad-debt reserve but reprogrammed \$50 million for other purposes; and (7) for FY 1986, AID requested \$40 million for the bad-debt reserve, but planned to reprogram a portion of the amount for other purposes late in FY 1986. GAO has not reached any conclusions about the need for reserve program funds.

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TITLE: [Request for Reconsideration of Dismissal of Protest Against AID Contract Award]  
ACCESSION NUMBER: 128696 BNUMBER: B-220000.4  
DOCUMENT DATE: 12/23/85 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

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ORGANIZATION CONCERNED:

Swagger Communications, Inc.  
Agency for International Development

LAW AUTHORITY:

4 C.F.R. 21.1  
4 C.F.R. 21.2(a)(2)  
E-220000.2 (1985)  
B-215922.3 (1985)  
F-214564.2 (1985)

BACKGROUND:

A firm requested reconsideration of the dismissal of its protest against an Agency for International Development (AID) contract award. GAO noted that: (1) the protester requested reconsideration of the decision because of the possible disclosure of proposal information by two AID evaluators who had been removed from their positions during the evaluation process; (2) it dismissed the protest because it essentially consisted of a series of questions concerning the conduct of the procurement, but it did not raise specific allegations of agency misconduct; and (3) the issues raised concerning the acceptability of a competitor's product were untimely since the protest was not filed within 10 working days after the protester knew of its bases for protest. GAO found that: (1) the question raised as to why AID removed the evaluators from their positions was legally and factually insufficient for consideration; (2) the protester's reconsideration request confirmed that it was aware of the evaluators' alleged misconduct prior to filing its original protest; and (3) the protester failed to meet its burden of proving that the prior decision contained legal or factual errors which would warrant its reversal or modification. Accordingly, the prior decision was affirmed.

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TITLE: [Protest of Bid Rejection and Cancellation of AID-Funded Procurement]  
ACCESSION NUMBER: 128611 BNUMBER: B-220396  
DOCUMENT DATE: 12/10/85 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Scott Huber Essick  
Connell Bros. Co., Ltd.  
Agency for International Development

LAW AUTHORITY:

64 Comp. Gen. 243  
50 Fed. Reg. 3978

BACKGROUND:

A firm complained about the cancellation of a solicitation that was issued by a company acting as an agent for a foreign government under an Agency for International Development grant. GAO held that it no longer considers complaints pertaining to the award of contracts under grants. Accordingly, the complaint was dismissed.

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TITLE: Travel Practices: Use of Airline Bonus Coupons and Privately Funded  
Travel by AID Employees  
ACCESSION NUMBER: 128708 RPTNO: NSIAD-86-26  
BNUMBER: B-220542 DOCUMENT DATE: 11/29/85  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

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**ORGANIZATION CONCERNED:**

Agency for International Development

**LAW AUTHORITY:**

Foreign Assistance Act of 1961

B-199656 (1981)

B-215826 (1985)

5 U.S.C. 4111

26 U.S.C. 501(c)(3)

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the Agency for International Development's (AID) procedures for: (1) controlling and using promotional materials such as bonus flight coupons in conjunction with official travel; and (2) avoiding conflicts of interest in connection with official travel funded by private sources.

**FINDINGS:**

The major U.S. airlines have instituted frequent-flyer programs which entitle a person who travels regularly to obtain coupons or accumulate points for bonus travel. However, in a 1981 decision, GAO held that bonus flight promotional awards, which federal employees receive while travelling on official business, cannot be retained since they belong to the government. GAO found that there has been confusion and controversy surrounding the earning, ownership, and use of these awards, and agencies have been slow in developing guidelines and communicating the requirements to their employees. Since the airlines do not provide government agencies with information on what federal employees earn while on official travel, it is difficult to verify that all of the promotional materials earned are turned in to the agencies. Federal employees may accept payment from private sources for travel expenses incurred in carrying out official duties when: (1) it is a nonprofit, tax-exempt organization; and (2) it is paid from a nonfederal source on the agency's behalf. However, under both circumstances, payment of travel expenses should not be accepted if it would pose conflict-of-interest problems. AID recently issued guidelines which require prior written approval for such a trip from the employee's manager and a General Counsel determination that acceptance would not create an apparent conflict of interest. However, since over half of recent privately funded AID trips were not submitted to the General Counsel, GAO believes there is a need to further emphasize its importance.

**RECOMMENDATIONS TO AGENCIES**

- The Administrator, AID, should recover the value of the trips made by five AID employees using bonus airline coupons for unofficial travel or travel by their spouses.
- The Administrator, AID, should emphasize to AID employees and authorizing officials the importance of implementing newly established procedures for avoiding potential conflict of interest situations. In particular, employees and officials should be reminded that General Counsel approval must be obtained before offers by nonfederal sources to pay travel expenses are accepted.
- The Administrator, AID, should instruct the General Counsel to sign off on travel authorizations where expenses will be paid by private sources as evidence of the conflict of interest review.
- The Administrator, AID, should instruct AID employees to obtain travel authorizations for all trips involving official business, even where there is no cost to AID. Employees should be instructed to keep records of time spent on official business when trips combine business and pleasure, and to seek reimbursement from appropriated funds for expenses incurred while performing official business.

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TITLE: [Protest of AID Contract Award for Broadcasting Equipment]  
ACCESSION NUMBER: 128466                      BNUMBER: B-220000.2  
DOCUMENT DATE: 11/21/85                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Swager Communications, Inc.  
Agency for International Development

LAW AUTHORITY:  
4 C.F.R. 21.1(e)  
4 C.F.R. 21.2(a)(2)  
B-215922.3 (1985)

BACKGROUND:

A firm protested an Agency for International Development (AID) contract award for broadcasting equipment, which was conducted on a brand name or equal basis, contending that: (1) the awardee's model was not suitable to be considered equal to the brand name equipment specified in the solicitation; and (2) AID should have awarded the contract under the original solicitation or after the first round of best and final offers. GAO has held that: (1) a protester has the burden of proving its case; (2) it will not conduct investigations for the purpose of establishing whether a protester may have a valid basis for protest; and (3) protests based on anything other than an apparent impropriety should be filed within 10 working days after the basis of the protest is known. GAO found that the protester's allegations were untimely since it knew: (1) its basis for protest no later than the date that the second round of best and final offers was requested; and (2) that the evaluation committee considered the awardee's equipment acceptable prior to the second round. GAO also found that, since the protester did not allege that its proposal was evaluated improperly, there was no basis for review of the matter. Accordingly, the protest was dismissed.

=====

TITLE: [Request for Reconsideration of Denial of Claim for Bid Preparation Costs]  
ACCESSION NUMBER: 128413                      BNUMBER: B-218622.4  
DOCUMENT DATE: 11/13/85                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Developing Countries Information Research Services  
Agency for International Development

LAW AUTHORITY:  
B-215565 (1985)  
B-216291 (1985)  
B-218622.3 (1985)

BACKGROUND:

A firm requested reconsideration of the denial of its claim for bid preparation costs under an Agency for International Development solicitation, contending that a previous decision on the procurement supported its claim. GAO found that, because the protester did not have a substantial chance of receiving the award, it was not entitled to bid preparation expenses. Accordingly, the denial of the claim was affirmed.

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TITLE: [State Department and United States Information Agency Ship Travel  
and Travel Advances]

ACCESSION NUMBER: 128182

DOCUMENT DATE: 10/23/85

DOCUMENT TYPE: Testimony

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Department of State

United States Information Agency

Agency for International Development

LAW AUTHORITY:

Foreign Service Act of 1980

FAM [6] 133.2-1

BACKGROUND:

Testimony was given on a GAO report which evaluated the Department of State's and the U.S. Information Agency's (USIA) use of ships for official travel and management of travel advances. GAO found unreasonable and excessive use of government travel funds in: (1) the use of ship travel for post assignments, transfers, and home leave; (2) the mismanagement of travel advances; and (3) the failure to follow established travel regulations. Several examples of ship travel by foreign service officers were cited to illustrate the excessive cost and time consumed. GAO compared the travel policies of State, USIA, and the Agency for International Development and found that: (1) although each agency uses the same basic travel regulations, they apply them differently in the case of ship travel; (2) State and USIA do not have an effective system to monitor, track, report on, and collect advance travel funds; and (3) in many cases, employees' overdue reimbursements of travel advances were written off rather than collected. GAO recommended that State and USIA: (1) revise travel regulations to preclude ship travel except for medical reasons; (2) require reconciliation of all delinquent travel advance accounts; (3) require immediate, appropriate collection efforts; and (4) reemphasize to approving and certifying officials the importance of enforcing existing regulations.

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TITLE: [Protests of AID Contract Award for Ship Chartering Services]

ACCESSION NUMBER: 128130

BNUMBER: B-219088,B-219088.2,B-219088.3

DOCUMENT DATE: 10/16/85

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

Daniel F. Young, Inc.

Universal Transcontinental Corp.

Amex International, Inc.

LAW AUTHORITY:

4 C.F.R. 21

B-218198 (1985)

BACKGROUND:

Three firms protested an Agency for International Development contract award for ship chartering and commodity forwarding services under food donation programs. The solicitation provided that: (1) the contract would be performed at no cost to the government; and (2) the selected contractor

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would receive commissions directly from the ocean carriers. GAO has held that the selection of a contractor to provide travel management services at no cost to the government is not a matter for GAO consideration. Accordingly, the protest was dismissed.

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TITLE: U.S. Security and Military Assistance: Programs and Related  
Activities: An Update  
ACCESSION NUMBER: 128244 RPTNO: NSIAD-85-158  
BNUMBER: B-207575 DOCUMENT DATE: 09/30/85  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division  
ORGANIZATION CONCERNED:  
Department of Defense  
Department of State  
Agency for International Development

BACKGROUND:

Pursuant to a congressional request, GAO reviewed information on the annual costs for security and military assistance during fiscal years (FY) 1982 through 1985.

FINDINGS:

GAO found that: (1) agencies had changed some of the data presented in an earlier report; (2) in FY 1985, all new foreign military sales (FMS) loans were put on-budget; (3) the shift to on-budget direct loans accurately reflected the total borrowing for foreign military assistance and provided greater flexibility to issue concessional interest rate loans; (4) the largest recipients of FMS loans have increasingly had their loan repayments waived or forgiven; (5) the government has made almost \$1.7 billion in payments due to nonpayment on scheduled guaranteed loans; and (6) various steps have been taken to provide low concessional interest rates and military assistance on a grant, no-cost basis.

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TITLE: [Request for Reconsideration of Decision Concerning AID Procurement]  
ACCESSION NUMBER: 127979 BNUMBER: B-218622.2,B-218622.3  
DOCUMENT DATE: 09/25/85 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
Developing Countries Information Research Services  
Aurora Associates, Inc.

LAW AUTHORITY:

Further Continuing Appropriation Resolution, 1984  
P.L. 98-151  
97 Stat. 464  
P.L. 95-88  
Udall v. Tallman, 380 U.S. 1 (1965)  
B-215565 (1985)  
B-208871 (1983)  
22 U.S.C. 2151  
91 Stat. 533

BACKGROUND:

The Agency for International Development (AID) and a firm requested reconsideration of a decision which sustained a protest against 13 AID indefinite quantity contract awards for technical services. GAO had held

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that the AID cost evaluation approach was faulty because AID: (1) did not evaluate offerers' direct costs to the prejudice of firms who offered low direct costs but higher indirect costs; and (2) did not evaluate all of the protester's indirect costs and assumed that the indirect costs would be the highest possible. In addition, GAO questioned the authority under which AID conducted the procurement as a minority business set-aside. In its request for reconsideration, AID contended that: (1) it could not evaluate offerers' direct costs because the costs could not be predicted until AID field offices issued delivery orders pursuant to the contracts; (2) while it could evaluate direct costs based on hypothetical work plans, as GAO suggested, it would be unreasonable to do so because the hypothetical plans would bear no relation to realistic situations and would be unfair to some firms; (3) it had to evaluate the protester's indirect costs based on the worst assumptions because the protester's bid did not bind it to supply a specific mix of labor skills; and (4) it was required by law to spend at least 10 percent of its appropriation on minority business activities. GAO held that: (1) AID failed to rebut the GAO finding that it violated the principle that costs should be given due consideration before contract awards are made; (2) since AID acknowledged the feasibility of hypothetical work plans, it should use them in future procurements; (3) the original decision merely required AID to give some consideration to labor costs; and (4) since it could not conclude that AID was without authority to conduct its own minority business set-aside program, the original decision was accordingly modified. The other requester, a partner in a joint venture with the original protester, contended that GAO should have recommended a contract award to the protester's joint venture because AID had previously failed to adequately debrief the requester concerning a similar procurement. GAO held that the requester was not prejudiced by the AID actions because proposals were evaluated differently under the two solicitations. Accordingly, the original decision was affirmed, except as modified.

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**TITLE:** Compendium of GAO Reports Pertaining to Public Law 480 From July 1973  
Through August 1985

**ACCESSION NUMBER:** 127885                      **RPTNO:** NSIAD-85-96

**DOCUMENT DATE:** 09/13/85                      **DOCUMENT TYPE:** Staff Study

**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Department of Agriculture  
Agency for International Development  
Department of State  
Department of the Treasury

**LAW AUTHORITY:**  
Agricultural Trade Development and Assistance Act of 1954  
P.L. 83-480  
Merchant Marine Act, 1936  
Agriculture and Food Act of 1981  
Cargo Preference Act (Merchant Marine)

**BACKGROUND:**  
GAO submitted a staff study on matters relating to the Agricultural Trade Development and Assistance Act.

**FINDINGS:**  
This staff study covered the legislative history of the act, budget formulation and administration, and historical trends of the World Food

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Program. It also provided a chronological list of GAO reports which relate to the act, including abstracts of these reports and their recommendations.

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**TITLE:** Can More Be Done To Assist Sahelian Governments To Plan and Manage Their Economic Development?  
**ACCESSION NUMBER:** 127863 **RPTNO:** NSIAD-85-87  
**BNUMBER:** B-217703 **DOCUMENT DATE:** 09/06/85  
**DOCUMENT TYPE:** Staff Study **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development  
Department of State  
Organization for Economic Cooperation and Development: Club du Sahel  
Coordination and Development in Africa Group

**LAW AUTHORITY:**  
P.L. 83-480

**BACKGROUND:**  
GAO studied the capability of the Sahel Governments of West Africa to plan and manage development efforts in their countries and to administer and coordinate donor assistance. The study was conducted to aid in addressing the issue of whether the Agency for International Development (AID) should provide more of its funds to strengthen the governments' management capabilities.

**FINDINGS:**  
GAO found that: (1) the governments have made little progress in reaching their economic development goals despite more than \$13 billion in donor assistance since 1974; and (2) the Sahelians' weakness in management capability, aggravated by the multiplicity of donors working in each country, the complex administrative requirements accompanying their assistance, and the constraints to effective coordination of all the sources of assistance, is an important factor in their slow economic development and needs to be strengthened. GAO believes that it is important that donors attempt to: (1) improve host governments' capability to plan and manage their countries' economic development process; (2) coordinate assistance programs among donors, especially at the country level; and (3) minimize the administrative burden of donor programs on the governments. GAO also believes that: (1) while AID has done some work in this area, its current efforts must adequately consider the capabilities of the governments to improve their management skills with programs and projects aimed at meeting human needs; and (2) AID should continue to promote better coordination among donors and take the lead in coordination efforts in those areas, such as agriculture, where it is a key donor.

=====

**TITLE:** AID Recognizes Need To Improve the Foreign Economic Assistance Planning and Programming Process  
**ACCESSION NUMBER:** 127767 **RPTNO:** NSIAD-85-110  
**BNUMBER:** B-217738 **DOCUMENT DATE:** 08/28/85  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development

**LAW AUTHORITY:**  
P.L. 83-480

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**BACKGROUND:**

GAO reviewed the Agency for International Development's (AID) foreign economic assistance planning and programming process to determine whether opportunities exist for AID to streamline and improve the process.

**FINDINGS:**

GAO found that: (1) an AID task force recommended that AID devote more time to policy, strategy, and program supervision and less time to project design and review; and (2) AID will not implement the recommendation until it completes an experiment designed to test new procedures. Most AID missions submit an annual country development strategy statement, and AID uses this statement to evaluate mission budgets and project proposals. AID regulations require missions to obtain strategy approval before submitting annual budgets. GAO found that: (1) less than half of the full strategy statements it reviewed resulted in approval before the deadline for annual budget submissions; (2) a number of missions have operated indefinitely without approved strategies; (3) AID has limited flexibility to adjust mission budget proposals, which makes missions reluctant to reject or modify project proposals or submit alternative proposals; and (4) AID usually addresses programming decisions in the project review cycle, rather than in its budget process. In addition, GAO found that: (1) AID headquarters project reviews rarely raise new issues and frequently contain details more appropriately addressed by project identification documents; and (2) some AID missions do not have sufficient staff resources or technical expertise to review and approve project identification documents.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, should implement the approved task force recommendation that country development strategy statements remain in effect for up to 4 years unless changing conditions necessitate a new strategy.

The Administrator, AID, should encourage missions to submit alternative project proposals, particularly when missions are expanding activities, to give AID flexibility in making programming decisions.

The Administrator, AID, should request missions to provide sufficient information to enable AID to assess a project's consistency with approved strategies.

The Administrator, AID, should ensure that annual budget submission review results are promptly communicated to missions for guidance and use in subsequent project design and development.

The Administrator, AID, should apply the successful project review components of the Asia Bureau experiment to other regional bureaus and missions on a case-by-case basis, while recognizing the varying capabilities of missions to exercise increased project approval authority.

=====

**TITLE:** Federal Regulations Need To Be Revised To Fully Realize the Purposes of the Competition in Contracting Act of 1984

ACCESSION NUMBER: 127918

RPTNO: OGC-85-14

BNUMBER: B-208159.5

DOCUMENT DATE: 08/21/85

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

Office of the General Counsel

**ORGANIZATION CONCERNED:**

Department of Defense

General Services Administration

National Aeronautics and Space Administration

Office of Federal Procurement Policy

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Department of the Treasury  
Agency for International Development  
Department of the Interior  
Department of Health and Human Services

LAW AUTHORITY:

Competition in Contracting Act of 1984  
P.L. 98-369  
Armed Services Procurement Act of 1947  
10 U.S.C. 2301 et seq.  
Property and Administrative Services Act  
41 U.S.C. 251 et seq.  
Automatic Data Processing Equipment Act  
P.L. 89-306  
Office of Federal Procurement Policy Act  
41 U.S.C. 401 et seq.  
Office of Federal Procurement Policy Act Amendments of 1979  
P.L. 96-83  
Budget and Accounting Act  
31 U.S.C. 1 et seq.  
Small Business and Federal Procurement Competition Enhancement Act of  
1984  
P.L. 98-72  
Small Business Act  
15 U.S.C. 637(e)  
Executive Order 12291  
F.A.R. 1.301(b)  
F.A.R. 4.6  
F.A.R. 5.201  
F.A.R. 5.202(a)  
F.A.R. 5.205  
F.A.R. 5.207  
F.A.R. 6.302  
F.A.R. 6.303  
F.A.R. 6.304  
F.A.R. 7.102  
F.A.R. 7.103  
F.A.R. 10.002(b)  
F.A.R. 15.1001(a)  
F.A.R. 15.804-2(a)  
P.L. 97-86  
P.L. 97-269  
OMB Bull. 85-7  
Federal Acquisition Circular 84-5  
Federal Acquisition Circular 84-9  
AID A.R. 715.613  
B-208159.5 (1985)  
16 U.S.C. 831h(b)

BACKGROUND:

In response to a congressional request, GAO reviewed whether the changes made to various federal regulations conformed with the Competition in Contracting Act of 1984, and obtained information on how many agencies have issued their own acquisition regulations and how many have revised them based on the act.

FINDINGS:

GAO found that some Federal Acquisition Regulation (FAR) provisions are inconsistent with the congressional intent of the act. The use of the act's

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first exception to competitive procedures is not limited in FAR as specified in the conference report. In addition, FAR: (1) permits justifications under the first six of seven exceptions to the competitive procedures to be made on a class rather than case-by-case basis, contrary to the conference report; and (2) is inconsistent with statutory requirements relating to publicizing proposed contract actions, reporting contract awards to the government data base, and notifying unsuccessful offerers. GAO found that some FAR provisions could better meet the objectives of the act if they: (1) gave agency heads discretion and contracting officers more discretion in requiring contractors to submit certified cost or pricing data on awards under \$100,000; and (2) sufficiently strengthened the requirements relating to procurement planning. In addition, GAO found that some Federal Information Resources Management Regulation (FIRMR) references to FAR provisions are inconsistent with the intent of the act. Furthermore, FIRMR has not been revised to reflect congressional intent regarding the award of follow-on contracts under the act's first exception to competitive procedures. Finally, GAO found that, as of May 1985, 13 of the 21 agencies and 3 subagencies that have acquisition regulations implementing or supplementing FAR have not revised them to conform to the act or the circular which amends FAR.

RECOMMENDATIONS TO AGENCIES

- The Secretary of Defense and the Administrators of General Services, the National Aeronautics and Space Administration (NASA), and the Office of Federal Procurement Policy (OFPP) should amend FAR 6.302-1 to provide that contracts based on acceptance of unsolicited proposals may be considered to be "available from only one source" only if the source has submitted an unsolicited research proposal that demonstrates a unique and innovative concept the substance of which: (1) is not otherwise available to the United States; and (2) does not resemble the substance of a pending competitive procurement. FAR 6.302-1 should also provide that this authority is strictly limited to state of the art proposals which represent advanced scientific knowledge and, even under the conditions cited above, agencies should seek proposals, wherever possible, from competing researchers to ensure that the best proposal available is selected.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 6.302-1 to provide that follow-on contracts may be deemed to be available from only the original source and may be procured through procedures other than competitive procedures only when the follow-on contract is for the continued development or production of a major system or highly specialized equipment, and it is likely that award to a source other than the original source would result in: (1) substantial duplication of cost to the government which is not expected to be recovered through competition; or (2) unacceptable delays in fulfilling the executive agency's needs.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 6.302-1 to provide that this authority is limited to follow-on contracts awarded: (1) after an original competitive award; and (2) if the basis for the decision is "substantial duplication of cost to the government which is not expected to be recovered through competition," after a cost/benefit analysis has been performed which determines and documents the decision.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 6.302-1(b)(4), which relates to limited rights in data, patent rights, copyrights, and other circumstances, to

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also require that "no other type of supplies or services will satisfy agency requirements."

- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 6.302-1(c)(2) to provide guidance regarding what constitutes "considering" responses to the required Commerce Business Daily notices of proposed contract actions. The guidance should indicate that each response should be given sufficient consideration to make an informed judgment on whether the offerer might be capable of satisfying the government's need.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 6.303-1(c) to preclude justifications under the first six exceptions to full and open competition from being made on a class basis. Also, FAR 6.304(c), which states requirements relating to class justifications, should be deleted.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 6.303 to require agencies acquiring goods and services from another agency's sole-source contract to justify the sole-source procurements themselves.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 5.202(a)(1) so that the exception to the requirements to publicize proposed contract actions in the Commerce Business Daily is narrower and conforms to statutory requirements. That is, a notice should not be required if the notice would disclose the agency's needs and the disclosure of such needs would compromise national security. FAR should also be revised to require each contracting agency to establish procedures for: (1) determining whether the disclosure of particular classified information in such notices would compromise national security; and (2) taking the steps necessary to have the information properly declassified before its disclosure.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 5.202(a)(5) to provide that a notice is not required if the procurement is for utility services, other than telecommunication services, and only one source is available.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 502(a)(7) to provide that a notice is not required if the proposed procurement would result from acceptance of any unsolicited proposal that demonstrates a unique and innovative research concept, and the publication of any notice of such unsolicited research proposal would disclose the originality of thought or innovativeness of the proposal or would disclose proprietary information associated with the proposal.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 5.201(b) and 5.205(c)(2) to delete the current exemptions from publicizing proposed contract actions that are to be made outside the United States, its possessions, and Puerto Rico.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 5.07 to require notices of proposed contract actions to also state whether an offerer must meet a qualification requirement to be eligible for award.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 4.6, or the Federal Procurement Data System reporting manual to which it refers should be revised, to incorporate the requirements of section 19 of the Office of Federal Procurement Policy Act, which were added by section 2732(a) of the competition

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act. These requirements: (1) specify the information that executive agencies are required to collect and transmit to the Federal Procurement Data System; and (2) provide for a 5-year retention period.

- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR subpart 4.6, or the Federal Procurement Data System reporting manual and Standard Form 279, which is used to collect information on contract actions, to require information that must be collected with respect to each procurement carried out using competitive procedures to be categorized separately from other procurements using competitive procedures if the procurement results in the submission of a bid or proposal by "only one responsible source."
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 10.002(b) to provide that, whenever practical, agencies should tell contractors what the government needs in functional terms.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 15.1001(a) to require notice to unsuccessful offerers in all situations where contracts are awarded based on competitive proposals.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 15.804-2(a)(ii) and (iv) to require certified cost or pricing data before modification of any contract and the subcontracts identified in that provision, when the modification involves a price adjustment expected to exceed \$100,000, "or such lesser amount as may be prescribed by the agency head."
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR 15.804-2(a)(2) to provide more discretion to contracting officers to obtain certified cost or pricing data on awards under \$100,000 when they decide it is necessary to ensure that prices are fair and reasonable. This includes permitting contracting officers to require certified cost or pricing data on awards of \$25,000, or less.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR part 7 to require agency heads to establish procurement planning systems and procedures that include: (1) procurement procedures providing leadtime and cutoff dates for preparing solicitations, obtaining and evaluating bids or proposals, making preaward surveys, performing contract audits, negotiating, and making contract awards in an orderly manner; (2) procedures for developing, monitoring, and updating procurement plans; and (3) review procedures for last-quarter spending.
- The Secretary of Defense and the Administrators of General Services, NASA, and OFPP should amend FAR part 7 to state that a prime objective of these procedures should be to ensure that the efforts of all personnel responsible for the procurement of property and services are coordinated, as early as practicable, to obtain required items of requisite quality, on time, and at the lowest price. Consistent with that objective is the responsibility to eliminate inefficiencies normally associated with hurried or unnecessary end-of-year procurements and to award contracts on a competitive basis as required by applicable laws and regulations.
- The Administrator of General Services should take action to promptly resolve the problem of FIRMR references to FAR provisions that are inconsistent with the act, as discussed in chapter 2 of this report.

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- The Administrator of General Services should revise FIRMR to state that follow-on contracts should not be used to perpetuate any contract that involves obsolete or outmoded facilities, systems, or processes.
- The Administrator of General Services should revise FIRMR to require: (1) the use of brand-name-or-equal purchase descriptions to be justified as restrictive specifications; and (2) agencies to install effective management procedures or controls to ensure that use of the more restrictive types of specifications, such as compatibility-limited and brand-name-or-equal, does not unnecessarily restrict competition.
- The Secretaries of Agriculture, Health and Human Services, Housing and Urban Development, Labor, State, Transportation, and the Interior, and the heads of the Department of Justice, Federal Emergency Management Agency, International Trade Commission, National Science Foundation, U.S. Information Agency (USIA), and the Veterans Administration should take prompt action to revise their acquisition regulations to conform to the competition act.
- The Administrator of the Agency for International Development (AID) should revise AID Acquisition Regulation 715.613-70 and 71 to remove the restrictions to full and open competition for all acquisitions other than those specifically authorized by statute and bring the regulations into conformity with the competition act.
- The Secretaries of the Interior, Health and Human Services, and the Treasury should direct appropriate officials in the Bureau of Indian Affairs, the Public Health Service (PHS), and the Bureau of Engraving and Printing, respectively, to take prompt action to either revise the subagency acquisition regulations to conform to the competition act or rescind them.

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TITLE: [Request for Reconsideration of Denial of Protest Against AID Contract Award]

ACCESSION NUMBER: 127676

BNUMBER: B-218255.3

DOCUMENT DATE: 08/19/85

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Petro-Engineering, Inc.

Agency for International Development

LAW AUTHORITY:

B-218255.2 (1985)

B-214639.2 (1984)

B-208632 (1983)

BACKGROUND:

A firm requested reconsideration of a decision denying its protest against an Agency for International Development (AID) cost-reimbursement contract award for technical services and training. The protester contended that procurement officials improperly disclosed some of its cost data to the awardee when requesting best and final offers. The protester also seemed to request reconsideration based on the fact that in requesting best and final offers, AID specified that it was to provide three word processors while asking the awardee to provide only two of them. GAO found that: (1) the alleged disclosure of the protester's cost breakdown information would not be a proper basis for reversing the original protest because it would not change the relative standing of the offerers, even if the awardee adjusted its proposal based on the disclosed information; and (2) the solicitation did not require a specified number of word processors. Accordingly, the

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prior decision was affirmed.

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TITLE: [Appeal of Claims Group Settlement]  
ACCESSION NUMBER: 127628                      BNUMBER: B-217564  
DOCUMENT DATE: 08/13/85                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
LAW AUTHORITY:  
FAM [6] 165.4  
FAM Circular 378

BACKGROUND:  
An Agency for International Development employee appealed a Claims Group settlement which disallowed his claim for a refund of the profits from the sale of his automobile at his overseas duty post. The employee claimed that roundtrip travel costs between India and Europe, where the automobile was purchased during annual leave, should have been included as part of the vehicle's acquisition costs. The certifying officer recommended that, if the employee's claim was to be allowed, the refund should be limited to the difference between the reasonable travel expenses relating to transportation of the automobile and the constructive costs for which he has already been reimbursed, but should not include his wife's travel expenses or expenses incurred due to circuitous or interrupted travel. Regulations prohibit profits resulting from the sale of personal property obtained through import privileges that U.S. employees derive from their official status. GAO found that, because the employee took annual leave and combined the automobile purchase with personal travel, the refund claimed would allow the employee to indirectly profit from the sale of the automobile. GAO saw little difference between allowing the employee to retain the proceeds of the sale to finance personal travel and reimbursing him out of proceeds after the travel has been completed. Accordingly, the disallowance of the claim was sustained.

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TITLE: [Protest of AID Grantee Rejection of Bid]  
ACCESSION NUMBER: 127638                      BNUMBER: B-216976  
DOCUMENT DATE: 08/13/85                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Westinghouse Electric Corp.  
Arab Republic of Egypt  
Agency for International Development  
LAW AUTHORITY:  
B-212471 (1984)  
B-218011 (1985)  
B-216624.2 (1985)  
B-210878 (1983)  
B-212666 (1984)

BACKGROUND:  
A firm complained of the rejection of its bid under a solicitation for an electric substation issued by the Government of Egypt under an Agency for International Development grant. Egypt rejected the complainant's bid as late because it arrived 1 day after bid opening even though the complainant

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timely submitted a bid price and advised that its bid would be late because of customs difficulties. The complainant contended that: (1) the bid should be considered under the solicitation's late bid clause because the sole cause of the bid's late arrival was the Egyptian Government; (2) the acceptance of its bid would not prejudice the competitive bidding system because its unopened bid documents arrived only 1 day after bid opening; and (3) Egypt should not have set bid opening for the day after an Egyptian national holiday. GAO held that: (1) Egypt could not consider the bid because the solicitation specified that a late bid could be considered only if the ministries that issued the solicitation caused the bid to be late, and the Egyptian customs agency was not one of the issuing agencies; (2) the acceptance of the complainant's bid would prejudice the competitive bidding system because the complainant had an extra day to decide to withdraw the bid; and (3) the portion of the complaint alleging that Egypt improperly set the bid opening date was untimely filed because GAO did not receive it before bid opening. Accordingly, the complaint was denied in part and dismissed in part.

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**TITLE:** Financial and Management Improvements Needed in the Food for  
Development Program  
**ACCESSION NUMBER:** 127622 **RPTNO:** NSIAD-85-105  
**BNUMBER:** B-217782 **DOCUMENT DATE:** 08/07/85  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division  
**ORGANIZATION CONCERNED:**  
Department of Agriculture  
Agency for International Development

**LAW AUTHORITY:**  
Agricultural Trade Development and Assistance Act of 1954  
P.L. 83-480  
7 U.S.C. 1691 et seq.

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed the Food for Development Program, which the Agricultural Trade Development and Assistance Act of 1954 authorized. Under the program, the United States provides food aid to developing countries. If recipients sell the provided commodities and use the local currency proceeds to pay for agreed agricultural or rural development or health or family planning activities, the repayment obligations of the host country are forgiven. GAO evaluated title III programs in Bangladesh, Bolivia, and Senegal, focusing on procedures to forgive repayments, implementation of development projects, and adoption of policy reforms by the recipient countries.

**FINDINGS:**

GAO found that program funds: (1) are not always deposited in special accounts or are commingled with other sources of recipient country revenue; (2) were disbursed in excess of amounts budgeted, used to cover shortages in projects sponsored by other donors, or used for other questionable purposes; and (3) were sometimes insufficient for timely project implementation. GAO also found that the Agency for International Development (AID) is hampered in project monitoring because: (1) program agreements do not specify discrete elements of projects which are eligible for support; (2) many recipient countries have difficulty with project implementation because of a lack of experienced administrative personnel; and (3) in countries which also receive other forms of U.S. and other donor assistance, project implementation and monitoring problems can be more

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severe because of the additional administrative burden imposed on AID missions and recipient governments. In addition, GAO found that: (1) project implementation can be hampered by recipient country policies that inhibit or influence local economies; (2) in Bolivia, planned agricultural and social changes were precluded by political and economic changes; (3) in Senegal, while some improvements were made to regional development organizations and farmer cooperatives, little progress was achieved in resource conservation or commodity marketing and pricing reforms; and (4) in Bangladesh, the program has helped to implement agricultural reforms.

RECOMMENDATIONS TO AGENCIES

- The Administrator, AID, should direct the missions to work with host countries to establish systems which properly account for receipts and disbursements of title III local currencies. Special accounts should be a central mechanism of such systems.
- The Secretary of Agriculture should direct that deliberations on approving title III agreements and annual commodity deliveries ensure that adequate accounting systems are in place or are being developed before approval is granted.
- The Administrator, AID, should direct that title III proposals describe the extent to which: (1) recipient countries can adequately implement, manage, and staff additional development activities and, if recipients lack effective institutions and adequate and trained personnel, proposals should describe how title III will specifically overcome these impediments; and (2) AID missions can adequately monitor additional project implementation activities.
- The Administrator, AID, should direct that requests for title III funds to support other donors' projects identify discrete activities which will receive title III support, and how local currency expenditures and project implementation will be monitored. Expenditures should be traceable to specific project activities.
- The Secretary of Agriculture should direct that, before approval of annual commodity deliveries: (1) progress is being achieved in implementing development projects; or (2) evidence shows that problems hampering implementation are being addressed.
- The Secretary of Agriculture should direct that before approving annual commodity deliveries, either: (1) progress is being achieved in adopting agreed policy reform; or (2) evidence shows that problems hampering progress are being addressed.

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TITLE: The U.S. Economic Assistance Program for Egypt Poses a Management Challenge for AID

ACCESSION NUMBER: 127526

RPTNO: NSIAD-85-109

BNUMBER: B-217660

DOCUMENT DATE: 07/31/85

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

Department of State

Arab Republic of Egypt

LAW AUTHORITY:

Foreign Assistance Act of 1961

International Security Assistance Act of 1978

P.L. 96-384

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P.L. 83-480

BACKGROUND:

GAO reviewed the Agency for International Development's (AID) progress in assisting Egypt in developing its economy, including: (1) the conditions and constraints of establishing and administering the Economic Support Fund (ESF); and (2) the advantages and disadvantages of the current mode of providing ESF assistance and the possible alternative ways of disbursing this assistance.

FINDINGS:

GAO found that: (1) economic development progress has been somewhat limited by program conditions over which AID had little control; and (2) some actions taken to support the political purpose of the program may not be of optimal value in working toward the longer term economic development goal. GAO found that AID had difficulty influencing Egypt to quicken its pace in making economic policy reforms because: (1) AID lacked overall program funding leverage; and (2) Egypt was concerned that moving too quickly might be politically destabilizing. GAO also found that the large size of the project portfolio has: (1) made it difficult to administer the program; (2) challenged Egypt's ability to effectively absorb large amounts of assistance; and (3) resulted in a large amount of obligated but undisbursed funds. GAO noted that AID could use nonproject program approaches such as cash transfers, sector grants, and commodity imports as alternative modes for some of the project assistance, but AID needed to objectively and thoroughly assess the various modes to determine the best mix for accomplishing program goals in Egypt.

RECOMMENDATIONS TO AGENCIES

To support AID continuing program design efforts and assist the Government of Egypt in its economic development, including any needed policy reform, the Administrator, AID, should direct the Near East Bureau and the mission to perform the analyses necessary to provide in-depth knowledge of Egypt's development sectors and the policies that affect these sectors.

To support AID continuing program design efforts and assist the Government of Egypt in its economic development, including any needed policy reform, the Administrator, AID, should direct the Near East Bureau and the mission to assess the development efforts agreed to and undertaken by the Government of Egypt in response to the provision of recently authorized cash transfers.

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TITLE: [Request for Reconsideration of Decision Sustaining Protest of AID Contract Award]

ACCESSION NUMBER: 127505

NUMBER: B-218455.2

DOCUMENT DATE: 07/26/85

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

University Research Corp.

Meridian House International

LAW AUTHORITY:

54 Comp. Gen 58

F.A.R. 9.1C;

B-216461 (1985)

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B-212660 (1984)  
B-217024 (1985)

**BACKGROUND:**

A firm requested reconsideration of a decision sustaining a protest by another firm which had alleged that the Agency for International Development (AID) had improperly awarded a contract to it, the incumbent, under a request for proposals (RFP) to provide services for foreign visitors to the United States. In that decision, GAO held that the RFP was inadequate to promote effective competition and resulted in a de facto sole-source award to the incumbent. The incumbent, in requesting reconsideration, claimed that the decision was erroneous in fact because GAO, in concluding that the RFP was inadequately detailed, did not consider the unique nature of the services required and the flexibility needed from the contractor. The incumbent also took issue with the GAO finding that the requirements in the RFP were restrictive, stating that the original protester's claims to this effect were indicative of its inability to meet the agency's minimum needs. GAO held that, despite the unique nature of the services being acquired, the RFP should have been structured in a more appropriate format including data from the previous period of performance to indicate requirements, thereby encouraging more effective competition. GAO also held that, although the incumbent disputed the legality of a GAO opinion that a transition period for offerers to meet the requirements in the RFP would have been clearly less restrictive, it had no basis for this position. Accordingly, since there was no indication that material errors of fact or law existed in the prior decision, GAO affirmed that decision with its recommendation that corrective action be taken.

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**TITLE:** [President's Tenth Special Message for Fiscal Year 1985]  
**ACCESSION NUMBER:** 127528 **RPTNO:** OGC-85-15  
**NUMBER:** B-216664 **DOCUMENT DATE:** 07/26/85  
**DOCUMENT TYPE:** Letter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel

**ORGANIZATION CONCERNED:**  
Agency for International Development  
Department of Agriculture  
Department of Energy  
United States Information Agency

**LAW AUTHORITY:**  
Congressional Budget and Impoundment Control Act of 1974  
P.L. 93-10

**BACKGROUND:**

Pursuant to the Impoundment Control Act of 1974, the President's tenth special message for fiscal year 1985 was submitted to Congress on June 20, 1985.

**FINDINGS:**

The special message proposed three new deferrals totalling \$278,500,000 and two revised deferrals totalling \$8,792,615. GAO found that: (1) the President should have reported the amount deferred from funds appropriated for Agency for International Development (AID) disaster assistance as \$75 million rather than \$110 million; (2) the apportionment schedule for a multiyear AID operating expense account has total budgetary resources of only \$2.5 million, rather than the \$187.5 million reported by the President; and (3) the President should have reported the amount to be deferred from Department of Agriculture stabilization and conservation expenses as \$147.2 million rather than \$167.2 million. GAO found that the

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proposed deferrals are in accordance with existing authority and identified no additional information, except as noted, that would be useful to Congress in its consideration of the President's proposals.

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**TITLE:** Providing Effective Economic Assistance to El Salvador and Honduras:

A Formidable Task

ACCESSION NUMBER: 127396

RPTNO: NSIAD-85-82

BNUMBER: B-218801

DOCUMENT DATE: 07/03/85

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development

Department of State

National Bipartisan Commission on Central America

**LAW AUTHORITY:**

P.L. 83-480

**BACKGROUND:**

In response to a congressional request, GAO reviewed U.S. economic assistance programs in El Salvador and Honduras to determine whether: (1) this assistance could be absorbed and administered effectively; and (2) the United States has been able to influence these countries to undertake economic policy reforms to promote long-term stabilization and growth.

**FINDINGS:**

GAO found that: (1) the Governments of El Salvador and Honduras lack institutional expertise to effectively administer large and complex projects and funds to finance their share of project costs; (2) the Agency for International Development (AID) has chosen assistance delivery techniques which permit quick disbursement of economic assistance and minimize management burden; and (3) the effectiveness of economic assistance in El Salvador and Honduras depends largely on fundamental economic reforms. GAO also found that: (1) AID and the Department of State have not always included desired reforms in assistance agreements as planned and have disbursed funds even though required policy actions have not been taken; (2) AID has not been able to insist on more action because macroeconomic reform is not always the top U.S. priority; and (3) there is a need for more agreement on the degree to which U.S. balance-of-payments support should be used to bring about economic policy changes.

**RECOMMENDATIONS TO CONGRESS**

In view of the uncertainties on the extent of congressional support for macroeconomic reform efforts, Congress should provide an explicit statement of the relative importance it attaches to improved economic policies in these countries.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, in consultation with the Secretary of State, should make and present to Congress a detailed analysis of the estimated costs to finance future balance-of-payments deficits in El Salvador and Honduras in the absence of macroeconomic reforms, particularly exchange rate adjustments.

The Secretary of State, in cooperation with the Administrator, AID, should initiate interagency discussions to reach more agreement on the degree to which balance-of-payments assistance should be used to influence economic reforms in El Salvador and Honduras. These discussions should include the Department of Treasury, the Office of Management and Budget, and other agencies, such as the Department of Defense, which have responsibility for U.S. programs in these countries.

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TITLE: [Protest of AID Award of Cost-Reimbursement Contract]  
ACCESSION NUMBER: 127158 BNUMBER: B-218255.2  
DOCUMENT DATE: 06/12/85 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Petro-Engineering, Inc.  
Williams Brothers Engineering Co.  
Agency for International Development

LAW AUTHORITY:  
4 C.F.R. 21.2  
63 Comp. Gen. 379  
63 Comp. Gen. 585  
52 Comp. Gen. 870  
61 Comp. Gen. 194  
56 Comp. Gen. 312  
56 Comp. Gen. 201  
F.A.R. 36.606  
B-205542 (1982)  
B-213643 (1984)  
B-199583 (1981)  
B-209541.2 (1983)  
B-199741 (1981)  
B-213434 (1984)  
B-199741.2 (1981)  
B-201368 (1981)  
B-213738 (1984)  
B-213747 (1984)  
B-211575 (1983)  
B-212318 (1983)  
B-216321 (1984)  
B-187160 (1977)  
B-206684 (1983)  
B-206364 (1982)

BACKGROUND:

A firm protested an Agency for International Development (AID) cost-reimbursement contract award, contending that: (1) the awardee's proposal was technically inferior; (2) the services described in the solicitation should have been secured through a formally advertised procurement; (3) the solicitation's specifications were unclear; (4) AID failed to include certain clauses in its request for best and final offers clarifying the alleged specification uncertainties; and (5) AID reopened negotiations with the awardee after the submission of best and final offers and prior to the final award. GAO found that the allegations regarding specification clarity and method of procurement were untimely and not for consideration since they were not raised until after the award. GAO also found that: (1) the protest alleging improper reopening of best and final offers was filed more than 10 days after the protester knew of the alleged reopening; (2) discussions had to be held with all offerers in the competitive range since the solicitation was considered an ordinary negotiated procurement; and (3) the cost considerations were given equal weight to the technical evaluations, thus the significant difference in cost between the protester's and the awardee's proposals was sufficient to justify the award to the awardee. GAO noted that the determination of the

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relative merits of proposals is primarily the responsibility of the contracting agency, and its decision will not be disturbed unless it is shown to be arbitrary or in violation of the procurement laws and regulations. Accordingly, the protest was dismissed in part and denied in part.

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TITLE: U.S. Assistance to Haiti: Progress Made, Challenges Remain  
ACCESSION NUMBER: 127173 RPTNO: NSIAD-85-86  
BNUMBER: B-206226 DOCUMENT DATE: 06/12/85  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development  
Republic of Haiti

LAW AUTHORITY:  
Foreign Assistance and Related Programs Appropriation Act, 1982  
Agricultural Trade Development and Assistance Act of 1954  
P.L. 83-480  
7 U.S.C. 1691

**BACKGROUND:**

Pursuant to a congressional request, GAO reviewed economic assistance programs being administered by the Agency for International Development (AID) in Haiti, specifically: (1) the reasonableness of AID strategy in meeting development objectives; (2) Haitian support of AID development efforts; (3) the use and selection of nongovernment organizations to administer programs; and (4) the status of P.L. 480 food assistance programs.

**FINDINGS:**

GAO found that: (1) AID has reasonably created a Haitian development strategy that is based on past experiences, ongoing assessments of program needs and performance, and AID policy guidance; (2) while the strategy appears to be consistent with Haitian plans, some Haitian officials have questioned aspects of the AID strategy; (3) pursuant to congressional direction, AID has increased the implementation of its programs through nongovernmental organizations; (4) a major constraint on long-term development is the inability of the Haitian government to assume the recurrent costs of completed development projects; and (5) Haiti has improved its responsiveness to AID initiatives and its performance in meeting commitments on specific projects. GAO also found that: (1) AID reliance on nongovernmental organizations to implement its Haitian development strategy has achieved significant results in various areas; (2) AID lacks complete data on the groups it uses and their activities; and (3) the reliance on nongovernmental organizations has led to a proliferation of small projects that strains the ability of AID to provide adequate technical assistance and oversight. In addition, GAO found that: (1) increased assistance under the new Food for Development program will require AID to increase its administrative and monitoring efforts; and (2) AID assistance under the School Feeding, Maternal Child Health, and Food for Work programs has improved the nutritional status of recipients, but limited government involvement is preventing these programs from reaching their full potential.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, should encourage formation of a working group of Haitian officials and external donor representatives to examine the recurrent cost problem.

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The Administrator, AID, should have a comprehensive evaluation made of the Special Development Activities (SDA) program to assist in assessing whether this approach should be expanded and what oversight the mission needs to devote to such community-implemented projects.

The Administrator, AID, should have the current staffing structure in Haiti assessed to see if a shift is warranted to oversee P.L. 480 programs.

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TITLE: Use of Special Presidential Authorities for Foreign Assistance  
ACCESSION NUMBER: 127034 RPTNO: NSIAD-85-79  
BNUMBER: B-215034 DOCUMENT DATE: 05/20/85  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Department of State  
Agency for International Development  
Department of Defense

LAW AUTHORITY:  
Foreign Assistance Act of 1961  
22 U.S.C. 2151 et seq.  
Foreign Assistance Act of 1962  
P.L. 87-565  
Foreign Assistance Act of 1966  
P.L. 89-583  
Foreign Assistance Act of 1967  
P.L. 90-137  
Foreign Assistance Act of 1969  
P.L. 91-175  
Foreign Assistance Act of 1973  
22 U.S.C. 2318  
Foreign Assistance Act of 1974  
P.L. 93-559  
Arms Export Control Act  
Mutual Security Act, 1951  
P.L. 82-165  
Mutual Security Act, 1952  
P.L. 82-400  
Mutual Security Act, 1954  
Mutual Security Act, 1958  
Mutual Security Act, 1959  
P.L. 86-108  
Mutual Defense Assistance Acts of 1949  
P.L. 81-329  
Mutual Defense Assistance Control Act of 1951  
22 U.S.C. 1611 et seq.  
General Accounting Office Act of 1980  
International Security Assistance Act of 1979  
P.L. 96-92  
Foreign Aid and Related Agencies Appropriation Act, 1963  
76 Stat. 1163  
Immigration and Naturalization Service v. Chadha, 462 U.S. 919 (1983)

BACKGROUND:  
Pursuant to a congressional request, GAO reviewed the use of special presidential authorities to: (1) provide Department of Defense equipment and services to foreign governments in an emergency (waiver authority); (2) transfer foreign assistance funds between program accounts (transfer

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authority); (3) waive provisions of foreign assistance legislation (waiver authority); (4) provide Economic Support Fund assistance to West Germany, including West Berlin (Berlin authority); and (5) withhold information pertaining to foreign-assistance-related actions and their funding sources (cloaking authority).

FINDINGS:

GAO found that: (1) the Department of State and the Agency for International Development (AID) are responsible for administering the process to determine when the special authorities should be used; and (2) in some instances, the division of authority and responsibility between State and AID has led to uncertainty about the extent of use of the authorities and to the provision of erroneous information to Congress. GAO also found that: (1) the drawdown authority has been invoked 12 times for total expenditures of \$862.1 million to provide a variety of military equipment to six countries; (2) interpretation of the drawdown authority has varied by situation and by administrator; (3) while drawdowns have been reimbursed by specific appropriations in the past, drawdown reimbursements have not been made since 1979; (4) the transfer authority has been used at least 31 times for total transfers of \$443.4 million between various foreign assistance program accounts; (5) the waiver authority has been used 117 times to authorize almost \$1.6 billion in assistance, mostly to respond to emergencies, unforeseen events, or in situations where formal assistance was not possible; and (6) the executive branch has disclosed three instances of the use of the cloaking authority. In addition, GAO found that the Berlin authority has not been used since 1961 and its potential for future use has been overtaken by the economic recovery of West Germany and the potential use of the waiver authority.

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TITLE: [Protest of AID Action in Terminating a Contract]  
ACCESSION NUMBER: 126937 BNUMBER: B-216084.2  
DOCUMENT DATE: 05/10/85 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Iris International, Inc.  
Agency for International Development

LAW AUTHORITY:  
B-215539 (1984)

BACKGROUND:

A firm protested the Agency for International Development's (AID) termination of its contract because it had a conflict of interest under the contract and would be in the position to promote its own equipment. The protester contended that the conflict of interest related only to manufacturers of systems, and it was fully responsive to the terms of the solicitation and was not a manufacturer as defined by AID regulations. GAO has held that the responsibility for determining whether a firm has a conflict of interest and to what extent a firm should be excluded from competition rests with the procuring agency. GAO found the agency determination reasonable since the protester would be in a position to further its own interests regardless of whether it was considered a manufacturer of systems or a supplier of systems. Accordingly, the protest was denied.

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TITLE: [Protest of AID Cost Evaluation Scheme Under Technical Services Procurement]

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ACCESSION NUMBER: 126796  
DOCUMENT DATE: 04/26/85  
DOCUMENT CLASS: P,U

BNUMBER: B-215565  
DOCUMENT TYPE: Decision

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Aurora Associates, Inc.  
Agency for International Development

LAW AUTHORITY:

Small Business Act  
15 U.S.C. 637(a)  
55 Comp. Gen. 1111  
B-195967 (1980)  
B-206292 (1982)

BACKGROUND:

A firm protested the cost evaluation scheme the Agency for International Development (AID) used under a request for proposals (RFP) for 13 indefinite quantity contracts for technical services. AID used a mathematical formula which rewarded those offerers who proposed lower cost multipliers and evaluated only the highest cost multiplier of the protester. The protester argued that the use of its highest cost multiplier was unreasonable. Since the RFP failed to mention the use of varying multipliers, GAO determined that the agency's use of only one multiplier was unreasonable and resulted in an inaccurate analysis of the protester's cost proposal. However, since it was not clear that the protester would have been in line for award with the use of all reasonable evaluation approaches, GAO did not find that the protester was entitled to award. In addition, GAO found that AID failed to properly evaluate the protester's direct and indirect costs; therefore, the evaluation did not properly determine the likely relative cost of competing proposals. Moreover, GAO determined that the agency did not have the proper authority to set aside some of the contracts for minority business firms, because only the Small Business Administration can properly set aside awards for socially and economically disadvantaged firms. Accordingly, the protest was sustained, and GAO recommended that AID recompile for the second and third year contract needs.

TITLE:

[An Overview of the Emergency Situation in Ethiopia]

ACCESSION NUMBER: 126737

RPTNO: NSIAD-85-70

BNUMBER: B-217978

DOCUMENT DATE: 04/12/85

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
United Nations  
Ethiopia

BACKGROUND:

GAO reviewed the emergency situation in Ethiopia as part of an overall review of U.S. famine relief to Africa.

FINDINGS:

GAO found that firm statistics concerning the number of people at risk of starvation were difficult to establish and that the number could double if the next harvest failed. GAO found that, although improvements had been made in increasing the port capacity for scheduling and offloading operations, the increased capacity might not offset the difficulties in

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moving food inland from the ports. GAO also found that, while there was plenty of food to distribute, there was a shortage of distribution vehicles due to inoperability and availability. Despite the improvements, the transportation situation needs more and continued attention. GAO noted that the United Nations Assistant Secretary General for relief operations improved donor coordination and fulfilled an important role as the main interface with the host government. GAO found that there were long delays in the delivery of U.S. food due to the establishment of appropriate controls to ensure that the food would get to the intended recipients. GAO noted that the situation in Ethiopia presented some special difficulties for U.S. officials charged with program oversight because of the size of the monitoring task and travel constraints within the host country.

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TITLE: The United States' Response to the Ethiopian Food Crisis  
ACCESSION NUMBER: 126821 RPTNO: NSIAD-85-65  
BNUMBER: B-217932 DOCUMENT DATE: 04/08/85  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Department of Agriculture  
Department of State  
National Security Council  
Agency for International Development  
Ethiopia  
Catholic Relief Services  
United States International Development Cooperation Agency

LAW AUTHORITY:

P.L. 83-480

BACKGROUND:

In response to a congressional request, GAO described U.S. knowledge of Ethiopia's need for massive food aid and the adequacy of the U.S. response to the crisis.

FINDINGS:

The United States knew that acute malnutrition and serious drought conditions existed in the northern provinces of Ethiopia in 1982. However, the severity of the food needs in the rest of Ethiopia was unclear until the spring of 1984. Despite strained relations between the U.S. and Ethiopian governments and delays incurred in the initial U.S. response, the United States has provided, overall, more drought and famine relief assistance to Ethiopia than any other government or international organization. During fiscal years 1983 and 1984, the Agency for International Development (AID) approved 11 requests for emergency food assistance for Ethiopia from four private voluntary and international organizations. GAO found that a time lapse occurred in filling a 1982 Catholic Relief Service request for food aid because of concerns about the ability of Ethiopia and private voluntary organizations to carry out a food program that would reach all hungry Ethiopians, but the need for food and the relatively small amount requested by the organization raised legitimate questions as to the reasonableness of the delays in approving the requests. The basic problems which impact on the program include: (1) extremely poor relations between the United States and Ethiopia; (2) a lack of AID presence in the country; (3) government restrictions on the movement of foreigners in Ethiopia; and (4) hostilities between Ethiopia and rebels.

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TITLE: [Protest of Contract Award for Demineralization Water Treatment Units]

ACCESSION NUMBER: 126597

BNUMBER: B-217115

DOCUMENT DATE: 04/01/85

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Permutit Co., Inc.

Graver Water Co.

Agency for International Development

LAW AUTHORITY:

B-213798 (1984)

B-214591.2 (1984)

BACKGROUND:

A firm complained that an Agency for International Development grantee improperly awarded a contract for demineralization water treatment units, arguing that the awardee's bid was nonresponsive. GAO held that the complainant failed to show that the grantee unreasonably evaluated the awardee's technical data. Since the grantee determined the bid to be responsive, the complaint was without merit. Accordingly, the complaint was denied.

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TITLE: Examination of the Overseas Private Investment Corporation's Financial Statements for the Years Ended September 30, 1984 and 1983

ACCESSION NUMBER: 126365

RPTNO: AFMD-85-25

BNUMBER: B-201607

DOCUMENT DATE: 03/05/85

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Accounting and Financial Management Division

ORGANIZATION CONCERNED:

United States International Development Cooperation Agency: Overseas Private Investment Corporation

LAW AUTHORITY:

31 U.S.C. 9105

BACKGROUND:

GAO examined the balance sheets of the Overseas Private Investment Corporation as of September 30, 1984 and 1983, and the related statements of income, changes in capital, reserves and retained earnings, and changes in financial position for the years then ended.

FINDINGS:

GAO found that the financial statements presented fairly the financial position of the Corporation as of September 30, 1984 and 1983, and the results of its operations, the changes in its capital and reserves, and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

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TITLE: [Request for Review of AID Award Approval]

ACCESSION NUMBER: 126324

BNUMBER: B-216167

DOCUMENT DATE: 03/01/85

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

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Champion Road Machinery International Corp.  
Agency for International Development  
Dresser Industries, Inc.: Galion Manufacturing Division  
Arab Republic of Egypt

LAW AUTHORITY:

- 22 C.F.R. 201.22
- 42 Comp. Gen. 96
- 45 Comp. Gen. 273
- 59 Comp. Gen. 73
- B-156681 (1965)
- B-169927(1) (1971)
- B-181242 (1974)
- B-181739 (1974)
- B-185505 (1976)
- B-186084 (1976)
- B-188511 (1977)

BACKGROUND:

A firm requested review of the Agency for International Development's (AID) approval of a contract award by the Arab Republic of Egypt under a solicitation that was financed by an AID grant. The protester was the low bidder, and it objected to the rejection of its bid as nonresponsive and contended that the AID approval of an award to the second low bidder was improper because the awardee's bid was nonresponsive. In addition, the protester claimed damages as a result of the improper approval of the award. The solicitation required a 12-month warranty requiring the contractor to bear the risk and expense of defects due to faulty design, materials, and workmanship. GAO found that the warranty which the protester submitted with its bid limited its responsibility for engines, tires, and components manufactured by others. However, GAO found that the awardee's bid also contained a limited warranty which created an ambiguity. Therefore, both bids were nonresponsive because they contained defects which could not be corrected after bid opening. However, since Egypt complied with applicable requirements in submitting the proposed award to AID for approval and had acted in good faith in awarding the contract and, since the awardee has proceeded with performance, GAO did not recommend that the award be disturbed. Because the protester's bid was nonresponsive and it was not entitled to award, GAO would not consider its claim for damages. Accordingly, GAO denied the protester's bid rejection protest and claim for damages but sustained its protest that the awardee's bid was nonresponsive.

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TITLE: [Protest of AID Contract Award for Hospitality Program]  
ACCESSION NUMBER: 126246                      BNUMBER: B-216461  
DOCUMENT DATE: 02/19/85                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
University Research Corp.

LAW AUTHORITY:  
48 C.F.R. 15.105  
48 C.F.R. 15.410(c)  
63 Comp. Gen. 447



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International Development Institute  
LAW AUTHORITY:

4 C.F.R. 21.3(d)  
B-207353.2 (1982)  
B-212635 (1983)

BACKGROUND:

A firm requested reconsideration of its protest concerning an Agency for International Development contract award. The protester's file had been closed because it failed to send a timely reply to a GAO request for a statement of continued interest in the protest. The protester stated that the request was not addressed properly; however, GAO believed that the protester was responsible for the correspondence mishandling. Furthermore, bid protest procedures require that a protester file comments on an agency report within 10 working days after the receipt of the report or face dismissal of its protest. Since the protester failed to comply with this obligation, its file will remain closed.

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TITLE: [Request for Reconsideration of Complaint Concerning REB Electrical Utility Poles Procurement]

ACCESSION NUMBER: 125990

BNUMBER: B-203855.8

DOCUMENT DATE: 01/09/85

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Western Wood Preservers Institute  
Bangladesh: Rural Electrification Board  
Agency for International Development

LAW AUTHORITY:

59 Comp. Gen. 73  
B-203855.7 (1984)  
B-214458.4 (1984)

BACKGROUND:

A firm requested reconsideration of a decision in which GAO denied a complaint of restrictive specifications in a Rural Electrification Board of Bangladesh solicitation for electrical utility poles. The complainant contended that new data not considered in the prior decision indicated that a solicitation requirement was unduly restrictive, and it submitted technical publications to support its allegation regarding the acceptability of an alternate product. GAO found that the information submitted by the complainant was not for consideration, because: (1) the new data had not become available until after the contracts were awarded; and (2) the technical publications were available at the time of the initial complaint but were not submitted as evidence. Accordingly, the request for reconsideration was dismissed.

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TITLE: [AID Request for Decision Concerning Liability for Refugee Damages Claim]

ACCESSION NUMBER: 125862

BNUMBER: B-215118

DOCUMENT DATE: 12/18/84

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

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**LAW AUTHORITY:**

Foreign Assistance Act of 1961  
22 U.S.C. 2359  
Foreign Claims Act  
1 U.S.C. 2734  
Military Claims Act  
10 U.S.C. 2733  
S. Rept. 78-243  
H. Rept. 78-312  
H. Rept. 93-1300  
S. Rept. 93-1314  
Soriano v. United States, 352 U.S. 270 (1957)  
Braun v. Sauerwein, 77 U.S. 218 (1869)  
Yoder v. Nu-Enamel Corp., 145 F.2d 420 (8th Cir. 1944)  
Hanger v. Abbott, 73 U.S. 532 (1867)  
B-200402 (1981)  
B-148496 (1962)  
28 U.S.C. 2501  
31 U.S.C. 3702 et seq

**BACKGROUND:**

The Agency for International Development asked for an advance decision about its liability for the damage claim of a Vietnamese refugee. The claim arose as the result of actions taken by the United States. The record indicated that, due to U.S. evacuation of the area during a chaotic military withdrawal, the claimant's goods were misplaced and subsequently sold. GAO held that, since the claim was the result of combat operations, it was not cognizant under the non-combat legislation cited by the claimant. Rather, the matter came under normal GAO claims settlement authority. However, since the claim was filed after the statute of limitations had expired for such matters, its substantive issues were not considered. Accordingly, the claim was denied.

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**TITLE:** [Query Concerning Interest Earned on Grant Funds by Foreign Government]

ACCESSION NUMBER: 125700                      BNUMBER: B-213909  
DOCUMENT DATE: 11/28/84                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

Office of the General Counsel

**ORGANIZATION CONCERNED:**

Agency for International Development

**LAW AUTHORITY:**

Foreign Assistance Act of 1961  
22 U.S.C. 2346 et seq.  
Intergovernmental Cooperation Act of 1968  
31 U.S.C. 6503(a)  
62 Comp. Gen. 701  
B-192459 (1980)

**BACKGROUND:**

Pursuant to a request from the Inspector General (IG) of the Agency for International Development (AID), GAO provided a legal opinion on whether the United States could recover interest earned by a foreign government on AID grant funds. The issue of major concern was interest earned by local and provincial elements of the Egyptian government on grant funds awarded by AID to the government of Egypt in the Basic Village Services Project (BVSP) in fiscal year 1981. Under the terms of the grant agreement, AID

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deposited funds in the account of the organization for the Reconstruction and Development of the Egyptian Village (ORDEV) after annual implementation plans were approved for each of the designated governorates. The General Counsel for AID took the position that, once the grant funds had been disbursed by ORDEV to the special accounts of the governorates and village councils, they had been disbursed for authorized use. However, the IG argued that, since an agency may not increase its appropriation from outside sources without specific statutory authority, interest earned by a grantee on funds advanced by the United States must belong to the United States. GAO determined that the critical issue was whether the central Egyptian government's disbursement of the grant funds to the governorates and village councils constituted an authorized use of grant funds. GAO concluded that disbursement of the grant funds to the governorates and village councils for their management was a legitimate use of the grant since the statutory provision under which the BVSP was funded contains broad program authority and since the stated purpose of the grant was to support Egypt's policy of decentralizing authority for development activities. Accordingly, GAO held that AID had no legal basis for attempting to recover interest earned by the governorates and village councils on the BVSP grant funds that had been issued to them.

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TITLE: [Interest Earned by Subgrantees on Advanced Funding]  
ACCESSION NUMBER: 125616 BNUMBER: B-215237  
DOCUMENT DATE: 11/20/84 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development: Office of Financial Management  
A.T. International

LAW AUTHORITY:

Intergovernmental Cooperation Act of 1968  
31 U.S.C. 6503(a)  
31 C.F.R. 205.4  
42 Comp. Gen. 289  
59 Comp. Gen. 218  
1 Comp. Gen. 652  
62 Comp. Gen. 701  
OMB Circular A-110 Attach. D  
S-192459 (1980)  
22 U.S.C. 2395

BACKGROUND:

A certifying officer of the Agency for International Development (AID) requested a decision as to whether: (1) subgrantees can retain interest earned on advance payments from the primary recipient of an AID assistance award; and (2) subgrantees who earn interest on loans made as part of the assistance program may retain interest which by cooperative agreement should be added to a revolving fund for further loans or program costs. GAO found that interest earned by subgrantees on loans under the program authority is program income and the retention and use of this interest is expressly provided for in a cooperative agreement with the primary grantee. Under the terms of the agreement, interest earned prior to an expenditure of allowable costs is payable to AID and must be deposited in the Treasury as a miscellaneous receipt.

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**TITLE:** [Protest of Rejection of Proposal Under AID Solicitation]  
**ACCESSION NUMBER:** 125610                      **BNUMBER:** B-216916  
**DOCUMENT DATE:** 11/15/84                      **DOCUMENT TYPE:** Decision  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel

**ORGANIZATION CONCERNED:**  
Agency for International Development: La Paz, Bolivia  
Traffic Marketing Development Services, U.S.A., Inc.

**LAW AUTHORITY:**  
4 C.F.R. 21.3(g)  
B-212971 (1984)

**BACKGROUND:**

A firm protested the Agency for International Development's rejection of its proposal for freight forwarding services. The proposal was rejected because it was missing a technical proposal which the protester did not believe was required by the solicitation. GAO found that the solicitation adequately informed offerers that a technical proposal was required. Therefore, the protester's proposal was properly rejected. Accordingly, the protest was denied.

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**TITLE:** Financial Management Problems in Developing Countries Reduce the Impact of Assistance  
**ACCESSION NUMBER:** 125547                      **RPTNO:** NSIAD-85-19  
**BNUMBER:** B-165093                              **DOCUMENT DATE:** 11/05/84  
**DOCUMENT TYPE:** Chapter Report              **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development

**BACKGROUND:**

GAO determined how the Agency for International Development (AID) and other major donor assistance agencies can better help to identify and meet the financial management training and technical assistance needs of aid recipients.

**FINDINGS:**

GAO found that AID and the other donors have not adopted policies or developed well-articulated and coordinated programs of assistance to improve host countries' financial management systems. The donors have not: (1) analyzed the constraints of financial management as they affect the main sectors of development; or (2) formulated specific policies and programs to address major problem areas. Further, the lack of personnel trained in basic accounting and related financial management functions has adversely affected development program performance in many of these countries.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, should begin a program for financial management assistance that establishes training priorities and mechanisms on a country-by-country basis and in a regional context, if appropriate.

The Administrator, AID, through the U.S. delegation to the Development Assistance Committee of the Organization of Economic Cooperation and Development (OECD) and its participation in Cooperation for Development in Africa, should initiate donor discussions of the constraints of financial management weaknesses and their effect on the main sectors of development assistance programming. Such discussions

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should also encourage the World Bank's involvement in working with bilateral donors to: (1) discuss the extent to which donors can systematically emphasize improving host-country financial management capability when designing development assistance projects; (2) identify countries requiring major levels of donor training and technical assistance and formulate donor strategies accordingly; and (3) identify the elements of ongoing donor financial management assistance programs which offer potential for long-term replication.

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TITLE: [Request for Decision on Rest and Recuperation Entitlements of Foreign Service Officer]  
ACCESSION NUMBER: 125318                      BNUMBER: B-214549  
DOCUMENT DATE: 10/05/84                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Agency for International Development: Kathmandu, Nepal

LAW AUTHORITY:  
Foreign Service Act of 1980  
P.L. 96-465  
22 U.S.C. 4081(6)  
94 Stat. 2124  
Foreign Relations Authorization Act, 1979  
FAM [3] 698  
FAM Circular 82-6

BACKGROUND:

The Agency for International Development (AID) requested a decision as to the rest and recuperation travel entitlements of a foreign service officer during a period of annual leave. GAO found that, although the officer was authorized rest and recuperation travel to the continental United States, he stayed there only 1 day of his 39-day trip. Accordingly, since he did not spend his leave in the contemplated location, he was only entitled to the constructive cost of travel to the designated relief area. GAO stated that regulations should be revised to clearly state that reimbursement for travel outside the United States cannot be made unless the employee remains in the United States for a sufficient period to accomplish the purpose of rest and recuperation.

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TITLE: [Complaints Concerning the Rural Electrification Board of Bangladesh's Specifications for Electrical Utility Pole Procurements]  
ACCESSION NUMBER: 125156                      BNUMBER: B-203855.7  
DOCUMENT DATE: 09/18/84                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Agency for International Development  
Bangladesh: Rural Electrification Board  
J. C. Taylor Lumber Co.

LAW AUTHORITY:  
59 Comp. Gen. 73  
B-202496 (1981)  
B-203855 (1981)

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B-203855.3 (1982)  
B-213228 (1984)

**BACKGROUND:**

A lumber company and several lumber producers complained about the specifications being used for the purchase of electrical utility poles by an Agency for International Development grantee. The protesters contended that: (1) one specification did not permit the use of a standard which is used worldwide and by all federal agencies; and (2) another specification required a more costly practice not currently used by utilities. In addition, the protesters suggested an alternative method to a requirement which they felt exceeded generally accepted standards. GAO will not dispute a procuring activity's determination of its needs absent a showing that it is clearly unreasonable. GAO found that the first protest was academic since the specifications in the solicitation would allow the standard in question. In addition, the protesters failed to demonstrate that the requirements of another specification discriminated against the use of the type of lumber which the protesters proposed or exceeded the needs of the grantee. Finally, GAO found that the protesters failed to demonstrate that another requirement was outside accepted standards and that this requirement was unreasonable. Accordingly, the complaints were denied.

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**TITLE:** Use of a Capital Saving Technology Approach in AID's Development Assistance Program

ACCESSION NUMBER: 124787 RPTNO: NSIAD-84-142  
BNUMBER: B-215612 DOCUMENT DATE: 07/26/84  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development

**LAW AUTHORITY:**  
International Development and Food Assistance Act of 1975

**BACKGROUND:**

GAO reviewed the Agency for International Development's (AID) capital saving technology (CST) activities.

**FINDINGS:**

Recognizing a need for more labor intensive, capital saving tools and methods in developing countries, Congress enacted legislation which authorized AID to support greater CST efforts. AID created Appropriate Technology International (ATI) as a private, nonprofit organization to carry out CST activities. AID also uses its automated Development Information System and the National Technical Information Service as tools to promote CST information. CST projects are found in all development sectors and, in fiscal year 1984, CST projects accounted for about \$158 million of \$1.3 billion in development assistance obligations. GAO found that staff may be unfamiliar with CST efforts, partly because AID has not reinforced its endorsement of the CST concept. Although an AID key initiative is technology transfer, staff are unfamiliar with the role that CST is to play in that initiative.

**RECOMMENDATIONS TO AGENCIES**

To better communicate and reinforce agency emphasis on the capital saving technology approach to development, the Administrator of AID should:  
(1) reemphasize the role of CST, perhaps through more explicit inclusion in the technology transfer and private enterprise policy papers; (2) define the role and priority of capital saving activities in annual program guidance to missions and through existing training

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programs, especially relative to new initiatives and priorities that arise; (3) coordinate CST activities and more explicitly consider potential CST applications in the project design process; and (4) complement AID efforts to make greater use of private volunteer organizations and U.S. universities by encouraging missions to give more consideration to using these organizations as vehicles for implementing CST activities.

To ensure that AID implements changes to improve these projects, the Administrator of AID should: (1) follow through on proposals to actively market and improve access to Development Information System services; (2) promote increased ATI cooperation with AID by ensuring that the new AID/ATI agreement is effectively implemented; and (3) closely monitor AID agreements with the National Technical Information Service to ensure that distributors are actively marketing CST information.

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**TITLE:** Direct Contracting by the Agency for International Development Can Be Better Managed

ACCESSION NUMBER: 124604

RPTNO: NSIAD-84-108

BNUMBER: B-214235

DOCUMENT DATE: 07/09/84

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Foreign Assistance Act of 1961

41 C.F.R. 1-3.108(a)

41 C.F.R. 7-7.5001-10(b)

41 Fed. Reg. 7

OMB Circular A-21

OMB Circular A-88

**BACKGROUND:**

In response to a congressional request, GAO examined certain aspects of the Agency for International Development's (AID) management of direct contracting, including: (1) the extent of competition; (2) the adequacy and clarity of scopes of work issued by AID; (3) the extent to which overhead rates and other indirect costs are validated and efforts made to minimize them; (4) the extent to which the numbers and technical proficiency of contractor personnel and associated costs are held at the minimum levels necessary; and (5) the adequacy of AID monitoring and reporting of contractor progress.

**FINDINGS:**

For fiscal year 1982, AID reported \$16.8 million in noncompetitive contract awards exceeding \$100,000, not including amendments to existing contracts. GAO found that the total original awards increased by 61 percent through amendments. Amendments generally do not require competition; however, the circumstances that prompt the issuance of an amendment may provide an opportunity for competitive procurement instead. GAO also found that the statements of work in 21 of 37 active contracts were vague, which delayed contract implementation and caused poor accountability. GAO review of selected audits of overhead costs in AID direct contracts indicated that overhead rates were being validated regularly and total questioned costs were not unreasonably high. GAO found that key personnel, promised at the time contracts were awarded, were not available for contract performance, which also resulted in project delays and other detrimental effects.

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Finally, most contracts which GAO reviewed lacked performance indicators, and contractor progress reports tended to be generalized descriptions of project activities rather than assessments of actual versus planned performance.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should take action to better quantify, report, and monitor the amount of, and reasons for, amendments and other noncompetitive actions. Actions should include: (1) using computer capabilities to better quantify competitive and noncompetitive procurement actions by bureaus, missions, and offices; (2) using the information so developed to identify trends and monitor changes in competitive and noncompetitive performance and establish goals for improving competitiveness in AID contracting; (3) identifying the factors that contribute to noncompetition, such as inadequate lead time; (4) formulating actions to increase competition, such as requiring project officers to plan adequate time for competition during project design; and (5) implementing and modifying personnel performance standards of project and contracting officers to reduce or eliminate pressures that lead to noncompetitive procurements.

The Administrator, AID, should: (1) develop and issue specific guidance on essential elements of adequate statements of work; (2) place greater emphasis on how to prepare scopes during training for project officers and others who prepare and negotiate contracts and monitor contractor performance; and (3) improve the availability of technical assistance, in-house or through qualified contractors, and leadtime to permit the design of well defined scopes.

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TITLE: Events Leading to the Establishment of the National Endowment for Democracy

ACCESSION NUMBER: 124606

RPTNO: NSIAD-84-121

BNUMBER: B-214585

DOCUMENT DATE: 07/06/84

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Department of State

Agency for International Development

United States Information Agency

National Endowment for Democracy

LAW AUTHORITY:

P.L. 98-164

P.L. 98-166

OMB Circular A-122

3 U.S.C. 108

BACKGROUND:

In response to a congressional request, GAO: (1) reviewed the events leading to the establishment of the National Endowment for Democracy; (2) determined whether grant funds for the feasibility study were spent for the intended purposes; (3) evaluated the research which served as the basis for a recommendation that the Endowment be established; (4) attempted to clarify the types of activities which the Endowment will sponsor; and (5) determined the status of the Endowment's operations and those of four private sector institutes which will implement activities for the Endowment.

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FINDINGS:

In 1982, President Reagan expressed his support for a study to determine how the United States could more effectively contribute to the development of democratic values and institutions abroad. A feasibility study resulted which was financed through grants that were administered by the Agency for International Development. Based on preliminary findings, Congress appropriated \$18 million for the establishment of the Endowment. GAO reviewed the research conducted under the feasibility study and found that the grant funds were spent as specified in the grants' financial plans, and the research conducted was germane to grant purposes and useful to future operations of the Endowment; however, private financing anticipated for the study did not materialize, the research staff could have had a broader composition, the decision to recommend the Endowment was reached before most of the research was completed, some specified tasks were not completed, substantive issues were not addressed, and much of the staff attention was devoted to legislative activity. GAO found that \$11 million of the appropriated funds will be spent on the activities of a labor union organization, \$4.7 on the activities of three new nonprofit organizations, and \$2.3 million for administrative expenses. However, GAO found that uncertainties over the Endowment's relationship to federal agencies, private sector programs, and political parties remain to be resolved. Finally, GAO found that interested parties have expressed varying opinions on whether the endowment can effectively promote democracy abroad.

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TITLE: [Protest of Dominican Republic Procurement]  
ACCESSION NUMBER: 124467 BNUMBER: B-215508  
DOCUMENT DATE: 06/20/84 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Champion Road Machinery International Corp.  
Agency for International Development  
Dominican Republic  
LAW AUTHORITY:  
4 C.F.R. 21  
40 Fed. Reg. 42406  
B-197151 (1980)

BACKGROUND:

A firm protested a procurement conducted by the Dominican Republic using funds borrowed from the Agency for International Development. GAO held that it does not review procurements that are funded by repayable funds. Accordingly, the protest was dismissed.

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TITLE: [The President's Ninth Special Message for FY 1984]  
ACCESSION NUMBER: 124393 RPTNO: OGC-84-13  
BNUMBER: B-213283 DOCUMENT DATE: 06/11/84  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
Forest Service  
LAW AUTHORITY:  
Congressional Budget and Impoundment Control Act of 1974

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**BACKGROUND:**

GAO reviewed the President's ninth special message to Congress for fiscal year 1984.

**FINDINGS:**

The special message proposed one new deferral of \$101,999,550 and a revision to a previously reported deferral totaling \$778,000. GAO identified no additional information that would be useful to Congress and believes that the proposed deferrals are in accordance with existing statutes.

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**TITLE:** Foreign Service Act of 1980: Implementation Status, Progress, and Problems

ACCESSION NUMBER: 124034

RPTNO: NSIAD-84-65

BNUMBER: B-210920

DOCUMENT DATE: 05/01/84

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Department of State

Agency for International Development

United States Information Agency

Department of Commerce

Department of Agriculture

Peace Corps

United States Arms Control and Disarmament Agency

**LAW AUTHORITY:**

Civil Rights Act of 1964

Civil Service Reform Act of 1978

P.L. 95-454

Foreign Assistance Act of 1961

Equal Pay Act of 1963

Foreign Service Act of 1946

Foreign Service Act of 1980

P.L. 96-465

Executive Order 12362

Executive Order 12363

**BACKGROUND:**

In response to a congressional request, GAO performed a review to: (1) determine the status of the implementation and the extent of compliance by the foreign affairs agencies with the new provisions of the Foreign Service Act of 1980; (2) identify implementation problems caused or not addressed by the act; and (3) highlight specific issue areas on which Congress may want to focus in its oversight of the the act's implementation and its evaluation of the program's effectiveness.

**FINDINGS:**

GAO found that much has been accomplished by the foreign affairs agencies in implementing the act's new provisions in the areas of Senior Foreign Service, labor-management relations and Foreign Service grievances, personnel management, pay, worldwide assignment availability, family-oriented provisions, revised and new allowances for Foreign Service members, new congressional reporting requirements, promotion and retention, and professional development. However, the agencies have experienced some implementation problems in the areas of appointments, personnel conversions, compensation, personnel management, labor-management relations, benefits and allowances, and promotion and retention. As the Senate Foreign Relations Committee performs its oversight to ensure that

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the act is being implemented, specific areas deserve Committee attention, including: (1) continuing Senior Foreign Service membership in bargaining units of Foreign Service unions; (2) progress achieved under joint labor-management negotiations and the development of uniform regulations; (3) efforts to promote greater compatibility among the foreign affairs agencies in their personnel systems and operations; (4) disputes over the administration of performance pay awards to Senior Foreign Service members; (5) possible implications to the Foreign Service personnel system and assignment process of a pending court case dealing with the Equal Pay Act; and (6) use of the limited career extension mechanism and reporting of stretch assignment usage.

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**TITLE:** AID's Management of the Housing Guaranty Program  
**ACCESSION NUMBER:** 124017 **RPTNO:** NSIAD-84-75  
**BNUMBER:** B-206203 **DOCUMENT DATE:** 04/25/84  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
National Security and International Affairs Division

**ORGANIZATION CONCERNED:**  
Agency for International Development  
Department of State  
Department of the Treasury

**LAW AUTHORITY:**  
Foreign Assistance Act of 1961  
22 U.S.C. 2181 et seq.

**BACKGROUND:**

GAO reviewed the Agency for International Development's (AID) Housing Guaranty (HG) program to assess the use of the program in an environment of high external debt, balance-of-payment difficulties, and other economic problems in recipient countries. The HG program is the U.S. Government's principal means of providing shelter assistance to developing countries and offers full repayment guaranty of principal and interest to private U.S. lenders for commercial rate loans.

**FINDINGS:**

Worldwide economic conditions have adversely affected the HG program. Some countries' loan repayments have consistently been in arrears, and some countries have stopped participating in the program because of high interest rates and economic problems. GAO found that: (1) AID has had difficulty validating host-country income statistics; (2) shelter programs in the countries reviewed depend heavily on subsidies making self-sufficiency elusive; and (3) local currency devaluations in relation to the U.S. dollar and inflation have made cost recovery difficult. Current AID efforts to promote new lending include offering loans for their foreign exchange value, developing creative financial packages, and modifying the requirement for a country to obtain a government guaranteed loan. GAO also found that debt rescheduling is threatening the liquidity of the program's reserve fund and the U.S. Government's contingent liability for program loans has increased to over \$1 billion. However, GAO believes that exempting the HG program from reschedulings is not the solution, stating that exemption would undermine the overall effectiveness of the process, establish an undesirable precedent, and would shift costs to the Department of the Treasury.

**RECOMMENDATIONS TO AGENCIES**

The Administrator of AID should direct the Office of Housing to make preproject surveys in host countries to ensure that income levels of intended beneficiaries in each project are actually below the median

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income.

- The Administrator of AID should direct the Office of Housing to emphasize institution building and cost recovery as the shelter programming goals which offer the most promise for future progress.
- The Administrator of AID should prepare an action plan to stem further deterioration in the level of the reserve fund and to minimize the contingent liability exposure of the U.S. Government. The plan should include assurance that no HG loans be extended to any country where U.S. Government contingent liability for such loans exceeds reserve fund assets. It should determine where the HG program ranks as a development assistance mechanism and consider replenishment of the HG reserve fund from AID budget resources.
- The Administrator of AID should not seek exemption of HG loans within the internal U.S. Government decisionmaking process from any country's debt rescheduling which includes AID loans.
- The Administrator of AID should direct the Office of Housing and Urban Programs to prepare a thorough country risk analysis for each proposed HG loan.
- The Administrator of AID should direct the Office of Housing and Urban Programs to define "equivalent" guaranty and establish criteria under which such a guaranty may be substituted for a host-country government guaranty, and exercise caution in extending HG loans which do not have host-country government guarantees.

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TITLE: Foreign Currency Purchases Can Be Reduced Through Greater Use of  
Currency Use Payments Under Public Law 480 Commodity Sales Agreements  
ACCESSION NUMBER: 123876 RPTNO: NSIAD-84-76  
BNUMBER: B-214252 DOCUMENT DATE: 04/10/84  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Department of the Treasury  
Department of State  
Department of Agriculture  
Agency for International Development  
Department of Agriculture: Commodity Credit Corporation

LAW AUTHORITY:  
P.L. 83-480

BACKGROUND:

GAO examined the U.S. collections of local currencies payable under provisions in certain commodity sales agreements to see whether they are being collected in a timely manner.

FINDINGS:

GAO found that amounts owed remained uncollected while needed local currencies were purchased with dollars from commercial sources. Purchases of local currencies could have been reduced by \$29 million between October 1981 and September 1983 by collecting the amounts payable. Since the dollar equivalent of collections is credited to the Commodity Credit Corporation, the Corporation may have to reduce its program level or obtain necessary funds from other sources, if receipts are less than projected. If amounts uncollected as of September 1983 are collected, they may reduce further dollar purchases; if they remain uncollected, their equivalent amounts are payable in dollars when the credit installments become due. GAO found that no system has been established to ensure timely currency-use payments collections. The collections are the responsibility of individual State

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Department missions. However, the missions do not directly benefit from the collection efforts. Agreements for fiscal year 1982 with seven countries where local currencies were purchased contained no currency-use payment provisions because of political reasons or oversight. In addition, greater use of these provisions may be constrained by the conflicting interests of the agencies involved.

RECOMMENDATIONS TO AGENCIES

The Secretary of Agriculture, as Chairman of the Subcommittee on Food Aid, should take the lead in establishing guidelines and procedures for: (1) collecting currency-use payments on a timely basis; and (2) determining the extent to which needed local currencies will be obtained through the Public Law 480 commodity sales program rather than through dollar outlays.

The Secretary of the Treasury should: (1) establish procedures for systematically identifying delinquent local currency payments, sending timely reminders to the missions, and bringing delinquencies before the Subcommittee on Food Aid when negotiating agreements for additional commodities; and (2) promote greater use of currency-use payment provisions in commodity sales agreements to generate local currencies for U.S. needs.

The Secretary of State should issue a directive to the missions to expedite commodity-use payment collections by: (1) requesting payments promptly to satisfy local currency needs in accordance with Treasury notifications of commodity-use payment availability and collection guidelines; and (2) obtaining approval from the Treasury and the Subcommittee on Food Aid before delaying collections. In transmitting information to the missions regarding future commodity-use payment availability and collection procedures for individual agreements, the Secretary should refer the missions to this directive.

The Administrator of the Agency for International Development (AID) should collaborate with other members of the subcommittee in establishing interagency currency-use payment guidelines. Until such time as overall guidelines have been established, the Administrator should ensure that the AID guidelines are applied in a manner that balances the AID development mandate with the desirability of reducing dollar outlays to meet U.S. local currency needs.

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TITLE: [GAO Reviews of Foreign Economic Assistance Programs]  
ACCESSION NUMBER: 123624 DOCUMENT DATE: 03/14/84  
DOCUMENT TYPE: Testimony DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
P.L. 80-480

BACKGROUND:

Testimony was given concerning recently completed and ongoing GAO work on U.S. economic assistance programs. A major trend in recent years has been the increased use of the Economic Support Fund (ESF) which is used for balance-of-payments support and commodity import programs and to finance infrastructure and other capital projects. The ESF program has increased by over 55 percent since 1981, and the number of countries receiving bilateral ESF assistance has increased at an even greater rate. During the past year, GAO reported that one of the key objectives supported by the ESF program is to ensure continued U.S. access to military facilities in foreign

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countries. Although the United States remains a leading donor country, its share of the world's total development assistance has steadily declined. In response to this trend, GAO compared the approach used by the United States with those of the other nations and discussed the implications of applying the foreign aid management approaches used by other donors to the Agency for International Development (AID) program. GAO recently evaluated the extent of AID program and financial controls over commodity import programs and reported that AID has not always adequately planned procurements and delivery of commodities or used adequate internal controls or monitoring. In addition, there has been inadequate financial support for the recurring costs associated with the operation and maintenance of some programs. GAO also reviewed AID programs which provide credit guarantees to developing countries and found that, in several countries, such programs have been at a standstill since 1981 due to economic recessions and problems with program management. Finally, GAO has reported that AID has not taken adequate measures to promote the reform of host-government agricultural policies in Africa. GAO found that the lack of host-government financial management capability is most serious in Africa and has in process a review designed to identify how donors can define management training needs and provide related assistance.

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TITLE: [U.S. Economic Assistance to Central America]  
ACCESSION NUMBER: 124071 RPTNO: NSIAD-84-71  
BNUMBER: B-214457 DOCUMENT DATE: 03/08/84  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division  
ORGANIZATION CONCERNED:  
Agency for International Development

BACKGROUND:

Pursuant to a congressional request, GAO provided information on economic assistance to Central America.

FINDINGS:

GAO provided statistical data and reported on Agency for International Development procedures for; (1) controlling dollars provided for balance-of-payments support through cash transfers; (2) monitoring and controlling local currencies generated by cash transfers and concessional food sales; and (3) implementing developmental assistance projects.

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TITLE: AID Needs To Strengthen Management of Commodity Import Programs  
ACCESSION NUMBER: 123533 RPTNO: NSIAD-84-47  
BNUMBER: B-213871 DOCUMENT DATE: 02/29/84  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division  
ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:

Foreign Assistance Act of 1961  
Foreign Assistance Act of 1971  
22 U.S.C. 2346  
22 C.F.R. 201  
P.L. 80-480  
OMB Circular A-123

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**BACKGROUND:**

GAO evaluated the extent of the Agency for International Development's (AID) program and financial controls over the Commodity Import Program.

**FINDINGS:**

GAO found that AID has not always adequately planned procurements or commodity deliveries. In some instances, commodities arrive too late and at increased cost. Although regulations prescribe that AID-financed commodities must meet eligibility and price requirements, AID has not always used adequate internal controls to ensure compliance, and insufficient reviews of commodity transactions have contributed to waste and improper expenditures that could amount to millions of dollars annually. In addition, GAO found that AID does not adequately monitor the implementation of commodity import programs and local currency generation and use. AID missions have not conducted or documented required evaluations of the host-government commodity arrival accounting systems nor systematically followed up on the distribution and end-use of commodities. As a result, AID cannot adequately account for the arrival and disposition of commodities. This occurs because missions do not have sufficient staff and guidance for monitoring program implementation. Furthermore, GAO found that AID missions are not effectively monitoring the proceeds from commodity sales. Finally, despite a legislative mandate to improve the assessment of its programs, AID has not developed procedures for evaluation of the program which would provide information to design future programs.

**RECOMMENDATIONS TO AGENCIES**

- The Administrator, AID, should establish procedures requiring more specific pre-implementation of Commodity Import Program planning which would include realistic, time-phased implementation schedules and would provide for modifying plans when established milestones can no longer be reasonably met.
- The Administrator, AID, should increase audit coverage of commodity transactions financed under bank letters of commitment.
- The Administrator, AID, should strengthen established procedures for financing commodities under the direct reimbursement method by determining that personnel authorized to perform eligibility reviews are qualified.
- The Administrator, AID, should study the need to transfer the commodity voucher audit function from the Office of Commodity Management to another organization within AID where its degree of independence would be enhanced.
- The Administrator, AID, should require responsible officials to issue letters of commitment in appropriate standard language which would clearly inform and bind suppliers to AID requirements.
- The Administrator, AID, should issue specific guidance to AID missions on monitoring the implementation of commodity import programs, including the arrival accounting and disposition of commodities.
- The Administrator, AID, should ensure that missions comply with established monitoring procedures.
- The Administrator, AID, should issue guidelines on accounting for the generation of local currency proceeds resulting from the sale of AID-financed commodities.
- The Administrator, AID, should issue appropriate guidance on monitoring the use of local currency generated from the sale of commodities.
- The Administrator, AID, should direct the Office of Evaluation to establish a requirement for evaluating Commodity Import Program assistance and develop specific guidance for those performing such evaluations.

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**TITLE:** Meeting a Basic Human Need: AID's Rural Potable Water and Sanitation Program

ACCESSION NUMBER: 123462

RPTNO: NSIAD-84-34

BNUMBER: B-211720

DOCUMENT DATE: 02/21/84

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

**BACKGROUND:**

GAO reviewed the Agency for International Development's (AID) potable water and sanitation activities in Ecuador, Indonesia, Malawi, Peru, and Tanzania.

**FINDINGS:**

Between fiscal years 1978 and 1982, AID provided over \$161 million in development assistance for water supply and sanitation improvements, mostly in rural areas. In each country, GAO specifically examined the extent to which: (1) assistance is reaching the intended users; (2) problems are being overcome; and (3) improvements in water quality and quantity are being measured. GAO found that low project priority in the host country, inadequate financial support, and cumbersome logistics contribute to slow progress. In Ecuador and Malawi, where there has been hosting country commitment and community participation, projects are being implemented nearly in accordance with plans. However, in Indonesia, Peru, and Tanzania, the development or improvement of basic water supply systems has been significantly delayed. GAO expressed concern that there was little information regarding improvements in water quality and quantity which have been made through U.S. assistance. GAO noted that studies by the World Bank concur with GAO observations.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, should direct that project proposals objectively assess the resolve and capacity of the host country to implement and manage the projects and of communities to participate in installation activities.

The Administrator, AID, should direct that implementation schedules objectively anticipate the common impediments to the timely installation of the facilities and the range of activities and services which can be accomplished and delivered during the life of the project.

The Administrator, AID, should direct that operation and maintenance be given the same priority as construction of water supply and sanitation systems by implementing upkeep activities in tandem with the installation of the facilities. The operation and maintenance component should provide for: (1) adequate resources to meet recurring costs; (2) trained personnel to ensure that continued delivery of the intended level of service; and (3) user health education to promote continued upkeep. Inherent in such a program is the need to develop the institutional support necessary to carry these activities forward.

The Administrator, AID, should direct that changes in the quality, quantity, reliability, and convenience of the water be identified at least when the systems are inaugurated. This could be accomplished through the use of portable test equipment to measure improved sanitary quality and sanitary surveys to also identify improvements in the quantity, reliability, and convenience of the water over the traditional sources of supply. The format of the surveys should be

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standardized throughout the agency to emphasize the importance of this activity and promote the pursuit of this type of surveillance. The Administrator, AID, should direct that project goals and periodic evaluations stress the importance of providing a clean, adequate, continuous, and accessible supply of water as a means to improved health. Achieving these improvements could be an objective and identifiable measure of successful projects. The agency should pursue the health impact of water and sanitation projects on a case-by-case basis where the circumstances particularly merit the expenditure of resources for this purpose.

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TITLE: Economic Support Fund Assistance to the Philippines  
ACCESSION NUMBER: 123282 RPTNO: NSIAD-84-44  
BNUMBER: B-211263 DOCUMENT DATE: 01/27/84  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
National Security and International Affairs Division

ORGANIZATION CONCERNED:  
Department of State  
Department of Defense  
Agency for International Development  
Republic of the Philippines

BACKGROUND:  
In response to a congressional request, GAO reviewed Economic Support Fund (ESF) assistance to the Philippines and examined the progress and constraints encountered in implementing the program and the implications of current program experience for future ESF assistance.

FINDINGS:  
As the result of the Philippines-United States Military Bases Agreement, the United States obligated \$200 million in ESF aid over 5 years beginning in fiscal year (FY) 1980. In addition, the President has pledged to obtain appropriations for \$475 million in ESF aid over the 5 years beginning in FY 1985. This aid, which has been used to finance development projects, reflects both U.S. strategic and political concerns. GAO found that the Philippine Government did not act quickly to designate a lead agency to work with the Agency for International Development (AID) in programming ESF and that disagreements arose between the Governments over whether the ESF aid was to be programmed according to normal AID procedures. In addition, difficulties arose concerning the appropriate uses of assistance and the extent to which the aid would be used to develop the base lands returned to the Philippines. GAO believes that key issues involving clarification of the purposes and uses of aid, designation of a lead Philippine Government agency for programming assistance, and determination of the type of ESF aid should be resolved early to avoid repetition of these problems.

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TITLE: [Protest of AID Failure To Refer Negative Responsibility  
Determination to SBA]  
ACCESSION NUMBER: 123260 BNUMBER: B-214053  
DOCUMENT DATE: 01/23/84 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Power Lift/Aero Industries  
Agency for International Development

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LAW AUTHORITY:

4 C.F.R. 21.2(b)(2)  
B-203986 (1981)  
B-209822 (1982)

BACKGROUND:

A firm protested the failure of the Agency for International Development to refer a negative determination of the protester's responsibility to the Small Business Administration for consideration under its Certificate of Competency procedures. GAO held that, since the protest was not received by GAO until more than a month after the protester was notified of the award to another firm, the protest was untimely filed. Accordingly, the protest was dismissed.

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TITLE: Examination of the Overseas Private Investment Corporation's  
Financial Statements for the Years Ended September 30, 1983 and 1982  
ACCESSION NUMBER: 123465 RPTNO: AFMD-84-28  
BNUMBER: B-201607 DOCUMENT DATE: 12/30/83  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAC DIVISION/OFFICE:

Accounting and Financial Management Division

ORGANIZATION CONCERNED:

United States International Development Cooperation Agency: Overseas  
Private Investment Corporation  
Department of State

LAW AUTHORITY:

31 U.S.C. 9105

BACKGROUND:

GAO examined the financial statements of the Overseas Private Investment Corporation for the years ended September 30, 1983 and 1982.

FINDINGS:

GAO found that the financial statements presented fairly the financial position of the Corporation as of September 30, 1983 and 1982, and the results of its operations, the changes in its capital, reserves, and financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

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TITLE: [Grantor Responsibility for Subcontractor Labor Costs]  
ACCESSION NUMBER: 123133 BNUMBER: B-209649  
DOCUMENT DATE: 12/23/83 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development  
Republic of Bolivia  
Practical Concepts, Inc.

LAW AUTHORITY:

Foreign Assistance Act of 1961  
22 U.S.C. 2151t  
37 Comp. Gen. 485  
Hilton v. Guyot, 159 U.S. 113 (1895)

BACKGROUND:

The Agency for International Development (AID) asked certain questions pertaining to the payment of labor costs incurred by a private company which had been under contract with Bolivia to carry out technical assistance activities in connection with an AID grant. The costs were

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incurred after AID discontinued funding and the contract was terminated. Under the agreement, Bolivia was responsible for carrying out the project and AID was neither a party to the contract nor responsible or liable for the contracting decisions. After Bolivia terminated its contract with the firm, the firm dismissed certain employees and AID continued the project by entering into various employment contracts. Dismissed Bolivian employees filed suit against the contractor in a Bolivian court alleging that the contractor failed to pay them certain labor benefits, and the Bolivian court found in favor of the claimants. An American employee filed a similar suit in U.S. courts; the courts found that the employee was entitled to some, but not all, of the labor benefits which the Bolivian court had awarded the Bolivian claimants. GAO was asked whether: (1) AID should assume the propriety of the Bolivian court judgment; (2) AID is legally obligated to pay any of the awarded benefits; and (3) if the benefits are allowable costs under the grant, they are limited to the indirect costs already paid to the contractor. Although foreign judgments are generally recognized in the United States, GAO held that, because the decisions rendered by the Bolivian and the U.S. courts differed, the decision of the U.S. courts should be followed, and the propriety of the award to each claimant should be determined accordingly. GAO found nothing in either the grant agreement or the contract making AID directly responsible to the contractor or its employees for labor benefits. However, under the grant agreement AID is committed to supply funds to carry out the grant as proposed and thus is committed to pay for allowable grant costs. GAO found that the benefits awarded by the courts sufficiently related to the grant to be considered allowable costs and that the labor benefits were indirect costs under the contract to be paid within the contractually imposed ceiling on those costs.

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TITLE: [Request for Reconsideration of Protest Under AID Solicitation]  
ACCESSION NUMBER: 123089 BNUMBER: B-213492.2  
DOCUMENT DATE: 12/20/83 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
H & W Industries, Inc.  
Agency for International Development

LAW AUTHORITY:  
B-205024 (1982)  
B-213492 (1983)

BACKGROUND:

A firm requested reconsideration of a decision which dismissed its protest as untimely under bid protest procedures. The firm had protested the award of a contract under an invitation for bids issued by the Agency for International Development (AID). In its request for reconsideration, the protester contended that its allegation concerning the awardee's compliance with a solicitation requirement was not denied by AID when the other protest issues were initially reviewed. GAO found that this issue had been neglected and, therefore, should not have been dismissed as untimely. However, since compliance with a solicitation specification is a matter of contract administration, GAO would not review the protester's allegation. Accordingly, the protest was dismissed.

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TITLE: [Peace Corps Disaster Assistance Efforts in Jamaica]  
ACCESSION NUMBER: 123132 RPTNO: NSIAD-84-38

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BNUMBER: B-212965

DOCUMENT DATE: 12/19/83

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Peace Corps

Agency for International Development

Jamaica

BACKGROUND:

In response to a congressional request, GAO examined an allegation that the Peace Corps office in Jamaica overrated its achievements in disaster assistance in a report.

FINDINGS:

GAO found that plans discussed in the report are in the process of being implemented and that the Government of Jamaica seems to be appreciative of and receptive to efforts by Peace Corps volunteers to assist the national and local governments in their disaster planning.

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TITLE: [Protest of Failure To Renew Contract Under 8(a) Program]  
ACCESSION NUMBER: 123102 BNUMBER: B-213501  
DOCUMENT DATE: 12/15/83 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Koba Associates, Inc.

Agency for International Development

LAW AUTHORITY:

Small Business Act

15 U.S.C. 637(a)

Kalvar Corp., Inc. v. United States, 543 F.2d 1298 (Ct. Cl. 1976)

B-183773 (1976)

B-195510 (1980)

B-199540.3 (1982)

B-206362.2 (1982)

B-210289 (1983)

BACKGROUND:

A firm protested the failure of the Agency for International Development (AID) to renew its contract for furnishing technical assistance to a foreign government under the Small Business 8(a) program. The protester had negotiated with AID for 4 months to renew the contract; however, AID broke off negotiations and funded the work through an agreement under which the host country would procure the services directly. The protester contended that AID did not negotiate in good faith, complained about the procurement practices, and stated that AID broke off negotiations and switched to the host country agreement after forcing the protester to accept unreasonable cost concessions. In light of the broad discretion given to contracting officers by the Small Business Act, GAO does not review agency decisions concerning awarding contracts under the 8(a) program unless there is a showing of possible fraud or bad faith on the part of government officials. GAO found that the protester failed to make such a showing. Given the noncompetitive nature of the negotiations and a substantial increase in the protester's proposed costs, GAO failed to see any impropriety in the repeated efforts by AID to obtain meaningful cost concessions. Accordingly, the protest was dismissed.

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**TITLE:** Improved Management of Productive Credit Guaranty Program Can  
Minimize U.S. Risk Exposure and Costs

**ACCESSION NUMBER:** 122891

**RPTNO:** NSIAD-84-3

**BNUMBER:** B-207814

**DOCUMENT DATE:** 11/28/83

**DOCUMENT TYPE:** Chapter Report

**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

National Security and International Affairs Division

**ORGANIZATION CONCERNED:**

Agency for International Development

Jamaica

Republic of Paraguay

Republic of Bolivia

Republic of Costa Rica

Republic of Nicaragua

Agency for International Development: Bureau for Latin America and the Caribbean

Agency for International Development: Bureau for Private Enterprise

**LAW AUTHORITY:**

Foreign Assistance Act of 1974

**BACKGROUND:**

GAO reviewed the Productive Credit Guaranty Program (PCGP) through which the Agency for International Development (AID) provides partial guarantees to private credit institutions in recipient countries to encourage lending to organized groups and individuals in carrying out credit and self-help community development projects.

**FINDINGS:**

Since 1981, PCGP has been at a virtual standstill in Paraguay, Bolivia, and Costa Rica due to economic recessions and problems with in-country banks and AID management. PCGP was terminated in Paraguay in 1983 and in Nicaragua in 1982, and the Costa Rica PCGP is being incorporated into a new program. Severe economic recessions contributed to declines in loan activity, high interest rates, greater arrearages, and restrictions on the money supply. Because the primary function of the central banks is currency regulation, they had little time or interest in PCGP's which contributed to poor program monitoring, control, evaluations, recordkeeping, and reporting. Because of poor reports management, AID financial liability is unclear. In 1982, all new program authority shifted from the Bureau of Latin America and the Caribbean (LAC) to the Bureau for Private Enterprise (PRE) and, in 1983, PRE signed its first project agreement with Jamaica. In addition, PRE eliminated participation by central banks and technical assistants and will deal directly with the lender.

**RECOMMENDATIONS TO AGENCIES**

- The AID Administrator should determine whether a financial audit is needed to determine AID liability in the recipient countries, examine the recoupments made, assess whether the guaranty funds have been adequately protected, and ensure that any future claims are valid.
- The AID Administrator should improve coordination between LAC and PRE so that PRE can benefit from LAC experience and determine the authority it has remaining under the program.
- The AID Administrator should consolidate PCGP in one bureau by transferring all existing program authority to PRE.
- The AID Administrator should seek to amend the Jamaica agreement to: (1) limit the percentage of loans that can be discounted through public institutions; (2) increase that portion of the reserve fund reserved to pay the AID share of the guaranty; (3) collect a fee on each

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guaranty, to be deposited in a revolving fund of the U.S. Treasury as specified in sections 223(a) and (b) of the Foreign Assistance Act; (4) require that PRE, in conjunction with the Royal Bank Jamaica Limited, prepare a detailed reporting format to include an accounting of the reserve fund, technical assistance provided, collateral held, interest earned, recoupments, and other data deemed necessary to fully monitor the program; and (5) specify a more active role for the mission in program monitoring. PRE should consider these points in drawing up any future agreements with the recipient countries.

The AID Administrator should direct that PRE establish quantifiable indicators to measure success.

The AID Administrator should direct that the Jamaica project be evaluated after 1 year of issuing guarantees to determine whether AID should continue the program or terminate it.

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TITLE: [Protest of AID Contract Award Alleging Awardee Nonresponsiveness]  
ACCESSION NUMBER: 122929 BNUMBER: B-213492  
DOCUMENT DATE: 11/22/83 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
H & W Industries, Inc.  
Agency for International Development

LAW AUTHORITY:  
4 C.F.R. 21.2(b)(1)  
B-210336 (1983)

BACKGROUND:

A firm protested an Agency for International Development (AID) award of a materials contract, arguing that: (1) it was the lowest bidder; (2) the bid evaluation was improper; and (3) the awardee's bid was nonresponsive. The protester initially filed a protest with AID, which was denied. Bid protest procedures require that a protest that has been denied by a contracting agency must be filed with GAO within 10 working days. GAO held that, since the protester did not file its protest within that timeframe, the protest was untimely. Further, the protester's repeated attempts to appeal the contracting agency's denial did not toll the 10-day period. Accordingly, the protest was summarily dismissed.

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TITLE: [Protest of Rejection of Proposal by AID]  
ACCESSION NUMBER: 122582 BNUMBER: B-210426  
DOCUMENT DATE: 10/07/83 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Chemonics International Consulting Division  
Agency for International Development  
Checchi and Co.

LAW AUTHORITY:  
Ethics in Government Act of 1978  
P.L. 95-521  
18 U.S.C. 1544  
92 Stat. 1824

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4 C.F.R. 21.4  
5 C.F.R. 735.101  
B-205629 (1982)  
B-206954 (1982)  
B-208445 (1983)  
B-208827 (1983)

**BACKGROUND:**

A firm protested the Agency for International Development's (AID) rejection of its proposal to provide technical services to a foreign country. The protester was selected for contract award but, prior to award, a possible conflict of interest involving the protester's employing an AID employee was discovered, and the procurement proceedings were suspended pending an investigation. Before the investigation was completed, AID decided to award the contract to the other offerer because any further delay in the implementation of the project would create serious impediments to U.S. foreign assistance commitments. Despite the fact that the investigation determined that the circumstances did not support a referral of the matter for prosecution, AID awarded the contract because it felt that the attendance of the employee at the negotiations and his use of a Government passport created a conflict of interest. In this case, GAO found that the AID determination to exclude the protester from the competition was unreasonable since there was nothing to suggest that the employee exerted any improper influence on behalf of the protester, or that it obtained any improper competitive advantage. The employee was present at the negotiations strictly as an observer. GAO would ordinarily recommend that negotiations be reopened and, if the protester's proposal was found to be superior, it be awarded the contract. However, under the circumstances, contract termination was not a practical remedy. GAO did find that the protester was entitled to recover the costs of preparing its proposal since it was unreasonably excluded from consideration and had a substantial chance for award. Accordingly, the protest was sustained.

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**TITLE:** [Settlement of Contractor Claim Under War Risk Clause in Navy Contract]

ACCESSION NUMBER: 122464                      BNUMBER: B-207320  
DOCUMENT DATE: 09/28/83                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

Office of the General Counsel

**ORGANIZATION CONCERNED:**

Department of the Navy: Office of the Comptroller of the Navy: Navy  
Regional Finance Center  
Agency for International Development  
Khaou Chuly Enterprises and Co.  
Defense Security Assistance Agency

**LAW AUTHORITY:**

ASBCA 22612  
Memorandum of Understanding, August 12, 1972, United States-Khmer  
Republic, 23 U.S.T. 3144, T.I.A.S. No. 7491

**BACKGROUND:**

GAO was asked to help determine what appropriation could be used to pay a proposed Navy claim: settlement under a Navy contract for the improvement of an airfield in the former Khmer Republic, now Kampuchea. The claim arose under a war risks clause contained in the contract and was for the value of equipment which was lost when the Government of the Khmer Republic was overthrown and the construction site was overrun by enemy forces. Under

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this contract, the Navy was acting as construction agent in carrying out the provisions of a Memorandum of Understanding with the Government of the Khmer Republic for the upgrading of three airfields. The financing of the total project was to come from funds contributed by the Defense Security Assistance Agency (DSAA), the Agency for International Development (AID), and from the Government of the Khmer Republic. However, there was conflicting evidence as to whether DSAA or AID funds were ever allocated to the construction of the airbase in question. Navy funds were not available to pay for the construction except as a construction agent to manage a trust fund from the other sources. AID acknowledged that some of its money might have been used on the project, but DSAA maintained that none of its funds were used on the contract. GAO was unable to identify the proper source of funds to pay the proposed settlement. GAO found that, of the three possible funding sources, only DSAA had an available balance which could be applied to the settlement if its responsibility could be established. In addition, GAO found that the contractor's claim failed under the contract's war risk clause because the Government's responsibility was tied specifically to the availability of a fund to which the costs could be charged. Accordingly, payment was precluded.

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TITLE: [Query Concerning Credit for Sick Leave]  
ACCESSION NUMBER: 122402 BNUMBER: B-212601  
DOCUMENT DATE: 09/20/83 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
Department of State: Foreign Service: Grievance Board

LAW AUTHORITY:  
Foreign Service Act  
57 Comp. Gen. 299  
P.L. 94-141  
P.L. 96-465  
5 U.S.C. 3582(b)  
5 U.S.C. 3925  
22 U.S.C. 1037 et seq  
21 U.S.C. 4131 et seq  
94 Stat. 2142  
89 Stat. 765

BACKGROUND:  
GAO responded to a request from the Agency for International Development (AID) as to whether an individual reemployed by AID following a period of transfer to a United Nations agency may be credited with sick leave earned while with that agency, as ordered by the Foreign Service Grievance Board. Under the applicable U.S. Code, when the Grievance Board has rendered a final determination in an individual case over which it has jurisdiction, GAO is without jurisdiction to reverse, modify, or otherwise review that ruling. The forum for such review is in the U.S. district courts and, if the time for judicial review has expired, AID must comply with the Grievance Board's ruling in this particular case.

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TITLE: Africa's Agricultural Policies--A More Concerted Effort Will Be Needed If Reform Is Expected  
ACCESSION NUMBER: 122300 RPTNO: NSIAD-83-36  
BNUMBER: B-206850 DOCUMENT DATE: 09/08/83

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DOCUMENT TYPE: Chapter Report      DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
National Security and International Affairs Division  
ORGANIZATION CONCERNED:  
Department of State  
Agency for International Development  
LAW AUTHORITY:  
P.L. 80-480

BACKGROUND:

GAO reviewed efforts by the Agency for International Development (AID) to reform host-government agricultural policies in Sub-Saharan Africa, which have been recognized as a major cause of the current agricultural crisis in the region because agricultural producers are not provided with either appropriate incentives or suitable economic environments to make production beyond the subsistence level worthwhile.

FINDINGS:

GAO believes that AID preparation of a number of policy and strategy papers, development of guidelines for preparing country development strategies, and testimony before Congress fostered commendable policy reform. However, at the country level, GAO found that AID often does not have an ongoing viable program in place which recognizes the difficulties inherent in realizing policy reform and the potential long-term effort involved. Most missions have not yet fully identified and prioritized the key host-country economic policy constraints, nor have they been involved in the development of national food strategies. In addition, GAO found that further improvements are needed in AID attempts to upgrade the economic analysis capability of its mission staff. GAO found that few missions have better than minimal reform programs underway and that only half of the missions currently have programs to improve host-government analysis capability. Some missions have questioned their ability to effectively discuss policy with host-government officials. Finally, GAO found that many missions are not fully coordinating their reform efforts with other donors and other U.S. agencies or fully using concessional agricultural commodity programs to influence reform.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should require a definitive policy reform plan from the mission in each country, including an assessment of the probability for policy reform. Each plan should recognize the difficulties in motivating the country to make needed reforms and the potential and likely long-term nature of such an effort. Such a plan should provide actions that can be taken immediately and over the longer term and actions to be pursued if the country fails to respond or to make adequate progress.

The Administrator, AID, should establish appropriate incentives for rewarding missions and staffs for their efforts in: (1) effectively carrying out policy reform programs; (2) enlisting the support of other donors for a more unified donor approach to policy reform; and (3) involving the Departments of State, Treasury, and Agriculture in the AID policy reform effort by soliciting their views and input on both regionwide and country-specific AID documents generated.

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TITLE: Irrigation Assistance to Developing Countries Should Require Stronger Commitments to Operation and Maintenance  
ACCESSION NUMBER: 122239      RPTNO: NSIAD-83-31  
BNUMBER: B-206848      DOCUMENT DATE: 08/29/83  
DOCUMENT TYPE: Chapter Report      DOCUMENT CLASS: P,U

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GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development

Republic of Indonesia

Republic of Sri Lanka

Kingdom of Thailand

International Bank for Reconstruction and Development (World Bank)

Asian Development Bank

LAW AUTHORITY:

Foreign Assistance Act of 1974

P.L. 80-480

BACKGROUND:

GAO reviewed the operation and maintenance (O&M) of U.S.-financed irrigation systems in Indonesia, Sri Lanka, and Thailand to determine how the Agency for International Development (AID) can: (1) improve operation and maintenance practices of developing countries and extend the economic life of the irrigation systems; and (2) design irrigation systems that adequately consider O&M requirements.

FINDINGS:

GAO found that donors have demonstrated their concern with developing country food problems by investing in irrigation systems and other facilities. At the same time, they have not given sufficient attention to the complementary institutional and financial costs of operating and maintaining the facilities. Donors have assumed that recipient countries would provide recurrent budget support to effectively operate and maintain projects, but this has not happened. AID has prepared a policy on recurrent cost financing, but the World Bank and Asian Development Bank have not. GAO believes that institutional as well as financial weaknesses affect the recipient countries' ability to effectively use and maintain irrigation systems, and found that many systems do not provide reliable water sources and have not become self-sustaining. GAO found that AID project designs have assumed that water user associations would be established to provide on-farm maintenance, ensure equitable water distribution, and maintain discipline among users. Generally, these assumptions have not been realized. Consequently, systems have been vandalized, water wasted or stolen, and routine maintenance ignored.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should: (1) as an integral part of project planning and as a condition for project approval, require that recurrent cost plans be developed in conjunction with recipient governments and other donors to recognize the principle of cost recovery from all beneficiaries; (2) project the annual life-of-system O&M costs; (3) identify the source of O&M funds and the funding options available to the country and the donors; (4) include specific plans to strengthen each recipient country's capability to budget for O&M funding and to account for O&M expenditures on a project basis; (5) institutionalize management monitoring and evaluation of plan implementation; and (6) encourage other donors to define their recurrent cost financing options. In addition, the Administrator should encourage the multilateral development banks to further define their recurrent cost financing options as they relate to future financing of irrigation project development.

The Administrator, AID, should adopt stronger design and construction criteria for improving O&M performance as standard prerequisites of approval for new irrigation and rehabilitation projects. The criteria

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should include: (1) quality assurance measures in design and construction to ensure that local engineers and contractors take heed of technical advisors and require site visits during the design process; (2) the involvement of farmers in the planning, design, implementation, monitoring, and evaluation process; (3) priority consideration of O&M requirements during project design; and (4) appropriate transition between construction and O&M.

The Administrator, AID, should require from the host governments, before the construction of irrigation systems begin written certifications that: (1) active, viable water user associations have been established; (2) designers have met with association members, discussed their needs and system benefits, elicited their input into on-farm system design, and stressed that the on-farm system will be theirs and that they must operate and maintain it; (3) each association has submitted a written request for the system and has agreed to the on-farm O&M; and (4) local users, to the extent possible, will be used to help construct the on-farm portions of each project.

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TITLE: [Complaint of Contract Award by Arab Republic of Egypt]  
ACCESSION NUMBER: 122175 BNUMBER: B-209800  
DOCUMENT DATE: 08/23/83 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Bailey Controls Co.  
Westinghouse Electric Corp.  
Arab Republic of Egypt: Ministry of Irrigation  
Agency for International Development

LAW AUTHORITY:  
40 Fed. Reg. 42406  
B-208978 (1982)  
B-211370 (1983)  
B-211704 (1983)

BACKGROUND:

A firm complained of a foreign country's contract award which was funded by an Agency for International Development grant agreement. The complainant argued that its bid was improperly rejected as nonresponsive and that the awardee's bid was improperly accepted. The complainant's bid was rejected because it failed to price one of the required items. The complainant argued that the awardee failed to price the same item, that it provided the price after bid opening, and that the solicitation was ambiguous about the required price. GAO held that no reasonable interpretation of the solicitation could have justified the complainant's omission of the item price, and its bid was properly rejected as nonresponsive. Therefore, the complainant had no direct and substantial interest in the acceptance of the apparently late bid submitted by the awardee. Accordingly, the complaint was denied in part and dismissed in part.

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TITLE: AID Assistance to the Eastern Caribbean: Program Changes and Possible Consequences  
ACCESSION NUMBER: 121930 RPTNO: ID-83-50  
BNUMBER: B-198960 DOCUMENT DATE: 07/22/83  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

AID/ICA/IDCA

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Caribbean Development Bank  
Grenada

LAW AUTHORITY:

Foreign Assistance Act of 1974

BACKGROUND:

GAO reported on the methods the Agency for International Development (AID) uses to administer the U.S. assistance program to the Eastern Caribbean.

FINDINGS:

GAO found that, while AID has greatly increased its assistance to the Eastern Caribbean, it has made strategy changes which will place additional burdens on its staff. In the last several years, AID has decreased assistance channeled through the Caribbean Development Bank (CDB). Although AID has generally been satisfied with CDB performance, a conflict has arisen because U.S. policy seeks to deny assistance to the Government of Grenada and CDB prohibits the exclusion of potential assistance recipients based on political grounds. GAO believes that there are several solutions to this problem, including the use of CDB to administer trust funds for specific activities on a particular island. In addition, AID has recently initiated projects to provide assistance directly to Eastern Caribbean governments. However, these bilateral assistance projects will require more staff time and will increase management costs. Because these bilateral programs are recent, AID has not yet developed the strategy documents for individual islands. Finally, GAO found that AID is aggressively promoting private business investment and expansion in the islands. Because the private sector program is in the early stage of implementation, there are few documented results.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should explore with CDB officials the potential use of trust funds through which CDB staff would design and implement AID bilateral projects on a particular island.

The Administrator, AID, should ensure that strategy documents are developed for each Eastern Caribbean island which describe: (1) AID present and future bilateral projects on each island; (2) their relationship to AID assistance provided to the islands through regional institutions and other donor's activities; and (3) how these activities respond to each island's development needs, priorities, and objectives.

The Administrator, AID, should undertake a comprehensive evaluation of its private sector program in the Eastern Caribbean by the end of fiscal year 1984 to measure: (1) types of business activity resulting from AID projects, their impact on the local economy, and persons benefited, including secondary beneficiaries; (2) if private investment caused jobs to be relocated from elsewhere; and (3) if results achieved justify the costs.

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TITLE: [Planning for Orderly Use of Remaining U.S.-Owned Excess Foreign  
Currency in India]

ACCESSION NUMBER: 121936

RPTNO: NSIAD-83-2

BNUMBER: B-204375

DOCUMENT DATE: 07/20/83

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Department of State

AID/ICA/IDCA

Office of Management and Budget  
Department of the Treasury  
Agency for International Development

BACKGROUND:

GAO reviewed the ongoing effort by the Department of State and other Government agencies to develop a plan for the orderly spending of \$500 million worth of U.S.-owned, excess Indian rupees.

FINDINGS:

Some progress has been made in developing an overall plan for using the remaining, excess rupees. One proposal would use a portion of the current rupee holdings to establish an endowment to fund scientific and educational activities which would be jointly agreed to by the Governments of India and the United States. However, the agreement for such an endowment, including the amount, proposed uses, and financial operation, has not been worked out. GAO emphasized the need to develop an orderly rupee utilization plan; timely development of such a plan would provide greater assurance that the remaining rupees will be used efficiently. GAO believes that priority should be given to using the rupees for regular operating needs in India.

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TITLE: [Reconsideration of Claim for Retroactive Appointment]  
ACCESSION NUMBER: 121644 BNUMBER: B-209114  
DOCUMENT DATE: 06/14/83 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development  
Department of State: Foreign Service

LAW AUTHORITY:

Foreign Service Act of 1980  
P.L. 96-465  
4 C.F.R. 22.7(b)  
45 Fed. Reg. 55689  
5 U.S.C. 7121

BACKGROUND:

An employee appealed the Claims Group's denial of his claim for a retroactive appointment to a higher classification and backpay. The claimant had applied for reappointment with the Agency for International Development (AID) in an overseas position. An AID staffing specialist advised the claimant that he was required to be employed at the level which approximated the grade and salary of his other employment at the time. The claimant responded by waiving his eligibility for employment at this level and stated that he would accept a position with the Foreign Service at a lower grade. About 1 year after accepting the position, the claimant filed a grievance with the Foreign Service in which he challenged the effect of the waiver and stated that AID had violated an agency regulation by appointing him at the lower grade level; the Foreign Service issued a determination adverse to the claimant. GAO held that AID regulations did not require that the claimant be appointed at a higher level than he previously held at the Foreign Service. Since applicable regulations did not entitle the claimant to an appointment at a higher level, the issue of the validity of the waiver was not considered. Accordingly, the Claims Group decision was affirmed.

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TITLE: A Troubled Project--Rural Water Systems and Environmental Sanitation  
in Peru

AID/ICA/IDCA

ACCESSION NUMBER: 121530  
BNUMBER: B-211720  
DOCUMENT TYPE: Chapter Report

RPTNO: ID-83-42  
DOCUMENT DATE: 06/02/83  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

National Security and International Affairs Division

ORGANIZATION CONCERNED:

Agency for International Development  
Republic of Peru

BACKGROUND:

Certain issues relating to a rural water systems and environmental sanitation project in Peru were brought to the attention of the Agency for International Development (AID) because remedial action could be taken.

FINDINGS:

GAO has found that, although the project intended to construct 100 water supply systems in four regions by the end of 1982, only 30 water supply systems were installed or under construction in three regions by February 1983. The slow progress stems from difficulties in breaking down the system design and management responsibilities to the local level, personnel shortages and losses, and policy differences. Problems such as the slow procurement and delivery of commodities and equipment and the lack of planned technical assistance have also impeded progress. In addition, GAO found that plans for health education, operation and maintenance training, and special studies to improve the effectiveness of the project had not been fully implemented. Site visits confirmed that there is a lack of coordination in providing water supply, sanitation facilities, and effective public health services. Despite the slow progress, another \$5.5 million was committed to the project in 1982. Now, conflicting cost estimates and inflation raise doubts about the total number of water supply systems which can be financed by the project. GAO believes that the causes of the slow progress were not adequately addressed at the time the additional funds were authorized for the project.

RECOMMENDATIONS TO AGENCIES

The AID Administrator should direct the Bureau for Latin America and the Caribbean's Pipeline Review Committee to closely monitor this project. If significant progress is not achieved by the end of 1983, the \$5.5 million authorized by the amendment should be immediately deobligated and the project reduced to a scope which can be effectively managed by Peru. The accelerated implementation plan for 1983 should be the criterion to measure the progress of all components of the project.

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TITLE: [Claim for Temporary Lodging Expenses]

ACCESSION NUMBER: 121469

BNUMBER: B-210103

DOCUMENT DATE: 05/25/83

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

BACKGROUND:

The Agency for International Development (AID) requested a decision concerning the propriety of reimbursing an employee of an AID-funded contract for claimed temporary lodging expenses. The amount claimed did not reflect the actual costs incurred by the employee and his family, but it was figured by using an approved flat rate for daily expenses. AID argued that the total arrived at in this manner exceeded the contract's stated maximum amount. GAO was asked whether payment could be authorized if the

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flat rate total exceeded the maximum amount or whether the contract allowed only for actual expenses. GAO noted that the contract did not indicate that the amount stated in the contract was the maximum amount allowable, and the employee correctly used the daily flat rate in his computation. Accordingly, the claim should be paid.

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TITLE: Examination of the Overseas Private Investment Corporation's  
Financial Statements for FY's 1982 and 1981

ACCESSION NUMBER: 121357 RPTNO: ID-83-40  
BNUMBER: B-201607 DOCUMENT DATE: 05/06/83  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

United States International Development Cooperation Agency: Overseas  
Private Investment Corporation  
Department of State

BACKGROUND:

GAO examined the Overseas Private Investment Corporation's (OPIC) comparative financial statements for fiscal years 1982 and 1981. GAO also tested OPIC compliance with applicable laws and regulations and made a limited study and evaluation of its system of internal accounting control.

FINDINGS:

The OPIC financial statements presented fairly its financial position as of September 30, 1982 and 1981, and the results of its operations, changes in its capital and reserves, and changes in its financial position for the years then ended in conformity with generally accepted accounting principles applied on a consistent basis.

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TITLE: Donor Approaches to Development Assistance: Implications for the  
United States

ACCESSION NUMBER: 121289 RPTNO: ID-83-23  
BNUMBER: B-210971 DOCUMENT DATE: 05/04/83  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

United States International Development Cooperation Agency  
Department of State  
Agency for International Development

LAW AUTHORITY:

Foreign Assistance Act of 1961  
Foreign Assistance Act of 1973  
P.L. 80-480

BACKGROUND:

GAO compared the bilateral development assistance approach of the United States toward developing countries with those of five major Western nations, focusing on the practices and procedures of the Agency for International Development (AID) in selected African recipient countries.

FINDINGS:

Although the United States remains a leading donor, its share of the total amount of development aid compared to all donor countries has steadily declined, from about 60 percent in the 1960's to about 16 percent currently. In comparison with similar programs as practiced by Canada, France, Sweden, the United Kingdom, and West Germany, GAO found that AID: (1) has the most extensive administrative program; (2) is more accountable

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to legislative controls; (3) is more sensitive to domestic public opinion; and (4) focuses more on rural areas. GAO believes that the successful approaches practiced by other countries could have positive effects on the U.S. aid policy by: (1) reducing AID size and geographic dispersion; (2) selecting a targeted number of countries for AID programs; (3) reducing the number of AID offices overseas; (4) lessening overseas offices' logistical and administrative support roles; (5) placing key technical advisors in recipient country government agencies; (6) increasing cooperation with technical assistance personnel from other donors in those countries where they have extensive programs; and (7) increasing the flexibility of AID to respond to program and funding requirements of Congress.

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TITLE: [Agency for International Development's Assistance to Jamaica]

ACCESSION NUMBER: 121152

RPTNO: ID-83-45

BNUMBER: B-198960

DOCUMENT DATE: 04/19/83

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Agency for International Development  
Jamaica

LAW AUTHORITY:

P.L. 80-480

BACKGROUND:

GAO reviewed the Agency for International Development's (AID) assistance program to Jamaica.

FINDINGS:

Balance-of-payments assistance through Economic Support Fund and P.L. 80-480 programs can contribute to development. AID can influence Jamaican economic policies by making assistance conditional on implementation of reforms to encourage private sector and overall economic growth. GAO found that AID has generally not achieved substantial policy reforms. Mission officials believe that it is important to follow through with the AID plan to link assistance to implementation of policy reforms. Foreign exchange provided to Jamaica is intended to finance imports needed by the private sector to increase production and employment. With an improved monitoring process, GAO believes that AID could encourage Jamaica to increase productive imports from the United States. While AID requires that Jamaica provide local currency equivalent to the value of U.S. balance-of-payments assistance for agreed upon development projects and purposes, AID relies upon the Government of Jamaica to select up to 90 percent of the projects which will receive local currency. GAO believes that AID could assume a more active role in identifying and proposing development projects to receive local currency. Further, AID does not plan to perform on-site monitoring of local currency projects to ensure that budget funds are in fact provided for agreed upon purposes or to determine whether projects are progressing adequately.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should implement a system to monitor actual imports from the United States as a basis for assuring that productive imports from the United States increase.

The Administrator, AID, should attempt to identify an increasing portion of the development project for which local currency will be allocated and monitor on a spot basis the end use of the local currency.

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**TITLE:** Political and Economic Factors Influencing Economic Support Fund Programs

ACCESSION NUMBER: 121113

RPTNO: ID-83-43

BNUMBER: B-211263

DOCUMENT DATE: 04/18/83

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

International Division

**ORGANIZATION CONCERNED:**

Agency for International Development

Department of State

Department of the Treasury

**LAW AUTHORITY:**

Foreign Assistance Act of 1961

22 U.S.C. 2346 et seq.

International Security Assistance Act of 1978

**BACKGROUND:**

Pursuant to a congressional request, GAO described and analyzed the allocation of bilateral foreign aid through the Economic Support Fund (ESF).

**FINDINGS:**

Because foreign aid is used to further U.S. foreign policy objectives, ESF assistance has grown rapidly since 1975. The ESF provided \$2.8 billion to 32 countries in 1982 and increased funding has been requested for fiscal year 1984. This growth is also related to a weak world economy and to an expanded range of foreign policy objectives, which include: (1) furthering peace in the Middle East; (2) facilitating the transition to majority rule in southern Africa; (3) strengthening the North Atlantic Treaty Organization allies; (4) ensuring access to the Persian Gulf; and (4) restoring stability to the Caribbean Basin. Although ESF does respond to economic need, higher aid levels may be used to communicate political messages, because few restrictions govern the fund's uses or the countries' eligibilities to receive aid. GAO found that ESF programs: (1) are not governed by an overall formula for determining their composition; (2) are structured on a country-specific basis; and (3) are provided through projects, cash, commodity import financing, and sector assistance. GAO also found that decisions on determining funding terms are not consistently based on per capita income.

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**TITLE:** [Observations on Financial Statement Disclosure and Internal Accounting Control]

ACCESSION NUMBER: 121105

RPTNO: ID-83-39

BNUMBER: B-201607

DOCUMENT DATE: 04/15/83

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

International Division

**ORGANIZATION CONCERNED:**

United States International Development Cooperation Agency: Overseas

Private Investment Corporation

Department of State

**LAW AUTHORITY:**

Overseas Private Investment Corporation Amendments Act of 1981

OMB Circular A-123

**BACKGROUND:**

GAO issued a second report on the Overseas Private Investment Corporation's fiscal year 1982 financial statements.

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**FINDINGS:**

GAO found that the OPIC financial statements and notes should have provided greater disclosure. OPIC did not disclose the composition of the finance receivables and maturities of the Direct Investment Fund program, and GAO encouraged greater disclosure in this area, consistent with the risks which OPIC deems acceptable. GAO also found that interest received from investments in Treasury securities was not separately identified and pension plan information was not disclosed as required. In addition, GAO found that the internal accounting control system needs improvement because: (1) the OPIC administrative policies and procedures were not adequately defined or documented; (2) adjustment data entering the accounting system should have been better supported; and (3) administrative practices lacked sufficient oversight. However, GAO did not regard the shortcomings in disclosure and internal control as materially affecting the fairness of the fiscal year 1982 financial statements. GAO determined that OPIC did comply with existing laws and regulations, including provisions of the Overseas Private Investment Corporation Amendments Act and congressionally established spending limits for certain purposes.

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**TITLE:** [The President's Reorganization Authority]  
**ACCESSION NUMBER:** 121174 **DOCUMENT DATE:** 04/12/83  
**DOCUMENT TYPE:** Testimony **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the Comptroller General  
**ORGANIZATION CONCERNED:**  
Federal Labor Relations Authority  
United States Civil Service Commission  
Equal Employment Opportunity Commission  
Merit Systems Protection Board  
Federal Emergency Management Agency  
United States International Development Cooperation Agency

**LAW AUTHORITY:**  
Reorganization Act of 1977  
H.R. 1314 (98th Cong.)

**BACKGROUND:**

GAO discussed Presidential reorganization authority and H.R. 1314, a bill to renew that authority which expired in April 1981. GAO stated that it has identified what seemed to be a fundamental problem in the reorganization process: although substantial time and resources are always devoted to deciding what is to be reorganized, little attention is given to planning the mechanics of implementing a reorganization. The lack of early planning results in substantial startup problems distracting agency officials from their new missions during the critical first year of operations. Without implementation data, Congress is not aware of the full impact of reorganization requirements. GAO recommended that legislation granting reorganization authority to the President require that reorganization plans contain a section on the proposed implementation of actions to be taken. H.R. 1314 would renew and extend the President's reorganization authority until December 1984. It would require more information to accompany reorganization plans and would increase the time for congressional consideration. The bill would also prohibit the use of the reorganization authority to create new independent Federal agencies and would modify congressional procedures for approving reorganization plans. GAO concluded that H.R. 1314 is an improvement over the approval process of the previous law. Further, by requiring positive approval of a reorganization plan, the proposed approval mechanism is easily defensible on constitutional grounds.

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At the same time, retention of the features in the 1977 act controlling amendments and providing for automatic discharge from committee assure the President that his plan will indeed be voted on in Congress.

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TITLE: [Query Concerning Payment for Accumulated Leave at Separation]
ACCESSION NUMBER: 121081 BNUMBER: B-210326
DOCUMENT DATE: 04/11/83 DOCUMENT TYPE: Other Written Prod.
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:
Office of the General Counsel
ORGANIZATION CONCERNED:
Agency for International Development

LAW AUTHORITY:
24 Comp. Gen. 511
34 Comp. Gen. 61
54 Comp. Gen. 653
61 Comp. Gen. 363
P.L. 78-525
P.L. 89-554
P.L. 97-258
S. Rept. 89-1380
5 U.S.C. 5551(a)
31 U.S.C. 3529
58 Stat. 845
96 Stat. 877

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TITLE: [Protest of Issuance of AID Purchase Order]
ACCESSION NUMBER: 120866 BNUMBER: B-208675
DOCUMENT DATE: 03/22/83 DOCUMENT TYPE: Decision
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:
Office of the General Counsel
ORGANIZATION CONCERNED:
Federal Sales Service, Inc.
Agency for International Development
Wang Laboratories, Inc.

LAW AUTHORITY:
4 C.F.R. 21.2(b)(3)
4 C.F.R. 21.2(b)(2)
B-205418 (1982)

BACKGROUND:

A firm protested the issuance by the Agency for International Development (AID) of a purchase order for print wheels to another firm. The protester contended that it had a mandatory Federal Supply Schedule contract for the items covering the period in question. GAO held that a protest of this nature must be filed within 10 days of the protester's learning of the basis for the action. In this case, there was some question as to the date the protester learned of the AID intention to place the order with the other firm, but GAO could not resolve the issue of timeliness in favor of the protester. Accordingly, the protest was dismissed.

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TITLE: [Protest of AID Solicitation]
ACCESSION NUMBER: 120877 BNUMBER: B-210937
DOCUMENT DATE: 03/22/83 DOCUMENT TYPE: Decision
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

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Office of the General Counsel  
ORGANIZATION CONCERNED:  
Inlingua School of Languages  
Agency for International Development

LAW AUTHORITY:  
Small Business Act  
B-206764 (1982)

BACKGROUND:

A firm protested that an invitation for bids (IFB) for language training was not set aside for small business. The protester contended that the procurement should have been set aside for a small business, because an unrestricted IFB would permit large business concerns to undercut the bidding of small business concerns which have been performing satisfactorily on other contracts. With certain exceptions, not relevant here, GAO stated that there is nothing in the Small Business Act or procurement regulations which makes it mandatory that a particular procurement be set aside for small business. The decision as to whether a particular procurement should be set aside is within the discretion of the contracting agency. Consequently, GAO could not legally object to the agency's failure to make the protested IFB a small business set-aside.

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TITLE: [Managing the Transportation of U.S.-Donated Food to Developing Countries]

ACCESSION NUMBER: 120739

RPTNO: ID-83-24

BNUMBER: B-210761

DOCUMENT DATE: 03/03/83

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Agency for International Development  
Department of Agriculture

LAW AUTHORITY:

P.L. 80-480

BACKGROUND:

Pursuant to a congressional request, GAO examined Agency for International Development (AID) and U.S. Department of Agriculture (USDA) procedures for managing the shipping and freight-forwarding functions for the Public Law 480, Title II food donation program.

FINDINGS:

GAO found that the procedures followed by private-sector freight forwarders in behalf of private voluntary organizations (PVO's) and AID and those used by USDA for booking and forwarding ocean freight are similar and generally adequate to protect the interests of the Federal Government. Further, GAO tests of transactions and information obtained indicated that their performances are not sufficiently different enough to substantially favor one group over another in carrying out the freight-forwarding function. GAO found that private freight forwarders and USDA often obtain more favorable ocean freight rates than those determined by USDA guidelines and that both groups encourage a high level of competition among ocean carriers to obtain economical rates. The examination of claims, collections, and loss data on food shipped by USDA and the most active PVO's showed that they settled claims within similar timeframes and that there were no significant differences in cargo losses.

RECOMMENDATIONS TO AGENCIES

The Secretary of Agriculture should require that procedures be established to routinely examine the actual freight charges which appear on the

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bills of lading from all program sponsors to help ensure that they do not exceed those determined by its lowest landed cost procedure. The Administrator, AID, should require PVO's to monitor the activities of their freight forwarders by comparing, prior to payment, freight forwarder payment requests with USDA guidelines to verify that ocean freight charges comply with the lowest landed cost determination.

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TITLE: [Foreign Assistance Programs]  
ACCESSION NUMBER: 120700 DOCUMENT DATE: 02/28/83  
DOCUMENT TYPE: Testimony DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
International Division  
ORGANIZATION CONCERNED:  
Agency for International Development  
LAW AUTHORITY:  
Arms Export Control Act

BACKGROUND:

In testimony before a congressional subcommittee, GAO reviewed its recently completed and ongoing work on U.S. foreign assistance programs. In a report to the Agency for International Development (AID), GAO reported that AID does not have adequate information on the number and value of host country contracts, and GAO has begun a survey of AID contracting activities. GAO also reported on AID efforts to categorize troubled projects and identify those project funds that should be deobligated. GAO will soon issue a report on donor approaches to development assistance and is reviewing commodity import programs. Other GAO studies include reports on AID management of its Private Voluntary Organization program and balance-of-payments problems which are having an adverse effect on development assistance projects; the need for efforts to deter deforestation in developing countries; the need for AID to give greater attention to the problem of postharvest food losses; and the level of commitment to fighting malaria. In addition, GAO will review direct U.S. assistance to refugee programs and the coordination of U.S. contributions to various international organizations. GAO pointed out that large foreign military sales programs are being provided to countries which may not be able to repay the loans, and it is preparing a report on the liberal financing which Israel has requested to pay for its defense needs. In addition, GAO stated its concern over the inappropriateness of military equipment which has been provided to developing countries. Finally, GAO reported that the financial management and monitoring of leased property is still inadequate and that congressional notification requirements are not being fully met.

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TITLE: Lessons Learned From AID's Private Sector Development Efforts in Egypt  
ACCESSION NUMBER: 120704 RPTNO: ID-83-18  
BNUMBER: B-210693 DOCUMENT DATE: 02/28/83  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
International Division  
ORGANIZATION CONCERNED:  
Agency for International Development  
Department of State  
Arab Republic of Egypt

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LAW AUTHORITY:

Foreign Assistance Act of 1961  
International Security Assistance Act of 1977

BACKGROUND:

GAO reported on the progress which the Agency for International Development (AID) has made in assisting the Government of Egypt to develop its private sector.

FINDINGS:

GAO found that the development of a private-sector development strategy has been slow and difficult, with AID and Egyptian Government limitations impeding progress. The Egyptian business climate does not favor the private sector, and Egypt has not clearly defined the role which the private sector should play in its economic development. GAO found that AID had not long been involved directly with industrial private-sector development when it began to design a program for Egypt. The AID mission did not actively involve the Egyptian Government in developing its strategy, and it has viewed the program to date as a learning period and plans to refine its strategy and develop projects to better respond to Egypt's needs in the future. Because of implementation problems, GAO stated that it is doubtful some projects will achieve their objectives. Financial assistance provided has thus far benefited a relatively small group, primarily larger, financially well-established firms located in the Cairo/Alexandria metropolitan areas. Financial assistance has not been targeted toward small-scale enterprises which comprise the majority of Egyptian private enterprises. GAO believes that AID could apply some of the lessons learned in Egypt to other countries.

RECOMMENDATIONS TO AGENCIES

- The Administrator of AID should direct the mission to actively involve the Egyptian Government in developing, refining, and revising its private-sector development strategy to ensure that it is consistent with Egyptian Government priorities and goals.
- The Administrator of AID should direct the mission to assess future information needs and, in conjunction with Egyptian officials, develop a plan to address these needs.
- The Administrator of AID should explore the mechanisms to mitigate the negative effects of AID procurement regulations on private-sector credit projects.
- The Administrator of AID should direct the mission to consider folding the Private Investment Encouragement Fund into the proposed Production Credit II project if it is approved; if not, the Administrator should consider terminating the Private Investment Encouragement Fund project and seeking an alternative means for delivering term-credit assistance.
- The Administrator of AID should direct the mission to closely monitor the Private Sector Feasibility Studies project and terminate it if the project becomes inactive again.

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TITLE: [Complaint of AID Contract Award]

ACCESSION NUMBER: 120646  
DOCUMENT DATE: 02/25/83  
DOCUMENT CLASS: P,U

BNUMBER: B-210668  
DOCUMENT TYPE: Decision

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Export Trade Corp.  
Agency for International Development

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American Export Group International Services Development Corp.

LAW AUTHORITY:

4 C.F.R. 21.2(b)(1)  
60 Comp. Gen. 414  
B-198180 (1980)  
B-201613 (1981)  
B-207823 (1982)

BACKGROUND:

A firm filed a complaint against the award of a contract under an invitation for bids (IFB) for water well drilling equipment; the procurement was financed under an Agency for International Development (AID) grant. The complainant argued that: (1) the IFB improperly restricted competition to a particular brand name product; and (2) the procurement of the items solicited should have been divided into smaller procurements, which would have resulted in lower prices and savings which AID should want to encourage. The complainant had offered a brand other than the one required under the IFB, and it stated in its bid that it did not understand why the specification was limited to that particular brand name; the complainant also sent a letter of protest. GAO has stated that while it might not always be appropriate to establish strict time limits for filing grant complaints, they must be filed within a reasonable time so that GAO can decide an issue while it is still practicable to recommend corrective action if warranted. To be considered filed within a reasonable time, a complaint based on improprieties which are apparent on the face of a solicitation must be filed before bid opening. GAO also has stated that a protest to the agency, filed with a bid, will not be considered timely. Therefore, if the complainant's statement submitted in its bid was as a complaint, it was untimely filed, and its subsequent complaint filed with GAO approximately 3 months after bid opening was not timely. Accordingly, the complaint was dismissed.

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TITLE: U.S. Development Efforts and Balance-of-Payments Problems in  
Developing Countries  
ACCESSION NUMBER: 120709 RPTNO: ID-83-13  
BNUMBER: B-206712 DOCUMENT DATE: 02/14/83  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Department of State  
Agency for International Development  
Department of the Treasury  
International Monetary Fund

LAW AUTHORITY:

Foreign Assistance Act of 1974  
International Development and Food Assistance Act of 1978  
P.L. 95-424  
P.L. 80-480

BACKGROUND:

GAO reviewed U.S. programs designed to assist countries with balance-of-payments problems focusing on: (1) what the United States can contribute to easing the pressures of developing countries' debt burdens while ensuring the most effective and efficient use of limited resources; and (2) what relationship debt rescheduling has to a U.S. bilateral program in the rescheduling country.

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**FINDINGS:**

The Agency for International Development (AID) administers U.S. balance-of-payments support programs in some developing countries in addition to carrying out the U.S. bilateral development assistance program. AID is faced with the need to balance its development mandate to provide basic human needs with the increased incidence of balance-of-payments difficulties. GAO believes that AID program planners and missions may lack guidance as to which countries and at what point the United States will consider assistance in deteriorating balance-of-payments situations. Since the 1950's, the United States has rescheduled debts of developing countries when they faced imminent default. The United States considers debt rescheduling to be a financial matter with the objective of providing maximum loan repayments to the United States. The United States ties a debt rescheduling agreement to an International Monetary Fund stabilization agreement and seeks maximum debt repayment consistent with the debtor country's economic recovery. Thus, the goals of debt rescheduling are, to some extent, compatible with the goals of development assistance.

**RECOMMENDATIONS TO AGENCIES**

The Administrator of AID should direct AID missions to develop an action plan for AID to consider, when they determine that a country's balance-of-payments situation is deteriorating to the point of affecting the AID ongoing development assistance effort, taking into account all factors which restrict the agency's role. The plan could include an assessment of whether the AID ongoing projects continue to be appropriate, how they relate to other donor activities, whether the country is following appropriate economic policies, and an estimate of the country's resource needs.

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**TITLE:** [Protest of AID Contract Award]

ACCESSION NUMBER: 120355

BNUMBER: B-210108

DOCUMENT DATE: 01/17/83

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

Office of the General Counsel

**ORGANIZATION CONCERNED:**

Agency for International Development

Markhurd Aerial Surveys, Inc.

Teledyne Geotronics

**LAW AUTHORITY:**

58 Comp. Gen. 105

B-203419 (1981)

B-199406 (1980)

B-198704 (1980)

B-206859 (1982)

**BACKGROUND:**

A firm protested the award of a contract by the Agency for International Development under a request for quotations for aerial cartographic photography. The protester contended that the awardee would not be able to perform the contract satisfactorily because it lacked experienced personnel, had performed poorly in the past, and would be forced to rely on a subcontractor who might not be qualified. GAO held that: (1) it will not review an agency's affirmative determination of responsibility except when fraud or misapplication of definitive responsibility criteria is alleged; and (2) the solicitation requirement that the contractor use personnel with certain minimum experience levels is not a definitive responsibility criterion, based on its wording and context within the request for

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quotations, but only a performance specification. Whether the awardee in fact employs personnel with the required minimum experience levels is a matter of contract administration, which is not for consideration by GAO. Accordingly, the protest was dismissed.

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TITLE: [Potential for Improving AID's Deobligation and Project Analysis Processes]

ACCESSION NUMBER: 120267

RPTNO: ID-83-25

BNUMBER: B-210219

DOCUMENT DATE: 01/03/83

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Agency for International Development

BACKGROUND:

GAO examined aspects of the Agency for International Development's (AID) deobligation process, including efforts to identify and monitor projects which are potentially subject to deobligation, to consider issues which would help improve the management of AID projects.

FINDINGS:

AID has taken steps to meet its goal of increasing deobligations which are due to good project management actions, rather than those due to writeoffs or residual funds. A GAO review indicated that the use of the deobligation process as a management tool has not yet yielded significant results. Many deobligations occur because projects have been completed, leaving residual amounts to be cleared from the books. One difficulty seems to be the inconsistent ways in which AID bureaus identify troubled projects. Criteria, guidance, and procedures for identifying, monitoring, and reporting on potential problem projects and deobligations vary at each bureau and may change each year. Inconsistent procedures and reporting raise questions as to the comparability of data from year to year and the nature and extent of appropriate remedial actions. The application of existing criteria, controls, and limits by the bureaus and missions usually results in project extensions, rather than project deobligations. When AID has the option of terminating potential problem projects or extending them, guidance is needed to help the AID staff identify candidates for potential deobligation and projects and amounts to be actually deobligated by providing regional factors and country-specific factors which include relevant political, security, and economic considerations.

RECOMMENDATIONS TO AGENCIES

The Administrator of AID should establish more definitive policy guidelines and procedures for all bureaus and missions to use in identifying and reporting potential problem projects and in reviewing whether project funds should be deobligated. The policy and guidelines should include the use of common set agencywide procedures for applying the criteria established, including: (1) how and when the results are to be reported; (2) what reports and data the Washington staff should produce; and (3) when the AID staff should follow up on problem projects identified.

The Administrator of AID should establish more definitive policy guidelines and procedures for all bureaus and missions to use in identifying and reporting potential problem projects and in reviewing whether project funds should be deobligated. The policy guidelines should include the development of a common set of agencywide criteria for categorizing the AID project portfolio and identifying potential pipeline problem projects by consolidating or improving the various criteria which

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regional bureaus use.

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**TITLE:** International Assistance to Refugees in Africa Can Be Improved  
**ACCESSION NUMBER:** 120242 **RPTNO:** ID-83-2  
**BNUMBER:** B-209851 **DOCUMENT DATE:** 12/29/82  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

International Division

**ORGANIZATION CONCERNED:**

Department of State

Agency for International Development

United Nations: Office of the High Commissioner for Refugees

**LAW AUTHORITY:**

Foreign Assistance Act of 1961

Migration and Refugee Assistance Act of 1962

Refugee Act of 1980

P.L. 80-480

**BACKGROUND:**

GAO reported on improvements that could be made in international assistance to refugees in Africa.

**FINDINGS:**

Based on visits to four countries, GAO stated that efforts to meet refugee needs could be improved by better planning and coordination. GAO found that inequitable amounts and types of assistance have been provided to refugees in Africa, the U.N. programs tend to be open-ended and without plans for phasing out assistance, and continuous high levels of assistance often serve as a deterrent to refugees' voluntary repatriation. At two camps, the amount of assistance provided to refugees has exceeded the living standards of the local population. GAO believes that these problems occurred because comprehensive country-program plans and agreements with governments offering asylum and program guidance were not established nor was donor assistance effectively coordinated. African refugee programs are not sufficiently evaluated because of the Department of State's limited in-country assessment of, and reporting on, the U.N. High Commissioner for Refugees (UNHCR) activities and projects, and the fact that about 95 percent of U.S. contributions to the program were unrestricted and inherently difficult to track. GAO found that, in some countries, governments consider the refugees as guests and limit the extent to which refugees can effectively resettle and integrate into the economy. Less restrictive asylum-country policies are needed for Agency for International Development (AID) refugee assistance to be effective.

**RECOMMENDATIONS TO AGENCIES**

The Secretary of State should encourage UNHCR, in planning and implementing African refugee assistance programs, to: (1) develop a more comprehensive working agreement with asylum governments, defining the specific roles, responsibilities, and authority of the UNHCR and the asylum governments; and (2) develop a multiyear plan of operations for those countries where near-term solutions to refugee problems do not appear possible.

The Secretary of State, in conjunction with the Administrator of AID should, where appropriate, establish a means to better evaluate and report on specific UNHCR refugee programs. State Department oversight of UNHCR programs should determine whether such programs: (1) provide assistance to all refugees who require assistance; (2) provide reasonable amounts and types of assistance in keeping with UNHCR standards and objectives; (3) are effectively coordinated with other

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donors and private voluntary organizations; and (4) promote lasting solutions to refugee problems.

The Administrator, AID, should closely monitor AID plans for bilateral refugee assistance to assure that asylum countries remove barriers to economic integration of refugees before making direct U.S. commitments.

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TITLE: [Claim for Meal Expenses]  
ACCESSION NUMBER: 120207                      BNUMBER: B-207453  
DOCUMENT DATE: 12/22/82                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
FAM [6] 100  
AID Foreign Service Travel Reg. 158.2  
AID Foreign Service Travel Reg. 116.3  
F.T.R. para. 1-11.3  
F.T.R. para. 1-11.3(c)

BACKGROUND:

GAO was asked to determine whether two Agency for International Development (AID) foreign service employees on temporary duty travel are entitled to reimbursement for individual meals for which receipts were not submitted. GAO held that, since Foreign Service Travel Regulations require receipts for each allowable cash expenditure in excess of a specified amount, unless it is not practicable to obtain them or the duties of the traveler were of a confidential nature, AID properly disallowed actual subsistence expense claim for individual meal costs in the absence of receipts. Accordingly, the agency's disallowance of their claims was sustained.

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TITLE: [U.S. Encouragement of Mining Investment in Developing Countries]  
ACCESSION NUMBER: 120091                      DOCUMENT DATE: 12/08/82  
DOCUMENT TYPE: Speech                      DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
International Division  
ORGANIZATION CONCERNED:  
Department of State  
Department of the Interior  
University of Delaware, Newark, DE  
Export-Import Bank of the United States  
United States International Development Cooperation Agency: Overseas  
Private Investment Corporation

LAW AUTHORITY:  
Overseas Private Investment Corporation Amendments Act of 1978  
Defense Production Act of 1950  
National Materials and Minerals Policy, Research and Development Act of 1980  
30 U.S.C. 1601

BACKGROUND:

The topic discussed centered on the concern about potential problems in acquiring strategic critical materials and focused on short-term supply disruptions caused by politically inspired embargoes, war, civil unrest, natural disasters, and deliberate supply restrictions to raise prices by a monopoly producer or cartel of producers. There is also a longer term

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concern that declining investment in mining and processing capacity will lead to a demand that outstrips supply. If such an outcome reflects economic considerations, there may be little in the way of a policy response to promote additional investment that would seem appropriate. However, if the decline in investment is the result of market imperfections that impede potentially profitable investment, Government involvement becomes a defensible option. Concern exists because developing countries generally have maintained production by exploiting the results of past exploration undertaken by international mining companies. U.S. mining and smelting investments in developing countries have fallen as a percentage of total overseas mining investment in the past decade. Mining investments have slowed because the growing desire of most developing countries to exercise firmer control over extractive industries and the ability of the United States to alter the investment climates in developing countries is limited. It has initiated or supported a variety of bilateral and multilateral efforts to promote mining investment in these countries. GAO stated that the Overseas Private Investment Corporation's minerals and energy program was specifically designed to accomplish this objective. Another activity which policymakers have cited as indirectly aiding the Government's effort to address the problem is the Export-Import Bank's financing of export sales of U.S. mining equipment and expertise. U.S.-supported initiatives to encourage mining investment in developing countries have been marginally helpful as a means of securing adequate and economic supplies of strategic and critical minerals for the United States.

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TITLE: [Claim for Reimbursement of Increased Contract Costs]  
ACCESSION NUMBER: 119960 BNUMBER: B-207639  
DOCUMENT DATE: 11/19/82 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
American Technical Assistance Corp.  
Agency for International Development

LAW AUTHORITY:  
Empire Institute of Tailoring Inc. v. United States, 161 F. Supp. 409  
(Ct. Cl. 1958)  
B-203624 (1982)  
31 U.S.C. 3702  
31 U.S.C. 3702(b)(1)

BACKGROUND:

GAO reviewed a claim forwarded by the Agency for International Development (AID) from an awardee under a cost reimbursement contract for technical services. AID did not dispute the claim, but believed that it might be barred by a 6-year statute of limitations on claims against the United States. The contract provided that final payment to the contractor was contingent on the establishment of final overhead rates. Final overhead rates were negotiated 5 years after the end of the first performance period and almost 8 years after the end of the second. GAO held that, when a right to be either actionable or ripe for a claim is dependent on the occurrence of an event or contingency, the right does not accrue until the event or contingency occurs. GAO stated that the claim for increased overhead costs did not accrue until the final overhead rates were negotiated and that, since the claim was received by GAO within 6 years from the time it accrued, it was not barred by statutory limitation. Accordingly, the voucher may be submitted for payment if otherwise correct.

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TITLE: [Claim for Severance Payments]  
ACCESSION NUMBER: 119617 BNUMBER: B-206352  
DOCUMENT DATE: 10/01/82 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Agency for International Development: La Paz, Bolivia

LAW AUTHORITY:  
Contract Disputes Act of 1978  
41 U.S.C. 601 et seq.  
Paragon Energy Corp. v. United States, 645 F.2d 966 (Ct. Cl. 1981)  
B-208049 (1982)  
31 U.S.C. 82d

BACKGROUND:  
An official of the Agency for International Development requested an advance decision concerning the claim of a former employee for additional severance pay under a personal services contract. GAO stated that the terms of the contract clearly indicated that the claim was subject to the Contract Disputes Act. The Act provides that all claims by a contractor against the Government relating to a contract shall be submitted to the contracting officer for a decision. Accordingly, GAO concluded that the contracting officer has the authority to settle this claim and that it should be submitted to him for a decision.

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TITLE: Improvements Needed in Providing Security at Overseas Posts  
ACCESSION NUMBER: 119610 RPTNO: ID-82-61  
BNUMBER: B-207658 DOCUMENT DATE: 09/30/82  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
International Division  
ORGANIZATION CONCERNED:  
Department of State  
United States International Development Cooperation Agency  
International Communication Agency  
Drug Enforcement Administration

BACKGROUND:  
GAO reported on the Security Enhancement Program's management and administrative functions. The program was initiated by the Department of State to make structural improvements to overseas posts, purchase additional protective equipment, and provide electronic storage and retrieval of classified materials in response to the increasing danger to the lives of U.S. citizens and property overseas.

FINDINGS:  
Inadequate planning, coordination, and property management have caused delays in implementing security improvements at overseas posts. State overestimated its ability to complete the projects. After 2 years, only four posts have been completed. GAO has concluded that it will take more than 5 years and \$175 million to fully upgrade 70 posts, and an additional \$125 million will be needed to provide at least some improvements to another 55 posts. Accountability for materials purchased and shipped to posts is a major problem. There is no inventory system for recording purchases and shipments and no centralized way of notifying posts of what enhancement items they will receive and when. There have been extensive delays in getting responses to inquiries concerning the enhancement

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projects. Most of the posts which GAO visited had problems accounting for equipment received in the past. Two of the posts GAO visited, and 15 of the 38 posts scheduled for security enhancement projects in fiscal year 1982, do not have regional security officers. The Agency for International Development, the United States Information Agency, and the Drug Enforcement Administration disagree with State over planned security improvements and ultimate authority over security for their offices located outside the U.S. embassy or consulate compound. These differences need to be resolved. U.S. officials overseas are glad to receive improved security; however, they do not like the installation delays which they are experiencing.

RECOMMENDATIONS TO AGENCIES

- The Secretary of State should require the Assistant Secretary for Administration to take action to insure that improvements are made in the planning and coordination of the Security Enhancement Program.
- The Secretary of State should require the Assistant Secretary for Administration to develop a single inventory and tracking system which would allow program managers to identify all material going to each post and to use this capability to notify the posts of the specific nature and quantity of material sent and any changes in shipments.
- The Secretary of State should require the Chief of Mission or a designee at each post to assign one official to be responsible for receiving, recording, and storing all material received for the Security Enhancement Program, taking inventory all items received, and informing Washington of any discrepancies.
- The Secretary of State should require the Chief of Mission or a designee at high-threat posts to have the post security officers and responsible regional security officers devote more of their attention to post security and the Security Enhancement Program.
- The Secretary of State should require the Assistant Secretary for Administration to direct efforts to resolve the differences between State and other agencies concerning the needs of the Security Enhancement Program at overseas posts and the ultimate authority over security for the agencies' offices located outside the U.S. Embassy or Consulate.

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TITLE: Changes Needed in U.S. Assistance To Deter Deforestation in Developing Countries

ACCESSION NUMBER: 119494

RPTNO: ID-82-50

BNUMBER: B-208514

DOCUMENT DATE: 09/16/82

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Agency for International Development

Department of State

Department of the Treasury

LAW AUTHORITY:

Foreign Assistance Act of 1961

P.L. 80-480

BACKGROUND:

GAO reviewed the problem of deforestation in developing countries and evaluated whether forestry, agricultural, and rural development projects have been promoting improved and self-sustained forestry and natural resource conservation.

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FINDINGS:

The forests of most developing countries are not regenerating themselves quickly enough to sustain an adequate natural resource base for supporting the growing populations. The forestry projects approved by the Agency for International Development (AID) and other donors are experiencing delays, because host-government forest service organizations have been unable to obtain the necessary financial and political commitments from their governments. Economic, political, and social problems limit the ability of developing countries to ease the pressures exerted by their agrarian populations on the mountains, hillsides, and other marginal lands not suited to intense cultivation and grazing. GAO questioned the allocation of much of the AID forestry project assistance for building fledgling forest service organizations which neither have the necessary support of their governments nor the extension service capability to focus immediately on subsistence farmers, the principal cause of deforestation. Coordination and cooperation among international donors at the country level is infrequent and is not encouraged by host governments. Because of the complexities surrounding forest destruction and the financial resources needed to reverse this accelerating trend, the Secretaries of State and the Treasury should request that, in designing their projects, the international organizations give greater consideration to subsistence farmers residing in and around forested and watershed areas.

RECOMMENDATIONS TO AGENCIES

The Secretaries of the Treasury and State should request international organizations, in designing their projects, to give greater consideration to the impact on subsistence farmer populations residing in and around forested and watershed areas which are targeted for commercial timber harvesting, and road, dam, and irrigation construction projects.

The Administrator, AID, should support forestry-related projects that are within host-government political and financial capabilities and work with countries to engender more positive government commitment to deforestation problems.

The Administrator, AID, should assess the implementation problems which have delayed some projects and, where problems are attributable to limitations on host-government capabilities, adjust the projects to be better suited to developing country capabilities.

The Administrator, AID, should: (1) implement strategies, such as those already endorsed by the agency's forestry policy paper, which encourage program officials to incorporate forestry assistance with agricultural and rural development programs whose principal focus is the subsistence farmers; and (2) seek the cooperation of other donors and the developing countries, where appropriate, to develop the needed links for using established developing-country agricultural service extension systems as a more direct and economic vehicle for improving the forestry and natural resource conservation practices of subsistence farmers.

The Secretaries of State and the Treasury should request that the U.S. representatives to the international organizations stress the importance of improving the productive quality of the land now under cultivation by using more forestry elements in the agriculture programs supported by these institutions.

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TITLE: [Changes Needed in U.S. Assistance To Deter Deforestation in  
Developing Countries]

ACCESSION NUMBER: 119510

DOCUMENT DATE: 09/16/82

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DOCUMENT TYPE: Testimony                      DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
    International Division  
ORGANIZATION CONCERNED:  
    Department of the Treasury  
    Department of State  
    Agency for International Development

BACKGROUND:

In testimony before congressional committees, GAO summarized the major issues addressed in its report on the changes needed in U.S. assistance to deter deforestation in developing countries. The forests of most developing countries are not being replaced quickly enough to sustain an adequate natural resource base to support the growing populations. The primary cause of this problem is the clearing of forests for more farmland, pastures, fuelwood, and livestock fodder by predominantly agrarian populations. Developing countries are not making the necessary financial and political commitments to deter the environmental problems brought on by the destruction of their forests or sustain the assistance provided by the Agency for International Development (AID) and multilateral development banks and other international organizations. In addition, assistance recipients are finding it difficult to implement and manage forestry projects. Although the developing countries have established forest service organizations, they are insufficiently funded, do not have enough trained staff and, in some cases, involve new or untested technologies. Thus, current project implementation is uncertain. GAO has suggested that AID support forestry-related activities that countries are capable of carrying out, assess the implementation problems which have delayed some projects, and adjust the projects to be better suited to the countries' capabilities. Greater use of established agricultural extension systems in lieu of creating somewhat duplicative forest service extension systems could more immediately introduce improved forest and land-use conservation practices to subsistence farmers. The assistance sponsored by AID and other donors to build the management capabilities of forest service organizations will be needed to bring about long-term forestry programs in developing countries. GAO has recommended that AID and other donors focus increased attention on strategies to slow the subsistence farmers' destruction of forests by working to settle them into more permanent and intensive farming systems. The Department of State, AID, and other agencies must continue their efforts to coordinate activities at both the international and national levels.

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TITLE:            Examination of the Overseas Private Investment Corporation's  
                  Financial Statements for the Year Ended September 30, 1981  
ACCESSION NUMBER: 119430                      RPTNO: ID-82-56  
BNUMBER: B-201607                              DOCUMENT DATE: 09/15/82  
DOCUMENT TYPE: Chapter Report                 DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
    International Division  
ORGANIZATION CONCERNED:  
    United States International Development Cooperation Agency: Overseas  
    Private Investment Corporation  
    Department of State  
LAW AUTHORITY:  
    Government Corporation Control Act

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31 U.S.C. 841 et seq.

**BACKGROUND:**

GAO examined the comparative financial statements for fiscal years 1981 and 1980 of the Overseas Private Investment Corporation. The Corporation insures and guarantees U.S. private investments in friendly developing countries on a self-sustaining basis. The examination was made pursuant to the Government Corporation Control Act and in accordance with generally accepted Government auditing standards.

**FINDINGS:**

In the opinion of GAO, the financial statements presented fairly the Corporation's financial position at September 30, 1981 and 1980, and the results of its operations, changes in its capital and reserves, and changes in its financial position for the years then ended in conformity with generally accepted accounting principles. GAO did not consider weaknesses in disclosure and oversight of the Corporation's financial activities, which were discussed in a recent GAO report, to be of sufficient materiality to adversely affect its opinion of the statements.

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**TITLE:** Federal Encouragement of Mining Investment in Developing Countries  
Has Been Only Marginally Effective

**ACCESSION NUMBER:** 119412 **RPTNO:** ID-82-38  
**BNUMBER:** B-208750 **DOCUMENT DATE:** 09/03/82  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

International Division

**ORGANIZATION CONCERNED:**

Department of the Interior  
Department of State  
Export-Import Bank of the United States  
United States International Development Cooperation Agency: Overseas  
Private Investment Corporation  
Cabinet Council on Natural Resources and the Environment  
Department of the Treasury

**LAW AUTHORITY:**

National Materials and Minerals Policy, Research and Development Act  
of 1980

30 U.S.C. 1601

Overseas Private Investment Corporation Amendments Act of 1978

Defense Production Act of 1950

**BACKGROUND:**

To assist Congress and Federal agencies in formulating and implementing a strategic minerals policy, GAO assessed the Government's efforts to encourage mining investment in developing countries as one method of assuring that long-term supplies of strategic and critical minerals will be available for domestic industry and defense.

**FINDINGS:**

Recent U.S.-supported initiatives to encourage mining investment in developing countries have been only marginally helpful as a means of securing adequate and economic supplies of strategic and critical minerals. The initiatives were not designed to meet specifically defined minerals needs and cannot be counted on to acquire the needed minerals. Individual differences among minerals are significant and affect strategies to assure access. By carefully analyzing these differences, policymakers can define levels of need more precisely and develop strategies tailored to the geological and market characteristics of an individual mineral. Further, the initiatives have not been implemented as part of a coherent, clearly

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directed, long-term investment strategy that has considered and weighed the costs and benefits of a variety of domestic and foreign options. The administration's policy pays only passing attention to two untested overseas initiatives, deep seabed mining and the U.S. Trade and Development Program, and is silent on those which are already operating. Consequently, the administration's level of interest in foreign investment initiatives and the importance and expected contribution of those undertaken during the past 5 years are unclear. Significant funding and operational changes would be required to increase the effectiveness of some U.S. efforts to encourage mining investment in developing countries as a means of securing strategic and critical minerals resources.

RECOMMENDATIONS TO AGENCIES

The Secretary of the Interior, as Chairman pro tem of the Cabinet Council on Natural Resources and Environment, should require that acquisition initiatives be based on a clear demonstration of individual minerals needs.

The Secretary of the Interior, as Chairman pro tem of the Cabinet Council on Natural Resources and Environment, should clarify the roles that the Overseas Investment Corporation's minerals and energy program, U.S. support for the multilateral development bank programs and the United Nations Revolving Fund for Natural Resources Exploration, and the Export-Import Bank are to play in securing strategic and critical minerals supplies.

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TITLE: Private Sector Involvement in the Agency for International  
Development's Programs  
ACCESSION NUMBER: 119297 RPTNO: ID-82-47  
BNUMBER: B-206203 DOCUMENT DATE: 08/26/82  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Agency for International Development  
Department of State

LAW AUTHORITY:

Foreign Assistance Act of 1961

BACKGROUND:

Pursuant to a congressional request, GAO reviewed the extent to which the United States, through the Agency for International Development (AID), promotes and works with both the U.S. and host-country private sectors in developing countries. Specifically, GAO examined those AID programs which are directed toward and implemented through the private sector, those AID funds which are spent to procure U.S. goods and services domestically and abroad, and the procurement of indigenous goods and services in host countries.

FINDINGS:

Since the early 1970's, the AID focus on basic human needs has limited its programs directed toward the U.S. private sector. GAO found that about 50 percent of AID net disbursements in the past 3 fiscal years can be identified as expenditures in the U.S. private sector. Of the remaining amounts, payments to the private sector cannot be isolated, because AID makes payments to various U.S. Government agencies for goods and services, and these agencies in turn spend some of these funds in the private sector. AID disbursements for indigenous goods and services in host countries cannot be quantified on an Agency-wide basis; however, there are figures available on a project basis. Some AID programs are directed toward

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host-country private sectors and numerous projects are directed toward diversifying agricultural production, generating rural income, and improving health and family planning. Some of these projects are directed toward development of the private sector abroad. Under the present administration, less emphasis will be placed on the transfer of U.S. Government assistance funds and more on the transfer of technology, skills knowledge, and capital of the U.S. private sector.

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TITLE: [Complaint Concerning Exclusion of Products]  
ACCESSION NUMBER: 119264 BNUMBER: B-203855.3,B-203855.4,B-203855.5,B-203855.6  
DOCUMENT DATE: 08/23/82 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Niedermeyer-Martin Co.  
Western Utility Pole Producers  
Pacific Rim Trade Association  
Agency for International Development

LAW AUTHORITY:  
59 Comp. Gen. 73  
B-205610 (1982)

BACKGROUND:

A firm complained about the continued exclusion of one of its products from consideration for use in a foreign country under procurements financed by Agency for International Development (AID) grants and loans. The complainant's position was further supported by two other firms, and the complainant requested reconsideration of an earlier decision which excluded the product from future procurements. GAO based its original decision on information it received from an authoritative source which indicated that the product could not be used by the foreign country. The complainant reintroduced its position, supported by letters from several Government agencies and an authoritative individual which stated that the product was adequate for the foreign country's needs. However, AID reviewed the letters and concluded that their sources appeared to have little understanding of or experience in the job-site requirements. AID reaffirmed its prior decision on the grounds that the letters had no probative value, and GAO held that AID properly complied with applicable grantee regulations when it made its decision. Accordingly, the complaints and request for reconsideration were denied. GAO recommended that AID obtain reviews of the product's suitability from the complainant's supporting sources to resolve remaining questions.

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TITLE: Examination of Fiscal Year 1981 Overseas Private Investment Corporation Financial Statements and Related Issues  
ACCESSION NUMBER: 119195 RPTNO: ID-82-33  
BNUMBER: B-201607 DOCUMENT DATE: 08/16/82  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
International Division

ORGANIZATION CONCERNED:  
United States International Development Cooperation Agency: Overseas Private Investment Corporation  
Department of State  
Agency for International Development

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**LAW AUTHORITY:**

- Government Corporation Control Act  
31 U.S.C. 841 et seq.
- Foreign Assistance Act of 1969  
P.L. 91-175
- Foreign Assistance Act of 1961
- Overseas Private Investment Corporation Amendments Act of 1981  
P.L. 97-65
- Overseas Private Investment Corporation Amendments Act of 1974
- Civil Service Reform Act of 1978  
H. Rept. 97-195

**BACKGROUND:**

GAO examined the Overseas Private Investment Corporation's (OPIC) fiscal year (FY) 1981 financial statements.

**FINDINGS:**

GAO found that the statements disclosed no exception, weakness of internal control, or departure from law and regulation having a material impact on its financial position at September 30, 1981, and its operating results for the year then ended. However, the report also noted that: (1) although OPIC is experiencing significant losses on its loans, its insurance and guaranty reserves appear to be adequate to cover existing commitments; (2) OPIC did not fully disclose the effects of delinquent project financing in its statement; and (3) tighter control and monitoring of OPIC administrative expenditures are needed.

**RECOMMENDATIONS TO AGENCIES**

- The President, OPIC, should require that future years' financial statements disclose the outstanding balance of delinquent, nonearning assets held for investment and the related amounts of principal and interest that are due from them.
- The President, OPIC, should require that future years' financial statements show all net gains or losses realized from Direct Investment Fund (DIF) lending activity.
- The President, OPIC, to preclude a possible misunderstanding of how Congress intended additional authorized resources to be made available for DIF lending, should seek clarification from Congress regarding how the funds are to be transferred to the DIF.
- The President, OPIC, to enable a determination on whether OPIC is adhering to the congressional spending limitation on entertainment, should obtain clarification from Congress regarding what costs constitute entertainment versus business meeting expenses and thus are chargeable to the limited annual entertainment allowance.
- The President, OPIC, should require operating policies having significant financial or internal control implications to be in writing and subject to review by the Board of Directors and independent auditors.
- The President, OPIC, should request the Agency for International Development Inspector General to monitor OPIC financial and management policies and controls, and to conduct such reviews or inspections of administrative expenditures as often as he deems necessary, though not less frequently than once every 3 years.

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**TITLE:** [AID Renewable Energy Projects]

ACCESSION NUMBER: 119190

BNUMBER: B-208537

DOCUMENT TYPE: Letter Report

GAO DIVISION/OFFICE:

International Division

RPTNO: ID-82-57

DOCUMENT DATE: 08/13/82

DOCUMENT CLASS: P,U

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ORGANIZATION CONCERNED:

Agency for International Development

BACKGROUND:

GAO reviewed the Agency for International Development's (AID) efforts to promote renewable energy and fuelwood projects in developing countries.

FINDINGS:

GAO believes that it is premature to evaluate the field projects, because the AID renewable energy and fuelwood projects are in early implementation stages. However, if AID is to meet its goals of easing energy constraints to development and assisting developing countries to make the transition to using various energy sources, including renewable energy sources capable of sustaining developing-country economies in the future, project implementation and energy device field testing should be reviewed.

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TITLE: Cargo Preference Requirements Add to Costs of Title II Food-for-Peace Programs

ACCESSION NUMBER: 119340

RPTNO: PAD-82-31

BNUMBER: B-171287

DOCUMENT DATE: 08/02/82

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Program Analysis Division

ORGANIZATION CONCERNED:

Department of Agriculture

Department of Transportation

Federal Maritime Commission

United States International Development Cooperation Agency

LAW AUTHORITY:

Merchant Marine Act, 1936

Agricultural Trade Development and Assistance Act of 1954

P.L. 83-480

BACKGROUND:

In response to a congressional request, GAO estimated the costs to the federal government imposed by title II of Public Law 480 on cargo for the Food-for-Peace Program and determined the additional aid that could be delivered in the absence of the cargo preference requirement. Under the requirement, while the U.S. Government pays for virtually the entire cost of the commodities, U.S.-flag ships must carry at least 50 percent of the commodities to their destination.

FINDINGS:

In fiscal year 1981, the government spent nearly \$250 million to ship title II commodities. GAO calculated that a savings to the government of \$15.6 million dollars would be possible if the requirement were removed. One possible change that might follow its removal would be that more shipping operators would set shipping rates below the current level. Removal of the requirement should not threaten U.S. operators' business which decreases the probability of default on government-guaranteed ship construction loans. GAO estimated that an additional 41.7 thousand metric tons of wheat could be shipped to underdeveloped areas if the requirement were removed.

=====

TITLE: [Funding of International Election Observers for El Salvador Election]

ACCESSION NUMBER: 119030

RPTNO: ID-82-44

BNUMBER: B-207303

DOCUMENT DATE: 06/25/82

DOCUMENT TYPE: Letter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

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ORGANIZATION CONCERNED:

Department of State  
Agency for International Development  
Republic of El Salvador

LAW AUTHORITY:

Foreign Assistance Act of 1961  
P.L. 87-195  
22 U.S.C. 2151n  
91 Stat. 537  
P.L. 95-88  
22 U.S.C. 2346e(h)  
5 U.S.C. 8101 et seq  
22 U.S.C. 2151n(e)

BACKGROUND:

GAO reviewed the propriety of using funds provided under the Foreign Assistance Act of 1961 to pay the expenses of international observers for the March election in El Salvador.

FINDINGS:

The Agency for International Development (AID) entered into a limited agreement with El Salvador to provide funds for the air fare, food, lodging, in-country transportation, interpreters, guides, and secretarial services for the official international observers of the election. None of the AID funds were to be used for publicity, printing, and binding; receptions; entertainment of any kind; or support of news media personnel. GAO determined that the Act's prohibition against the use of funds to influence the outcome of any election was not violated, since the purpose of the observers was to encourage a situation in which everyone had the opportunity to participate in the electoral process as opposed to specific involvement in the campaigns of political candidates. Since 1977, this type of funding has been used to carry out programs and activities which encourage or promote increased adherence to internationally recognized civil and political rights in countries eligible for assistance under the Act.

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TITLE: Experience: A Potential Tool for Improving U.S. Assistance Abroad  
ACCESSION NUMBER: 118674 RPTNO: ID-82-36  
BNUMBER: B-207650 DOCUMENT DATE: 06/15/82  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Foreign Assistance Act of 1973

BACKGROUND:

GAO examined how the Agency for International Development (AID) identifies, records, and uses the knowledge and experience gained from development projects.

FINDINGS:

Many causal factors, both within and outside of AID influence, have contributed to its recent slow project completion record. GAO found that the AID staff does not apply lessons learned in the development of new projects. The application of this information is restricted primarily to the personal initiative and experience of individuals involved in a particular project. This personal experience network for finding and using lessons learned is weakened as a result of staff turnover. Lessons learned

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are neither systematically nor comprehensively identified or recorded by those who are directly involved. Further, little encouragement or incentive is provided to AID staff members to routinely identify and record the lessons they learn. The AID institutional memory system for projects is a potentially valuable and useful tool that can complement personal experience and other sources which AID staff members currently use. However, the use and value of this system are limited by a lack of staff knowledge about the system, lack of user feedback, necessary documents not being forwarded and subsequently entered in the system, and a lack of an information analysis service for AID staff. The AID information system has become virtually inoperative in providing information to project designers. This system also has inadequate records of project experience.

RECOMMENDATIONS TO AGENCIES

The Administrator of AID should require AID staff to identify, record, use, and forward to the AID Office of Development Information and Utilization lessons learned in project design and implementation. These requirements should be supported by top AID management through the establishment of appropriate incentives.

The Administrator of AID should implement actions to: (1) increase AID staff awareness of available Development Information System (DIS) information and how to use the system; (2) require that DIS be used; (3) ensure that the AID Office of Development Information and Utilization (DIU) receives project and related lessons-learned documents; (4) require an exchange of constructive feedback between the DIU and AID staffs on DIS; and (5) establish an information analysis capability to assist AID project designers and program managers.

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TITLE: [Protest of AID Issuance of Purchase Order]  
ACCESSION NUMBER: 118633 BNUMBER: B-206553  
DOCUMENT DATE: 06/08/82 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Agency for International Development  
International Business Machines Corp.  
CMI Corp.

LAW AUTHORITY:  
F.P.R. 1-4.1109-6  
B-197776 (1981)  
B-205367 (1982)

BACKGROUND:

A firm protested the issuance of a purchase order by the Agency for International Development (AID). The protester contended that the award was improper because it had offered the same items as the awardee, but at a lower proposed price. AID reported that the protester's offer was not acceptable and that the award was proper because no other offeror proposed the required items at a price lower than the awardee's. AID announced in the Commerce Business Daily its intention to purchase equipment from the awardee, and other vendors desiring to compete were advised to provide prices and other written information explaining how all of the requirements listed in the announcement would be satisfied. One of the listed requirements stated that the equipment to be furnished should be of the latest technology and newly manufactured. The protester's proposed used equipment clearly did not satisfy the agency's requirement for new

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equipment. In the opinion of GAO, that basis alone constituted adequate justification for AID to reject the protester's lower priced proposal. Accordingly, the protest was denied.

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**TITLE:** Food Conservation Should Receive Greater Attention in AID  
Agricultural Assistance Policies and Programs  
**ACCESSION NUMBER:** 118521 **RPTNO:** ID-82-29  
**BNUMBER:** B-207383 **DOCUMENT DATE:** 06/03/82  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

International Division

**ORGANIZATION CONCERNED:**

Agency for International Development  
Republic of Panama  
Republic of the Philippines  
Republic of Senegal  
United Nations: Food and Agriculture Organization

**LAW AUTHORITY:**

International Security and Development Cooperation Act of 1980

**BACKGROUND:**

Inefficient agricultural systems cost developing countries billions of dollars annually in lost food. Previously, GAO has recommended that the Agency for International Development (AID) give more attention to the storage, distribution, and marketing systems in these countries. GAO conducted this review to determine what actions AID has taken and should take to reduce food loss. GAO examined agricultural policies and guidelines, reviewed the projects in Senegal and the Philippines, and considered the results of one project in Panama.

**FINDINGS:**

GAO found that food conservation is an area that requires AID to work closely with the host countries in dealing with problems which limit performance of current projects. AID should also provide incentives to reduce food losses and initiate stronger programs through its missions. By adopting policies which foster consideration of post-harvest storage, handling, processing, and marketing in conjunction with production projects, and by providing guidance to the overseas missions for developing specific projects, AID could more successfully realize the potential for increasing food availability through food conservation as well as production.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, should, in conjunction with the Senegal Government and other donors, as appropriate, assess Senegal's long-term storage requirements at government and farm levels. This assessment should consider: (1) the feasibility of improving Senegal's capability to manage its existing storage facilities, including those financed by AID, and effective management may involve making them available to the private sector; (2) the need for and practicality of additional national-level facilities such as are now in process and being considered; and (3) the practicality of the Food and Agriculture Organization's food security proposal and its modification as appropriate.

The Administrator, AID, in conjunction with the Philippine Government, should develop and implement a plan for the efficient use of the food processing center at Central Luzon State University.

The Administrator, AID, as an integral part of the agricultural assistance program, should: (1) change the Agency's agricultural assistance

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policy to recognize food production and food conservation as complementing rather than competing functions and articulate production policy in such a way as not to inhibit consideration of food conservation measures; (2) require the missions to address post-harvest problems in their development strategies or, if more appropriate, in their agricultural sector assessments; and (3) develop guidelines for the overseas missions to design loss-reduction projects and set goals which can be verified.

The Administrator, AID, should develop a post-harvest research strategy, including priorities and planned activities and an appropriate emphasis on identification and use, or adaptation, of existing technologies.

The Administrator, AID, within the university cooperative agreements, should: (1) clearly establish the focus of AID-financed research, (2) provide for an annual research plan for AID approval, (3) establish the amount of research that may be done, (4) require that research activities be clearly identified, and (5) confirm that ongoing research is in harmony with the desired AID policy focus.

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TITLE: [Managing Host Country Contracting Activities]  
ACCESSION NUMBER: 118602 RPTNO: ID-82-42  
BNUMBER: B-206204 DOCUMENT DATE: 06/02/82  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Agency for International Development

BACKGROUND:

GAO examined aspects of project activities financed by the Agency for International Development (AID) and implemented under contracts awarded by host countries. In addition, it identified issues which it believed AID should be aware of.

FINDINGS:

GAO found that: (1) a centralized inventory of host country contracts recommended by AID management in 1977 and 1979 had not been developed; (2) the idea of a centralized inventory had all but been abandoned, and a substitute data system had not been established; and (3) AID overseas missions continually ignored the requirement to provide certain data on host country contracts to AID. GAO believes certain actions are needed to correct identified management weaknesses and improve AID operational capabilities. Information on host country contracts would: (1) assist AID managers in general oversight and policy examination; (2) enable AID to readily inform Congress and the public on foreign aid contract expenditures and how they benefit the United States; (3) assist auditors in obtaining more complete audit coverage; and (4) provide a basis for exchanging contract cost information and alert AID officials on problem contractors. When the AID study of host country contracting problems is completed, it may be determined that further actions are needed to improve internal control and oversight of these activities.

RECOMMENDATIONS TO AGENCIES

The AID Administrator should direct the regional bureaus to ensure that missions comply with the requirement to report data on host country contracts and institute appropriate measures for evaluating compliance.

The Administrator of the Agency for International Development should require that appropriate data on host country contracts be promptly

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reported to Washington and maintained in an automated data bank. This information should contain those data elements needed to satisfy the various user requirements, including managers, auditors, project officers, and Congress.

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**TITLE:** Changes Needed To Forge an Effective Relationship Between AID and Voluntary Agencies

ACCFSSION NUMBER: 118499

RPTNO: ID-82-25

BNUMBER: B-206826

DOCUMENT DATE: 05/27/82

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

International Division

**ORGANIZATION CONCERNED:**

Agency for International Development

Department of State

**LAW AUTHORITY:**

International Development and Food Assistance Act of 1977

Foreign Assistance Act of 1973

International Security and Development Cooperation Act of 1980

P.L. 96-533

94 Stat. 3131

International Security and Development Cooperation Act of 1981

P.L. 97-113

95 Stat. 1519

P.L. 83-480

**BACKGROUND:**

Congress has repeatedly expressed concern over the Agency for International Development's (AID) implementation of congressional policy to expand cooperation with Private and Voluntary Organizations (PVO). GAO undertook a review of the role of PVO in the development of international assistance programs, focusing on: (1) the function and effectiveness of PVO; (2) what the proper structure of the relations between PVO and AID should be; and (3) how much emphasis should be placed on PVO.

**FINDINGS:**

PVO strategy emphasizes the strengthening of local organizations, such as church, private, and government institutions operating at the village or regional level. PVO are distinctive from AID in the level and scale on which they operate; that is, they undertake small projects at the local level while AID generally works through national or regional governments on considerably larger projects. The dual approach of AID funding to PVO programs consists primarily of grants from the overseas missions responsible for administering the AID programs in individual developing countries and grants from the Washington-based bureau responsible for coordinating relations with PVO. However, procedures for mission funding of PVO programs should be simplified, and criteria for awarding Washington-funded grants should be defined. Further, information on grant awards and performance on grants needs to be disseminated to program managers. GAO believes that, for PVO to gain the freedom to focus on the small, locally based projects of developing areas, without an undermining influence from the broader goals of AID, efforts should be made to grant them a greater independence from AID supervision.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, should direct that Bureau for Food for Peace and Voluntary Assistance information and mission experience be used to evaluate PVO implementation skills during the project approval process.

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- The Administrator, AID, should direct AID missions to formally consult with knowledgeable PVO officials in-country about development needs and local conditions in preparation of the country development strategy statement.
- The Administrator, AID, should increase the use of co-financing as a method of mission funding for PVO projects.
- The Administrator, AID, should define specific criteria for determining PVO track records and limit matching grants to PVO with demonstrated development programs.
- The Administrator, AID, should improve the information that missions receive about Bureau for Food for Peace and Voluntary Assistance grants, so that the missions can be better prepared to answer inquiries about such grants.
- The Administrator, AID, should assess, in cooperation with PVO, the effectiveness of the Advisory Committee on Voluntary Foreign Aid prior to fiscal year 1984.
- The Administrator, AID, should clarify the objectives behind support to PVO and the role of U.S. and indigenous PVO in meeting these objectives.
- The Administrator, AID, should give priority to PVO programs in which the PVO matches AID contributions.

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TITLE: [Protest of AID Contract Award]

ACCESSION NUMBER: 118471

BNUMBER: B-203998,B-204115

DOCUMENT DATE: 05/25/82

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

Medical Services Consultants, Inc.

MSH Development Services, Inc.

LAW AUTHORITY:

Automatic Data Processing Equipment Act

4 C.F.R. 21.2(b)(1)

50 Comp. Gen. 390

52 Comp. Gen. 358

52 Comp. Gen. 686

53 Comp. Gen. 5

55 Comp. Gen. 1111

56 Comp. Gen. 725

F.P.R. 1-1.701-1(a)

F.P.R. 1-3.805-2

F.P.R. 1-3.807-2

B-186950 (1976)

B-197471.2 (1981)

B-200814 (1981)

B-200917.2 (1981)

BACKGROUND:

Two firms protested the award of a 5-year contract for rural health care and population control technical assistance. The contract was a total small business set-aside. One firm protested that it was not given proper credit for the substantial contracting experience of its parent company in the technical evaluation of its proposal. The other firm protested that, while it had the highest technical evaluation score, the award of a cost-reimbursement contract was made to the awardee on the basis of estimated cost. In view of the determination to award the contract

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primarily on the basis of cost, it was clear that the protester's technical score for experience did not materially affect the outcome of the award. Since the parent company was ineligible to compete under the request for proposals (RFP), the agency could reasonably have concluded that the parent company's experience did not require application to the protester. The second protester argued that, since the RFP did not indicate or state how cost and technical factors were interrelated or what weight would be attributed to cost, as the recipient of the highest technical score it was entitled to the award. It further asserted that it was not given adequate guidance with respect to its proposed overhead cost, while it believed that such guidance was provided to the awardee. To the extent that the second protester asserted that the RFP was defective for failure to disclose adequately the award criteria, the protest was untimely. Such protests must be filed prior to the closing date for receipt of initial proposals. With respect to the relative importance of cost, where the RFP indicates that cost will be considered without explicitly indicating the relative importance of cost versus technical evaluation, it must be presumed that cost and technical considerations will be considered approximately equal in weight. It is also reasonable for an agency to base its award determination on cost factors where cost is estimated and the contract is on a cost-reimbursement basis. The propriety of each award for a negotiated procurement is primarily a matter within the discretion of the procuring agency. An allegation that the agency considered the estimated costs without evaluating cost realism or normalizing costs was unsupported by the record. There was nothing in the record to suggest that there was any differential treatment of the offerors during the negotiations. Accordingly, the protests were denied.

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TITLE: [Protest Alleging Improper Procurement Procedures]  
ACCESSION NUMBER: 118477 BNUMBER: B-205060  
DOCUMENT DATE: 05/25/82 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Agency for International Development  
Health Services International, Inc.

LAW AUTHORITY:  
Small Business Act  
58 Comp. Gen. 665  
59 Comp. Gen. 522  
59 Comp. Gen. 20  
54 Comp. Gen. 375  
F.P.R. 1-3.805-1  
Ray Baille Trash Hauling, Inc. v. Kleppe, 477 F.2d 696 (5th Cir. 1973)  
B-202759 (1981)

**BACKGROUND:**

A firm protested the selection of another firm for award under a request for proposals (RFP) issued by the Agency for International Development (AID) for assistance to the Government of Sudan in meeting the basic health needs of its rural population. The protester contended that AID acted improperly by: (1) disseminating information to selected offerors; (2) failing to adhere to evaluation criteria; and (3) conducting discussions only with certain offerors. The protester also contended that certain AID officials were biased against the firm. GAO review of the Small Business Administration's (SBA) actions under the 8(a) program is limited to

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determining whether SBA has followed applicable regulations and whether officials have acted fraudulently or in bad faith. AID was acting on behalf of SBA in selecting a firm for award and, therefore, its actions will be reviewed under the criteria applicable to SBA actions. It was not improper for the procuring agency, prior to the issuance of a solicitation, to supply detailed information concerning a section 8(a) procurement to firms selected to compete for the requirement. The protester's refusal to accept the information did not establish an unfair competitive advantage on the part of other firms. To support an allegation of bad faith on the part of a procuring agency, a protester must present virtually irrefutable proof that the agency has a specific and malicious intent to injure the protester. GAO found nothing improper in the AID action. Within the context of a section 8(a) procurement, the failure to hold competitive range discussions with offerors is not legally objectionable since normal competitive procurement practices are not applicable to 8(a) procurements. Accordingly, the protest was denied.

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**TITLE:** Review of Inspector General Functions in Agency for International Development  
**ACCESSION NUMBER:** 118449 **RPTNO:** ID-82-9  
**BNUMBER:** B-203689 **DOCUMENT DATE:** 05/21/82  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**

International Division

**ORGANIZATION CONCERNED:**

Agency for International Development  
Department of State

**LAW AUTHORITY:**

Foreign Assistance Act of 1961  
International Security and Development Cooperation Act of 1980  
P.L. 96-533  
International Security and Development Cooperation Act of 1981  
P.L. 97-113  
Inspector General Act of 1978  
P.L. 97-133  
OMB Circular A-73

**BACKGROUND:**

GAO reviewed the functions of the Inspector General (IG) including audits, investigations, and the provision of security for the Agency for International Development (AID), to identify any impediments in carrying out these responsibilities. The review was made as part of the GAO continuing followup of the effectiveness of the Administration's announced intention of strengthening the Offices of the Inspectors General throughout the Government.

**FINDINGS:**

The IG staff, travel resources, and ability to locate overseas has been insufficient to cover all AID programs and activities. Consequently, many highly vulnerable AID programs are not audited in depth or remain unaudited. GAO found that: (1) IG professional staff is declining, but the AID program size is not; (2) travel fund cuts have delayed audits; (3) IG is not able to locate staff overseas efficiently; and (4) security at the missions and employee residences is sometimes compromised because the regional security officers do not always provide the services the State Department has agreed to provide AID, and the AID-procured security equipment is not controlled properly overseas.

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RECOMMENDATIONS TO AGENCIES

- The Administrator of AID should reevaluate the total resources of the Agency and determine what additional staffing and travel funds can be allocated to the Inspector General (IG) to properly perform his audit and investigative functions.
- The Administrator of AID, together with the Inspector General, should reemphasize and communicate the audit role and function in AID. This should identify the primary clients, types of audits to be performed, and what the mission and program managers should expect from the audits.
- The Inspector General of AID should direct the Assistant Inspector General for Investigations and Inspections to record hours spent per case by each investigator for each biweekly pay period. These time charges should be accumulated for each case until it is closed. Periodic analysis can be made of time spent per case compared with results of these cases in directing staff time toward areas of greater importance.
- The Administrator of AID should issue AID security policy directives to the Inspector General and to the mission directors instructing that: (1) all AID security officers take their role more seriously and be aware of their responsibilities and ensure that the provisions of the State-AID Agreement are being fulfilled; (2) security risk categories assigned to each mission by the State Department are being supported by the AID mission director; (3) the professional advice of the AID Office of Security and the Regional Security Officer is heeded and recommended security precautions are taken and enforced by the AID mission directors; (4) security enhancement equipment delivered to AID missions is installed and used.
- The Administrator of AID should allow the IG to efficiently locate his staff overseas given the fact that the AID/IG function is not subject to the Monitoring Overseas Direct Employment (Mode) overseas ceilings.
- The Inspector General should appoint a qualified and experienced audit professional as the Assistant Inspector General for Audits to provide central focus for the audit function and give direction and guidance to the audit staff.
- The AID Inspector General should instruct the Regional IG's to follow the Audit Policy Handbook and hold them accountable for doing so, especially in those areas of complete and proper workpaper support evidence and the referencing of facts in the report to ensure accuracy and supportability of the report.
- The AID Inspector General should identify and consolidate recurring management problems based on his open recommendation data and plan and perform functional worldwide audits aimed at changing management policy toward solving recurring problems.
- The Administrator of AID should: (1) support the IG when the IG identifies management problems in the implementation phase of projects; and (2) communicate to his mission directors and program and project managers his concerns that they effectively and efficiently manage their projects.
- The Inspector General should direct the Assistant Inspector General for Investigations and Inspections to develop criteria to be used in the monthly review of open investigative cases for deciding whether the expected recovery or outcome of each case is material enough to justify the use of additional staff resources for building a case for prosecution, or whether it should be closed by recommending administrative action.

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The Inspector General should direct the Assistant Inspector General for Investigations and Inspections to communicate to AID management the conclusions and recommendations developed from case work that may be likely to improve AID management.

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TITLE: [The Caribbean Basin Initiative]  
ACCESSION NUMBER: 121995 DOCUMENT DATE: 05/20/82  
DOCUMENT TYPE Testimony DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
International Division  
ORGANIZATION CONCERNED:  
Agency for International Development

BACKGROUND:

GAO discussed concerns arising from the Caribbean Basin Initiative (CBI) and identified certain premises that Congress and the administration should consider before acting on proposed legislation. GAO believes that economic recovery in the region depends on solving individual national problems, involvement by each recipient country, effective coordination of CBI funds, and a legal distinction between CBI funds and bilateral cash transfers. GAO noted that the proposed CBI to rehabilitate regional economies has caused several problems, because (1) legislation designed to induce private sector firms to invest in Caribbean-based economies is lacking in details and specifics; (2) a reduction of tariffs on Caribbean imports will likely have an adverse affect on domestic competition; (3) CBI funds can be easily misused, and (4) new CBI initiatives will make it difficult to attain total coordination of the program.

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TITLE: [Misleading Projections for Country Loan Repayment]  
ACCESSION NUMBER: 118351 RPTNO: ID-82-35  
BNUMBER B-207150 DOCUMENT DATE: 05/13/82  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
International Division  
ORGANIZATION CONCERNED:  
Department of the Treasury  
Defense Security Assistance Agency  
Agency for International Development  
Export-Import Bank of the United States

LAW AUTHORITY:

Foreign Assistance Act of 1974

BACKGROUND:

GAO performed a loan-by-loan reconciliation of the data bases which the Department of the Treasury and certain agencies keep on debts owed to the United States. The data bases are used for reporting to Congress on the value of U S. foreign assistance loans and guarantees outstanding by category and country and for making debt-service projections. The projections are also used by agencies to analyze the economic situation in various countries, make economic forecasts, develop policy options, and prepare budget estimates and congressional presentations.

FINDINGS

Debt-service projections for loans administered by the Defense Security Assistance Agency (DSAA), the Agency for International Development (AID), and the Export-Import Bank (Eximbank) are not accurately reflected in Treasury projections Treasury projections differ from fiscal year 1982 agency projections by 78 percent for AID and 45 percent for DSAA loans. The degree of inaccuracies between Eximbank records and Treasury projections

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could not be determined because Eximbank does not produce a debt-service projection. The problems inherent in the present method of debt projection by Treasury include difficulty in adjusting projections to reflect debt reschedulings; erroneous information contained in Treasury's central files; and computer controls that exclude loans from the data base without a fixed rate of interest, whereas agencies are moving away from fixed-interest rates to variable-rate interest loans. The use of original interest rates can materially distort estimated interest payments, given the wide swings experienced in the capital market. Erroneous information in Treasury's data base cannot be identified through the use of existing computer controls and will continue to plague the quality of Treasury's output unless corrected. Some of the more common errors include: loans which are repayable in local currency projected as loans repayable in dollars, incorrect last payment dates, incorrect repayment schedules, missing loans committed before the Treasury cutoff date, and amortization bases which are not adjusted to reflect loan sales and other adjustments.

RECOMMENDATIONS TO AGENCIES

The Secretary of the Treasury should develop and implement procedures that remove rescheduled interest and amortization payments and roll these payments into a rescheduled loan at the same time the administering agencies adjust their own projections for debt rescheduling. Special procedures should be developed for debt-service projections.

The Department of the Treasury should furnish the data base to reporting agencies for annual verification and reconciliation.

The Secretary of the Treasury should require reporting agencies to update annually the projected interest rates.

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TITLE: Malaria Control in Developing Countries: Where Does It Stand and What Is the U S. Role

ACCESSION NUMBER. 118200

RPTNO: ID-82-27

BNUMBER B-206909

DOCUMENT DATE: 04/26/82

DOCUMENT TYPE Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED.

Agency for International Development

BACKGROUND:

GAO reviewed U.S. participation with developing countries and international organizations in programs to combat malaria and in efforts to develop effective vaccines and drugs to: (1) obtain an overview of the U.S. investment in combating malaria; and (2) examine current program activities in light of existing policies, strategies, and the prevalence of malaria.

FINDINGS:

Primary health care systems in developing countries are rapidly becoming the principal means of providing the necessary facilities to diagnose, treat, and report the occurrence of malaria. Through this means, more extensive efforts are being made to provide anti-malaria drugs to prevent and reduce the mortality and morbidity rates due to the disease. However, GAO found that there has been a decline in the level of U S assistance to anti-malaria activities. As this decline continues, the United States should protect its anti-malaria investments in terms of gains already achieved, or prevent the disease from becoming a detriment to other development programs. Toward this end, the Agency for International Development (AID) established and continues to support a network of scientists to develop a vaccine to combat the disease. GAO also found that the constraints to effective anti-malaria activities must be fully

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considered to ensure efficient use of limited foreign assistance resources. AID should avoid those situations where the inherent constraints cannot be resolved by the design of the projects and where external constraints preclude long-term effectiveness. GAO concluded that the resurgence of malaria in the past decade, new approaches involving primary health care services, and the decline of United States assistance warrants a reexamination and update of AID anti-malaria guidelines.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should direct a reexamination of the existing anti-malaria program guidelines by a panel of experts representing AID, other U.S. agencies, such as the Centers for Disease Control, the international health community, and other appropriate sources to consider the increased prevalence of the disease, new approaches to health service delivery, the particular concerns of the regional bureaus, and the extent to which the agency should support such activities.

The Administrator, AID, should alert program managers to situations where assistance would be considered appropriate, what the assistance should accomplish, the circumstances where anti-malaria activities can be incorporated with primary health care programs, and where anti-malaria activities stand in relation to other development opportunities and priorities.

The Administrator, AID, should direct that: (1) project designs fully address the inherent constraints to successful anti-malaria activities and also realistically assess the external constraints to long-term effectiveness; and (2) review and approval processes ensure that the constraints do not preclude continued progress.

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TITLE: [GAO Reviews of Foreign Assistance Programs]  
ACCESSION NUMBER: 118148 DOCUMENT DATE: 04/22/82  
DOCUMENT TYPE: Testimony DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE  
International Division  
ORGANIZATION CONCERNED.  
Agency for International Development  
Inter-American Foundation  
Peace Corps  
United Nations

LAW AUTHORITY:  
International Security and Development Cooperation Act of 1981  
Foreign Assistance Act of 1961

BACKGROUND.

GAO reviews of bilateral economic assistance continue to emphasize programs which are managed and disbursed by the Agency for International Development (AID). GAO has seen recent AID progress toward improved project planning and implementation in its food, health, natural resource conservation, and human resource development programs, but much needs to be done. Preliminary results of the GAO study confirm the concern of both GAO and an inspector general for AID that: (1) AID has not accumulated complete data on the extent of its host-country activities, and (2) accountability processes and procurement procedures could be improved. Specifically, AID has recently placed increased emphasis on mobilizing greater participation of the U.S.-private sector in overseas development to help developing countries decrease their need for traditional forms of U.S. assistance; however, GAO is still concerned about the adequacy of AID monitoring and administration of assistance programs such as those supported by the Economic Support

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Fund, the Peace Corps, and the Inter-American Foundation. U.S. involvement in refugee programs were also covered in this review, and GAO noted a need for program efficiency and identified needed improvements for management attention. In the area of multilateral economic assistance, GAO has concentrated on identifying opportunities to reduce costs and improve management effectiveness, and it has recommended that U.S. efforts be intensified to overcome the slow progress of the United Nations to control costs by identifying and reducing marginal activities. GAO is also planning a study of Administration proposals for changes in U.S. participation in international organizations and financial institutions. Providing military aid to countries with severe economic problems is a major concern of GAO, and climbing interest rates are making these loans a drain on the limited resources of many recipient countries. GAO is looking at the options available to the United States in dealing with strategic allies which are in need of military equipment but which are unable to afford the high costs of their defense needs

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TITLE: [Protest Alleging Solicitation Defects]  
ACCESSION NUMBER. 118116 BNUMBER: B-205104  
DOCUMENT DATE 04/16/82 DOCUMENT TYPE: Decision  
DOCUMENT CLASS P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Data Solutions Corp.  
Agency for International Development  
LAW AUTHORITY:  
31 U.S.C. 1176

BACKGROUND:

A firm protested the award of an indefinite quantity contract for word processing and document preparation services under an invitation for bids (IFB) issued by the Agency for International Development (AID). The protester's low bid was rejected by AID after discussions with the firm indicated that its bid was based on a misunderstanding of one of the solicitation's requirements. The protester contended that the solicitation was misleading, resulting in unfair competition. In the IFB, the schedule of prices contained the only description of the required services; the last item was intended by AID to be a wholly separate item, but a literal reading of the description caused the protester to consider it in connection with its preparation of the other items and this resulted in a low price. GAO believed that the language of the IFB misled the protester by not reflecting the agency's intent, and GAO also noted that other low bidders may have been misled into bidding in a manner other than intended by AID. Accordingly, GAO recommended that the contract awarded under this solicitation be terminated for the convenience of the Government and that AID resolicit the IFB under terms that express the agency's actual intent

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TITLE: [Change Is Needed in Overseas Staffing Procedures To Better Assure Consistency With U S Program Objectives]  
ACCESSION NUMBER 117590 RPTNO. ID-82-22  
BNUMBER B-203467 DOCUMENT DATE: 02/25/82  
DOCUMENT TYPE Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE  
International Division  
ORGANIZATION CONCERNED  
Department of State

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Department of Defense  
Agency for International Development  
Department of Commerce  
Office of Management and Budget  
National Security Council  
Executive Office of the President: White House Office

**BACKGROUND:**

A GAO review of the procedures used to select staff for U.S. Government activities at diplomatic missions identified disputes between the State Department and other agencies over State's administration of the Monitoring Overseas Direct Employment (MODE) system.

**FINDINGS:**

The MODE system was established to control the number of U.S. employees assigned to U.S. diplomatic missions. Disputes have occurred when the MODE staff at the Department of State has disapproved proposals of other agencies to increase overseas staffing levels. A difference of opinion regarding the authority to decide overseas staffing levels has been the fundamental basis for these disputes. MODE officials contend that ambassadors have the authority to make staffing decisions for all Government activities at their missions regardless of agency affiliation. Agency officials feel that they should also have the authority to make staffing decisions to support their goals. GAO information was used to provide an option for resolution of the interagency disputes which would change the procedures now used to assign personnel to diplomatic missions. Agency officials would send proposals for staff increases, subject to State Department comment, to a designated authority such as the Office of Management and Budget or the National Security Council since neither of these agencies has overseas staff and both are cognizant of U.S. foreign policy objectives. Whichever authority is selected should conduct a periodic examination of agency staffing to verify that staff ceilings had not been exceeded. GAO urged a timely adoption of this option which would substantially eliminate many of the disputes that have existed and which would provide greater assurance that overseas staffing decisions are consistent with U.S. program objectives.

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**TITLE:** GSA Nonstores Procurement Program Falls Far Short of Its Objectives  
ACCESSION NUMBER 117584 RPTNO: PLRD-82-36  
BNUMBER B-202891 DOCUMENT DATE: 02/24/82  
DOCUMENT TYPE Chapter Report DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE**

Procurement, Logistics, and Readiness Division

**ORGANIZATION CONCERNED:**

General Services Administration  
Federal Supply Service  
Department of State  
Agency for International Development  
Defense Logistics Agency  
Department of the Army  
Department of the Air Force

**LAW AUTHORITY**

Property and Administrative Services Act  
Foreign Assistance Act of 1961  
F.P.M.R. 101-26.501-1

**BACKGROUND.**

GAO reported on the General Services Administration's (GSA) nonstores program which is managed by several GSA organizational elements and

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provides items not generally available through GSA stores or Federal Supply Schedule (FSS) programs. Although the nonstores program is the smallest of the three GSA procurement programs, its large sales volume warranted detailed examination by GAO to identify opportunities for more efficient and effective management.

**FINDINGS:**

GAO found that the nonstores program had fallen short of efficiently and economically procuring commodities for agencies. This was due to the GSA: (1) failure to consolidate customer motor vehicle requirements and achieve the benefits of volume procurement, (2) entry into restrictive interagency procurement agreements, and (3) performance of procurement functions which could be accomplished adequately by its customers. Improved management of the program could result in (1) savings of millions of dollars each year through greater motor vehicle consolidation, (2) significant reductions in sole-source procurements, (3) more effective contract award procedures to assure reasonable prices, and (4) better use of limited GSA resources by avoiding duplication of existing GSA procurement programs. Federal Property Management Regulations require that at least 75 percent of an agency's total amount of motor vehicle and light truck requirements be submitted to GSA for inclusion in four annual consolidated procurements. In the past 4 years, the GSA automobile consolidation record has varied considerably, ranging from 3 to 55 percent of total procurements. GSA is further hampered by agreements with the Agency for International Development (AID) and the Department of State which require GSA to purchase items on an extensive sole-source basis, which GAO believes could be procured competitively. In their efforts to provide customers with nonstores items, the GSA regions are unnecessarily placing orders for FSS items to be procured through the nonstores program.

**RECOMMENDATIONS TO AGENCIES**

- The Administrator of General Services should provide a more realistic timeframe for agencies to submit automobile requirements by delaying the cutoff date from mid-November to at least late December.
- The Administrator of General Services should make only one annual consolidated automobile procurement.
- The Administrator of General Services should make only three consolidated procurements a year for light trucks in accordance with the timeframes established by the Federal Property Management Regulation. Further, the GSA should explore the possibility of having only one annual consolidated procurement of light trucks.
- The Administrator of General Services should modify current agreements whereby GSA acts as the purchasing agent for the Agency for International Development and the Department of State and require these agencies to provide GSA with adequate justification for all sole-source purchase requests. These justifications should indicate why competition is not feasible or practical.
- The Administrator of General Services should refuse agency requirements not submitted in time for the annual consolidated procurements other than vehicles required on an emergency basis.
- The Administrator of General Services should ensure that agencies are aware of the need to meet the consolidated procurement cutoff dates and of the added costs involved in satisfying their motor vehicle requirements when those dates are missed.
- The Administrator of General Services should initiate discussions with the Defense Logistics Agency to modify the agreement whereby GSA acts as the procuring agent for Army and Air Force overseas military installations. These modifications should include having military

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installations, or stateside purchasing offices designated to act on their behalf, procure directly from schedule vendors unless the installations have shown that direct procurement is not feasible or practical; in which case, GSA will process the purchase orders.

The Administrator of General Services should advise domestic agencies that nonstore requisitions for schedule items will be returned unless the agencies have demonstrated inadequate procurement capability.

The Administrator of General Services should explore the reasons for not obtaining sufficient vendor proposals on negotiated procurement solicitations and should use this information to secure adequate future competition.

The Administrator of General Services should, where required, obtain accurate, current, and complete cost and pricing data for all negotiated noncompetitive contracts made on behalf of the AID and the Department of State. Where such data cannot be obtained, the GSA should fully document the decision to waive the cost and pricing data requirements.

The Administrator of General Services should initiate discussions with the Defense Logistics Agency to modify the agreement whereby GSA acts as the procuring agent for Army and Air Force overseas military installations. These modifications should include making sure that only valid requirements which cannot be procured overseas are sent to GSA for processing.

The Administrator of General Services should require the AID and the Department of State to submit all requests for motor vehicles to the National Automotive Center for competitive procurement

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TITLE: Assistance to Haiti: Barriers, Recent Program Changes, and Future Options

ACCESSION NUMBER: 117663

RPTNO: ID-82-13

BNUMBER: B-206226

DOCUMENT DATE: 02/22/82

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Agency for International Development

United States International Development Cooperation Agency

Department of Agriculture

Department of State

Republic of Haiti

Peace Corps

BACKGROUND:

GAO reviewed the effectiveness of the Agency for International Development (AID) programs in Haiti, the reasons for past project failures, the adequacy of planned corrective actions, and possible development options.

FINDINGS

After 8 years of operating in Haiti, AID is still having difficulty implementing its projects. Past projects designed to improve Haitian Government institutions have had only a limited impact, and many projects have suffered serious delays. AID has been instituting changes to increase program effectiveness. For example, in collaboration with the Haitian Government, AID has established a Joint Project Implementation Plan to better document performance, problems, and responsibility for delays. Other donors have had difficulty in implementing their projects. To cope with the difficulties, these donors have: (1) deemphasized sectors where project success is least likely; (2) used outside contractors rather than local

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personnel; and (3) used semiautonomous project implementation offices within the Government ministries. GAO found that the United States could emphasize grassroots participation by using more private and volunteer organizations, establishing a Peace Corps program, and working directly with the Haitian people. Criteria to guide decisions on program size and direction are currently lacking. AID needs a clear definition of its role in meeting U.S. objectives and the impact it can realistically achieve.

RECOMMENDATIONS TO AGENCIES

- The Administrator of AID should encourage other donors to use the Joint Project Implementation Plan, or a similar approach, in development projects requiring Government participation, if the Joint Project Implementation Plan proves to be a useful project management tool.
- The Administrator of AID should explore alternate approaches to project implementation and decide which ones should be followed. In the meantime, AID should attempt to avoid delays in project implementation and work directly with the Haitian people until Government of Haiti counterpart personnel are available, or another alternative approach is chosen.
- The Administrator of AID should in cooperation with the Department of State, should develop a statement that better defines U.S. objectives in Haiti and the role AID can play in achieving them.

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TITLE: [President's Seventh Special Message for Fiscal Year 1982]  
 ACCESSION NUMBER: 117745 RPTNO. OGC-82-8  
 BNUMBER B-205053 DOCUMENT DATE: 02/12/82  
 DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
 Office of the General Counsel

ORGANIZATION CONCERNED:  
 Department of Agriculture  
 Agency for International Development  
 Department of Defense  
 Department of Commerce  
 Department of Health and Human Services  
 Social Security Administration  
 Department of Transportation  
 Executive Office of the President

LAW AUTHORITY:  
 Forest Management Act  
 P.L. 94-588  
 16 U.S.C. 472a(h)  
 Forest Service Manual 2435.4

BACKGROUND:  
 The President's seventh special message for fiscal year 1982 was transmitted to Congress.

FINDINGS:  
 The special message proposed three new deferrals of budget authority totaling \$1,758.3 million and revisions to 11 previously reported deferrals totalling \$191.3 million. GAO identified no additional information that would be useful to Congress. GAO believes that the proposed deferrals are in accordance with existing authority.

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TITLE: U.S. International Communication Agency's Overseas Programs: Some More Useful Than Others  
 ACCESSION NUMBER 117496 RPTNO: ID-82-1  
 BNUMBER B-205598 DOCUMENT DATE: 02/11/82

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DOCUMENT TYPE: Chapter Report      DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

International Communication Agency  
Department of State  
Agency for International Development

LAW AUTHORITY:

Fulbright Act (Studies--Foreign Countries)  
P.L. 79-584  
Information and Educational Exchange Act of 1948  
P.L. 80-402  
Reorg. Plan No. 2 of 1977

BACKGROUND:

GAO examined some of the U.S. International Communication Agency's (USICA) overseas information programs.

FINDINGS:

USICA missions feel that direct and substantive personal contact with foreign citizens is their most important activity; however, the missions differ in these activities, and substantial amounts of time and money are invested in activities aimed at establishing contacts with a limited audience. Administrative burdens, lack of language proficiency, and a lack of continuity in staffing all impede public affairs officers from making personal contacts. USICA could reduce costs by eliminating the least-effective communication methods in some countries rather than simply shaving funds from each program. USICA cultural programs are often irrelevant and fail to satisfy the overseas missions' planning requirements. About 68 percent of the overseas libraries and reading rooms have been discontinued for budgetary reasons. An apparent neglect of some libraries has led to such deterioration that their maintenance may no longer be justified. USICA has been less involved with foreign associations established to promote mutual understanding. The USICA responsibility to assist Americans in enhancing their understanding of other societies has failed to fulfill its promise. The Distribution and Record System, which was developed to record personal contacts, has been severely handicapped by installation delays and skepticism on the part of post officers as to its utility.

RECOMMENDATIONS TO AGENCIES

- The Director, USICA, should direct overseas missions to discontinue programming of those methods that they believe irrelevant to their needs or even significantly less useful than others to their needs.
- The Director, USICA, should determine, through monitoring of foreign receptivity to changes in publication formats, those which are too narrowly targeting recipient audiences and threatening through oversophistication to lose an existing broad base of readers.
- The Director, USICA, should (1) eliminate redundant cultural program efforts within a given host country, and (2) seek more mission input for planning the Arts America program to better match the cultural programs to the needs of the individual posts.
- The Director, USICA, should examine the usefulness of the overseas libraries as they are currently maintained and eliminate those that are no longer useful.
- The Director, USICA, should develop a policy outlining the responsibilities of the overseas missions toward the Binational Cultural Centers, particularly those category "B" centers where USICA has invested funds but has maintained no direct management control of those funds.

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The Director, USICA, should establish a policy for the overseas missions concerning the role to be played, if any, in carrying out its mandate, referred to as the Second Mandate, to assist Americans in enhancing their understanding of other societies.

The Director, USICA, should establish a realistic timetable for the orderly delivery of Distribution and Record System equipment and the necessary training for system operators.

The Director, USICA, should contact the Department of State and the Agency for International Development to solicit their cooperation in ensuring the recording of personal contacts in the Distribution and Record System.

The Director, USICA, should reassess the need for each mission to have all of the various communication methods, such as speakers, films, videotape, recordings, and printed matter.

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TITLE: [Letter of Inquiry on AID Agricultural Research Activities]  
ACCESSION NUMBER 117437 DOCUMENT DATE: 02/03/82  
DOCUMENT TYPE Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Agency for International Development

Agency for International Development: Board for International Food and Agricultural Development

Agency for International Development: Technical Program Committee for Agriculture

BACKGROUND:

GAO surveyed the agricultural research activities of the Agency for International Development (AID). Prior reports and studies by GAO, the AID Bureau for International Food and Agricultural Development, and the AID Technical Program Committee for Agriculture highlighted problems relating to agricultural research and made recommendations for improving AID agricultural research activities. The current survey shows, however, that many of these problems still exist. In particular, AID needs to: (1) develop an integrated research strategy; (2) identify and classify research; (3) place greater emphasis on research relevance, quality, and use; and (4) have more agriculturally trained staff members. GAO asked for AID comments and information on specific action planned to address these problem areas

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TITLE: [Complaint Against Proposed Award of Contract]  
ACCESSION NUMBER: 117350 BNUMBER: B-204074  
DOCUMENT DATE: 01/29/82 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Chromolloy L A Water Treatment Division

Agency for International Development

LAW AUTHORITY:

B-202421 (1981)

B-199120 (1980)

B-199013 (1981)

BACKGROUND:

A firm protested the award of a contract pursuant to an Agency for International Development (AID) grant, which was awarded prior to the

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resolution of the complaint. The complainant contended that: (1) the grantee made the award to a foreign and, therefore, ineligible firm; (2) portions of its offer were misplaced and, consequently, were not reviewed by AID; (3) the contract was not awarded on the basis of price; and (4) AID failed to prevent the grantee's contract award prior to the resolution of the complaint. GAO found that the awardee firm was organized under laws of the United States; therefore, the fact of foreign ownership did not, under the solicitation, preclude the firm's eligibility. GAO found no merit to the complaint that portions of the complainant's offer were misplaced, and the complainant supplied no evidence to establish evaluation deficiencies. GAO has held that, in a negotiated procurement, awards are not required to be made solely on the basis of price, and an agency's failure to award to the lowest priced offeror is not a basis for objection. GAO consistently holds that an agency's failure to prevent a grantee's contract award prior to resolution of a complaint does not affect the validity of the contract award. Accordingly, the complaint was denied in part and dismissed in part.

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TITLE: [AID's Need for Deobligation-Reobligation Authority]  
ACCESSION NUMBER: 119784 DOCUMENT DATE: 12/02/81  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
International Division  
ORGANIZATION CONCERNED:  
Agency for International Development

BACKGROUND:

GAO reported on the Agency for International Development's (AID) need for deobligation-reobligation authority, some of the history of this authority, and prior GAO participation in addressing the issue.

FINDINGS.

GAO found that AID is in the best position to address and analyze the management and operational implications of having or not having deobligation-reobligation authority. GAO suggested development of additional information including documentation of actual project experience in several countries, demonstration that reinstatement of the authority would reduce and/or minimize the buildup of AID funding, and documentation of funds it would deobligate and reobligate during fiscal year 1982 with projections for ensuing years. GAO noted that, in the past, it had found that the authority was conducive to loose programing and obligating practices and tended to weaken management and congressional controls.

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TITLE: U.S. Assistance to Cyprus  
ACCESSION NUMBER: 117432 RPTNO: ID-82-2  
BNUMBER: B-205437 DOCUMENT DATE: 11/30/81  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
International Division  
ORGANIZATION CONCERNED:  
Cyprus  
United Nations: Office of the High Commissioner for Refugees  
Agency for International Development

BACKGROUND

In response to a congressional request, GAO reviewed the U.S. assistance program to Cyprus. Following the Turkish invasion of Cyprus in July and August 1974, a quarter million people were displaced from their homes. International response with financial contributions for health care, food, and protection was prompt and substantial. During the 1974-1975 period,

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total international relief to Cyprus amounted to \$52 million of which the United States contributed almost half.

**FINDINGS:**

Since 1975, the United Nations (UN) has made no appeals for further assistance from the international community. However, the Government of Cyprus has continued to request assistance, and the United States contributed an additional \$106.5 million during the 1976-1981 period. For fiscal year 1982, the Administration has requested \$7.5 million for the Cyprus assistance program. U.S. assistance to Cyprus is channeled through the UN High Commissioner for Refugees (UNHCR), who serves as the program coordinator. In 1975, the program began to shift from relief operations to one with a longer range and developmental character. Funds were increasingly used to finance construction of housing, schools, hospitals, and to provide jobs. However, housing continues to be the Cyprus Government's top priority. The Cyprus Government foresees its housing program continuing into 1983 and beyond. GAO believed that the continued U.S. assistance to Cyprus based on humanitarian needs of the displaced Cypriots should be greatly diminished. If assistance to Cyprus is to be continued, GAO believed that the program should be designed to enable the UNHCR to terminate its involvement as coordinator of the U.S. assistance program.

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**TITLE:** [Appropriation for Human Reproduction Research Program]  
**ACCESSION NUMBER:** 116891                      **BNUMBER:** B-204449  
**DOCUMENT DATE:** 11/18/81                      **DOCUMENT TYPE:** Decision  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel

**ORGANIZATION CONCERNED:**  
Agency for International Development  
United Nations. World Health Organization

**LAW AUTHORITY:**  
International Security and Development Cooperation Act of 1980  
P L. 96-533  
94 Stat. 3145  
55 Comp. Gen. 307  
P.L. 96-536  
P.L. 97-12  
H.R. 637 (96th Cong.)  
H.R. 7854 (97th Cong.)  
H. Rept. 96-787  
H.R. 4473 (96th Cong.)  
B-162447 (1971)  
94 Stat. 3166  
95 Stat. 14

**BACKGROUND:**

The Agency for International Development (AID) requested an opinion on whether it had the authority to award a \$3 million aid grant to the World Health Organization's Special Program for Research, Development, and Research Training in Human Reproduction in fiscal year (FY) 1981. Although AID made the award before the end of FY 1981, the grant agreement was so worded that the grant could be withdrawn should GAO determine that it was unauthorized. The Chairman and Majority Counsel of the Foreign Operations Subcommittee of the Senate Appropriations Committee argued that the FY 1981 continuing resolution precluded AID from making the grant. GAO held that the language in the resolution, which stated that foreign assistance

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activities should be funded in accordance with associated agreements in the joint explanatory statement of the conference committee for the appropriation bill, did not incorporate the entire explanatory statement into the resolution. GAO believed that the associated agreements, which were incorporated into the resolution, did not deal with the program. Therefore, the earmarking of funds for the program contained in the authorizing legislation was not impliedly repealed by the continuing resolution. Further, the Committee intent that the Program not be funded was not binding on AID. Accordingly, AID was authorized to award the grant.

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TITLE: [Request for Reconsideration Concerning Deduction Assessment]  
ACCESSION NUMBER. 116874                      BNUMBER: B-200279  
DOCUMENT DATE. 11/16/81                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS. P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel

ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
International Air Transportation Fair Competitive Practices Act of 1974  
    P.L. 93-623  
    49 U.S.C. 1517  
    88 Stat. 2102  
Foreign Relations Authorization Act, 1979  
    P.L. 95-426  
    49 U.S.C. 1518  
    92 Stat. 992  
Aviation Act  
    49 U.S.C. 1371  
4 C.F.R. 31.7  
55 Comp. Gen. 1230  
57 Comp. Gen. 546  
56 Comp. Gen. 209  
H. Rept. 95-1535  
B-140972 (1979)  
B-188048 (1977)

BACKGROUND

An employee of the Agency for International Development (AID) requested reconsideration of a Claims Group settlement which sustained a penalty deduction under the International Air Transportation Fair Competitive Practices Act assessed by AID in connection with his air travel. Enroute to his designation, the employee undertook indirect travel for his own convenience. The employee paid the small additional cost for the side trips from his own funds and used certificated U.S. air carrier service for the round-trip travel. The remainder of the travel was performed on foreign air carriers. Certificated carrier service was not available, and AID does not question the employee's travel on foreign air carriers for that portion of the trip. The issues presented relate only to the employee's use of foreign air carrier service in connection with the indirect travel performed for his own convenience enroute to his designation for which AID assessed him a penalty. The employee contended that he had been improperly penalized the entire amount. In support of his actions, the employee asserted that the Fly America Act does not apply to travel paid for by trust funds. He also contended that to penalize him was contrary to the intent of Congress. GAO found that trust funded travel was not automatically exempt from the Fly

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America Act; the 1978 amendment to the Act was not relevant to the consideration of this claim; and the penalty was proper under the provisions of the Act. Accordingly, GAO affirmed the Claims Group's previous disposition of the claim.

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**TITLE:** [Request for Reconsideration Concerning Recredit of Sick Leave]  
**ACCESSION NUMBER** 116675                      **BNUMBER:** B-198627  
**DOCUMENT DATE** 10/20/81                      **DOCUMENT TYPE:** Decision  
**DOCUMENT CLASS** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel

**ORGANIZATION CONCERNED:**  
Agency for International Development

**LAW AUTHORITY:**  
5 C.F.R. 630 502(b)(1)  
Power Reactor Development Co. v. International Union of Electrical Workers, 367 U.S. 396 (1961)  
FAM [3] 493.3  
B-180604 (1974)  
5 U.S.C. 63  
22 U.S.C. 1151

**BACKGROUND:**

A Foreign Service employee requested reconsideration of a GAO decision which denied his claim for reinstatement of sick leave hours which he lost following separation from an agency due to a reduction in force. The employee was reemployed after a break in service of more than 4 years. The employee contended that, since his separation was involuntary and since he actively sought Government employment during the interim period, he should be allowed to have the sick leave hours to his credit at the date of his separation recredited to his presently existing sick leave balance. Federal regulations preclude the recrediting of sick leave following a break in service in excess of 3 years. Neither GAO nor the agency has the authority to waive or grant an exception to the governing regulations. In requesting reconsideration, the employee contended that GAO applied standards and case law in its decision which were not applicable to Foreign Service officers. GAO did not agree and held that the provisions of the regulations applied to Foreign Service officers as well as to other Federal employees before, during, and following the timeframes involving the employee's claim. Accordingly, the denial of the claim was sustained.

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**TITLE:** AID and Universities Have Yet To Forge an Effective Partnership To Combat World Food Problems  
**ACCESSION NUMBER:** 116650                      **RPTNO:** ID-82-3  
**BNUMBER** B-203211                      **DOCUMENT DATE:** 10/16/81  
**DOCUMENT TYPE** Chapter Report                      **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE**  
International Division

**ORGANIZATION CONCERNED**  
Agency for International Development  
Agency for International Development: Board for International Food and Agricultural Development

**LAW AUTHORITY**  
Famine Prevention and Freedom From Hunger Amendments  
Foreign Assistance Act of 1961

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Advisory Committee Act (Federal)

5 U.S.C. App. 1

22 U.S.C. 2220

Family Educational Rights and Privacy Act of 1974

BACKGROUND:

The goal of title XII, the Famine Prevention and Freedom from Hunger amendment of the Foreign Assistance Act of 1961 is to improve and strengthen the involvement of U.S. land-grant and other eligible universities in solving developing countries' food problems. To assist and advise the Agency for International Development (AID) in achieving this goal, a presidentially appointed board, the Board for International Food and Agricultural Development (BIFAD), was established. GAO conducted a review to evaluate AID efforts to implement the provisions of title XII and to identify ways to improve AID/university ability to provide agricultural assistance to developing countries.

FINDINGS:

In the nearly 6 years since the passage of title XII of the Foreign Assistance Act progress in expanding and improving U.S. university involvement in AID agricultural development activities has been slow. AID and the title XII community have yet to forge a partnership to fight world food problems. AID, BIFAD, and the U.S. university community efforts to improve university involvement in AID technical-assistance projects through such programs as strengthening grants, collaborative research, baseline studies, and other mechanisms, have yet to manifest better project performance abroad. University projects continue to experience costly and time-consuming delays which limit project results and detract from the quality of assistance provided.

RECOMMENDATIONS TO AGENCIES

- The Administrator, AID, in consultation with the Board for International Food and Agricultural Development, should improve AID/university implementation of title XII objectives by issuing a policy directive clarifying the AID position on, and commitment to, implementing the title XII concept to combat world food problems. The policy directive should: (1) communicate the importance of, and establish the priority of, title XII in relation to the overall AID agricultural development strategy, (2) specify the extent to which title XII mechanisms are to be emphasized in AID research and technical assistance; (3) delineate the Board role to assist AID operating units in carrying out these activities, and (4) be widely disseminated within the title VII community.
- The Administrator, AID, in consultation with the Board of International Food and Agricultural Development, should improve AID/university implementation of title XII objectives by reviewing all current AID guidelines and instructions pertaining to U.S. universities and other title XII institutions, and developing consolidated guidelines in the AID operational and procedural handbooks and instructions which: (1) define title XII activities; (2) establish university procurement and contracting procedures, (3) lay out the operational roles and responsibilities of university contractors and missions on overseas projects, and (4) provide other necessary guidance to facilitate an AID/university working relationship.
- The Administrator, AID, in consultation with the Board of International Food and Agricultural Development, should improve AID/university implementation of title XII objectives by developing better means of preparing, orienting, and assisting university contract staff for overseas assignments. University contractors should: (1) receive a

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complete orientation on the unique, cultural, social, political, and economic characteristics of each foreign location; (2) be able to anticipate the expected or potential problems in working with foreign-country counterparts, (3) be aware of the AID method of operation in each location, and (4) be given adequate assistance to overcome administrative and logistical problems, such as clearing customs and obtaining adequate housing

To ensure that the AID sizable investment in strengthening grants meets a clear need and will be fully used, the Administrator, AID, should include, as part of the planned 1982 evaluation of the grant program, a provision to assess the likely and appropriate level of AID utilization of universities in its program activities. The Administrator should consider incorporating the strengthening grant program as part of the proposed individual AID/university memorandum of agreements

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TITLE: [Entitlement to Allowances Under Missing Persons Act]  
ACCESSION NUMBER 116654                      BNUMBER: B-159399  
DOCUMENT DATE: 10/14/81                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Department of State  
Agency for International Development

LAW AUTHORITY:

Missing Persons Act  
5 U.S.C. 5561 et seq.  
44 Comp. Gen. 657  
45 Comp. Gen. 633  
52 Comp. Gen. 23  
58 Comp. Gen. 824  
P.L. 85-217  
P.L. 89-554  
H. Rept. 85-204  
H.R. 5809 (85th Cong.)  
Hevenor v. United States, 121 Ct. Cl. 77 (1951)  
Fitzgerald v. Staats, 578 F.2d 435 (D.C. Cir. 1978)  
B-186141 (1976)  
B-167592 (1969)  
B-185960 (1976)  
B-181687 (1975)  
50 U.S.C. 1002  
37 U.S.C. 551  
5 U.S.C. 3037  
5 U.S.C. 5924  
5 U.S.C. 5923  
5 U.S.C. 3036  
56 Stat. 143  
71 Stat. 491

BACKGROUND:

A Foreign Service officer claimed entitlement to station per diem allowance, quarters allowance, overtime compensation, interest, and any other special or incentive pay to which he might have been entitled under the Missing Persons Act for the 7-year period during which he was a prisoner in Vietnam. The officer was detailed to the Agency for

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International Development and was on a temporary duty assignment at the time of his capture. His claim for overtime was allowed by the Department of State, but his claim for station per diem allowance, quarters allowance, and other benefits was forwarded to GAO. The Claims Division allowed the claim for station per diem up to 90 days but denied the claim for station per diem beyond 90 days and other benefits. On appeal, the officer argued that, since the per diem that he was receiving while he was on temporary duty was actually incentive pay, he should be entitled to its continuation during the period of his captivity. Under the Act, a military or civilian employee is entitled to receive or to have credited to his account the same basic pay, special pay, incentive pay, basic allowance for quarters, and station per diem allowances to which he was entitled at the beginning of the period of his absence, not to exceed 90 days. The military term, station per diem, under the Act may be equated with a civilian post allowance. Therefore, GAO held that, if the officer was receiving a post allowance at the time of his capture, that allowance may be continued for 90 days. According to State Department officials, the allowance the officer received while he was on the temporary assignment was a travel per diem allowance. However, the record did not indicate that the officer received incentive pay, and the Act states that travel per diem does not continue once an individual enters a missing status. In this case, it appeared that State Department employees were either furnished Government quarters or were provided with a quarters allowance. Thus, GAO held that the officer's claim for quarters allowance should be paid based upon the applicable quarters allowance in effect at that time. There was no authority to allow the claim for interest. Accordingly, the denial of the claim for travel per diem during the officer's captivity and the claim for interest were sustained.

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TITLE: [Personnel Staffing Practices of the Agency for International  
Development]  
ACCESSION NUMBER. 119783 DOCUMENT DATE: 10/13/81  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
International Division  
ORGANIZATION CONCERNED:  
Agency for International Development

BACKGROUND:

GAO reported on its survey of personnel staffing practices of the Agency for International Development (AID).

FINDINGS:

GAO found that AID has conducted several internal studies on this subject and decided to postpone further work at this time to enable AID to act on its own findings. GAO noted that some of the concerns in these studies include staffing problems which are related to the development and implementation of the agency's mission. GAO also believes that attention should be focused on agency service agreements and contracts with personnel to determine cost benefits.

=====  
TITLE: [President's Thirteenth Special Message for Fiscal Year 1981]  
ACCESSION NUMBER: 116602 RPTNO OGC-81-18  
BNUMBER. B-200685 DOCUMENT DATE. 10/07/81  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:

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Agency for International Development  
Social Security Administration  
Federal Railroad Administration  
Office of Management and Budget

LAW AUTHORITY.

Congressional Budget and Impoundment Control Act of 1974  
Omnibus Budget Reconciliation Act of 1981  
P.L. 97-35  
95 Stat. 699

BACKGROUND:

The President's thirteenth special message for fiscal year 1981 was transmitted to Congress pursuant to the Impoundment Control Act. The special message proposed two new deferrals of budget authority totaling \$6.7 million and revisions of three previously transmitted deferrals. The Administrator of the Agency for International Development (AID) announced that program reviews showed that certain international food relief programs were not working and were wasteful and ineffective and, therefore, would be terminated or reduced. The terminations and reductions would allow AID to deobligate approximately \$28 million.

FINDINGS.

GAO was informed by an AID official that the amounts identified for deobligation were estimates and that the total deobligations in fiscal year 1981 would more nearly approximate \$60 million. Of this amount, approximately \$32 million involve funds from appropriations whose availability to AID now has expired. The remainder of the \$60 million involves funds that are available to AID until expended. Some of these remaining funds were not deferred. GAO identified a portion of these remaining funds that AID did not plan to obligate in fiscal year 1981. They should have been reported as deferred. GAO estimated that the total amount deferred was \$8,229,400. It is not certain how much of the funds available for obligation in fiscal year 1982, as well as additional amounts which may be deobligated, will be deferred in fiscal year 1982. AID and the Office of Management and Budget need to improve their efforts in identifying and correctly reporting future deferrals to avoid these problems. GAO reviewed the thirteenth special message and, except as noted, identified no additional information that would be useful to Congress in its consideration of the President's proposals and believed that the proposed deferrals are in accordance with existing authority.

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TITLE: [AID Operations]

ACCESSION NUMBER: 116596

DOCUMENT DATE: 10/06/81

DOCUMENT TYPE: Testimony

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE.

International Division

ORGANIZATION CONCERNED

Agency for International Development

BACKGROUND:

The Agency for International Development's (AID) project implementation process has slowed down during recent years. In addition, the age of obligated undisbursed funds, referred to as the pipeline, has increased from about \$1.5 billion to about \$5 billion over the last 6 years. The significant pipeline buildup occurs because of the AID tendency to overemphasize activities which deal with planning, designing, and starting new projects. As a result, the emphasis on delivering assistance to recipient countries is lessened. Another major factor which slows project implementation and increases the overall AID pipeline is a recipient

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government's lack of management and technical resources to plan and provide support for AID-sponsored projects. Further, many contracting weaknesses hamper project implementation and the delivery of assistance. Inappropriate or questionable practices have occurred during contract negotiations and awards, and AID technical personnel have been too involved in the procurement process. The extensive use of noncompetitive contracting exceptions is seldom challenged by officials at agency review levels. AID policy is that recipient countries undertake the implementation of development assistance projects to the maximum extent possible. Since this does not reduce AID responsibility to assure the efficient use of its resources, AID project managers retain the responsibility to monitor the implementation of these projects to assure that goods and services are efficiently delivered on time. Long delays in providing guidance to responsible project officers is one cause of poor monitoring. AID has not yet issued complete monitoring guidelines which have been under consideration since 1975. Staffing problems, both in Washington and overseas, are of great concern to management. AID is reviewing many personnel matters, including the size of mission staffs, the objective criteria for staffing decisions, in-house staff training, the need for technical skills, and the assignment of foreign service personnel to Washington. GAO believes that AID should also focus on interagency service agreements, personnel services contracts, and contracts with private firms. GAO believes that some encouraging progress is being made to improve the substance and administration of the foreign assistance program and that the managers in AID are aware of the challenges they face.

=====

TITLE: [Review of Government-Wide Contracting Systems for Film and Videotape Productions]  
ACCESSION NUMBER 116513 RPTNO. PLRD-81-61  
BNUMBER: B-204450 DOCUMENT DATE: 09/21/81  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE

Procurement, Logistics, and Readiness Division

ORGANIZATION CONCERNED.

Office of Management and Budget  
Department of Energy  
National Aeronautics and Space Administration  
Department of State  
Federal Supply Service: National Audiovisual Center  
Department of Defense: Office of the Assistant Secretary of Defense (Public Affairs): Office of Audiovisual Management Policy  
Agency for International Development  
Office of Federal Procurement Policy

LAW AUTHORITY.

OMB Bull. 81-16

BACKGROUND.

GAO reviewed the utilization and operation of the uniform, Government-wide contracting systems for film and videotape productions.

FINDINGS

GAO found that the reports required to be submitted by agencies to the National Audiovisual Center are sometimes inaccurate, incomplete, and untimely and that the utilization of the contracting systems by Federal agencies could be improved. Complete and reliable data are still lacking on the number and value of film and videotape productions being contracted for Government-wide. While agencies are required to annually submit these data to the National Audiovisual Center, officials of the Center have had

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problems getting agencies to submit timely and accurate reports. Audiovisual program managers at the agencies GAO visited do not verify data that they receive from their regional or field offices before summarizing and forwarding the data to the Center. Without some type of verification, the data are of questionable accuracy and therefore unreliable. Correcting the data accuracy problem is an important first step in correcting the apparent underutilization of the uniform, Government-wide contracting systems for motion picture and videotape productions. The DOD Directorate for Audiovisual Management Policy managers do not compare the number and value of contract awards made through the contracting systems with the total number and value of all Federal film and videotape contracting. Without making these comparisons, managers cannot identify agencies that consistently underutilize the contracting systems and cannot evaluate the reasons for underutilization.

RECOMMENDATIONS TO AGENCIES

The Director of OMB should direct Directorate managers to compare the number and value of contract awards made through the uniform, Government-wide contracting systems with the total number and value of all Federal film and videotape contracting and to take corrective action where appropriate.

The Director of OMB should request agencies to increase their efforts to provide accurate and complete data and urge them to verify their reports to insure completeness and accuracy.

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TITLE: U.S. Strategy Needed for Water Supply Assistance to Developing Countries

ACCESSION NUMBER: 116208

RPTNO: ID-81-51

BNUMBER B-203909

DOCUMENT DATE: 08/25/81

DOCUMENT TYPE Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE

International Division

ORGANIZATION CONCERNED.

United States International Development Cooperation Agency

Agency for International Development

Department of State

Department of the Treasury

BACKGROUND.

A review was conducted of water resources development activities and problems in developing countries, especially those problems associated with providing community water supplies. The United States has not developed water policies and strategies despite the fact that much of the billions of dollars in financial support for developing country water projects emanates either directly or indirectly from the United States.

FINDINGS.

Numerous problems and constraints limit the progress that developing countries can make toward the United Nations' (UN) goal to provide clean water and adequate sanitation for all by the year 1990. These major constraints involve funding, institutional and manpower needs; concentration of assistance in urban areas, even though the rural poor are in greatest need, and problems in maintaining facilities. Funding assistance needed will have to more than double and developing countries would have to double their own funding just to meet the minimum needed to attain the UN goal. Even if sufficient funds were provided, developing countries would not be able to use the funds efficiently and in time to meet the goal because of a lack of trained personnel. Most of the projects to date have been in urban areas. However, about 70 percent of the

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population in developing countries live in rural areas. Since developing countries decide themselves where the projects are to be located, the donors need to exert influence to ensure that the rural areas receive at least a portion of the assistance given. Further, information is not systematically generated to apprise host governments and aid donors of water supply maintenance problems and projects which need rehabilitation. Such information could be helpful in deciding how to make the best use of available funds for increased access to water supplies by the people of developing countries.

RECOMMENDATIONS TO AGENCIES

- The Director of the International Development Cooperation Agency should establish reasonable and attainable interim goals during the Water Decade. These goals should be established on a country-by-country basis, consistent with country surveys of water resources and needs.
- The Director of the International Development Cooperation Agency should incorporate into loan agreements a requirement that developing countries provide funds for project maintenance.
- The Director of the International Development Cooperation Agency should emphasize use of bilateral and multilateral funds for water development activities and projects which will have a significant impact on the rural poor.
- The Director of the International Development Cooperation Agency should encourage external donors to provide incentives to developing countries which have demonstrated that they will maintain water supply and sanitation projects.
- The Director of the International Development Cooperation Agency should collect and maintain information which would systematically assess the condition of existing water supply and sanitation projects and suggest a program to help those in need of rehabilitation.
- The Director of the International Development Cooperation Agency should emphasize the need to fund programs for the institutional development and training of maintenance personnel in those countries having the most critical needs.

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TITLE: [Comments on H R. 2098]  
ACCESSION NUMBER: 116204 BNUMBER: B-203900  
DOCUMENT DATE: 08/19/81 DOCUMENT TYPE: Other Written Prod.  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Department of Justice  
Department of Defense  
Department of the Treasury  
Agency for International Development  
Defense Contract Audit Agency

LAW AUTHORITY:  
Inspector General Act of 1978  
P.L. 96-533  
H.R. 2098 (97th Cong.)

BACKGROUND

GAO was asked to review and comment on an amendment to the Inspector General Act to establish Inspectors General in certain agencies. GAO strongly supported the Act and other legislation which has centralized internal audit and investigative activities in certain Federal agencies under statutory Inspectors General. Such legislation is beneficial because

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it insures that high-level agency attention is given to promoting economy and efficiency and to combating fraud, waste, and abuse. Such legislation provides better assurance that the work of audit and investigative units in those agencies and throughout the Government is coordinated and insures that both Congress and agency heads receive information on problems involving economy and efficiency as well as fraud and abuse. For the Department of Defense, the legislation will be feasible and desirable with a few modifications Congress should consider revising the provision which would transfer the Defense Contract Audit Agency to the proposed Office of the Inspector General as this agency conducts activities which support the procurement function from an operational standpoint. GAO believes that no modifications are needed with regard to the other agencies covered by the legislation.

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**TITLE:** [Protest Alleging Improper Proposal Evaluation]
**ACCESSION NUMBER:** 116083 **BNUMBER:** B-202502
**DOCUMENT DATE:** 08/12/81 **DOCUMENT TYPE:** Decision
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**
Office of the General Counsel

**ORGANIZATION CONCERNED:**
Virginia Polytechnic Institute and State University
Agency for International Development

**LAW AUTHORITY:**
41 C.F.R. 7-4.58
41 C.F.R. 7-4.5805(e)
41 C.F.R. 7-4.5805(b)(3)
41 C.F.R. 7-4.5805(g)
4 C.F.R. 21.2(b)(1)
B-200093 (1981)
B-197249 (1980)
B-194728 (1979)

**BACKGROUND:**

A university protested the exclusion of its proposal from consideration for award of a contract for the performance of a cropping systems research project under a request for expressions of interest issued by the Agency for International Development (AID). The protester contended that the evaluation of its proposal was arbitrary and capricious, that AID was biased against it, and that the procurement was improperly conducted in a noncompetitive manner. However, contracting officials are accorded a considerable range of judgment and discretion in carrying out the evaluation of proposals, and the fact that the protester disagreed with the agency evaluation did not establish that the evaluation had no reasonable basis. Further, the allegation that the evaluation was unfair due to bias on the part of the procuring agency was speculative and not supported by evidence of record. It was therefore rejected. Since the format of the procurement was apparent from the face of the solicitation and the protest was not filed until after the submission of the proposal, the contention alleging that the procurement was improperly conducted was untimely. Accordingly, the protest was dismissed in part and denied in part.

=====
**TITLE:** The Growing Role of Trade as a Development Assistance Mechanism
**ACCESSION NUMBER:** 116122 **RPTNO:** ID-81-46
**BNUMBER:** B-203518 **DOCUMENT DATE:** 08/11/81
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U
**GAO DIVISION/OFFICE:**

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International Division  
ORGANIZATION CONCERNED:  
Department of State  
Department of Commerce  
Agency for International Development  
Office of the U.S. Trade Representative

BACKGROUND:

GAO reviewed how four developing countries use trade in their economic development and how bilateral and multilateral donors assist developing countries in the area of trade. The objectives of the review were to examine for Malaysia, Thailand, the Philippines, and Indonesia, the role of trade in their development and the existing and/or potential obstacles to implementing and/or maintaining a successful trade strategy. In addition, GAO examined how these obstacles are being addressed

FINDINGS:

In view of declining foreign assistance programs, developing countries increasingly depend on expanding trade, particularly with the developed countries, to assist in their economic growth. In recent years, developed-country imports from developing countries, as a share of total imports, averaged about 14.5 percent. Trade flows are a function of the international marketplace, but developed-country governments, bilaterally and multilaterally, assist developing countries in their efforts to increase exports. Internal obstacles include, but are not limited to, lack of trained personnel, marketing experience, quality control, and available credit, as well as inadequate infrastructure and bureaucratic red tape. External constraints are posed by the relative strength of the international economy and tariff and nontariff measures in potential or actual markets. Each country, to varying degrees, needs donor assistance to improve its international trade position. Developing countries are responsible for their own development and must play the major role in promoting their own position, supporting efforts by the United States and other developed countries are important. The multilateral and bilateral mechanisms for furnishing trade assistance to the developing countries include the following: (1) the International Trade Center's trade assistant projects in developing countries, (2) the United Nations' special Generalized System of Preferences training projects, and (3) trade-promotion activities through trade promotion information offices located in developed countries.

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TITLE: [Request for Reconsideration]  
ACCESSION NUMBER 115995                      BNUMBER: B-201166.2  
DOCUMENT DATE 07/31/81                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS. P,U

GAO DIVISION/OFFICE  
Office of the General Counsel  
ORGANIZATION CONCERNED  
Delta Systems Consultants, Inc.  
NTS Research Corp.  
Agency for International Development

LAW AUTHORITY  
B-201166 (1981)  
B-198864 (1980)  
B-201370 (1980)  
B-199564 (1980)  
B-193155 (1978)

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B-198384 (1980)  
B-199024 (1981)

**BACKGROUND:**

A firm requested reconsideration of a GAO decision that denied in part and dismissed in part the firm's protest against an Agency for International Development (AID) contract award for modifying and disseminating a computer system. The firm argued that the prior decision should be reversed because the awardee was not sufficiently experienced in the required work, resulting in costly delays in modifying and disseminating the system. The firm also alleged that the awardee was guilty of several misrepresentations concerning its qualifications and that AID was aware of these misrepresentations at the time of proposal evaluation. GAO found that the protesting firm's arguments were essentially restatements of the same arguments used in the prior decision. GAO stated that the protester had presented no new information nor demonstrated any error of fact or law in the prior decision that would warrant modification or reversal. Finally, GAO was not persuaded by the protester's unsupported assertions that the awardee's proposal contained misrepresentations of which AID knew. Accordingly, the prior decision was affirmed.

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**TITLE:** [First GAO Biennial Review on the Implementation and Impact of Public Law 94-519]

ACCESSION NUMBER: 091106  
DOCUMENT TYPE: Testimony

DOCUMENT DATE: 07/29/81  
DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

Procurement, Logistics, and Readiness Division

**ORGANIZATION CONCERNED:**

General Services Administration  
Agency for International Development  
National Science Foundation  
Department of Defense

**LAW AUTHORITY:**

Public Works and Economic Development Act of 1965  
Property and Administrative Services Act  
Department of Defense Appropriation Act, 1980  
P.L. 94-519

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**TITLE:** [Protest Alleging Conflict of Interest in Drafting of Solicitation Specifications]

ACCESSION NUMBER: 115849  
DOCUMENT DATE: 07/17/81  
DOCUMENT CLASS: P,U

BNUMBER: B-203855  
DOCUMENT TYPE: Decision

**GAO DIVISION/OFFICE:**

Office of the General Counsel

**ORGANIZATION CONCERNED**

Niedermeyer-Martin Co.  
Bangladesh: Rural Electrification Board  
Agency for International Development  
Commonwealth Associates, Inc.  
Department of Agriculture: Rural Electrification Administration

**LAW AUTHORITY:**

59 Comp Gen. 73

**BACKGROUND:**

A company complained of the elimination of Douglas Fir poles from consideration under a procurement by a foreign agency financed by a Federal agency. This was the third tender of poles under the project, and the

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company in the prior two tenders bid Douglas Fir poles and was disqualified each time. In a previous decision on the same issue, GAO held that the solicitation's specifications reasonably excluded the Douglas Fir poles from consideration. The company also alleged that a conflict of interest existed concerning the drafting of the specifications. The company advised GAO that the specifications were primarily written by a Timber Products Specialist for the Rural Electrification Administration while he was on leave and employed by a consulting firm which assisted the foreign agency. GAO stated that the protesting company failed to explain how the situation resulted in a conflict of interest. Accordingly, the complaint was denied.

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TITLE: [Protest of AID Contract Award]  
ACCESSION NUMBER: 115582 BNUMBER: B-201166  
DOCUMENT DATE: 06/23/81 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Delta Systems Consultants, Inc.  
NTS Research Corp.  
Agency for International Development

LAW AUTHORITY.  
55 Comp. Gen 60  
56 Comp. Gen 934  
B-195990 (1980)  
B-200482 (1981)  
B-189573 (1979)  
B-191346 (1979)  
B-196279 (1980)  
B-194279 (1979)  
B-200672 (1980)  
B-196442 (1980)  
B-185884 (1976)  
B-202435 (1981)

BACKGROUND:  
A firm protested the award of a cost-plus-fixed-fee contract issued by the Agency for International Development (AID). The small business set-aside was to secure the necessary modifications and disseminate the U.S. Census Bureau's computer editing system to all interested Aid countries and to train the appropriate personnel in these countries. The protester stated that, in view of its experience, its proposal was superior to those of its competitors and, therefore, the contract should have been awarded to it. Specifically, the protester alleged that AID selected the awardee prior to the submission of best and final offers, at least two members of the evaluation committee were biased against it, and AID officials took purposive action during the award process when they denied the protester an equal opportunity to secure the contract by giving favorable treatment to the protester's competitors. Finally, the protester alleged that the awardee was probably not a small business concern as required by the solicitation. An examination of the evaluation summaries and scoresheets revealed that the protester's proposals lacked sufficient detail on material matters, even though this deficiency was pointed out during oral discussions. The record showed that there was no preselection, nor did it support the allegation that two members of the evaluation committee were biased against the protester. In support of its allegation that purposive actions were taken by AID officials that denied the protester an equal

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opportunity to secure the contract, the protester claimed that no effort was made to rate its best and final offer. Although best and final offers were not formally rescored, the record showed that all best and final offers were reevaluated by the evaluation committee. The allegation concerning the awardee's small business status was not considered since only the Small Business Administration has the authority to conclusively determine a small business concern's size status. Accordingly, the protest was denied in part and dismissed in part

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**TITLE:** Food for Development Program Constrained by Unresolved Management and Policy Questions

ACCESSION NUMBER. 115599

RPTNO: ID-81-32

BNUMBER B-203073

DOCUMENT DATE: 06/23/81

DOCUMENT TYPE Chapter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

International Division

**ORGANIZATION CONCERNED:**

Agency for International Development

Department of Agriculture

Office of Management and Budget

Department of State

**LAW AUTHORITY**

Agricultural Trade Development and Assistance Act of 1954

P.L. 83-480

7 U.S.C. 1691 et seq.

**BACKGROUND:**

The implementation of the 1977 Food for Development amendment to the Agricultural Trade Development and Assistance Act was reviewed. This is the principal legislation under which the United States provides food aid to friendly countries. The review was conducted because of the emphasis in recent years on more closely relating U.S. food aid with recipient country self-help efforts and because of some congressional concerns that the food for development program had not been implemented more rapidly and on a larger scale.

**FINDINGS:**

There is a need to fix responsibility and authority for the design, review, approval, and evaluation of the multiyear development plans under the Act with one lead agency, preferably the Agency for International Development. This lead agency could draw upon the Department of Agriculture (USDA) and other outside technical expertise in dealing with development planning and implementation. U.S. policymakers face the dilemma of persuading recipient governments to take difficult self-help measures in return for U.S. food aid, which they may perceive that they will get anyway. Agencies also face the problem of getting maximum impact of food aid on development under the Act with its stringent requirements in an environment of highly concessional alternative food aid. A policy framework for linking the concessionality of food assistance to self-help measures needs to be established. Such a policy, if it is to be meaningful, will require close cooperation among the concerned departments and agencies and will require appropriate consultation with congressional committees.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, drawing upon USDA and other technical expertise, should prepare the detailed guidance to U.S. overseas missions for the preparation of specific title III proposals.

The Administrator, AID, drawing upon USDA and other technical expertise, should provide technical assistance, when requested, to U.S. missions.

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and recipient governments in the preparation of title III proposals and in the evaluation of progress made under specific title III agreements.

The Secretary of Agriculture, in the Department's role as Chair of the Development Coordination Committee Subcommittee on Food Aid, should establish or refine as necessary, standards: (1) tailoring the terms and self-help measures of food aid to the purposes for which such assistance is provided and to the needs of recipient countries; and (2) basing the concessionality of future assistance on the degree of recipient countries' self-help performance.

The Administrator, AID, drawing upon USDA and other technical expertise, should develop specific country food and agriculture analyses to serve as the foundation for program planning, not only for title III but for the larger issues of integrating U.S. food assistance with other U.S. assistance programs and those of other donors.

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TITLE: [Propriety of Retirement Contributions Clause in Personal Services Contract]

ACCESSION NUMBER: 115572

BNUMBER: B-198040

DOCUMENT DATE: 06/19/81

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Insurance Contributions Act

Foreign Assistance Act of 1961

49 Comp. Gen. 233

P.L. 87-195

75 Stat. 457

49 Comp. Gen. 242

22 U.S.C. 2396(a)(3)

31 U.S.C. 492

26 U.S.C. 3121

BACKGROUND:

An authorized certifying officer of the Agency for International Development (AID) requested an advance decision on the propriety of a clause concerning retirement contributions, in addition to social security, in an individual's personal services contract. AID and the individual entered into an agreement whereby the individual was to provide her services, as a rural development specialist, to assist a foreign government. The contract was for 1 year with plans to extend the contract for at least 1 more year. The estimated contract amount included the AID contribution under the Federal Insurance Contributions Act (social security) on the individual's behalf. When the contract was amended to extend her services for 1 year, it retained the social security contribution and, in addition, contained a clause stating that the individual would be paid a retirement allowance in an amount equivalent to that paid by the Government for an AID direct hire. The certifying officer questioned: (1) whether the contracting officer exceeded his authority by authorizing retirement contributions to both an individual retirement plan and social security, and (2) whether the allowance would be a part of the salary package or independent of the salary offer. GAO found that the contracting officer did not exceed his authority by negotiating the clause, even though the clause may not be in accordance with Agency policy to

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equate the benefits of direct hires and personal services contractors since direct hires cannot enjoy the advantage of contributions to two retirement funds. The retirement allowance provided for in the amendment is a part of the individual's salary. The mere fact that it is itemized as an allowance does not alter the nature of the allowance as part of her compensation. As to the tax consequences of that amount being paid into an individual retirement account or plan, those are matters for determination by the Internal Revenue Service. Accordingly, payment of the retirement allowance may be made to the individual.

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**TITLE:** [Request for Interest on Payment for Travel Expenses]  
**ACCESSION NUMBER:** 088318                      **BNUMBER:** B-198930(BRP)  
**DOCUMENT DATE:** 06/10/81                      **DOCUMENT TYPE:** Other Written Prod.  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel

**ORGANIZATION CONCERNED:**  
Agency for International Development: Regional Office for East Africa  
Agency for International Development

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**TITLE:** [Managing Assistance for Foreign Disaster Reconstruction]  
**ACCESSION NUMBER:** 115449                      **RPTNO.** ID-81-40  
**BNUMBER:** B-203453                              **DOCUMENT DATE:** 06/10/81  
**DOCUMENT TYPE:** Chapter Report              **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
International Division

**ORGANIZATION CONCERNED:**  
Department of State  
Agency for International Development

**LAW AUTHORITY:**  
Agricultural Trade Development and Assistance Act of 1954  
P.L. 83-480  
Foreign Assistance Act of 1961  
P.L. 96-533

**BACKGROUND.**

GAO examined foreign disaster reconstruction activities in several countries where the United States has been a recent and principal provider of assistance. Since 1976, the United States has provided more than \$700 million for disaster relief, rehabilitation, and reconstruction assistance. Disaster assistance is separated into three categories: emergency disaster relief, short-term rehabilitation, and long-term reconstruction. This report deals only with long-term disaster reconstruction. GAO examined the Agency for International Development's (AID) overall management of disaster reconstruction programs, with special emphasis on how well reconstruction projects are planned, implemented, and monitored. GAO also attempted to determine whether the programs are undertaken based on carefully identified needs.

**FINDINGS**

In recent years, Congress has provided special authorization for relief, rehabilitation, and reconstruction following disasters. In some cases, funds are authorized before the extent of damage and reconstruction needs have been ascertained. In December 1980, AID was granted authority to borrow funds from its economic assistance programs for disaster relief. This authorization gives AID added flexibility in providing emergency relief in major disasters and should lessen the need for Congress to immediately authorize funds for reconstruction programs before damage and

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reconstruction needs have been assessed. The delivery of some reconstruction assistance often continues for many years beyond immediate relief. Requests for reconstruction assistance, based on adequately established needs and included in the AID budgetary review and approval process, would provide Congress an opportunity to more thoroughly evaluate the funding need. A review of reconstruction projects disclosed that in some cases project monitoring is not being carried out adequately. Implementation problems in reconstruction projects are not being identified nor is corrective action being taken in a timely manner. There are monitoring problems in recent audits of disaster reconstruction activities. AID actions in issuing monitoring guidelines for the AID staff are positive moves to close a serious gap in AID operating procedures. Some AID projects did not clearly identify disaster relief as being provided by the United States as required.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should act to assure that monitoring guidelines are issued in 1981.

The Administrator, AID, should establish more stringent procedures to assure that recipient host countries appropriately acknowledge U.S. disaster assistance and U.S. participation in disaster reconstruction projects.

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TITLE: [Request for Reimbursement of Noncommercial Lodging Expenses]  
ACCESSION NUMBER. 115217 BNUMBER: B-198962  
DOCUMENT DATE: 05/12/81 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
Department of State  
Agency for International Development: Dacca, Bangladesh

LAW AUTHORITY.  
55 Comp. Gen 856  
Executive Order 10982  
Dep't of State S.R. #130  
Dep't of State S.R. #131  
F.T.R. para. 1-3a  
F.T.R. para. 1-7.3c  
J.T.R. [2] para. C4552  
B-198349 (1980)  
5 U.S.C. 5523(a) et seq.  
5 U.S.C. 5702

BACKGROUND:  
An advance decision was requested on whether employees evacuated from Bangladesh and authorized a special subsistence allowance may be denied lodging expenses while occupying noncommercial facilities. The first evacuees received an instruction sheet which indicated that lodging receipts would not be required for payment of the subsistence allowance and that employees who elected to stay with friends and relatives would receive a safehaven subsistence allowance. These instructions were superseded by new instructions which terminated reimbursement on a fixed rate basis and provided that, effective December 15, 1979, the subsistence allowance was to be treated in the same manner as a per diem allowance under the lodging-plus system. Lodging expenses were required to be documented with receipts from commercial establishments. The Secretary of State determined

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not to authorize reimbursement of lodging expenses in noncommercial facilities. It was questioned whether the Secretary of State had such authority. The applicable statute states that the head of an agency may provide for payments to employees or their families where an evacuation is ordered because of imminent danger. The President delegated the authority to promulgate these regulations to the Secretary of State and asked the agencies to exercise their authority uniformly with respect to evacuees from different agencies from the same geographic area. The Secretary of State's determination was proper. The agency's action in denying reimbursement was not only proper, but required under the regulations. When the Secretary of State validly used his authority to preclude reimbursement of lodging expenses for evacuees staying with friends and relatives, the only discretion available to the agency was to further limit that reimbursement. Accordingly, the evacuees may not be reimbursed for noncommercial lodging expenses they may have incurred after December 15, 1979.

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TITLE: [The President's Reorganization Authority]  
ACCESSION NUMBER: J15307 DOCUMENT DATE: 05/06/81  
DOCUMENT TYPE: Testimony DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the Comptroller General

ORGANIZATION CONCERNED.

United States Civil Service Commission  
Equal Employment Opportunity Commission  
United States International Development Cooperation Agency  
Federal Emergency Management Agency  
Office of Management and Budget  
General Services Administration  
Office of Personnel Management

LAW AUTHORITY.

Reorganization Act of 1977  
S. 893 (97th Cong.)  
H.R. 3307 (97th Cong.)

BACKGROUND:

A fundamental problem in the reorganization process is that, although substantial time and resources are devoted to deciding what to reorganize, little attention is given to planning the mechanics of how the reorganizations are to be implemented. Lack of early implementation planning results in substantial startup problems, and without implementation data, Congress is not aware of the full impact of reorganization requirements. GAO reviewed four reorganized agencies. In two agencies, the appointment of key officials took 10 to 23 months. All of the agencies experienced delays from 9 to 30 months in acquiring other needed staff. Three of the agencies were not sufficiently funded, and all of the agencies had difficulty obtaining adequate office space. Four of the agencies experienced delays of from 13 to 29 months in establishing administrative support functions. Many problems of implementation were left for resolution to the new and reorganized agencies, although the Office of Management and Budget did provide coordination and oversight. A better mechanism to put approved reorganizations in place might be a high level interagency implementation task force with the authority to obtain commitments from all of the affected Federal agencies. GAO recommended that legislation granting reorganization authority to the President require that reorganization plans contain a section on proposed implementation actions to be taken. Proposed legislation would require more information to

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accompany reorganization plans and would increase the time for congressional consideration. It would prohibit the use of reorganization authority to create new independent Federal agencies and would modify congressional procedures for approving reorganization plans. This proposed legislation is an improvement over the approval process of the previous law. It contains a number of provisions that encourage a vote on every reorganization plan by both the House and Senate. It contemplates passage, rather than defeat, of a resolution by both Houses as a condition of plan approval.

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TITLE: Management Problems With AID's Health-Care Projects Impede Success  
ACCESSION NUMBER: 115074 RPTNO: ID-81-24  
BNUMBER: B-202405 DOCUMENT DATE: 04/28/81  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Agency for International Development

Department of State

United Nations: World Health Organization

BACKGROUND:

The Agency for International Development (AID) is the principal U.S. Government agency that provides health assistance. Indirectly, the Department of State and many other U.S. Government agencies also support international health programs by channeling funds to international organizations and programs such as the United Nations Development Program. Recognizing that previous health assistance programs have not achieved their desired results because they concentrated on sophisticated urban-based curative measures, the government shifted U.S. interests to an emphasis on preventive health care in the rural areas of developing countries. GAO undertook a review of selected AID projects to determine the extent to which greater access to health care services has been achieved and the implementation problems which must be overcome to realize the long-term goal of improved health. Additionally, it examined the prospects of the efforts continuing after AID involvement terminates to ensure effective use of limited resources.

FINDINGS:

In its review, GAO found that many of the AID projects were successful in increasing access to health services, and most were successful in achieving their intermediate objectives such as training health workers, building facilities, administering immunizations, and providing initial stocks of medicine. However, problems were encountered during project implementation that involved logistic support, management oversight, and impact evaluation. These problems raise questions about the prospects of achieving the long-term health goals of the projects. Consequently, AID needs to become more involved in managing project implementation and lending more assistance to recipient countries in resolving the obstacles they frequently encounter.

RECOMMENDATIONS TO AGENCIES

The Administrator of AID should instruct mission directors and health offices to take a more active role in monitoring and managing health projects.

The Administrator of AID should insist that periodic management reviews be completed regardless of the stage of project implementation.

The Administrator of AID should insure compliance with procedures which require periodic progress reports on the implementation of health

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projects, identifying actual or anticipated difficulties and the proposed remedies.

The Administrator of AID should require a more critical, realistic, and continuing analysis of the ability and willingness of host countries to continue providing financial and technical support when external assistance ends.

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TITLE: [Financial Statements of Overseas Private Investment Corporation for FY 1980 and 1979]

ACCESSION NUMBER: 114917

RPTNO: ID-81-45

BNUMBER: B-173240

DOCUMENT DATE: 04/15/81

DOCUMENT TYPE Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED

United States International Development Cooperation Agency: Overseas Private Investment Corporation

LAW AUTHORITY.

Government Corporation Control Act

31 U.S.C. 841 et seq.

Foreign Assistance Act of 1961

Foreign Assistance Act of 1969

22 U.S.C. 2195(c)

BACKGROUND:

GAO examined the balance sheets of the Overseas Private Investment Corporation (OPIC) as of September 30, 1980 and 1979, related statements of income, changes in capital and reserves, and changes in financial position for the years then ended.

FINDINGS.

An insurance and guaranty reserve for the respective discharge of liabilities under the insurance and guaranty contracts of OPIC totalled \$576 million. If claim settlements exceed available resources, Congress would have to appropriate funds to fulfill a U.S. pledge for the full payment and performance of the insurance and guaranty liabilities of OPIC. In the opinion of GAO, the financial statements present fairly the financial position of OPIC as of September 30, 1980 and 1979, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

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TITLE: [Claim for Temporary Duty Travel Expenses]

ACCESSION NUMBER: 114851

BNUMBER: B-198930

DOCUMENT DATE: 04/06/81

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

Department of State

LAW AUTHORITY:

Travel Expense Act of 1949

5 U.S.C. 5702 et seq.

63 Stat. 166

56 Comp. Gen. 1015

Executive Order 10970

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Executive Order 11294  
Dep't of State S.R. #072.1  
Dep't of State S.R. #072.31  
Dep't of State S.R. #073.2  
Dep't of State S.R. #074.3

BACKGROUND:

An employee of the Agency for International Development appealed a Claims Division settlement which denied his claim for additional actual expense reimbursement incident to his temporary duty in Zaire. While he was on the temporary duty, the State Department reduced the reimbursement rate for Zaire. His contention was that, since State erroneously reduced the rate while he was on temporary assignment, GAO should direct State to rectify the error and restore his reimbursement rate to its correct level. The reduction in rates resulted from deficient information provided to State. Upon receipt of correct information, State increased the per diem rate in Zaire. The State Department acknowledged that no reduction in the per diem rate would have been made during the employee's temporary duty had it been notified of the rise in the cost of living in Zaire. In this regard, the Department of State is required to review all civilian price schedules received. The State Department denied the employee's claim for additional reimbursement on the ground that GAO prohibits retroactive increases in allowances. Since the downward adjustment in the per diem rate occurred through an administrative error on the part of the State Department, an exception to the rule which prohibits retroactive increases in allowances may be permitted in this case. The employee's supplemental travel voucher for reimbursement of additional actual subsistence expenses may be certified for payment on the basis of the previously applicable reimbursement rates in Zaire.

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TITLE: [Entitlement to Lump-Sum Payment]  
ACCESSION NUMBER: 114773 BNUMBER: B-198177  
DOCUMENT DATE 03/31/81 DOCUMENT TYPE: Decision  
DOCUMENT CLASS. P,U  
GAO DIVISION/OFFICE  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
LAW AUTHORITY  
5 C.F.R. 630.305  
5 C.F.R. 630.308  
F.P.M. Letter 630-22  
5 U.S.C. 6304 et seq.

BACKGROUND:

A Federal employee appealed a Claims Division decision which denied him a lump-sum payment for hours of forfeited annual leave. The employee had requested permission to take annual leave for the month of November 1976 and restored annual leave for the month of December. Shortly before he was due to depart on the November leave, he was given a temporary duty assignment, and the annual leave had to be canceled. However, the assignment terminated in the middle of November and the employee was able to use his restored leave as scheduled in December. In January 1977, the employee requested restoration of the leave which he forfeited in 1976 due to the temporary duty assignment. The agency disallowed the claim as the loss of regular leave due to the use of restored leave did not constitute a proper basis for restoration of leave. The employee submitted a claim to GAO requesting restoration of the forfeited annual leave. The Claims

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Division allowed him payment for the leave he lost during the first half of November 1976 while on temporary duty but denied him payment for the leave in the second half of November which he did not take when he returned from temporary duty. The employee appealed this determination arguing that the leave should be restored to him since an exigency of public business which was not documented in the record prevented him from rescheduling leave on the days in question. To allow leave restitution, the exigency must be of such importance as to preclude the use of scheduled annual leave, and the annual leave must have been scheduled in writing before the start of the third biweekly pay period prior to the end of the leave year. GAO concluded that the agency may wish to reconsider the employee's leave restoration request on the basis of a determination being made that the loss of the leave was due to an exigency of public business. If the agency so determines, GAO would have no objection to payment of the claim for such leave.

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<b>TITLE:</b> Poor Planning and Management Hamper Effectiveness of AID's Program To Increase Fertilizer Use in Bangladesh	
ACCESSION NUMBER. 114878	RPTNO: ID-81-26
BNUMBER. B-202490	DOCUMENT DATE: 03/31/81
DOCUMENT TYPE Chapter Report	DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE.

International Division

ORGANIZATION CONCERNED:

Agency for International Development

International Bank for Reconstruction and Development (World Bank)

BACKGROUND:

The Agency for International Development (AID) has undertaken a project to improve the supply and distribution of fertilizer in Bangladesh. The aim of the project is to help Bangladesh meet its goal of achieving foodgrain self-sufficiency by 1985. GAO reviewed project planning and implementation.

FINDINGS:

Some progress has been made to improve fertilizer distribution and use, but the project has not achieved its goal of an annual 15-percent increase in fertilizer sales. Fertilizer imports have not been adequately planned and coordinated with domestic fertilizer production and storage capacity. The project's new marketing system has made limited progress in improving farmer access and reducing distribution costs. Construction of storage facilities is significantly behind schedule, and those warehouses which have been built are fewer and smaller than planned. Plans to provide bulk-handling facilities have not been adequately planned. Plans by AID to purchase portable bagging machines for bulk fertilizer imports may duplicate similar efforts planned by another agency. Current fertilizer imports are not sufficient to justify the machines.

RECOMMENDATIONS TO AGENCIES

The Administrator, AID, should act to establish procedures and requirements calling for collaborative project efforts among the contractor, the host government, and the AID mission and providing a mechanism to speed the approval process, resolving differences as they occur.

The Administrator, AID, should act to coordinate and integrate current AID plans for providing temporary bagging machines with similar efforts of the International Fund for Agricultural Development, including securing appropriate commitments from the host government and other donors for effective equipment use.

The Administrator, AID, should encourage and assist the Government of Bangladesh to (1) systematically collect information on dealer

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functions and coverage under the new marketing system and use this data to help make necessary changes to ensure that farmers have equal access to available fertilizer when needed; (2) determine how the dealer discount policy should be revised or modified to more accurately reflect actual project and overhead costs to dealers and to allow a reasonable profit; and (3) gradually remove officially administered retail sales prices, as long as doing so would not reduce the equal access of fertilizers to all farmers.

The Administrator, AID, should assist and encourage the Government of Bangladesh to: (1) employ a more systematic approach for planning imports, one that gives proper weight to factors of fertilizer supply and demand in a way that is responsive to changing conditions; (2) pursue a diammonium phosphate (DAP) marketing strategy to include more widespread and consistent informational promotion, on-farm experiments to demonstrate the advantages of using DAP, and consideration of price incentives to purchase and use DAP, and (3) develop reliable, nationwide data on the most effective types, proportions, and combinations of fertilizer to use on the main crops grown in Bangladesh

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TITLE: [Audit of the Overseas Private Investment Corporation's 1980  
Financial Statements]  
ACCESSION NUMBER: 114995 DOCUMENT DATE: 03/30/81  
DOCUMENT TYPE: Letter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE  
International Division

ORGANIZATION CONCERNED:  
United States International Development Cooperation Agency: Overseas  
Private Investment Corporation

LAW AUTHORITY:  
GAO [2] 12.5g  
GAO [6] 16.6  
GAO [6] 16.2

**BACKGROUND:**

The Overseas Private Investment Corporation (OPIC) was provided with a summary of observations made during an audit of the Corporation's financial statements. Areas were identified in which better internal accounting controls could improve OPIC operations and the timeliness of GAO audit work.

**FINDINGS:**

The OPIC accounting manual has not been revised since 1976 and needs to be updated to show the changes that have occurred since that time. OPIC does not have formal written procedures for all key financial operations involving asset acquisition and disposition, expenses, and payment of liabilities. Well documented and applied accounting procedures would eliminate the accounting weaknesses noted, and the loss or absence of certain key personnel would have a minimal effect on operations. Interim financial reports prepared by OPIC for fiscal year 1980 were inaccurate because of incorrect accruals and untimely adjustments for errors in the accounting records

**RECOMMENDATIONS TO AGENCIES**

The Acting President of OPIC should direct that written procedures be prepared for all key financial operations and reviewed and revised periodically to keep them current.

The Acting President of OPIC should give a high priority to revising and updating the accounting manual on a continuing basis. It is

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particularly important that the manual be reviewed and changed before the new computer system is placed in operation.

The Acting President of OPIC should assure that interim financial reports and supporting accounting records be reviewed at least quarterly to ensure that they incorporate all needed adjustments and accruals to make them accurate and reliable so that they will be of value to management.

The Acting President of OPIC should direct that the duties of timekeepers and paycheck distributors be separated.

The Acting President of OPIC should direct that the prescribed procedures for recording insurance fees be consistently followed.

The Acting President of OPIC should direct that computer records of overtime hours be reconciled with manual records each pay period.

The Acting President of OPIC should direct that a physical inventory of furniture and equipment be taken at least once during each fiscal year. All differences between quantities determined by physical inspection and those in the accounting records should be investigated to determine causes of differences and identify necessary improvements in procedures to prevent errors, losses, or irregularities, and the accounting records should be adjusted to bring them into agreement with the results of the physical inventories. Property control records also should be adjusted on the basis of the physical inventories and periodically reconciled with the accounting records.

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TITLE: [Restoration of Forfeited Annual Leave]  
ACCESSION NUMBER 114735 BNUMBER: B-200855  
DOCUMENT DATE 03/26/81 DOCUMENT TYPE: Decision  
DOCUMENT CLASS P,U

GAO DIVISION/OFFICE

Office of the General Counsel

ORGANIZATION CONCERNED.

Agency for International Development

LAW AUTHORITY:

- 5 C.F.R. 630.308
- 55 Comp. Gen. 784
- 55 Comp. Gen. 785
- 57 Comp. Gen. 325
- 56 Comp. Gen. 470
- B-194545 (1979)
- B-195562 (1980)
- 5 U.S.C. 6304

BACKGROUND:

A Federal employee requested reconsideration of an adjudication denying his claim for restoration of annual leave. The employee was assigned to the United States for long-term training from an overseas duty post. The annual leave ceiling shown on the employee's statement of earnings and leave was not adjusted by the agency to reflect the lower ceiling applicable to employees assigned to duty in the United States. Following an agency audit, however, the employee's annual leave amount was adjusted to reflect the lower ceiling. The employee claimed that his full leave amount should be restored because the incorrect ceiling was an administrative error and he did not have an opportunity to use the leave due to an exigency of the public business. An agency's mere failure to advise an employee of his correct annual leave ceiling does not constitute an administrative error providing a basis for restoration of leave. In addition, statutes provide that annual leave must be scheduled in advance in order for restoration to

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be made, even where extenuating circumstances exist. GAO was unable to find that the employee was entitled to restoration of leave on the basis of either administrative error or under statutory public exigency provisions. Accordingly, the prior adjudication was sustained.

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**TITLE:** Implementation. The Missing Link in Planning Reorganizations  
**ACCESSION NUMBER** 114724 **RPTNO:** GGD-81-57  
**BNUMBER:** B-202249 **DOCUMENT DATE:** 03/20/81  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
General Government Division

**ORGANIZATION CONCERNED:**  
Executive Office of the President  
Equal Employment Opportunity Commission  
Federal Emergency Management Agency  
Federal Labor Relations Authority  
Merit Systems Protection Board: Office of the Special Counsel  
United States International Development Cooperation Agency

**LAW AUTHORITY:**  
Reorganization Act (Government Agencies)  
Reorganization Act of 1977  
5 U.S.C. 901 et seq.  
Civil Service Reform Act of 1978  
Reorg. Plan No. 1 of 1977  
Reorg. Plan No. 2 of 1977  
Reorg. Plan No. 1 of 1978  
Reorg. Plan No. 2 of 1978  
Reorg. Plan No. 3 of 1978  
Reorg. Plan No. 4 of 1978  
Reorg. Plan No. 1 of 1979  
Reorg. Plan No. 2 of 1979  
Reorg. Plan No. 3 of 1979  
Reorg. Plan No. 1 of 1980

**BACKGROUND:**

The Reorganization Act of 1977 provides the President with broad authority to reorganize Federal agencies. The Act expires in April 1981. In anticipation of the reauthorization proceedings, the Senate Committee on Governmental Affairs asked GAO to identify: (1) what systemic problems, if any, new or reorganized agencies have had in obtaining personnel or support services made necessary by the reorganization, (2) how Congress and the executive branch can avoid or alleviate these problems, and (3) what services may be common to the successful implementation of any reorganization and must be routinely provided by the executive branch to effectively and efficiently carry out the transfer. GAO limited its review to four reorganizations involving six agencies.

**FINDINGS:**

The agencies which GAO reviewed experienced substantial startup problems. These included: delays in obtaining key agency officials, inadequate staffing, insufficient funding, inadequate office space, and delays in establishing support functions such as payroll and accounting systems. Solving these startup problems distracted agency officials from concentrating on their new missions during the critical first year of operation. The reorganization plans, the accompanying presidential messages, and supporting information submitted to Congress discussed such matters as the purpose of the reorganization, the affected policies and programs, and relevant statutes. However, the plans and supporting

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information did not address the administrative and operational requirements to carry out the proposed reorganizations. Factors such as the availability of needed office space or the time and cost required to establish support functions were not considered until the plans had met congressional approval. Many of the responsibilities for implementation were left up to the new and reorganized agencies. Office of Management and Budget coordination and oversight during most of the reorganizations were not enough to prevent problems. These startup problems could be alleviated by including in future reorganization plans front-end implementation planning objectives. The establishment of high level interagency implementation task forces to obtain timely commitments from all Federal agencies affected by reorganization plans might help to further alleviate startup problems.

RECOMMENDATIONS TO CONGRESS

Congress should require that reorganization plans contain sections on proposed implementation actions for any future legislation granting reorganization authority to the President. These sections should describe (1) the high level interagency task force or other mechanism established to facilitate implementation activities; and (2) actions being taken to assure that, upon congressional approval of the reorganizations, factors such as leadership, staffing, funding, office space, and administrative support functions will be evaluated and planned for so as to expeditiously implement the reorganizations on their effective dates or as soon thereafter as practicable.

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TITLE: U.S. Assistance to Egyptian Agriculture: Slow Progress After 5 Years  
ACCESSION NUMBER: 114721 RPTNO: ID-81-19  
BNUMBER B-202371 DOCUMENT DATE: 03/16/81  
DOCUMENT TYPE Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE.

International Division

ORGANIZATION CONCERNED:

Arab Republic of Egypt  
Agency for International Development  
Department of State  
Department of the Treasury  
Consortium for International Development

LAW AUTHORITY:

Foreign Assistance Act of 1961  
International Security Assistance Act of 1978  
P.L. 95-384  
International Development and Food Assistance Act of 1975

BACKGROUND:

Agriculture has traditionally been a mainstay of the Egyptian economy. In 1975, the Agency for International Development (AID) undertook a high-level development effort aimed at helping the government of Egypt increase agricultural production. The high level of U.S. assistance to Egypt is based on the belief that President Sadat's peace initiatives are crucial and that his effort will be supported and enhanced by a strong and growing economy that is able to meet the Egyptian people's basic needs and expectations for a better life. To assess the progress of the Egyptian agricultural assistance program and identify how program impact could be improved, GAO undertook a review of the assistance that the United States has provided to Egyptian agriculture since 1975.

FINDINGS:

Although AID has committed more than \$357 million to projects aimed at increasing food and agricultural production in Egypt, only \$61.8 million of

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these funds has been spent, and the impact of the projects on Egyptian agriculture has been negligible. Problems in project implementation which have caused slow progress include: contracting delays; insufficient Egyptian support, inadequate AID monitoring; and the lack of staff and expertise of some U.S. contractors, including universities. Even with speedy project implementation, the program's impact will be limited unless policy changes, which provide an environment for agricultural development, are undertaken and unless more attention is given to developing an extension service capable of delivering the technology now being developed.

RECOMMENDATIONS TO AGENCIES

The Administrator of AID should require that a formal understanding be reached and incorporated into future Commodity Import Program agreements, thereby outlining Egyptian Government plans to address agricultural and other economic policy concerns and assess the effects of U.S.-financed imports on local producers and on Egyptian development.

The Administrator of AID should (1) clearly define AID project officers' monitoring responsibilities, including relations with U.S. contractors and Egyptian officials and periodic visits to project sites; (2) clearly assign responsibility for coordinating with other donors on specific projects; (3) assist Egyptian ministries in understanding and applying established U.S. procedures and regulations which affect project implementation.

The Administrator of AID should work with the Egyptian government to establish the necessary authorities and procedures to insure the timely processing of AID-financed commodities through Egyptian customs.

The Administrator of AID should take action to cause programmers of future development projects, particularly agricultural projects in Egypt, to fully use and consider AID's extensive experience and all available information in designing those projects. This effort should be directed to developing ways to minimize the costs of potential implementation problems.

The Administrator of AID should initiate actions to reassess the optimal degree of U.S. university involvement in U.S. agricultural development programs in Egypt. In making this assessment, consideration should be given to the problems affecting current university performance and the universities' willingness and ability to alleviate those problems in assisting in future projects. GAO further recommends that AID, in establishing future levels of project assistance to the agricultural sector, thoroughly consider whether the Egyptian ministries responsible for project implementation have the ability to effectively absorb the additional assistance programed.

The Administrator of AID should require that the developmental strategy for future U.S. agricultural assistance to Egypt be revamped to include a concentrated, organized effort to develop a method for effectively transferring technology to the Egyptian farmer.

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TITLE: [Protest Alleging Agency Failed To Adhere to Stated Evaluation  
Criteria]

ACCESSION NUMBER 114526

ENNUMBER: B-201140

DOCUMENT DATE: 03/05/81

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED

AID/ICA/IDCA

Allied Container  
Alexandria Packaging, Inc.  
Agency for International Development

LAW AUTHORITY:

56 Comp. Gen. 668  
B-194264 (1979)  
B-194760 (1979)

BACKGROUND.

A firm protested the award of a contract by the Agency for International Development (AID) for certain shipping and warehousing services. The protester alleged that it submitted the low aggregate bid under the invitation for bids (IFB) and that the award was improperly made to the awardee because AID failed to adhere to the stated evaluation criteria. GAO concurred with the protester that the award was improper, but for a different reason. The IFB called for a total aggregate amount bid based on the addition of the unit prices without any extension of the estimates in the IFB. The basis of award clause stated that the price most advantageous to the Government would be determined on the basis of the lowest aggregate total. In addition, the clause provided for the rejection of any bid that contained unrealistic prices in regard to other prices in the bid or to commercial or Government prices for the same operation. The protester's aggregate total was the low bid. The awardee's aggregate total was the high bid. However, AID decided that the individual item prices bid by the protester were unbalanced. GAO believed that the IFB encouraged unbalanced bidding. The IFB invited bids on a unit basis and indicated that the selection for award would be made on the basis of the sum of the unit prices. While the protester's bid was mathematically unbalanced, the evaluation criteria in the IFB did not provide for bids being evaluated on the basis of the Government's estimated requirements. Therefore, the bid evaluation method in the IFB did not provide a basis for determining whether the bid was materially unbalanced. Where an IFB is structured so as to encourage unbalanced bidding and the evaluation method specified in the IFB is insufficient to provide assurances that the award will result in the lowest cost to the Government, the IFB is defective and no bid can properly be evaluated. In addition, revised evaluation criteria may not be used after bid opening to justify award because bidders have not competed on that basis. Therefore, the contract should be terminated, and the remaining requirements should be resolicited under the IFB which provides for evaluation on the basis of the Government's estimate of its requirements.

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TITLE: The Overseas Private Investment Corporation. Its Role in Development and Trade

ACCESSION NUMBER: 115839

RPTNO: ID-81-21

BNUMBER B-199973

DOCUMENT DATE: 02/27/81

DOCUMENT TYPE Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE

International Division

ORGANIZATION CONCERNED:

United States International Development Cooperation Agency: Overseas  
Private Investment Corporation

Agency for International Development

Department of Labor

Department of State

Department of Commerce

United States International Development Cooperation Agency

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**LAW AUTHORITY:**

Foreign Assistance Act of 1961  
Foreign Assistance Act of 1969  
Government Corporation Control Act  
31 U.S.C. 841 et seq.

**BACKGROUND:**

The Overseas Private Investment Corporation (OPIC) was created to mobilize and facilitate the participation of U.S. private capital and skills in the economic and social development of less developed friendly countries. GAO was asked to review OPIC to determine the developmental impact of OPIC-supported investments, the effects of these investments on the U.S. economy, and the participation of small U.S. businesses in OPIC programs.

**FINDINGS:**

OPIC has made progress in diversifying its finance and insurance portfolios toward the poorer developing countries and has adopted project screening criteria consistent with congressional guidelines. However, OPIC has only limited opportunities to enhance the developmental aspects of individual investment projects or to be particularly selective in choosing investments to support. For the poorer countries and for small business investors, the availability of OPIC services has some importance in the decisions of potential investors. GAO believes that a restriction on OPIC activities in countries having per capita incomes above \$1,000 could be removed. The kinds of investments likely to spur U.S. exports and the possible conflicts that might arise between country development interests and U.S. export interests need to be more fully explored. OPIC needs to examine each investment proposal thoroughly for trade effects and possible development conflicts. GAO did not find a direct relationship between overseas investment and subsequent U.S. job losses but found clear inadequacies in aspects of the OPIC screening and monitoring processes. Large U.S. firms remain the major users of OPIC as small businesses generally lack the resources and expertise to establish ventures overseas and to remain for long periods. OPIC could increase small business participation through closer collaboration with embassy and Agency for International Development (AID) officials and by providing more advantageous insurance rates for small businesses.

**RECOMMENDATIONS TO AGENCIES**

- The President of OPIC, in consultation with the Director of the International Development Cooperation Agency, should fully implement the new system for evaluating and following up on OPIC small business promotion efforts, particularly the investor-mission and feasibility-study programs.
- The President of OPIC, in consultation with the Director of the International Development Cooperation Agency, should require the OPIC staff to (1) consult with appropriate Labor Department and labor union officials, as well as a wide range of industry experts, when assessing import-sensitive industry project proposals; and (2) develop specific operational guidelines for approving projects in all import-sensitive industries.
- The Director of the International Development Cooperation Agency and the President of OPIC should develop and implement policy guidelines and a system of closer coordination with the Departments of State and Commerce to (1) identify in the poorer developing countries more development-oriented and financially attractive investment opportunities, (2) help resolve problems encountered by U.S. businesses in the investment process, and (3) assist interested developing countries to improve their foreign investment screening and

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approval processes, priorities, and promotion efforts.

The President of OPIC, in consultation with the Director of the International Development Cooperation Agency (IDCA), should undertake, in conjunction with the primary U.S. export-oriented agencies, a concerted effort to further identify the specific areas and means by which U.S. foreign investments can significantly stimulate U.S. exports. They should also improve OPIC project selectivity, by requiring that more consideration be given in the OPIC analysis of proposed "trade exception" cases to: (1) strengthening its procurement requirements to include production inputs as well as initial procurement; (2) comparing U.S. with other industrialized nation trade benefits from U.S. foreign investments; and (3) examining long-term effects of possible technology transfers. The President of OPIC and the Director of IDCA should establish a more active role for AID in screening trade exception cases for possible conflicts with development objectives and devising guidelines and criteria for analyzing these cases.

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**TITLE:** [Opinion on the Financial Statements of the Overseas Private Investment Corporation, Fiscal Years 1980 and 1979]  
**ACCESSION NUMBER** 114225 **RPTNO.** ID-81-22  
**BNUMBER** B-201607 **DOCUMENT DATE:** 01/19/81  
**DOCUMENT TYPE** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
International Division

**ORGANIZATION CONCERNED:**  
United States International Development Cooperation Agency: Overseas Private Investment Corporation

**LAW AUTHORITY**  
Government Corporation Control Act  
31 U.S.C. 841 et seq.  
Foreign Assistance Act of 1969  
22 U.S.C. 2195(c)

**BACKGROUND:**

GAO examined the balance sheets of the Overseas Private Investment Corporation for fiscal years 1979 and 1980. GAO also reviewed the Corporation's related statements of income, changes in its capital and reserves, and changes in its financial position.

**FINDINGS:**

In the opinion of GAO, the financial statements present fairly the financial position of the Overseas Private Investment Corporation for fiscal years 1979 and 1980. The results of the Corporation's operations, changes in its capital and reserves, and changes in its financial position are in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

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**TITLE:** [Increased Management Action Needed To Help TDP Meet Its Objectives]  
**ACCESSION NUMBER** 114084 **RPTNO:** ID-81-20  
**BNUMBER** B-200438 **DOCUMENT DATE:** 01/06/81  
**DOCUMENT TYPE** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE**  
International Division

**ORGANIZATION CONCERNED:**  
United States International Development Cooperation Agency  
United States International Development Cooperation Agency: Trade and Development Program

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Agency for International Development  
Agency for International Development: Bureau for Program and  
Management Services

LAW AUTHORITY:

Foreign Assistance Act of 1961  
Mutual Security Act, 1954

BACKGROUND:

GAO reviewed the International Development Cooperation Agency (IDCA) Trade and Development Program (TDP) to assess TDP effectiveness in achieving its dual objectives to foster development overseas and to promote U.S. exports of technology and services for development projects.

FINDINGS.

GAO found that: (1) with available data it is difficult to demonstrate the extent to which TDP has contributed to development in developing countries or to increased U.S. exports; (2) more systematic data collection and evaluation procedures are required, (3) coordination between TDP and other trade and development agencies requires strengthening; and (4) TDP personnel problems could affect program effectiveness. If TDP is to achieve its objectives, increased management attention should be focused on solving these problems. Future funding may be made contingent upon whether TDP proves that it is meeting its objectives and is operating effectively.

RECOMMENDATIONS TO AGENCIES

The Director of TDP should (1) develop an effective system to routinely collect, organize, and analyze data to assess TDP activity results; (2) establish, as a part of the system above and with the assistance of the AID Bureau of Program Management and Services, an efficient and comprehensive filing/documentation system that meets all Federal requirements, so TDP officials can better monitor program activities; (3) establish closer working relationships with other U.S. development and trade agencies to better promote U.S. trade and to meet the needs of all developing countries; and (4) fill attache positions as quickly as possible and institute procedures to insure that personnel selected for professional positions will have adequate backgrounds in both trade and development.

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TITLE: Foreign Languages--A Vital Role in the Federal Government  
ACCESSION NUMBER: 115194 DOCUMENT DATE: 81  
DOCUMENT TYPE Other Written Prod. DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE.

International Division

ORGANIZATION CONCERNED:

International Communication Agency  
Department of State  
Department of State: Foreign Service Institute  
Agency for International Development  
Department of Defense

BACKGROUND:

GAO has reviewed various aspects of the U.S. Government's foreign language needs and programs during the last 7 years. The most recent review, which appeared in the GAO Review, Vol. 16, Issue 2, Spring 1981, showed that the U.S. Government has over 30,000 positions that require proficiency in at least one of 45 foreign languages. The education and assignment systems are not meeting the demands for skilled bilingual personnel. Foreign service personnel must deal with such diverse issues as economics, agricultural assistance, trade, energy, military affairs, foreign diplomacy, and international terrorism. The Federal Government has not satisfied its

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overseas foreign language requirements. Overseas language-designated positions are often staffed by persons who do not have the required foreign language qualifications because of the pressure to fill vacancies quickly due to medical emergencies, retirements, and changing conditions in a host country. Agencies have little control over these types of problems because of limitations on money and positions. Many agency personnel policies also contribute to the problem such as mandatory rotation, waivers of language training prior to reporting to a new assignment, lack of career enhancement through language capabilities, disincentives to study hard languages, and lack of monetary incentives for language proficiency. Changes are needed to train more people in foreign languages before assignment overseas, to assign the right person to the right job, and to offer incentives to employees to acquire and maintain their language skills.

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**TITLE:** American Employment Generally Favorable at International Financial Institutions

ACCESSION NUMBER. 113938

RPTNO: ID-81-3

BNUMBER. B-200600

DOCUMENT DATE: 12/10/80

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

International Division

**ORGANIZATION CONCERNED.**

Department of the Treasury

Department of State

International Monetary Fund

International Bank for Reconstruction and Development (World Bank)

Inter-American Development Bank

African Development Bank

United States International Development Cooperation Agency

National Advisory Council on International Monetary and Financial Policies

Asian Development Bank

**LAW AUTHORITY:**

Bretton Woods Agreement Act

Inter-American Development Bank Act

Asian Development Bank Act

5 U.S.C. 352.301

5 U.S.C. 3343

5 U.S.C. 3581 et seq.

**BACKGROUND:**

The United States contributes to the success of the World Bank, the Inter-American Development Bank, the Asian Development Bank, and the International Monetary Fund by providing professional staffs and financial support. It is considering joining the African Development Bank and, thus, may have similar commitments to that institution. The Department of the Treasury, in consultation with the International Development Cooperation Agency and the National Advisory Council on International Monetary and Financial Policies, is the primary agency responsible for U.S. participation in these international financial institutions.

**FINDINGS:**

Although the contribution of financial resources is controlled and scrutinized by the United States, human resources support receives relatively little attention. In the World Bank, the Inter-American Development Bank, and the International Monetary Fund, Americans work throughout the institutions with relatively high representation at management levels and represent the largest nationality in each

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institution. American employment at the Asian Development Bank is relatively low by comparison, and Americans are not spread throughout the bank. This situation is expected to worsen unless the United States takes ameliorating actions. The major impediment to hiring and retaining Americans at the institution is that the salaries of Americans after taxes is too low. Americans realize effective salaries several thousand dollars less than their counterparts. Equalizing U.S. employee incomes with those of their non-American counterparts appears to be the least costly and yet most effective option available. The long-term solution to this problem should consider American employment at all international organizations. Development plans for salary equalization might also be useful in the event the United States joins the African Development Bank.

RECOMMENDATIONS TO CONGRESS

Congress should require the Department of the Treasury to advise Congress at the time of each annual request for appropriations on the progress made by the Interagency group on International Organization Staff Remuneration.

Congress should support the concept of salary equalization as an interim measure to help alleviate the employment problem.

RECOMMENDATIONS TO AGENCIES

The Secretary of the Treasury should identify and advise ADB of U.S. organizations, including educational institutions, where ADB should seek people with requisite skills.

The Secretary of the Treasury should identify and advise ADB of available U.S. professional journals within which ADB position vacancy advertising would be appropriate.

The Secretary of Treasury should act as a central point in the United States for Americans interested in ADB employment and, in that respect, serve as a repository for bank information.

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TITLE: [Availability of Deobligated No-Year Funds]  
ACCESSION NUMBER. 113873                      BNUMBER: B-200519  
DOCUMENT DATE: 11/28/80                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
Foreign Assistance and Related Programs Appropriation Act, 1974  
P.L. 93-420  
87 Stat. 1049  
Second Supplemental Appropriation Act, 1974  
P.L. 93-305  
88 Stat. 195  
P.L. 93-305  
88 Stat. 195  
40 Comp. Gen. 694  
43 Comp. Gen. 657  
P.L. 95-481  
31 U.S.C. 706

BACKGROUND:  
The General Counsel of the Agency for International Development (AID) requested an opinion as to whether certain no-year funds appropriated in 1974 for relief assistance to drought-stricken nations of Africa may be reobligated despite the absence of deobligation-reobligation authority for

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fiscal year (FY) 1980 foreign assistance funds. AID deobligated an amount of the authorized appropriation from two projects which could not be continued, and wishes to reobligate these funds for disaster-related activities in another area. Prior to 1979, AID received appropriations with specific authority to reobligate, rather than return to the Treasury, obligated funds which were subsequently deobligated in the new fiscal year. Beginning in FY 1979, Congress decided not to include this deobligation-reobligation authority in the AID appropriation acts. Thus, the question arose as to whether this omission had any effect on AID authority to reobligate its no-year funds. GAO found that th's elimination affects only appropriations made to AID on a fiscal year basis. The deobligated sum at issue is available for obligation on the same basis as if it were an unobligated balance of a no-year appropriation. Funds appropriated for relief assistance to drought-stricken nations in Africa remain available until expended and may be reobligated for purposes within the scope of the appropriation.

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**TITLE:** The Potential for Diversifying Oil Imports by Accelerating Worldwide Oil Exploration and Production

ACCESSION NUMBER 114056

RPTNO: ID-81-07

BNUMBER B-200899

DOCUMENT DATE: 11/25/80

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

International Division

**ORGANIZATION CONCERNED:**

Department of Energy

United States International Development Cooperation Agency: Overseas

Private Investment Corporation

International Bank for Reconstruction and Development (World Bank)

Inter-American Development Bank

United Nations: Development Program

Organization of Petroleum Exporting Countries

**BACKGROUND:**

GAO examined the potential for the United States to diversify its sources of imported oil and the incentives and disincentives for private U.S. oil companies to diversify their individual foreign oil sources in order to reduce dependency upon the Middle East and North Africa. Diversification does not mean abandoning traditional oil sources; it means reducing reliance upon them by supplementing them with other sources to the point that dependency upon insecure regions is sufficiently reduced so that a supply disruption would not be critical to national security. Although few oil companies have been able to significantly reduce their dependence on Middle Eastern or North African oil sources, recently their oil exploration activities have been concentrated elsewhere. The areas which hold the most promise for future oil discoveries are the Arctic areas, Antarctica, Mexico, the North Sea, China, and certain developing nations in Latin America and Africa. The United States has one official program which directly influences petroleum exploration in other countries, the Overseas Private Investment Corporation, and participates in a number of international organizations which have or are developing programs to stimulate petroleum exploration and production in developing countries.

**FINDINGS:**

Diversification is not a viable short-range strategy, but holds some potential in the mid- to long-range period if new sources can be developed in countries that are currently nonproducers or low producers, and if current producers outside the Middle East and North Africa, such as Mexico

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and the North Sea countries, continue to increase their export capacities. Aggressive acceleration of worldwide petroleum exploration can be achieved only if obstacles to such exploration are removed or reduced. These obstacles include the expropriation of private assets when exploration is successful, excessive rates of taxation by host governments, an uncertain U.S. tax policy relating to foreign income, and exclusionary host-government policies. Both Congress and the executive branch need to consider U S oil company operations in foreign countries as an issue to be factored into relationships with those countries. The United States should seek, through both bilateral and multilateral channels, to favorably influence the attitudes and policies of the governments of the less developed countries concerning private investment in petroleum exploration and development. The United States also should explore ways of helping these countries increase the commercial viability for private development of small oil fields with little or no export potential.

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TITLE: Treasury Should Keep Better Track of Blocked Foreign Assets  
ACCESSION NUMBER: 113761 RPTNO: ID-81-01  
BNUMBER: B-199288 DOCUMENT DATE: 11/14/80  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Department of the Treasury  
Department of State  
Department of Agriculture  
Department of Justice  
Agency for International Development  
Department of the Treasury: Office of Foreign Assets Control

LAW AUTHORITY:

Trading With the Enemy Act  
National Emergencies Act  
International Emergency Economic Power Act

BACKGROUND:

The Department of the Treasury, through the Office of Foreign Assets Control (OFAC), regulates commercial and financial transactions with countries hostile to the United States by (1) restricting trade with such countries and their nationals, and (2) blocking their assets which are located in the United States or under U.S. jurisdiction. The restrictions seek to prevent designated hostile countries from acquiring dollar foreign exchange and to deny them the free use of their assets until political differences are resolved and American claims are satisfied. The controls which currently freeze certain foreign assets are based on emergency powers legislation. Treasury officials cite this emergency rationale, a Government policy of noninterference in owner investment discretion, and administrative cost considerations as reasons for not keeping close track of the assets or monitoring asset-holder practices. Under these circumstances, the Treasury cannot ensure that its controls are effective or that the interests of American claimants and the U S. Government are being adequately protected. Major concerns are whether: (1) the system for implementing blocking controls and the Treasury's monitoring of the controls are adequate to ensure that designated hostile countries are denied the use of their dollar assets and earnings to the maximum practicable extent, (2) blocked assets are properly accounted for and their value preserved, and (3) a reliable basis exists on which to make policy and management decisions regarding the assets and related U.S. interests.

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**FINDINGS:**

Treasury administrators have not required asset-holders to systematically report the assets they block or receive custody of, nor have they regularly inventoried the assets or monitored the holders to determine how the assets are identified and kept. As a result, the administrators frequently did not know what assets were blocked, who owned them, where they were located, or what they were worth. This lack of asset knowledge and virtually complete dependence on asset-holders made the Treasury unable to fully assess the program's effectiveness, give information on the assets' worth, and provide assurances that they were properly accounted for and managed. Blocked assets are presently turned over to State abandoned property offices as they receive custodial authority, but such transfers unnecessarily jeopardize owner and Treasury interests in the assets. Asset-holders who were contacted by GAO did not appear to possess a clear understanding of Treasury regulations. In addition, the Treasury has shown belated concern in maintaining asset values. U.S. Government claims, which are largely undetermined, do not compete with private claims for compensation generated from settlements negotiated and funded by blocked assets; this weakens the prospects for recovery of Government claims.

**RECOMMENDATIONS TO AGENCIES**

- The Secretary of the Treasury should use asset status reports and activity data to identify potential problem areas requiring followup.
- The Secretary of the Treasury should revoke the licenses which permit the transfer of blocked assets to State administrations and amend the appropriate regulations to reflect this prohibition.
- The Secretary of the Treasury should require the Director of OFAC to follow through on Treasury's prerogative to require asset-holders to periodically report new blockings, dispositions, and status of assets in custody.
- The Secretary of the Treasury should require the Director of OFAC to establish and maintain master control records for blocked assets, based on acquired census data, periodic asset-holder reports, licensing activity, and other sources.
- The Secretary of the Treasury should request the cooperation of Federal and State regulatory agencies to test asset-holder procedures or to verify asset data as necessary to ensure that blocking goals are being met and that asset knowledge is valid.
- The Secretary of the Treasury should supplement OFAC monitoring efforts by obtaining random and timely feedback from asset-holders when new regulations are issued to find out if they are understood and correctly implemented.
- The Secretary of the Treasury should use the data to be obtained on assets and asset-holder practices to determine at what value blocking of assets may be counter-productive and to establish a minimum amount at which assets should be blocked.
- The Secretary of the Treasury should require State offices which already hold or receive blocked foreign assets to report them and to certify that the various asset custodial requirements are being adhered to.
- The Secretary of Agriculture should, as recommended by GAO in October 1976, but rejected by Agriculture, "Include a provision in future Public Law 480 agreements which would permit the Department, under certain conditions, to take title to commodities any time before they arrive in the recipient country."
- The Secretary of State should identify and fix the value of U.S. Government claims against Vietnam and other countries whose assets are blocked and include these claims in any settlement funded with blocked assets.

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The Secretary of State should ensure that blocked U.S. Government proceeds originating from its assistance programs are first applied to related program claims against affected countries.

The Secretary of State should support the AID Administrator in recovering the \$1.4 million remaining portion of the U.S. contribution to the Exchange Support Fund (ESF) Furthermore, the Secretary of the Treasury and the Attorney General should provide such assistance as the Administrator may require in recovering the funds.

The Administrator of AID should investigate whether the \$1 million transfer came from the ESF and, if so, determine whether it was made in compliance with the working group's direction. If it was not in compliance, the Administrator should seek restoration of the funds and accumulated interest to the ESF and initiate recovery action for the U.S. Government.

The Secretary of the Treasury should require the Director of OFAC to make a comprehensive census of the assets currently blocked pursuant to OFAC regulations.

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TITLE: [Claim for Recredit of Sick Leave After Break in Service]  
ACCESSION NUMBER: 113697 BNUMBER: B-198627  
DOCUMENT DATE: 11/07/80 DOCUMENT TYPE: Decision  
DOCUMENT CLASS. P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development: Office of Financial Management

LAW AUTHORITY:

5 C.F.R 630.502(b)(1)  
FAM [3] 493.3  
B-180604 (1974)  
B-188913 (1977)  
5 U.S.C. 6311  
22 U.S.C. 1151

BACKGROUND:

A request was made for a decision on the claim of a Foreign Service officer for reinstatement of sick leave. The officer was reemployed after a break in service of over 4 years, which followed his separation from the agency due to a reduction in force. Since his separation was involuntary and he actively sought Government employment during the period of his unemployment, the officer requested the recredit of the sick leave hours which carried to his credit at the time of his separation. Federal regulations provide that an employee who is separated from the Federal Government is entitled to a recredit of his sick leave if he is reemployed in the Federal Government without a break in service of more than 3 years. GAO found the officer's claim is precluded by the operation of these regulations. The claim was denied.

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TITLE. [AID Needs Clarification on Defense Base Act Insurance Requirements]  
ACCESSION NUMBER 113660 RPTNO: ID-81-8  
BNUMBER B-162408 DOCUMENT DATE: 10/30/80  
DOCUMENT TYPE Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Department of Labor  
Agency for International Development

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LAW AUTHORITY:

Defense Bases Act (Compensation)  
42 U.S.C. 1651 et seq.  
Longshoremen's and Harbor Workers' Compensation Act  
Mutual Security Act, 1954

BACKGROUND:

A review was undertaken of the insurance requirements of the Defense Base Act (DBA) as they relate to Agency for International Development (AID) contractors working overseas. DBA was enacted in order to extend workers' compensation protection to employees of Government contractors working at overseas defense bases. As a result, AID requires DBA insurance for employees working overseas, including: (1) those under AID direct contracts; (2) those under contracts between host governments and third parties financed by AID loans; and (3) those under contracts between AID grantees and third parties.

FINDINGS:

In its review, GAO found that: (1) substantial confusion and misunderstanding exist between AID and the Department of Labor (Labor) concerning when DBA insurance requirements apply and when they do not; (2) the exemption of development loans from DBA requirements may have caused inequities in worker coverage overseas; and (3) to obtain the required coverage, some AID-financed contractors must pay DBA premiums which approach or exceed their salary costs. Moreover, at least \$245,000 could have been saved over the last 3 years had the AID-blanket DBA contract been extended to these contractors.

RECOMMENDATIONS TO AGENCIES

The Administrator of AID should exercise the option specified in section 1(a)(5) of the act by requesting that the Secretary of Labor bring individual development loans under the DBA requirements.

The Administrator of AID should contingently plan for inclusion of contracts under development loans in the appropriate blanket contract should you decide to request that these loans be brought under DBA.

The Administrator of AID should (1) ensure that DBA coverage is available to all affected contractors at the lowest possible cost and (2) proceed with work toward a blanket contract for DBA coverage on host country contracts

The Secretary of Labor should direct appropriate Labor officials to: (1) formalize Labor's position concerning DBA requirements; (2) prepare either broad agency guidelines or a written statement of Labor's opinions on when DBA requirements should be extended to overseas Government contracts; and (3) disseminate the guidelines or statements to all agencies which Labor believes to be affected by DBA.

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TITLE: [Internal Control at AID Missions]

ACCESSION NUMBER. 113531

RPTNO: FGMSD-81-5

BNUMBER: B-199914

DOCUMENT DATE: 10/10/80

DOCUMENT TYPE Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE

Financial and General Management Studies Division

ORGANIZATION CONCERNED.

Agency for International Development

Department of the Treasury

LAW AUTHORITY:

31 U.S.C. 66a

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**BACKGROUND:**

Survey results are presented of accounting controls over revenue and expenditure transactions at seven Agency for International Development (AID) missions in Latin America and the Caribbean. Where potential weaknesses were indicated, selected transactions were tested to determine if the weaknesses existed; no attempt was made to establish their extent or the precise corrective actions needed.

**FINDINGS:**

The survey disclosed weaknesses in internal controls over accounts receivable, cash collections, and imprest funds. It was noted that a need exists for increased internal reviews. Since survey results were discussed with responsible accounting station officials who initiated or promised corrective action, formal recommendations were not made. However, it is suggested that the Director, AID, follow up on the adequacy of the corrections, and that he consider the deficiencies noted during any future accounting system design efforts.

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**TITLE:** Transfers of Excess and Surplus Federal Personal Property--Impact of  
Public Law 94-519  
ACCESSION NUMBER. 113433 RPTNO: LCD-80-101  
BNUMBER. B-198682 DOCUMENT DATE: 09/30/80  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE**

Logistics and Communications Division

**ORGANIZATION CONCERNED:**

General Services Administration  
Department of Defense  
Agency for International Development  
National Science Foundation

**LAW AUTHORITY:**

Foreign Assistance Act of 1961  
Department of Agriculture Organic Act of 1944  
Science Foundation Act  
Property and Administrative Services Act  
Public Works and Economic Development Act of 1965  
Indian Financing Act of 1974  
P.L. 94-519  
P.L. 95-224  
F.P.M.R. 101-43  
40 U.S.C. 493

**BACKGROUND:**

Public Law 94-519 significantly changed various Government policies and procedures on the transfer of excess and surplus Federal personal property to non-Federal organizations. The Law's objectives included restricting the transfer to non-Federal organizations of excess property that might be needed within the Federal Government, and encouraging the fair and equitable donation of surplus property to meet the needs of a wide range of eligible non-Federal organizations.

**FINDINGS**

Much less excess property is now being transferred to non-Federal organizations and a greater portion is being transferred to Federal agencies for their use. There is a greater flow of surplus property to eligible donees. The General Services Administration (GSA) and the responsible State agencies appear to be reasonably effective in their efforts to distribute property fairly and equitably. However, improvements are needed to ensure that the property is managed and used as required by

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implementing regulations. In the management of the surplus property Donation Program, GAO found instances of failure of States to submit permanent, legislatively developed Donation Program plans of operation, as required by law. There were inconsistent and possibly excessive service charges assessed by State agencies, inadequate inventory control procedures, nonuse or improper use of property by donees, and insufficient audit and review of the Donation Program. The Law's provision concerning the return of excess property located overseas may restrict the Agency for International Development (AID) access to domestic property and property in Europe. The Law did not change the priorities of voluntary organizations regarding domestic or other foreign excesses. Recent congressional action will require the Department of Defense to recover greater costs for its surplus property. GAO believes that the imposition of a care and handling surcharge will result in reduced donee participation in the program.

RECOMMENDATIONS TO CONGRESS

Congress should clarify what costs relating to donated property it wants recovered so that the costs will be handled consistently for Department of Defense and civil agency property.

RECOMMENDATIONS TO AGENCIES

The Administrator of General Services should require GSA personnel to review proposed transfers of excess property to Federal grantees thoroughly and to return, without approval, those which do not appear proper. These include any nonreimbursable transfers of common-use items to National Science Foundation grantees and any transfers to grantees whose eligibility apparently has expired or soon will. He should improve GSA procedures for allocating donable property among the States by requiring the GSA allocating regional offices to accumulate and use information on past allocation of highly desirable reportable items of property. This information should include for each type of item the quantity, acquisition cost, and condition of property previously allocated to each State. He should take the necessary actions, including establishment of timetables and penalties, to require all States to comply with the provisions of the Law, including: (1) submission of permanent, legislatively developed State plans of operation; (2) accomplishment of biennial external audits which include reviews of State Agency for Surplus Property compliance with the State plans of operation and applicable sections of the Federal Procurement Manual Regulations; (3) establishment of equitable service charges, (4) proper accountability for Federal property; and \*

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TITLE: [Foreign Assistance Loan Funds Appropriated by Continuing Resolution]  
ACCESSION NUMBER 113283 BNUMBER: B-199966  
DOCUMENT DATE 09/10/80 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE.

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

Foreign Assistance Act of 1961

Foreign Assistance and Related Programs Appropriation Act, 1979

P.L. 95-481

92 Stat. 1595

H.R. 4473 (96th Cong.)

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B-194063 (1979)  
B-163375 (1971)  
93 Stat. 923

BACKGROUND:

GAO was asked for its opinion on two questions arising under a Joint Resolution making further continuing appropriations for fiscal year 1980 and for other purposes. The questions were whether funds appropriated for foreign economic assistance loans are available beyond the end of fiscal year 1980, and whether the limitation on the percentage of an appropriation which can be obligated in the final month of availability contained in the fiscal year 1979 appropriation act for foreign assistance, applies to funds appropriated by the current continuing resolution. In response, GAO stated that. (1) foreign assistance loan funds appropriated by the continuing resolution are available until September 30, 1981, since the specific designation of a 2-year period of availability of loan funds in the continuing resolution is an exception to the general provision in the resolution that all funds appropriated are available for only 1 year; and (2) the limit on the final month obligations that no more than 15 percent of the amount of the appropriation may be obligated or reserved during the last month of availability applies to foreign assistance funds appropriated for fiscal year 1980 by the continuing resolution.

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TITLE: [GAO Views on H.R. 7893]  
ACCESSION NUMBER: 113277  
DOCUMENT TYPE: Testimony

DOCUMENT DATE: 08/27/80  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the Comptroller General

ORGANIZATION CONCERNED:

Department of Defense  
Department of Justice  
Department of the Treasury  
Department of State  
United States International Development Cooperation Agency

LAW AUTHORITY:

Executive Order 12066  
P.L. 95-88  
H.R. 7893 (96th Cong.)

BACKGROUND:

Legislation has been proposed to establish Offices of Inspector General in the Departments of Defense, Justice, Treasury, and the International Development Corporation Agency (IDCA). GAO strongly supported earlier legislation which centralized internal audit and investigative activities under Inspectors General in 15 major departments and agencies, because such legislation (1) insures that high-level agency attention is given to promoting economy and efficiency and combating fraud, waste, and abuse; (2) provides better assurance that the work of audit and investigative units throughout the Government are coordinated, and (3) insures that both Congress and agency heads receive information on problems involving economy, efficiency, fraud, and abuse. GAO expressed support for the provisions of the proposed legislation relating to the establishment of Inspectors General at the Departments of Justice, Treasury, and State. However, it regarded the present establishment of an Office of Inspector General within IDCA as premature, because IDCA was only established in October 1979 and is still experiencing start-up problems. GAO believed that Congress needs to consider some important issues associated with the IDCA role in development assistance before enacting legislation on this

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proposal. Regarding the Department of Defense, GAO opposed the use of the term Inspector General, because it has a special military meaning signifying a person primarily interested in military discipline, morale, and welfare problems. It would be less confusing to call the new official the Auditor General. GAO supported the concept of an Auditor General in the Department of Defense, but believed that the bill should specify that the Auditor General be a civilian. Also, the bill should give the Department of Defense Auditor General the authority to draw upon the services' audit and investigative resources when needed for special Defense-wide reviews.

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**TITLE:** [Views of GAO on Provisions of S. 3025]  
**ACCESSION NUMBER** 113276 **DOCUMENT DATE:** 08/26/80  
**DOCUMENT TYPE:** Testimony **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Financial and General Management Studies Division

**ORGANIZATION CONCERNED:**  
Department of Justice  
Department of the Treasury  
Department of State  
United States International Development Cooperation Agency

**LAW AUTHORITY:**  
P.L. 95-88  
S. 3025 (96th Cong.)

**BACKGROUND:**

Legislation has been proposed which would establish the Office of Inspector General in the Departments of Justice, Treasury, State, and in the International Development Corporation (IDCA). GAO strongly supported earlier legislation which centralized internal audit and investigative activities under Inspectors General in 15 major departments and agencies, because such legislation : (1) insures that high-level agency attention is given to promoting economy and efficiency and combating fraud, waste, and abuse; (2) provides better assurance that the work of audit and investigative units throughout the Government are coordinated, and (3) insures that both Congress and agency heads receive information on problems involving economy, efficiency, fraud, and abuse. GAO expressed support for the provisions of the bill relating to the establishment of Inspectors General at the Departments of Justice, Treasury, and State. However, it regarded the present establishment of an Office of Inspector General within IDCA as premature, because IDCA was only established in October 1979 and is still experiencing start-up problems. It believed that Congress needed to consider some important issues associated with the IDCA role in development assistance before enacting legislation on this proposal.

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**TITLE:** [Activities of the Overseas Private Investment Corporation]  
**ACCESSION NUMBER** 088436 **BNUMBER:** B-199973  
**DOCUMENT DATE** 08/20/80 **DOCUMENT TYPE:** Other Written Prod.  
**DOCUMENT CLASS.** P,U

**GAO DIVISION/OFFICE**  
Office of the General Counsel: Special Studies and Analysis

**ORGANIZATION CONCERNED:**  
United States International Development Cooperation Agency: Overseas Private Investment Corporation  
Carrier Corp.

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**TITLE:** [Protest Alleging Equipment Offered by Awardee Does Not Satisfy IFB Specifications]

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ACCESSION NUMBER: 113054  
DOCUMENT DATE: 08/19/80  
DOCUMENT CLASS: P,U

BNUMBER: B-198180  
DOCUMENT TYPE: Decision

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Peerless Pump Co.  
Arab Republic of Egypt: Ministry of Irrigation  
Patterson Pump Co.  
Agency for International Development

LAW AUTHORITY:

59 Comp. Gen. 73

BACKGROUND:

A firm requested that GAO review a contract awarded by the Ministry of Irrigation, Arab Republic of Egypt pursuant to an Agency for International Development (AID) project. The procurement was for pumping equipment including motors, circuit breakers, and switchgear. The protester contended that the motors offered by the awardee did not satisfy the specifications contained in the invitation for bids (IFB); the cost of the motors and circuit breakers of the switchgear, manufactured outside of the United States, exceeded an applicable limit set forth in the source/origin provisions of the IFB, and the motor was a foreign end product, not a component, and could not be accepted under the provisions. Initially, AID questioned whether GAO had jurisdiction to consider the complaint because the procurement was funded by an AID grant-loan combination. GAO found that whether the project was funded by a grant-loan combination was not a critical concern. The essential question involved the significance of the grant funds in the project as a whole. If funds were found to be significant, GAO would consider the matter. It was found that the \$8 million grant was a significant portion of the \$19 million project. The AID position with respect to whether the motors met the specifications was that the IFB permitted flexibility and that the configuration offered by the awardee was technically acceptable. It believed that the percentage of cost of the motor and circuit breaker to the total pump was less than 50 percent which did not violate the source/origin provisions, and that the motor was not a foreign end product, but a component of the pump to be assembled in the United States. Based on its review of the record, GAO could not disagree with the AID position. Accordingly, the complaint was denied.

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TITLE: [Protest of AID Contract Award]

ACCESSION NUMBER: 113045  
DOCUMENT DATE: 08/18/80  
DOCUMENT CLASS: P,U

BNUMBER: B-198706  
DOCUMENT TYPE: Decision

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Pacific Consultants, Inc.  
Management Sciences for Health, Inc.  
Agency for International Development: Port-au-Prince, Haiti

LAW AUTHORITY:

4 C.F.R. 20  
4 C.F.R. 20.2(b)(1)  
4 C.F.R. 20.2(b)(2)  
P.L. 95-507

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92 Stat. 1757  
B-187160 (1977)  
B-185103 (1976)  
B-194398 (1979)  
B-193134 (1979)

BACKGROUND:

A firm protested the award of a contract by the Agency for International Development (AID) mission in Haiti. The protester argued the award was improper, based on allegations that: (1) the AID evaluation panel members were not qualified to evaluate public health delivery system proposals; (2) AID policy established a preference for the host-country selection of the contractor, and the government of Haiti preferred the protesting firm; (3) the awardee's oral discussion was rescheduled for a week after the protesters', which gave them the opportunity to find out information about the protester's proposal and use it in its own proposal; (4) the awardee should not have been permitted to submit a proposal, since the new public health officer for the AID mission in Haiti had been employed by the awardee until August 1979; (5) the awardee and another offeror were interconnected and had a noncompetitive agreement; (6) award of the contract violated Federal Law, and (7) the awardee was asked to submit additional information after proposals were due, and the protester was not. GAO held that: (1) the protester had not carried the burden of proof of showing the that technical evaluation was unreasonable, (2) the record showed that while some Haitian evaluation panel members favored the protester, the Haitian Minister of Health and Director General of Ministry concurred officially in selection of the awardee; (3) the protest that postponement of the awardee's discussions was potentially prejudicial was untimely, since it was filed more than 10 days after the date that the protester knew of the postponement; (4) the former one-time consultant to the awardee, who awarded the contract, did not show an improper conflict of interest; (5) the record did not show collusion or any present connection between the awardee and another offeror; (6) the protest alleging Federal Law violation was untimely since it was filed long after due date; and (7) the record showed that AID requested information from both the awardee and the protester during proper conduct of written discussions. Accordingly, the protest was denied.

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TITLE: [Validity of Method of Payment Provisions in AID Contracts]  
ACCESSION NUMBER 112939 BNUMBER: B-196556  
DOCUMENT DATE 08/05/80 DOCUMENT TYPE: Decision  
DOCUMENT CLASS P,U

GAO DIVISION/OFFICE

Office of the General Counsel

ORGANIZATION CONCERNED.

Department of State

Agency for International Development

E-Systems, Inc.

Heli Orient Ltd.

Department of State: Bureau of International Narcotics Matters

Socialist Republic of the Union of Burma

LAW AUTHORITY.

22 Comp. Gen. 784

38 Comp Gen. 38

38 Comp Gen. 40

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55 Comp. Gen. 554  
55 Comp. Gen. 562  
58 Comp. Gen. 654  
Muschany v. United States, 324 U.S. 49 (1945)  
B-166790 (1973)  
41 U.S.C. 254(b)

**BACKGROUND:**

An opinion was requested on whether the method of payment provisions in two Agency for International Development (AID) contracts violated the prohibition against the cost-plus-a-percentage-of-cost system of contracting. The contracts were funded by the Bureau of International Narcotics Matters. They covered maintenance, supply, and related services necessary to operate aircraft provided to the Government of Burma for its Narcotics Control Program. AID negotiated the contracts sole-source at estimated costs of \$1.5 million and \$2 million. Additionally, both contracts are labeled fixed price technical service contracts. Under the contracts, certain items are fixed; but for other items, including materiel and equipment shipped to or from Burma and work performed by subcontractors, the contractors are paid actual costs and a management fee on a sliding scale. In response, GAO held that: (1) the fact that management fees were characterized as fixed fees based on different levels of effort did not prevent the contract from being contrary to statute since all elements of a cost-plus-a-percentage-of-cost system were otherwise present; (2) the fact that payment was at a predetermined dollar amount, rather than at a predetermined percentage rate, was not a meaningful distinction since the contractor's fee increased in direct proportion to actual costs incurred; and (3) administrative safeguards were not sufficient to save the contract from being construed as cost-plus-a-percentage-of-cost system of contracting. Accordingly, GAO found that the contracts were contrary to statute, and payment for the value of goods or services should be made on a quantum meruit basis.

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TITLE: The AID Excess Property Program Should Be Simplified  
ACCESSION NUMBER: 112921 RPTNO: ID-80-32  
BNUMBER B-198828 DOCUMENT DATE: 07/31/80  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
International Division  
ORGANIZATION CONCERNED:  
Agency for International Development  
United States International Development Cooperation Agency  
LAW AUTHORITY:  
Foreign Assistance Act of 1961  
P.L. 94-519

**BACKGROUND:**

The Agency for International Development (AID) Excess Property Program was intended to use excess property instead of new property in AID-funded projects whenever possible. However, the program is not presently directed toward that end.

**FINDINGS:**

Though the program is not presently accomplishing the primary purpose intended by Congress, GAO found that excess property can be used under some circumstances in U.S. foreign assistance. The current use of non-excess property by AID is not the intent of the law. GAO believes that the effort required to redirect the advance acquisition program would be greater than the benefits that would be derived. The General Services Administration's

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(GSA) implementation of public law has caused voluntary agencies and other recipients to receive less excess property. These agencies will receive an even smaller amount of property if use of non-excess property by AID is reduced.

RECOMMENDATIONS TO CONGRESS

Congress should terminate the authority of the Administrator of AID to operate the advance acquisition segment of the excess property program This would include abolishing its revolving fund, liquidating the program's inventory, and returning all funds to the U.S. Treasury.

RECOMMENDATIONS TO AGENCIES

The Administrator of AID should continue to use excess property otherwise available to AID by developing (1) procedures to satisfy AID-assisted programs and project needs, where practicable, through the GSA allocation system and from holding agencies, and (2) an education program to encourage mission personnel to use excess property. Until such time as Congress decides to implement the GAO recommendations or take other appropriate actions, the Administrator of AID should discontinue using the revolving fund to obtain non-excess property except to complement excess property.

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TITLE: U.S. Response to Jamaica's Economic Crisis  
ACCESSION NUMBER. 112858 RPTNO: ID-80-40  
BNUMBER B-193960 DOCUMENT DATE: 07/17/80  
DOCUMENT TYPE. Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE.

International Division

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

P.L. 83-480

BACKGROUND:

Assistance from the Agency for International Development (AID) to Jamaica increased sharply in 1977 with balance-of-payment support and developmental aid of nearly \$30 million. This increase reflected the U.S. interest in the Caribbean and a concern for the economic deterioration of a neighboring nation. Despite the efforts of the United States, Jamaica, and other donors to halt the decline, the economic situation remains critical with little hope of immediate recovery. Jamaica's balance-of-payment position has suffered as a result of the rise in oil prices, a decline in tourism, a high level of commodity consumption, an undiversified export economy, and a capital outflow partly due to the government of Jamaica policies. Negotiations between the Government of Jamaica and the International Monetary Fund were unsuccessful in reducing the Government's budget to promote economic stabilization and recovery Compounding matters, sufficient alternative funding sources have not been identified Nearly all of the AID projects in Jamaica have problems, which include inadequate project planning, poor commodity procurement, inability of the implementing agency to manage the project, or differences between AID and the Government of Jamaica concerning project goals and interest

FINDINGS:

The problems that are most worrisome are those related to Jamaica's failing economy. AID projects must operate in a climate where local commodities are often in short supply, there are not enough managers and other skilled people, basic infrastructure is deteriorating, inflation is high, and the host government's budget is strained. AID and Jamaican officials are generally confident that the government will be able to continue each

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project once AID support project ends. However, given the economic conditions that exist in Jamaica which have threatened Jamaica's ability to absorb additional project assistance, project expansion may be difficult. If the Jamaican economy stabilizes or improves, the AID projects have a reasonable chance of success. If the economy deteriorates further, the projects will surely suffer. Since 1978, AID has also committed \$21 million to Jamaica through the multilateral Caribbean Development Facility (CDF). The annual evaluation of AID to CDF generally does not comment on the ability of the participating country to meet specified targets. AID relies on other sources to assure project progress and compliance without performing its own independent evaluation and project site visits to verify and supplement information obtained from prime donors. In addition, the AID staff does not directly nor routinely receive project progress reports or spot check to assure proper use of funds.

RECOMMENDATIONS TO AGENCIES

The AID Administrator should: (1) improve the frequency of transmissions of prime donor project monitoring reports to assure full awareness of project progress and problems; (2) ensure that AID staff periodically visit project sites to supplement and verify information provided by prime donor reports; and (3) improve the evaluation process so that project evaluations provide for on-site visits and address all major issues dealing with a project's progress vis-a-vis planned targets and objectives, and with feasibility questions as they might arise.

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TITLE: AID Must Consider Social Factors in Establishing Cooperatives in  
Developing Countries  
ACCESSION NUMBER: 112779 RPTNO: ID-80-39  
BNUMBER: B-199397 DOCUMENT DATE: 07/16/80  
DOCUMENT TYPE Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Agency for International Development  
United States International Development Cooperation Agency

LAW AUTHORITY:

Foreign Assistance Act of 1962

BACKGROUND:

Cooperatives are seen as one way to improve the effectiveness of U.S. foreign assistance in developing countries by enabling the urban and rural poor to help themselves. The efforts by the Agency for International Development (AID) to foster cooperatives have not been uniformly successful. The primary reason is that AID has not adequately considered the complex political, cultural, and economic factors affecting the development of cooperatives at the basic levels. AID provided \$27.4 million in fiscal year 1978 and \$35.0 million in 1979 to encourage cooperatives in developing countries. GAO reviewed programs in the Philippines, where AID is assisting farmer irrigation organizations and regional marketing cooperatives, Paraguay, where AID is sponsoring a private central cooperative, CREDICOOP, which provides credit assistance to 29 rural cooperatives, and Liberia, where AID has provided funding for a farmer cooperative system. Strong local institutions are important to assure that farmers participate in and benefit from AID-supported cooperatives. AID programs have not devoted sufficient effort to this aspect. Developing-country governments must be asked to provide appropriate legislative framework, financial support for building warehouses and processing facilities or capital for loan funds, and budget support for

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those agencies charged with organizing cooperatives and providing training. They also need to intervene to prevent domination by traditional elites, such as landowners and middlemen. Farmer organizations tend to do better when organized around specific goals that can be achieved quickly as a group effort. AID reports to Congress do not examine what actual benefits, if any, cooperatives or their members receive. They measure success in terms of increased sales volume and membership, they do not determine how many members are active or if economic benefits are distributed equitably. They have not provided significant data on key issues, such as how cooperatives can better serve farmers, how a broad sharing of benefits can be achieved, or what other steps can be taken by the host governments, cooperatives, and AID for effective development of cooperatives.

**FINDINGS**

Assistance to irrigation cooperatives in the Phillipines has concentrated on building a network of strong local-level organizations. Success of the system is attributable, in part, to its ability to quickly deliver a tangible benefit as well as the intensive field support provided to the individual associations. Minimal assistance is directed toward the village institutions which form the base of the system, and fieldworkers have difficulty in providing the needed support. Strong village societies are essential to the success of the cooperative credit and marketing system. These societies may be strengthened with additional technical and financial resources. AID assistance to CREDICOOP in Paraguay has provided needed input and services to farmers and advances have been made in the development of a self-sufficient institution. However, self-sufficiency problems in the rural cooperatives which predate the creation of CREDICOOP continue. AID actions have not been satisfactory. The inclusion of nonfarm members has provided additional resources to the system, but continuing the balance without the infusion of external capital is an issue which needs to be addressed by project managers. The operation of the cooperative system has been dependent on host-government support and favorable prices and export demand for the principle crop, cotton. Any unfavorable changes in the political climate or the cotton market could have a devastating impact on the cooperative system. In Liberia, efforts to build a cooperative system responsive to farmer needs have met with little success so far.

**RECOMMENDATIONS TO AGENCIES**

The Administrator, AID, should develop mechanisms to assure that farmers are benefiting from the assistance provided to regional and national organizations, devote more efforts to obtaining farmers' views on their problems, needs, and priorities in designing and developing cooperative systems and to promoting farmer-participation in controlling cooperative activities; make sure that development funds are not dissipated because recipient countries cannot or do not provide the necessary financial, personnel, or logistic support; set realistic goals for cooperatives, particularly regarding intended beneficiaries, and improve the quality of cooperative project evaluations by focusing on actual benefits to the majority of participants. The Administrator, AID should (1) In the Phillipines; assess the feasibility of providing more resources to help village cooperative societies, explore ways to provide more AID and other donor resources and to obtain necessary support from the Phillipines government if additional assistance is warranted, and if additional AID and other donor and Phillipines Government support is not forthcoming, explore alternatives which will assure that the AID assistance now being provided to regional marketing cooperatives will reach the intended beneficiaries. (2) In Paraguay; take appropriate a\*

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TITLE: AID Slow in Dealing With Project Planning and Implementation Problems  
ACCESSION NUMBER: 112768 RPTNO: ID-80-33  
BNUMBER. B-198783 DOCUMENT DATE: 07/15/80  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Agency for International Development

Department of State

United States International Development Cooperation Agency

BACKGROUND:

The Agency for International Development (AID) finances hundreds of millions of dollars annually in the procurement of commodities for foreign aid projects for developing countries.

FINDINGS:

Problems in planning procurements and monitoring project implementation still exist. Despite recommendations by GAO and others, including AID management teams, to improve project monitoring effectiveness: (1) project milestones are still not being met effectively, and (2) identified management problems are not being attended to properly. Delays in ordering and receiving project commodities occur because AID management has not adequately planned procurements, project officers are not adequately trained in procurement and supply management matters, and AID has not issued clear instructions on project implementation. Unnecessary procurement costs are incurred because AID does not have information on the total amount and the types of commodities purchased for financed projects. As a result, AID is not able to obtain the benefits associated with the standardization of items used on projects and the consolidation and advance purchase of selected common-use commodities. For some types of commodities, GAO identified uneconomical expenditures in excess of \$600,000 that could have been avoided through closer management of commodity procurement. AID officials recognize the problems; however, action to improve planning and project monitoring has been slow.

RECOMMENDATIONS TO AGENCIES

The Administrator of AID should assure that the geographic bureaus increase efforts for finding solutions to problems that continue to inhibit the process of delivering economic assistance to developing countries, and assure that studies undertaken for that purpose produce usable products. He should direct those responsible for agencywide coordination to follow up on such efforts, including speedy issuance of adequate monitoring guidance. He should reemphasize the need for adequate project planning, including development of time-phased procurement plans and schedules, at the earliest possible stage in the project design process in clear and explicit guidance to AID personnel responsible for project design and approval. The Administrator should: establish a procedure to assure that AID project officers going overseas receive mandatory training in procurement, contracting, and supply-management matters, require full use, during the project design stage, of AID personnel already trained in procurement, contracting, and supply-management matters, establish an accounting and reporting system that includes systematic collection and analysis of information on project commodities for commodity-management purposes; authorize pilot experiments for seeking more prudent and economical procurements of AID-financed commodities through wider application of recognized p\*

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**TITLE:** [Request for Relief From Liability]  
ACCESSION NUMBER. 088452                      BNUMBER: B-196804  
DOCUMENT DATE. 07/01/80                      DOCUMENT TYPE: Other Written Prod.  
DOCUMENT CLASS P,U

GAO DIVISION/OFFICE.  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
LAW AUTHORITY.

- 59 Comp Gen. 113
- 54 Comp Gen. 112
- 54 Comp. Gen. 190
- B-183489 (1975)
- B-188894 (1977)
- 5 U.S.C. 5705
- 31 U.S.C. 82a-1

**BACKGROUND:**

An employee of the Agency for International Development (AID) requested relief from liability of government funds that he lost while travelling on official business. He stated that, since the date of the loss, he has attempted without success to resolve the relief question with AID. GAO provided information regarding the authority and procedures available to AID in granting or denying the request. A question involved in the case was whether or not the employee occupied the status of an accountable officer of government funds at the time of the loss. The funds he was carrying represented travel expenses and per diem as well as certain operational funds. The entire amount was erroneously classified as a travel allowance. Through an oversight by AID, he was not designated a subcashier for funds advanced in excess of travel and per diem requirements. An employee who receives travel advancements is not considered an accountable officer for such funds inasmuch as these advances are in the nature of a loan as distinguished from government funds entrusted to an employee. However, GAO has recognized that an employee may be considered an accountable officer of government funds when the travel funds advanced greatly exceed the employee's travel expense requirements and the excess is supposed to be used for an operational purpose. GAO has the discretion to relieve an accountable officer of liability where an agency head determines that the loss occurred while the employee was discharging official duties and it occurred without fault or negligence on the part of the employee. For amounts not exceeding \$500, the heads of departments can grant such relief under appropriate statutory criteria. Since the amount of funds involved is only \$424, AID has authority to grant or deny relief of liability to the employee without reference to GAO, upon making the appropriate determinations.

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**TITLE:** [Protest Involving Sole-Source Award]  
ACCESSION NUMBER. 112678                      BNUMBER. B-198610  
DOCUMENT DATE 06/30/80                      DOCUMENT TYPE: Decision  
DOCUMENT CLASS. P,U

GAO DIVISION/OFFICE  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
KHI, Inc  
United Nations Children's Fund  
Agency for International Development

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LAW AUTHORITY:

B-180893 (1974)

BACKGROUND:

A company protested the sole source award of a contract for approximately 2 million one ounce packages of oral rehydration salts in the approximate amount of \$140,000. Both the awardee's and the protester's quotes were unsolicited. The protester contended that the contracting agency had the time to conduct a competitive procurement but did not do so in violation of applicable statutes and regulations and that the agency would continue to award contracts on a sole-source basis unless corrective action was recommended. The contracting agency reported that. (1) the salts were urgently needed to combat the peak of a certain disease in the Arab Republic of Egypt; and (2) the awardee's unit price of 7 cents was lower than the protester's initial quote of 13 cents and a final quote of 10.9 cents. The agency stated that the salts were needed by the end of May 1980 and it could not engage in direct competitive negotiation to procure a timely supply of salts because the time required for delivery would be at least 3 months. The agency reported that the protester stated that at least 3 months would be needed for delivery, more recently, the protester stated that it would need only 1 month preparation for shipment. The awardee, on the other hand, confirmed that delivery could take place less than 1 month from date of order placement. Finally, the agency reported that it would endeavor, where possible, to establish longer leadtimes for future procurements. GAO held that the report submitted by the agency appears to provide a reasonable basis to support the agency's determination that the situation involved an exigency and, in order to meet the required delivery period, the award as made seemed reasonable. Moreover, while it appeared that personnel responsible for the agency procurement may have allowed the procurement leadtime to slip, the actual prejudice to the protester was not apparent since the protester's revised unit price was substantially higher than the awardee's. Further, GAO expected that the agency would implement its recognition of the need for better procurement planning. The protest was denied.

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TITLE: Cooperation in Agricultural Assistance: An Elusive Goal in Indonesia  
ACCESSION NUMBER: 112534 RPTNO: ID-80-29  
BNUMBER: B-198638 DOCUMENT DATE: 06/11/80  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE.

International Division

ORGANIZATION CONCERNED:

Department of the Treasury  
Agency for International Development  
United States International Development Cooperation Agency  
Asian Development Bank  
Department of State  
Department of Agriculture  
Development Coordination Committee  
International Bank for Reconstruction and Development (World Bank)

BACKGROUND.

The United States channels its foreign aid to developing countries through a variety of assistance organizations. To some extent, a concerted integrated development effort focused on the priority needs of developing third world countries has not been achieved. GAO performed a case study assessing the nature and extent of foreign donor and recipient cooperation in the agricultural development of Indonesia. Much of the U.S. assistance

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to Indonesia for the past 10 years has been aimed at developing the country's long-term food production potential and reducing its dependence on imported rice. Setting specific priorities has been difficult because the country's problems are complex, facts are often uncertain, and appropriate strategies are not always apparent.

**FINDINGS:**

GAO found that none of the necessary coordination arrangements has operated effectively. Foreign donors recognize the Indonesian Government's responsibility for formulating its own development plans. However, the government planning agency has not fulfilled its responsibilities for assistance coordination on a sector basis. Opportunities for donor/host-government discussion and analysis of agricultural aid programs have been limited. U.S. officials have advocated a stronger leadership role for the World Bank, but the Bank has not assumed this role because of opposition from some bilateral donors. Weak coordination has resulted in the lack of a focused and concerted donor effort; independent donor efforts seldom interrelate or reinforce each other.

**RECOMMENDATIONS TO AGENCIES**

- The Secretary of the Treasury, working with the Director of the International Development Cooperation Agency, should direct the U.S. Executive Director to the World Bank to pursue with Bank officials the need for the Bank, in concert with other donors, to: (1) seek a more active role in coordinating donor assistance programs and in encouraging the Government of Indonesia to promote effective coordination including periodic sector-level, problem-oriented discussions among donors, (2) promote Indonesian efforts to achieve closer interagency and provincial cooperation oriented toward more precisely defined development priorities and toward focusing assistance on these priority needs; and (3) assess ways to improve Indonesia's absorptive capacity, and base increases in future Bank program levels on substantive steps to reduce absorptive problems.
- The Secretary of the Treasury should direct the U.S. Directors to both the World Bank and the Asian Development Bank to promote early information sharing on proposed bank activities so that U.S. officials will have the necessary time to evaluate the relationship between bank programs and U.S. bilateral programs.
- The Secretary of State and the Director of the International Development Cooperation Agency should reemphasize to other bilateral donors the need for both increased information sharing and their participation in effective coordination.
- The Director of the International Development Cooperation Agency should see that multilateral development bank loans undergo cross-program review within the Development Coordination Committee to promote mutual reinforcement among the various assistance efforts within specific countries.

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TITLE: [Restoration of Annual Leave]  
ACCESSION NUMBER. 112478 BNUMBER: B-195562  
DOCUMENT DATE 06/06/80 DOCUMENT TYPE: Decision  
DOCUMENT CLASS P,U  
GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development

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LAW AUTHORITY:

B-192831 (1979)  
5 U.S.C. 6304(d)(1)(A)  
5 U.S.C. 6304(d)(1)(B)

BACKGROUND:

A Federal employee requested reconsideration of the determination that he was not entitled to restoration of annual leave. In disallowing the employee's claim, GAO found that he used, rather than forfeited, all but one hour of the leave in question and that the single hour was not subject to restoration. The leave and earnings statements supplied to the employee failed to reflect charges for leave used in 1966, but official leave records showed the correct yearend balance. On appeal, the claimant explained that his request was for leave forfeited in 1967 rather than 1966. He stated that the delay in deducting annual leave on his 1966 leave and earnings statements resulted in an apparent forfeiture of leave at the end of the 1966 leave year and, therefore, that the belated deduction of that leave on his 1967 leave and earnings statements had the effect of charging him twice for the same leave. He claimed that he was not permitted to take any leave during 1967 because his statements did not show that he had any use-or-lose leave and because of a demanding workload. As a result, he claimed he lost 158 hours of annual leave at the end of the 1967 leave year. He requested restoration under regulations requiring restoration of leave lost due to administrative error. The restoration request was denied by his employing agency. GAO held that the determination of administrative error was within the primary jurisdiction of the agency involved and that the agency's determination was consistent with relevant regulations. Accordingly, GAO sustained the agency decision.

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TITLE: [Examination of Financial Statements of Overseas Private Investment Corporation, FY 1979 and 1978]  
ACCESSION NUMBER. 112445 RPTNO: ID-80-45  
BNUMBER. B-197701 DOCUMENT DATE: 06/05/80  
DOCUMENT TYPE Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE

International Division

ORGANIZATION CONCERNED:

United States International Development Cooperation Agency: Overseas Private Investment Corporation

LAW AUTHORITY:

Government Corporation Control Act  
31 U.S.C. 841 et seq.  
Foreign Assistance Act of 1961  
22 U.S.C. 2195

BACKGROUND:

The financial records of the Overseas Private Investment Corporation were examined as of September 30, 1979 and 1978, pursuant to the Government Corporation Control Act and in accordance with the Comptroller General standards for financial compliance audits.

FINDINGS:

At September 30, 1979, the corporation's reserves totaled \$519 million. It was the opinion of GAO that the financial statements presented fairly the financial position of the Overseas Private Investment Corporation as of September 30, 1979 and 1978, and the results of its operations, changes in its capital and reserves, and changes in its financial position for the years then ended were in conformity with generally accepted accounting principles.

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**TITLE:** [Need for State Department To Implement Section 121 of the Foreign Relations Authorization Act]

ACCESSION NUMBER: 112302

RPTNO: ID-80-37

BNUMBER B-198635

DOCUMENT DATE: 05/13/80

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE.

International Division

ORGANIZATION CONCERNED.

Department of State

Department of Commerce

Agency for International Development

LAW AUTHORITY:

Arms Export Control Act

Export Administration Act of 1979

50 U.S.C. 2407

Foreign Relations Authorization Act, 1976

P.L. 94-250

Executive Order 12188

Reorg Plan No. 3 of 1979

**BACKGROUND:**

GAO was asked to conduct a study of the State Department's implementation of section 121 of the Foreign Relations Authorization Act. Section 121 states that State Department officials should not participate or assist in the negotiation of contracts, or disseminate information about contracts that exclude some Americans from participation on the basis of religion, race, sex, or national origin. However, as of April 1, 1980, the responsibility for commercial affairs activities at 65 posts was transferred from the State Department to the Commerce Department. Therefore, the scope of the study included both agencies.

**FINDINGS:**

In response to the review by GAO of the progress of policy implementation of section 121, Department of Commerce officials stated that Commerce has had a policy of domestic nondissemination of trade opportunities containing boycott conditions that seek to foster restrictive trade practices or include contract provisions that discriminate against U S citizens on the basis of sex, race, or religion. Thus, they will issue implementing instructions to all commercial officers to comply with the provisions of section 121. However, State Department officials stated that it would be impossible to ascertain whether and how many women, Jews, and other minorities have been excluded from contract opportunities. Moreover, State Department officials have issued no specific instructions to implement section 121, but admitted that failure to do so constituted an oversight. Consequently, they agreed to issue a message to all posts that fully satisfies the intent of the section's provisions. Additionally, GAO believes that Congress may wish to propose revised legislation to include all U.S. agencies and to consider the relationship of the antiboycott provision to the Export Administration Act of 1979.

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**TITLE:** U.S. Efforts To Educate and Train the Poor in Developing Countries

ACCESSION NUMBER: 112224

RPTNO: ID-80-18

BNUMBER B-198342

DOCUMENT DATE: 05/05/80

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE

International Division

ORGANIZATION CONCERNED:

AID/ICA/IDCA

Agency for International Development

LAW AUTHORITY:

Foreign Assistance Act of 1961

BACKGROUND:

Since 1960, the United States, through the Agency for International Development (AID) has programmed over \$3 billion to improve education and human resources in developing countries. Over the past decade Congress has been concerned about the extent to which U.S. assistance reaches the poor in developing countries. Despite a strategy developed in 1973 requiring that U.S. assistance meet the basic human needs of the poor, including education, AID has not yet completed an agencywide policy for education and human resources program guidance.

FINDINGS

AID faces many obstacles in attempting to improve the education of the poor in developing countries. Recipient governments, and often the poor people themselves, do not commit resources needed to implement the U.S. sponsored projects. Problems have been encountered in supplying and maintaining learning materials to users in remote areas and in capital cities. AID had not effectively recorded and used its 20 years of experience in designing, programming, and implementing education and human resource projects. Many development problems encountered currently are similar to previous experiences, but the AID management system did not adequately reflect these experiences in an easily accessible, usable form. Although about 190,000 people have traveled to the United States and other countries since the late 1940's for training, a shortage of qualified local people continues to hinder development projects in many countries. This shortage stems from the impact of the "brain drain," or the exit of skills from developing countries. AID could not fully support its position that less than 1 percent of the sponsored training participants do not return home. It has been estimated that as many as half of all participants were not included in statistics representing those reported returning home after completing training abroad. Furthermore, AID does not adequately follow up on participants to evaluate their contributions to development and the impact of U.S. spending upon the poor.

RECOMMENDATIONS TO AGENCIES

The Administrator of AID should: increase recipient-government involvement in identifying, designing, implementing, and evaluating U.S. supported projects, place greater emphasis on the host country's ability to carry projects through the implementation phase and to sustain recurring costs, encourage joint planning and execution of education related programs among all donors, assure that program planners obtain substantive information on experiences gained in prior and ongoing education projects that directly relate to current programs, prepare additional guidance for program planners to obtain needed information in such areas as the effects on the poor, and establish procedures for exchanging plans, programs, and project designs among the various functional sectors to assure coordination and development of the best program and country strategies. GAO further recommended that an agencywide system of accountability of arrivals in, and departures from, the United States, as well as the application of training, received, be developed for overall management and evaluation of the participant training program.

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TITLE: Financial and Other Constraints Prevent Eximbank From Consistently  
Offering Competitive Financing for U.S. Exports  
ACCESSION NUMBER: 112196 RPTNO: ID-80-16

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BNUMBER: B-196942

DOCUMENT DATE: 04/30/80

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Export-Import Bank of the United States

Agency for International Development

Federal Financing Bank

Office of Management and Budget

National Advisory Council on International Monetary and Financial  
Policies

Department of the Treasury

LAW AUTHORITY:

Export-Import Bank Act of 1945

P.L. 95-143

P.L. 95-630

BACKGROUND:

The Export-Import Bank of the United States (Eximbank) finances the sale of U.S. exports. Legislation requires Eximbank to provide export financing at interest rates competitive with other countries' government-supported rates. However, financing supported by Eximbank normally includes both Government and commercial loans, and the blended interest rate depends on commercial interest rates as well as Eximbank's lending rates. In some cases, these factors put U.S. exporters at a competitive disadvantage and Eximbank's loans are more expensive than government-supported financing offered by other countries competing for a sale.

FINDINGS:

The normal blended rates on long-term loans supported by Eximbank are about 2 to 3 percentage points higher than the normal rates charged by other countries on government-supported export financing. On an average loan, this means as much as \$5 million in added interest expense to the borrower. Although Eximbank has taken actions to make its financing more competitive, there are constraints which limit its ability to consistently offer competitive financing. These constraints include the fact that Eximbank operates as a self-sustaining institution. In setting its lending rates, Eximbank attempts to cover its borrowing costs, other expenses, and potential loan defaults. However, Eximbank's foreign counterparts set their normal interest rates at the minimums established by voluntary international guidelines and offer even lower rates by mixing foreign assistance funds with export loans. But, without access to foreign assistance funds, Eximbank tries to compete by selectively lowering its lending rates and by financing portions of a sale normally financed by commercial banks. Consequently, GAO believes Congress should: (1) reexamine the framework and financial constraints within which Eximbank operates; (2) clarify the Export-Import Act to allow Eximbank greater flexibility; (3) provide Eximbank with annual appropriations to subsidize the difference between Eximbank's normal lending rates and rates offered by other governments competing for a sale, and (4) determine whether eligibility restrictions for Eximbank's financing should continue to take precedence over U.S. exports.

RECOMMENDATIONS TO CONGRESS

GAO believes Congress should reexamine the framework and financial constraints within which Eximbank operates. If foreign governments continue or intensify their use of concessionary financing and/or U.S. commercial interest rates and Eximbank's own borrowing costs continue at current high levels, Eximbank will need increased flexibility and

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resources if it is to consistently offer competitive financing. Thus, Congress should consider clarifying the Export-Import Act to allow Eximbank greater flexibility. An alternative or supplement to increased direct loan authority would be to lower Eximbank's lending rates. However, its lending rates are already below its borrowing costs and this jeopardizes Eximbank's traditional self-sustaining structure. If Eximbank were to continue or to increase the subsidization of its lending rate with its accumulated reserves, appropriations could be needed in the future if reserves were inadequate to pay loan defaults and claims for which Eximbank is liable. Alternatively, Congress may wish to consider providing Eximbank with annual appropriations to subsidize the difference between Eximbank's normal lending rates and rates offered by other governments competing for a sale. Additionally, in view of continuing U.S. merchandise trade deficits and the importance of competitive fin\*

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TITLE: Donor Coordination and Project Monitoring Practices--A Foreign  
Economic Assistance Project Study

ACCESSION NUMBER: 112147 RPTNO: ID-80-34

BNUMBER. B-196507 DOCUMENT DATE: 04/24/80

DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED.

Agency for International Development

United States International Development Cooperation Agency

BACKGROUND:

An indepth case study of the multidonor Maternal Child Health/Family Planning Project in Kenya was performed to learn more about trends in the Agency for International Development (AID) project management and donor coordination process. This project was selected for study because it was part of a long-range, multidonor effort containing several of the types of assistance usually offered by AID and it was nearing completion. AID assistance was to be in four major areas. technical assistance, participant training, commodities procurement, and recurring cost financing.

FINDINGS

GAO found that there was no formal arrangement among the donors to coordinate throughout the term of the project. The absence of donor coordination resulted in specific and overall program goals not being achieved in some assistance areas. Division of assistance responsibilities exacerbated the coordination problem in that the donors never compared for whom each was paying, and donors were not able to determine if the government was paying its share of the recurring costs. Planned objectives were not met, partly due to the absence of a monitoring plan and the lack of required evaluations. The assistance promised in the project agreements generally bore little resemblance to the planned output for the specific years. There were major changes in the technical assistance and participant training areas that were not directed toward project goals.

RECOMMENDATIONS TO AGENCIES

The Director of the International Development Cooperation Agency and the Administrator of AID should take the lead in working with other donors and recipient governments to establish a coordinating mechanism for implementing projects or programs at the country level. The Administrator, AID, should emphasize the need to include output targets in project agreements for areas of Agency assistance, insure that required annual evaluations are carried out and reported to

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provide a record of progress in meeting Agency output targets; include requirements in the project assistance handbook for specific identification of financial and program data needs for output monitoring, consider refinements to the present system of grant accounting to provide missions with information on costs funded from sources outside the project, particularly those associated with contracts centrally funded and managed by AID in Washington; and reemphasize the need for project managers to obligate funds only in pursuit of project goals and require that reasons for any changes during the project are adequately documented. The AID Auditor General should review the adequacy of the procedures supporting Government of Kenya salary cost reimbursement requests and take appropriate action to insure that the U.S. mission adequately documents these reimbursements\*

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**TITLE:** More Competence in Foreign Languages Needed by Federal Personnel Working Overseas

ACCESSION NUMBER 112121

RPTNO: ID-80-31

BNUMBER: B-198078

DOCUMENT DATE: 04/15/80

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED.

Department of State

Department of Defense

Department of Agriculture

Department of Transportation

Agency for International Development

International Communication Agency

ACTION

Department of State: Foreign Service Institute

LAW AUTHORITY:

International Development Cooperation Act of 1979

H.R. 3363 (96th Cong.)

H.R. 3324 (96th Cong.)

**BACKGROUND:**

Concern has been expressed as to whether the foreign language skills of U.S. personnel assigned abroad are less than needed to carry out U.S. interests effectively. Eight principal Federal agencies have positions abroad which require Americans with foreign language skills for programs in educational and cultural exchange, agricultural assistance, military sales, and the general conduct of foreign affairs. Exclusive of Peace Corps volunteers or domestic positions about 16,700 Federal overseas positions require a competency in at least one of over 45 foreign languages. During 1979, Federal agencies spent \$30.2 million training 6,235 people in foreign languages. Another \$7.4 million was spent training 4,560 Peace Corps volunteers and trainees overseas.

**FINDINGS**

Foreign language competence among Federal employees has improved since the early 1970's, but improvements are still needed. Federal agencies' systems and procedures for defining foreign language skill requirements are inadequate or nonexistent. Most agencies that require a large number of people with language proficiency use general criteria to determine their actual needs. Agencies with lesser language skill requirements have no review procedures or criteria for identifying the language competency needed for overseas positions. In cases where employees did not have the language competency required for their jobs, supervisors said that low

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foreign language proficiency limited job performance. Factors reducing agencies' ability to meet the foreign language competency needs include the fact that language capability is only one of many qualifications needed by an employee and the potential for career advancement is based largely on elements other than language ability. Efforts to improve agencies' abilities to meet language needs are hindered because: preassignment planning is inadequate and agencies fail to assess alternatives to assigning personnel with less than required language skills; standard training periods at the Foreign Service Institute (FSI) do not always allow enough time for students to attain the required proficiency for their assigned positions, and language courses do not meet job-related needs of certain assignments

RECOMMENDATIONS TO AGENCIES

The Secretary of State, Director of the International Communication Agency (ICA) and the Administrator of the Agency for International Development should ensure that language waivers, allowing nonlanguage qualified officers to occupy language designated positions (LPD), are issued only under genuine emergency conditions; require an annual report on the reasons why waivers were issued and the emergency conditions that required waivers; give greater emphasis to language proficiencies in promotion decisions; require that LPD designation procedures be reviewed to allow for timely updating, feedback to posts on their recommendations, and expeditious recording of changes on all official documents; and direct post officials to ensure that underqualified incumbents of an LPD are encouraged to attend post language classes and are given sufficient time to do so. The Secretary of State should direct the FSI to continue its efforts to make language training more relevant to the jobs the students assume at post; encourage more intensive in-country training after the officer completes training in Washington but before he assumes total job responsibilities; and improve post language programs by increasing funding, services, and guidance to posts. The Director of ACTION should establish language proficiency standards for Peace Corps volun\*

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TITLE: [Accounting for and Destroying of Valueless Foreign Currencies]  
ACCESSION NUMBER: 112010 BNUMBER B-197708  
DOCUMENT DATE 04/08/80 DOCUMENT TYPE: Decision  
DOCUMENT CLASS P,U  
GAO DIVISION/OFFICE  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Department of the Treasury: Bureau of Government Financial Operations  
Agency for International Development  
LAW AUTHORITY:  
Property and Administrative Services Act  
International Security Assistance and Arms Export Control Act of 1976  
P.L. 94-329  
90 Stat. 761  
41 C.F.R. 101.45  
31 U.S.C. 492  
31 U.S.C. 492c  
40 U.S.C. 471 et seq  
40 U.S.C. 483(h)

BACKGROUND:

A decision was requested concerning the proper procedures to be followed in accounting for Vietnamese piasters and Cambodian riels and the propriety of

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destroying these currencies as surplus property. The Treasury Department reports that it currently holds a number of Vietnamese piasters and Cambodian riels obtained as a result of the evacuation of the American Embassies in Vietnam and Cambodia. For accountability purposes, these notes are valued by the Treasury at \$914.66. Also, two additional quantities of piasters were deposited with the Treasury by the Agency for International Development (AID) and the Navy. Neither the AID nor the Navy piasters have been assigned a dollar value for accountability purposes. GAO held that the Treasury may charge the Gain and Loss Account for \$914.66, the amount the piasters and the riels were valued. This is permissible as the currency was held by the United States for exchange purposes and, therefore, under federal law may be charged against gains from operations for the same purposes. Moreover, the currency is valueless and will remain valueless as a medium of exchange. Additionally, GAO held with regard to the AID and Navy piasters, that if the currency is not assigned a value for accountability purposes the valueless foreign currency may be destroyed as surplus personal property.

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TITLE: [Appropriation for AID FY 1980 Operating Expenses Account]  
ACCESSION NUMBER: 112025 BNUMBER: B-197881  
DOCUMENT DATE 04/08/80 DOCUMENT TYPE: Decision  
DOCUMENT CLASS P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

Department of the Treasury: Bureau of Government Financial Operations

LAW AUTHORITY.

Foreign Assistance Act of 1961

22 U.S.C. 2360

P.L. 96-123

93 Stat. 923

P.L. 95-481

92 Stat. 1591

58 Comp. Gen. 530

58 Comp. Gen. 533

H.R. 4473 (96th Cong.)

H. Rept. 96-273

S. Rept. 96-358

B-152554 (1974)

BACKGROUND:

A Treasury Department official requested a decision on the amount of money appropriated for the Operating Expenses account of the Agency for International Development (AID) by the Joint Resolution making continuing appropriations for fiscal year (FY) 1980. Specifically, it was asked whether, in calculating the current rate for this account under the resolution, to deduct from the amount appropriated for FY 1979 the amount which was transferred from the Operating Expenses account to the International Disaster Assistance account in September 1979. The continuing resolution appropriates sufficient funds to continue activities under this account at a rate for operations not exceeding the lower of the current rate or the rate provided by the Foreign Assistance and Related Programs Appropriations Act, 1980 as it passed the House of Representatives. The AID view was that the current rate is the full \$254 million appropriated for the Operating Expenses account for FY 1979, without any deduction for funds administratively transferred during the FY. GAO agreed with AID that the

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current rate of the Operating Expenses account, under the continuing resolution, is the total amount of funds appropriated for the account for FY 1979, or \$254 million. Funds administratively transferred from the account during the FY, under authority contained in substantive legislation, should not be deducted in determining the current rate.

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TITLE: [Reimbursements for Services, Equipment and Supplies Furnished  
Between Government Agencies and Departments]  
ACCESSION NUMBER: 111974 BNUMBER: B-197873  
DOCUMENT DATE 04/02/80 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
Economy Act  
31 U.S.C. 686(a)  
13 Comp. Gen. 234  
30 Comp. Gen. 295  
38 Comp. Gen. 558  
56 Comp. Gen. 275  
57 Comp. Gen. 674

BACKGROUND:

GAO was asked whether their recent decisions addressed the issue of reimbursement of actual costs for all interagency transactions under the Economy Act. Furthermore, they were asked if interdepartmental loans of supplies, equipment, and materials could be made on a nonreimbursed accomodation basis. GAO held that the interdepartmental loans of services must be reimbursed only in cases where reimbursement was provided by prior written agreement between the agencies involved. Moreover, this rule neither nullified nor modified recent decisions which held that a loaning agency must recover its actual costs, including significant indirect costs, where reimbursement has been agreed upon in a prior writing. Additionally, GAO held that loans of supplies, equipment, and materials may be made on a non-reimbursed basis for a temporary period and in cases where the borrowing agency agrees to assume the costs incurred by reason of the loan. However, transfers which are or may become permanent must be made on a reimbursable basis in order to comply with the Economy Act.

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TITLE: U.S. Energy Assistance to Developing Countries: Clarification and  
Coordination Needed  
ACCESSION NUMBER: 111922 RPTNO: ID-80-7  
BNUMBER: B-197741 DOCUMENT DATE: 03/28/80  
DOCUMENT TYPE Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE  
International Division  
ORGANIZATION CONCERNED:  
Agency for International Development  
Department of Energy  
Department of State  
Office of Management and Budget  
International Bank for Reconstruction and Development (World Bank)  
Organization for Economic Cooperation and Development  
United States International Development Cooperation Agency  
United States International Development Cooperation Agency: Institute

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for Scientific and Technological Cooperation  
United Nations  
Department of the Treasury

LAW AUTHORITY:

Atomic Energy Act of 1946  
Foreign Assistance Act of 1961  
International Development Cooperation Act of 1979  
Nuclear Non-Proliferation Act of 1978  
P.L. 95-242  
Executive Order 12163  
S. Rept. 95-467

BACKGROUND:

The United States, through several U.S. agencies and international organizations, has provided support and funds for programs to help developing countries solve their energy problems. However, the United States does not have a comprehensive U.S. policy on energy assistance activities in developing countries. A review was undertaken which focused on the activities of the primary operational agencies involved in energy assistance, and more specifically, on the activities of the Agency for International Development (AID) and the Department of Energy (DOE).

FINDINGS:

No clear statement on the relationship between the AID and DOE programs has been made, and full and effective cooperation between the organizations has not been achieved. AID has been the U.S. foreign assistance organization and DOE is the U.S. energy organization, but other U.S. organizations are, or will be, involved in energy assistance activities in developing countries. Such is the case where the State Department has primary foreign policy responsibility; however, the International Development Cooperation Agency (IDCA) manages U.S. overseas economic-development activities. Thus, there is a need for coordination to insure that assistance is used for maximum effectiveness. The International Development Cooperation Act of 1979, amending the Foreign Assistance Act of 1961, can help resolve policy and organizational issues. It states that U.S. development assistance is intended to respond to developing-country energy needs by helping increase the use of indigenous energy resources, including renewable sources, that benefit the poor directly. In addition, interagency groups such as the Development Coordination Committee and the recently established Interagency Task Force on Accelerated Energy Production in Oil Importing Developing Countries, are forums for continuing communication which may also support policy development.

RECOMMENDATIONS TO AGENCIES

The Director of IDCA, in conjunction with the Secretaries of State, the Treasury, and Energy, and the Administrator of AID, should ensure that a comprehensive policy on U.S. energy assistance activities in developing countries is formulated and promulgated. Additionally, the Secretaries of State, the Treasury, and Energy, and the Administrator of AID should work with the Director of the IDCA to accomplish the recommended actions. Also, as an integral part of policy formulation, the Director of IDCA should seek clarification, in the form of an Executive order from the President, of the roles and responsibilities of the involved organizations. Further, to help improve both coordination and planning, the Secretaries of State and Energy, together with the Director of IDCA, should determine the global need for the program and establish a plan to meet this need.

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TITLE: [Cash Transfer Program for Israel]  
ACCESSION NUMBER: 111688 BNUMBER: B-194528  
DOCUMENT DATE: 03/03/80 DOCUMENT TYPE: Decision  
DOCUMENT CLASS. P,U

GAO DIVISION/OFFICE.

Office of the General Counsel

ORGANIZATION CONCERNED:

State of Israel  
Maritime Administration  
Department of Commerce  
Agency for International Development

LAW AUTHORITY:

Cargo Preference Act (Merchant Marine)  
Merchant Marine Act, 1936  
46 U.S.C. 1241(b)(1)  
International Security Assistance Act of 1978  
22 U.S.C. 2346a(b)(2)  
55 Comp. Gen. 1097  
S. Rept. 83-1584  
Cong. Rec. [100] S4158  
S. Rept. 87-2286  
H. Rept. 84-80  
41 Op. Att'y Gen. 192  
42 Op. Att'y Gen. 203  
B-125029 (1978)  
B-155185 (1969)  
22 U.S.C. 2346a

BACKGROUND:

The Department of Commerce requested that GAO concur in an opinion issued by the General Counsel of the Maritime Administration that the Cargo Preference Act applies to cash grants and cash transfer programs of the Agency for International Development (AID). AID contended that the Act did not apply to its cash transfer programs. The cash transfer program represents a change in the method of distributing aid to Israel. From 1972 to 1978, assistance was distributed to Israel under the Commodity Import Program (CIP). Under CIP the United States reimbursed the Government of Israel for the foreign exchange monies used to purchase nonmilitary U.S. commodities. In 1978, in an effort to alleviate difficulties that the Israeli government was having making timely use of assistance distributed under CIP, Congress approved the cash transfer program. The cash transfer program replaced both CIP and other cash grant programs for aid to Israel. The program involved periodic disbursements of funds, two-thirds cash grant and one-third loan, requiring an unspecified form of Israeli certification that a certain level of U.S. nonmilitary products was imported by Israel. By use of cash transfers, the need to document each purchase of goods made by Israel to obtain reimbursement was obviated. Instead, the United States required assurances from the Israeli government that civil imports from the United States would be at least equal to the level of U.S. assistance and that the competitive position of U.S. exporters would not be adversely affected. Consistent with its prior case law on the subject, GAO limited its decision to the cash transfer program for Israel. The Act specifies that whenever the United States advances funds in connection with the furnishing of equipment, materials, or commodities, the cargo preference applies, GAO agreed with AID that the cash transfers are not advanced in connection with the furnishing of equipment, materials, or commodities. The

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cash transfer requirement that Israel maintain purchasing levels in the United States does not, in itself, require a finding that cargo preference should apply to such purchases, since the purchases may not necessarily be made with cash transfer funds. Accordingly, GAO did not believe that the cash transfer program for Israel was covered by the Act and could not concur in the Maritime Administration's determination.

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TITLE. [Food-for-Peace Program and the Foreign Military Sales Program in Zaire]

ACCESSION NUMBER. 111681  
DOCUMENT TYPE. Testimony

DOCUMENT DATE: 02/28/80  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE

International Division

ORGANIZATION CONCERNED

Agency for International Development: Kinshasa, Zaire  
Department of State: U.S. Embassy, Kinshasa, Zaire  
Department of Defense  
Zaire

LAW AUTHORITY:

Arms Export Control Act  
P.L. 90-269

BACKGROUND:

The House Committee on Foreign Affairs, Subcommittee on Africa requested reviews of the Food-For-Peace Program and the Foreign Military Sales Program in Zaire. Under the Food-For-Peace Program, the United States did not end its involvement with the delivery of the commodities. Because of previous program abuses, the U.S. Mission attempted to control and monitor the in-country distribution of rice delivered in 1978. U.S. officials believed that this resulted in a decrease of abuse, but there was little evidence to either substantiate or refute this conclusion since the monitoring effort was limited. Other commodities imported under the program were processed before consumption. They were handled by fewer distributors and appeared to be better controlled. Controlling the deposit and release of local currency generated by the sale of the commodities was also a problem. It was questionable whether food could be provided at less-than-market prices in food-scarce Zaire. Further U.S. Mission involvement might be necessary to minimize abuse. Zaire purchased military equipment from the United States using foreign military sales (FMS) credits. The use of equipment purchased this way was restricted to internal security, legitimate self-defense, participation in regional or collective arrangements consistent with the charter of the United Nations, or in other activities helpful to the economic and social development of the country. The U.S. agencies in Zaire performed limited and unscheduled monitoring of FMS equipment and maintenance. GAO felt that the country was too large, the equipment too widely dispersed, and the available transportation and communication too inadequate to carry out an effective monitoring program. Without a capability to monitor equipment use, diversion and misuse could have occurred. As for equipment maintenance, routine aircraft maintenance was not much of a problem due to the presence of industry technical representatives and the availability of spare parts. However, the Zairian military did not have a reliable system of property accountability and could not readily determine how many vehicles were currently in inventory, or their operating condition. Officials acknowledged a problem of communication and coordination among those military logistics elements responsible for insuring proper ordering and distribution of spare parts. The weaknesses in the Zairian military supply system presented a serious

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limitation to the effective maintenance.

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**TITLE:** Search for Options in the Troubled Food-for-Peace Program in Zaire  
**ACCESSION NUMBER:** 111636 **RPTNO:** ID-80-25  
**BNUMBER:** B-197637 **DOCUMENT DATE:** 02/22/80  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE.**

International Division

**ORGANIZATION CONCERNED.**

Department of State: U.S. Embassy, Kinshasa, Zaire  
Agency for International Development: Kinshasa, Zaire  
Department of Agriculture

**LAW AUTHORITY:**

Agricultural Trade Development and Assistance Act of 1954  
H.R. 3324 (96th Cong.)  
International Development Cooperation Act of 1979

**BACKGROUND:**

In 1976, because of a serious deterioration in the Zaire economy, the United States increased its food assistance to that country. The principal vehicle for this assistance was two programs under the Agricultural Trade Development Assistance Act of 1954. Title I of the Act provided for the concessional sale of agricultural commodities, while Title II authorized food donations to meet famine and other urgent requirements. There have been serious problems in controlling and monitoring the receipt and distribution of rice and in controlling the receipt and disbursement of Zaire local currency generated by the sale of the U.S.-provided commodities. This has placed an unprecedented burden on the U.S. Embassy and Agency for International Development (AID) mission in Zaire. The House Foreign Affairs Subcommittee on Africa asked GAO to review the distribution of rice and other related matters in 1979.

**FINDINGS:**

U.S. officials believed that there were fewer abuses in 1979 than there had been in prior years. However, the scarcity of accurate records and limited monitoring made it impossible to measure how well the distribution plan was adhered to at the retail level. GAO estimated that 13 percent of the rice was unaccounted for by the time it reached the major importers-distributors. There were reported instances of rice being sold at higher prices, improperly sold to government officials, and diverted to the black market. Other commodities such as wheat, cotton, and tobacco were processed into other products before consumption and appeared to be better controlled. The AID mission tried to bring management of local currency from commodity sales under control. The problems related to such control were not unique to U.S.-generated funds, and a coordinated effort among all donors might be necessary. The title II donations program and food programs of other donors did not provide much insight on potential alternatives to the title I sales program. The methods of other donors were similar to those of title I, and similar problems were experienced. Since the title II program concentrated emergency relief for short periods of time near the coast, it did not shed much light on the more difficult problem of extending the programs to the interior provinces. GAO believed that it was questionable whether food could be provided at less-than-market prices in the food-scarce situation without abuses. However, continued monitoring should help to control the extent of the abuse.

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**TITLE:** [Retired Annuitants and Waiver of Erroneous Pay]  
**ACCESSION NUMBER:** 111509 **BNUMBER:** B-195718

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DOCUMENT DATE: 02/07/80

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

International Development and Food Assistance Act of 1975

P.L. 95-88

22 U.S.C. 2386

91 Stat. 533

Foreign Assistance Act of 1961

4 C.F.R. 91.5(c)

4 C.F.R. 92

B-184947 (1978)

5 U.S.C. 5584

5 U.S.C. 8344

BACKGROUND:

The Agency for International Development (AID) requested a waiver of erroneous payments made to 25 retired annuitants who worked as consultants during 1977. A change in the law removed the exemptions which were previously granted to AID consultants from the requirements of the Federal retirement laws which provide for the reduction of annuity or salary for retired Federal employees who are reemployed by the Government. The change resulted in overpayments to the consultants for a 2-month period. Payment may be waived where collection would be against equity and good conscience and not in the best interests of the United States. GAO has generally held that these criteria are met when the erroneous payment occurs through administrative error and when there is no indication of fraud, misrepresentation, or lack of good faith. Although AID did not make an investigation of the claim as required, GAO held that there was enough information in the record to make a determination. Accordingly, collection of the overpayments was waived for the 25 employees in question.

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TITLE: Coordinating U.S. Development Assistance Problems Facing the International Development Cooperation Agency

ACCESSION NUMBER: 111434

RPTNO ID-80-13

BNUMBER B-197029

DOCUMENT DATE: 02/01/80

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE

International Division

ORGANIZATION CONCERNED:

United States International Development Cooperation Agency

Agency for International Development

Department of State

Department of Agriculture

Department of the Treasury

Office of Management and Budget

LAW AUTHORITY:

P.L. 83-480

BACKGROUND:

Substantial changes have occurred in the activities and programs affecting development in Third World countries in the last decade. These changes and the increasing role of non-aid agencies in development activities have caused authority for development programs to be widely dispersed among Federal Government agencies and committees. The International Development

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Cooperation Agency (IDCA) was created to improve coordination of these activities.

**FINDINGS:**

The three major changes which particularly affect the coordination problem are: (1) a shift from U.S. bilateral aid toward more emphasis on multilateral assistance; (2) a shift from program assistance and integrated country planning toward more emphasis on project assistance, and (3) the increasing importance of non-aid activities such as trade and foreign investment. The creation of IDCA represents progress toward establishing an independent coordinator, but it is uncertain whether the agency can establish a separate, independent identity. The agency's director has the lead responsibility for the U.S. development policy in specified international organizations, and for development policy toward multilateral banks. However, its creation does not significantly affect the Government's ability to coordinate policies and programs on a country rather than a project basis nor does it affect much the development coordinator's ability to influence non-aid issues. While the new organizational arrangements could effect some improvement in the authority of the development coordinator, his power will remain limited. Therefore, the quality of the performance of the Agency Director and his staff will be critical to the success of the organization.

**RECOMMENDATIONS TO AGENCIES**

The IDCA should: place primary reliance on an activist, informed staff to perform the coordination task, rather than relying mainly on a committee structure, seek the allocation of additional staff resources, increase its capability to do macroeconomic analysis, and nominate the alternate U S Executive Directors of the multilateral banks; establish contingency funds to improve its responsiveness to unforeseen requirements and opportunities, use annual development strategy statements to develop explicit U S. views on the division of labor among those agencies managing bilateral and multilateral development programs, strengthen its claims to authority as the development coordinator by building a record of excellence in a few priority areas. The Director, IDCA, in cooperation with the Department of State, should serve as conference coordinator for major conferences dealing with North-South issues and should play a major role in the delegations to such conferences. It is further recommended as a minimal change with respect to Title III of P.L. 83-480, the Agency and/or the Agency for International Development should have final responsibility - not subject to veto by other agencies. (1) to review and approve Title III program proposals; and (2) to monitor program implementation.

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TITLE: World Hunger and Malnutrition Continue: Slow Progress in Carrying Out  
World Food Conference Objectives  
ACCESSION NUMBER. 111276 RPTNO: ID-80-12  
BNUMBER B-159652 DOCUMENT DATE: 01/11/80  
DOCUMENT TYPE. Chapter Report DOCUMENT CLASS: P,U  
GAO DIVISION/OFFICE:  
International Division  
ORGANIZATION CONCERNED.  
Department of State  
Department of Agriculture  
Office of Management and Budget  
Department of Transportation  
United Nations World Food Council

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United Nations: Food and Agriculture Organization  
President's Commission on World Hunger  
Agency for International Development

LAW AUTHORITY:

Foreign Assistance Act of 1974  
Agricultural Trade Development and Assistance Act of 1954  
P.L. 83-480

BACKGROUND:

The World Food Council was created as the coordinator and implementor of resolutions passed at the 1974 World Food Conference in Rome. The Council is responsible for publicizing the needs, encouraging actions, seeking support, and coordinating the participation of nations and international organizations regarding world food problems. The billion-dollar International Fund for Agricultural Development began operations in 1977 with commitments of \$436 million from oil-exporting countries, \$200 million from the United States, and \$367 million from other developed countries.

FINDINGS:

Although a great deal has been accomplished to alleviate world hunger and malnutrition since the 1974 Conference, increases in food production have not reached the modest goals which were set. Attitudes of complacency and lack of political will are evident; calls to reduce military expenditures have not been successful; continued population growth has worsened the balance between food supplies and population growth; and efforts to include women in food and development projects have been minimal. Moreover, a unique situation exists wherein available funds tend to exceed suitable projects. Food production assistance increased 3.1 percent in 1976, with only a 1.2 percent increase in the most needy countries. Malnutrition is even more prevalent in the world today due to a lack of understanding of nutrition, the low priority it receives, and lack of an overall assessment of nutritional problems. A long overdue international wheat agreement and a food aid convention are needed. Little has been accomplished in the area of food trade due to export restrictions in developing countries, and fear of political and economic repercussions. Although funds for agrarian reform and rural development have increased impressively since 1973, progress has been slow because identification and preparation of suitable projects has not kept pace with the available funds. The issues of hunger and malnutrition no longer have the visibility or priority they had at the time of the 1974 Conference, despite the fact that the problem is just as serious now as it was then.

RECOMMENDATIONS TO AGENCIES

The Secretaries of State and Agriculture and the Administrator of the Agency for International Development (AID), working with other concerned executive agency officials, should: (1) increase their commitments on behalf of world hunger especially through greater cooperation and accomodation with their developing- country and international-organization counterparts, and by fostering the political will needed to significantly reduce the level of global hunger and malnutrition, (2) encourage donor countries to unite in urging developing countries to prepare food and agricultural development plans and projects which include measures to remove deterrents to increased food production, and (3) urge developing countries to make increased food production one of their highest development priorities, and significantly increase their own capital, labor, and related resources. In addition, the heads of U.S. agencies involved in development activities, particularly those of Agriculture and AID, should direct that more of their administrative resources and

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funds allocated for food and agriculture be devoted to assisting those countries needing more technical aid in the design of suitable development proposals and strategies. A small, high-level office should be established to lead and coordinate U.S. efforts in overcomi\*

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TITLE: [Request for Consideration Involving Foreign Country Procurement]  
ACCESSION NUMBER 111244 BNUMBER: B-197151  
DOCUMENT DATE 01/10/80 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE.

Office of the General Counsel

ORGANIZATION CONCERNED:

Bucyrus-Erie Co.  
Koehring Co.  
Arab Republic of Egypt  
Agency for International Development  
Egyptian Dredging Co.

LAW AUTHORITY

58 Comp. Gen. 737

BACKGROUND:

A firm protested a procurement being conducted by the Government of Egypt using funds borrowed from and repayable with interest to the Agency for International Development (AID). GAO does not consider foreign country procurements financed by AID loans since it is clear that such procurements are neither procurement by or for an agency of the Federal Government nor procurement by a Federal grantee. The protest was dismissed.

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TITLE: [AID Participant Training Program Management Problems]  
ACCESSION NUMBER 111311 BNUMBER: B-197090  
DOCUMENT DATE: 01/04/80 DOCUMENT TYPE: Letter Report  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Agency for International Development  
Agency for International Development: Development Support Bureau

BACKGROUND:

Administrative problems directly hamper effective efforts by the Agency for International Development (AID) to program, monitor, and evaluate AID training activities for people from developing countries. The training program is under the planning, direction, and implementation of the Office of International Training in the Development Support Bureau. The Office of International Training is unable to provide current or complete information on the number of participants being trained, participants' U.S. arrivals and departures, occupation of participants who returned home, and contractors supplying the participants with training or related services. Many questions have been raised about the adequacy of participant training management and recordkeeping.

FINDINGS:

As late as July 1979, the Office of International Training estimated that the Office maintained records of one-half of the total AID-sponsored participants. The present information system does not provide complete data on participants and training costs. Without this information, the agency cannot be sure that all training is contributing effectively to the overall development process. AID has recently tried to improve the information system and the organizational structure of participant training. Many

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contracts have been let with private firms to: (1) reduce the backlog of participants data not included in the computerized system, (2) study the need for changes in the Participant Training Information System, and (3) revise the participant health and accident coverage system.

RECOMMENDATIONS TO AGENCIES

To insure that efforts for improved accountability for the agency-funded participant training program and for improved overall management are pursued, the Administrator of AID should continue to give attention to and support all necessary actions taken to develop and maintain a complete repository of management information. Likewise, the Administrator should assure the establishment of a system to effectively and efficiently program, monitor, and evaluate overall participant training activities.

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TITLE: Food: Food Related Reports Issued From January 1977 Through December 1979

ACCESSION NUMBER 111789 DOCUMENT DATE: 01/80

DOCUMENT TYPE: Other Written Prod. DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Community and Economic Development Division

ORGANIZATION CONCERNED:

Department of Agriculture

Department of Health, Education, and Welfare: Food and Drug Administration

Farmers Home Administration

Department of Health, Education, and Welfare

Department of Agriculture: Commodity Credit Corporation

Agricultural Stabilization and Conservation Service

Agency for International Development

BACKGROUND:

Summaries are presented of GAO reports directly and indirectly related to food which were issued between January 1977 and December 1979. The subjects of the reports include, but are not limited to, agricultural programs, food aid programs, agricultural assistance, food inspection, agricultural trade, natural resource conservation and development, water supply management, fisheries management, program administration, and financial disclosure.

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TITLE: [Transfer to International Organizations and Reemployment Guarantees]

ACCESSION NUMBER: 111111 BNUMBER: B-193771

DOCUMENT DATE 12/17/79 DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE.

Office of the General Counsel

ORGANIZATION CONCERNED.

Agency for International Development

Department of State

United Nations

LAW AUTHORITY.

Federal Employees' International Organization Service Act

P L. 85-795

5 U.S.C. 3581 et seq.

72 Stat. 959

5 C.F.R. 352

28 Comp. Gen. 159

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50 Comp. Gen. 173  
B-135075 (1968)  
B-181853 (1976)

**BACKGROUND:**

An employee of the Agency for International Development (AID) appealed a settlement which disallowed his claim for earned leave benefits, reimbursement of transportation expenses, and equalization pay, incident to his transfer to two international organizations. The claimant also questioned why he was not considered for a promotion by AID while employed in the international organizations. The employee contended that his equalization pay should have been based on separate calculations for each tour of duty since he did not receive hardship benefits during the second tour. GAO held that AID properly considered the total pay and allowances received from both organizations, and since the pay exceeded what it would have been if the employee had been working for AID, he was not entitled to equalization pay. It was also held that there was no authority which entitled him to the other benefits claimed, and that the employee had been considered for a promotion by AID as required. Accordingly, the previous disallowance was sustained

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**TITLE:** [Legality of Continued U.S. Contributions to the International Fund  
for Agricultural Development]  
**ACCESSION NUMBER:** 088549                      **BNUMBER:** B-196401  
**DOCUMENT DATE:** 12/13/79                      **DOCUMENT TYPE:** Other Written Prod.  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel  
**ORGANIZATION CONCERNED:**  
Agency for International Development  
Iran

**LAW AUTHORITY:**  
International Development and Food Assistance Act of 1975  
P.L. 94-161  
89 Stat. 849  
Second Supplemental Appropriation Act, 1976  
P.L. 94-303  
90 Stat. 597  
Foreign Assistance Act of 1961

**BACKGROUND:**

GAO was asked whether: (1) the United States can make further contributions to the International Fund for Agricultural Development when Iran is in default in fulfilling its commitment to the Fund, and this default lowers total donor contributions below \$1 billion, and (2) Iran's default, if not made up by other donors in the same category as Iran, would be in violation of the authorizing statute. U.S. contributions to the Fund were authorized by the International Development and Food Assistance Act of 1975. The act conditioned U.S. participation on total donor commitments to the Fund of \$1 billion and equitable sharing of the burden among the different categories of donors. The statute provides that funds are not to be obligated to participate in the Fund unless commitments to the Fund by all donors total at least \$1 billion. However, the U.S. contribution shall be reduced if this combined goal is not met. This exception applies only when donor nations other than the United States have not pledged at least \$800 million. If other donors commit \$800 million, the United States may commit the full \$200 million authorized for the Fund. No funds may be obligated for participation in the Fund unless there is equitable burden sharing

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among the different categories of donors. It is the opinion of GAO that Iran's default, even if not replaced by other donors of the same category, does not violate the equitable burden-sharing condition of the authorizing legislation.

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TITLE: [Request for Waiver of Erroneous Overpayment of Post Differential]  
ACCESSION NUMBER: 110939 BNUMBER: B-195322  
DOCUMENT DATE: 11/27/79 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development

LAW AUTHORITY:

4 C.F.R. 1-91.5  
4 C.F.R. 102.3  
54 Comp. Gen. 133  
58 Comp. Gen. 501  
B-152040 (1968)  
B-165908 (1979)  
B-175584 (1972)  
B-189701 (1977)  
5 U.S.C. 5584  
5 U.S.C. 5922(b)  
31 U.S.C. 952  
5 U.S.C. 5514

BACKGROUND:

An employee requested reconsideration of the denial of his request for waiver of his indebtedness to the United States for erroneous overpayments of post differential pay. The reconsideration was directed toward the purpose and operative effect of the 3-year limitation period in the United States Code which states that if an application for waiver is received in the Office of the Comptroller General after the expiration of the 3 years immediately following the date on which the erroneous payment of pay was discovered, the Comptroller General or the head of the agency may not exercise his authority to waive any claim. The employee contended that this provision extends to the recovery of the debt as well as the application for waivers, and if the Comptroller General could not exercise his authority after 3 years, then recovery of the overpayment was also barred after 3 years. The employee asked if the denial of waiver in his case foreclosed any rights he may have had to petition for relief under two other statutes. Although the overpayment resulted from administrative error without any indication of fraud or misrepresentation on the part of the employee, he knew or should have known that he had received overpayment, and did not notify agency officials of the matter. The waiver request was properly considered by the GAO Claims Division under the 3-year limitation because the date of discovery is the controlling date in determining the timeliness of the application for waiver. Regarding the employee's right to petition for relief under other statutes, a request for waiver under these statutes must be directed to the head of the agency concerned. The agency recommended denial of the waiver under one statute, but had not expressed any views concerning its position on waiver under the other statute. Therefore, the employee retained the right to request a waiver of the overpayment under that provision from the agency. The denial of the employee's request for waiver of the claim of the United States against him was sustained.

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TITLE: [Claim for Overtime While Employed in Vietnam]  
ACCESSION NUMBER: 110845 BNUMBER: B-196335  
DOCUMENT DATE: 11/14/79 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
Baylor v. United States, 198 Ct. Cl. 331 (1972)  
B-188089 (1977)  
B-188238 (1977)  
31 U.S.C. 71a

BACKGROUND:

A former Federal employee appealed the denial of his claim for overtime compensation for his service as a civilian employee in Vietnam. The employee submitted a claim for compensation for a 3-year period of time beginning 9 years ago. In support of his claim, he submitted letters from co-workers stating that he had worked some overtime, a form indicating that all employees were to attend morning briefings 6 days per week, and a letter from a Senior Military Advisor stating that the employee had worked long hours but that he, the Advisor, did not have authority to order him to work overtime. It was held that a portion of the claim was barred because of statutory limitations. For the unbarred portion of the claim, it was held that the evidence submitted was too vague or was irrelevant as it related to the barred portion of the claim. Although evidence which proves overtime work with mathematical certainty is not necessary, there must be a basis for arriving at a reasonable estimate of the actual number of hours worked. The evidence submitted did not provide a basis upon which to estimate the number of hours the claimant had worked. The denial of the claim was sustained.

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TITLE: [Protest Alleging Competitive Bidding Not Achieved]  
ACCESSION NUMBER: 110751 BNUMBER: B-195153  
DOCUMENT DATE: 11/01/79 DOCUMENT TYPE: Decision  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Niedermeyer-Martin Co.  
Agency for International Development  
Bangladesh. Rural Electrification Board  
Commonwealth Associates, Inc.  
Department of Agriculture: Rural Electrification Administration  
Koppers Co., Inc.

LAW AUTHORITY  
Foreign Assistance Act of 1961  
P.L. 87-195  
75 Stat. 424  
75 Stat. 621  
22 C.F.R. ch. II  
22 C.F.R. 201.22(a)(1)  
4 C.F.R. 20.2(a)

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57 Comp. Gen. 85  
40 Fed. Reg. 42406  
B-192376 (1978)  
B-188514 (1977)  
B-185505 (1976)  
B-186822 (1977)  
B-168809 (1970)  
B-193548 (1979)  
B-190467 (1978)

**BACKGROUND:**

A firm requested a review of its product's exclusion from consideration for an Agency for International Development (AID) contract. The firm contended that its product, Douglas fir poles, was recognized as being at least the equal of the species to which the procurement was limited, and the specification excluding it was restrictive in that the minimum needs were overstated. It also contended that the specifications concerning preservatives and retention required were restrictive. Finally, the firm contended that the low bidder had extended the validity of its bid and bid bond two days after the date required, and that this should have rendered that firm's bid nonresponsive. AID contended that GAO did not have jurisdiction to consider this matter, since the protest occurred as the result of a procurement funded by an AID grant to a foreign country, and GAO does not consider contracts awarded under loans to foreign governments. Even if GAO did have jurisdiction, AID contended, the protest was untimely under bid protest procedures. The final contention by AID was that the exclusion of the protester's product was a reasonable and necessary action. GAO held that its policy of reviewing contracts awarded under Federal grants did not include grants to foreign governments. The concern was the source of the funds, not the specific circumstances of the recipient. Its role in such cases is to determine whether there has been compliance with statutory requirements, agency regulations, and the terms of the Government agreement. Therefore, the case was considered. Secondly, it was held that bid protest procedures were not applicable to the review of grant complaints. The complaint was considered even though it may have been untimely under those procedures. Regarding the bid specifications in question, GAO will not dispute the minimum needs' determination of a procuring activity unless it is clearly shown to be unreasonable. This was not the case in this instance, and it was held that the protester's contention was without merit. Finally, GAO did not agree with the protester's contention that the awardee's bid was nonresponsive. If the bid bond period expires due to the extension of the bid acceptance period, this does not preclude the procuring activity from considering the bid.

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**TITLE:** [Claim for Retroactive Promotion]

ACCESSION NUMBER 110726  
DOCUMENT DATE 10/30/79  
DOCUMENT CLASS P,U

BNUMBER: B-194969  
DOCUMENT TYPE: Decision

GAO DIVISION/OFFICE.

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development  
United States Civil Service Commission

LAW AUTHORITY.

53 Comp. Gen. 216

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**BACKGROUND:**

An employee requested a reconsideration of a decision which disallowed his claim for a retroactive promotion based upon an agency reclassification of his position to a higher grade. The issue was whether the agency changed his position classification and improperly failed to promote him to, or remove him from, the reclassified position within a reasonable time. Since there was no indication that the initial determination to reclassify the position at the higher grade ever became effective as a final, binding action establishing the new grade, and no law or regulation was violated, the previous disallowance was sustained.

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**TITLE:** [External Study Costs Funded under Foreign Assistance Appropriation]  
**ACCESSION NUMBER:** 110709 **BNUMBER:** B-163582  
**DOCUMENT DATE:** 10/26/79 **DOCUMENT TYPE:** Other Written Prod.  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
International Division  
**ORGANIZATION CONCERNED:**  
Agency for International Development

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**TITLE:** [Legality of Shipments of Unaccompanied Baggage]  
**ACCESSION NUMBER:** 088564 **BNUMBER:** B-195542  
**DOCUMENT DATE:** 10/25/79 **DOCUMENT TYPE:** Other Written Prod.  
**DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
Office of the General Counsel  
**ORGANIZATION CONCERNED:**  
Agency for International Development

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**TITLE:** Changes Needed in the Administration of the Overseas Food Donation Program  
**ACCESSION NUMBER:** 110649 **RPTNO:** ID-79-25  
**BNUMBER:** B-159652 **DOCUMENT DATE:** 10/15/79  
**DOCUMENT TYPE:** Chapter Report **DOCUMENT CLASS:** P,U

**GAO DIVISION/OFFICE:**  
International Division  
**ORGANIZATION CONCERNED:**  
Office of Management and Budget  
Department of State  
Department of Agriculture  
United States International Development Cooperation Agency  
Agency for International Development

**LAW AUTHORITY:**  
Agricultural Trade Development and Assistance Act of 1954  
P L. 78-480

**BACKGROUND:**

A report assessed the performance of the U.S. food donation program abroad in terms of the congressional objectives of assisting needier countries and people and contributing to the development process. The program began under Title II of the Agricultural Trade Development and Assistance Act of 1954. The "New Directions" foreign assistance legislation of 1973 mandates that U.S. aid be used for programs aimed directly at improving the lives of the poorest people in the poorest countries.

**FINDINGS**

An investigation of the overseas food donation program revealed that congressional priorities were not being met. Shortcomings in the

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voluntary-agency and host-country storage, transport, and distribution networks and commodity availability restricted the program. In addition, the program was not coordinated with the U.S. development assistance program. The study showed that, in the existing management arrangements, the Agency for International Development (AID), the Department of Agriculture, and the Office of Management and Budget shared most operational decision-making authority. This system was found to fragment the authority of AID to conduct the program, to cloud accountability for the use of Title II monies, and to inhibit accomplishment of the "New Directions" mandates. A recently-enacted Title III of the 1954 act, which provides for partial crediting of payments for U.S. agricultural commodities in exchange for arrangements to apply equivalent amounts of currency to agreed-upon development projects, was reviewed but not included in formal recommendations pending closer study.

RECOMMENDATIONS TO CONGRESS

Legislation should be enacted to centralize authority for Title II in AID and its new umbrella organization, the International Development Cooperation Agency (IDCA).

RECOMMENDATIONS TO AGENCIES

Whether or not program responsibility is transferred to IDCA/AID, the Administrator of AID should: (1) require that Title II be planned and programmed as an integral part of each country's assistance program; (2) establish a long-range planning and programming system to direct more food aid away from advanced countries and expand the program in poorer countries; (3) develop better means of identifying where and who the neediest people are in each country and focus our food on them; and (4) work with the voluntary agencies and host governments to build up the necessary country-level infrastructures that will be required to support expanded food aid programs in the poorer countries.

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TITLE: [Questionable Census Bureau Indirect Cost Charges and Management Practices for Reimbursable Work]

ACCESSION NUMBER: 110575

RPTNO: GGD-80-15

BNUMBER: B-78395

DOCUMENT DATE: 10/12/79

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

General Government Division

ORGANIZATION CONCERNED:

Department of Commerce: Bureau of the Census

Agency for International Development

Department of Commerce

LAW AUTHORITY:

Economy Act

31 U.S.C. 686

B-136318 (1978)

BACKGROUND:

During a review of the procedures used by the Bureau of the Census for charging Government agencies for reimbursable work, GAO questioned the propriety of the charges to reimbursable work through regular interfund project accounts.

FINDINGS:

It was determined that the Census Bureau needs to insure that costs charged to reimbursable projects actually benefit these projects and that cost variances are properly distributed. Customers are probably being overcharged for reimbursable work because indirect costs are charged that:

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(1) do not appear to benefit their projects, and (2) would have been incurred by the Census Bureau in performing its own activities. The Census Bureau does not include reimbursable customers in the distribution of year-end deficits or surpluses resulting from indirect cost charge variances, and this could result in augmenting appropriations. Reimbursable customers are also charged inappropriately for (1) a portion of Department of Commerce overhead that was not shown to be related to reimbursable projects, and (2) personnel charges improperly coded on time sheets. The Agency for International Development (AID) needs to provide timely funding to the Census Bureau for reimbursable projects. The Census Bureau is financing AID work through other customers' advances and its accounts payable until AID funds are received.

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**TITLE:** Capacitacion y Esfuerzos Afines Requeridos Para Mejorar la Gestion Financiera en los Paises del Tercer Mundo

ACCESSION NUMBER 111637

RPTNO: ID-79-46-S

BNUMBER B-165093

DOCUMENT DATE: 09/20/79

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS: P,U

**GAO DIVISION/OFFICE:**

International Division

**ORGANIZATION CONCERNED:**

Department of State

Department of the Treasury

Office of Management and Budget

United States International Development Cooperation Agency

Department of State: Agency for International Development

**LAW AUTHORITY:**

Foreign Assistance Act of 1961

**BACKGROUND:**

To identify the causes of inadequacies in the developing countries' ability to establish sound financial management in the public sector, GAO visited five countries in Latin America, including some of the more developed and some of the lesser developed countries. Using the results of this study, GAO held a symposium on the need to improve financial management and the whole spectrum of public administration in developing country governments.

**FINDINGS:**

The major weakness in government accounting in the countries GAO visited is a lack of integrated financial information, produced in a timely manner, that can be used as a management tool in decisionmaking. Comptroller General offices in these countries have traditionally emphasized precontrol or postcontrol voucher audits. These audits, primarily concerned with the legality of the transactions, place little or no emphasis on financial controls, management systems, program evaluations, or the economy and efficiency of operations. The relatively small number of trained and experienced people in developing countries are often reluctant to work for the government, because of the low pay and ineffective civil service systems which neither protect career employees from political actions nor provide for merit promotions. Training offered by institutions in developing countries in financial management and control is often inadequate and of poor quality. Two of the biggest problems in this area are an insufficient supply of qualified, full-time faculty members and a shortage of current textbooks and teaching materials translated into the local language. Assistance is needed to strengthen developing countries in improving financial management in government; however, agreement on the measures to insure these improvements is also required.

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RECOMMENDATIONS TO CONGRESS

Congress should amend the foreign assistance act to read as follows: the sense of the Congress that improvement of governmental financial manshould be given a higher priority within the development process. More ovelopment assistance resources being made available to Third World countuld be directed toward improving financial management capabilities throueffective training and technical assistance in this field.''

RECOMMENDATIONS TO AGENIES

The Director, International Development Cooperation Agency along with the Administrator, Agency for International Development, should act to improve the financial management in developing countries by: cooperating more fully with other major donors, such as the U.N. organizations and multilateral development banks, in an effort to strengthen regional and national institutions that provide financial management training to Third World countries; determining, at the time of authorizing assistance projects and programs, to what extent the developing-country implementing agency requires training and technical assistance in general management, in order to carry out the U.S. assisted effort, strengthening the U.S. capability to plan, program, and assist in implementing financial-management programs and projects, instructing U.S. representatives and delegates to international organizations and other forums to emphasize the benefits to be gained by improving financial management in developing countries and encourage that the necessary resources be directed toward this objective; and convening an international symposium or workshop of major donors and recipients, at the earliest opportunity, to launch a coordinated effort for instituting a financial-management improvement program to remove this major obstacle to development.

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TITLE: Training and Related Efforts Needed To Improve Financial Management in the Third World  
ACCESSION NUMBER 110397 RPTNO: ID-79-46  
BNUMBER B-165093 DOCUMENT DATE: 09/20/79  
DOCUMENT TYPE: Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Department of State  
Department of the Treasury  
Office of Management and Budget  
Department of State: Agency for International Development  
United States International Development Cooperation Agency

LAW AUTHORITY.

Foreign Assistance Act of 1961

BACKGROUND.

To identify the causes of inadequacies in the developing countries' ability to establish sound financial management in the public sector, GAO visited five countries in Latin America, including some of the more developed and some of the lesser developed countries Using the results of this study GAO held a symposium on the need to improve financial management and the whole spectrum of public administration in developing country governments.

FINDINGS:

The major weakness in government accounting in the countries GAO visited is a lack of integrated financial information, produced in a timely manner, that can be used as a management tool in decisionmaking. Comptroller

AID/ICA/IDCA

General offices in these countries have traditionally emphasized precontrol or postcontrol voucher audits. These audits, primarily concerned with the legality of transactions, place little or no emphasis on financial controls, management systems, program evaluations, or the economy and efficiency of operations. The relatively small number of trained and experienced people in developing countries are often reluctant to work for the government, because of the low pay and ineffective civil service systems which neither protect career employees from political actions nor provide for merit promotions. Training offered by institutions in developing countries in financial management and control is often inadequate and of poor quality. Two of the biggest problems in this area are an insufficient supply of qualified, full time faculty members and a shortage of current textbooks and teaching materials translated into the local language. Assistance is needed to strengthen developing countries in improving financial management in government, however, agreement on the measures to insure these improvements is also required.

RECOMMENDATIONS TO CONGRESS

Congress should amend the foreign assistance act to read as follows: "It is the sense of the Congress that improvement of governmental financial management should be given a higher priority within the development process. More of the development assistance resources being made available to Third World countries should be directed toward improving financial management capabilities through more effective training and technical assistance in this field."

RECOMMENDATIONS TO AGENCIES

The Director, International Development Cooperation Agency along with the Administrator, Agency for International Development, should act to improve the financial management in developing countries by cooperating more fully with other major donors, such as the U.N. organizations and multilateral development banks, in an effort to strengthen regional and national institutions that provide financial-management training to Third World countries; determining, at the time of authorizing assistance projects and programs, to what extent the developing-country implementing agency requires training and technical assistance in general management, in order to carry out the U.S. assisted effort, strengthening the U.S. capability to plan, program, and assist in implementing financial-management programs and projects, instructing U.S. representatives and delegates to international organizations and other forums to emphasize the benefits to be gained by improving financial management in developing countries and encourage that the necessary resources be directed toward this objective; and convening an international symposium or workshop of major donors and recipients, at the earliest opportunity, to launch a coordinated effort for instituting a financial-management improvement program to remove this major obstacle to development.

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TITLE: U.S. Participation in International Organizations: An Update  
ACCESSION NUMBER. 110102 RPTNO. ID-79-26  
BNUMBER B-168767 DOCUMENT DATE: 08/10/79  
DOCUMENT TYPE. Chapter Report DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

United Nations

Department of State

Department of State: Bureau of International Organization Affairs

AID/ICA/IDCA

United States International Development Cooperation Agency  
Office of Management and Budget  
Development Coordination Committee

BACKGROUND:

GAO examined changes in the policies and procedures for the management of U.S. participation in the U.N. since its 1977 report. In that report it was recommended that the President reaffirm the importance of U.S. participation in the U.N., give the Secretary of State responsibility for formulating and directing U.S. policy for such participation, and establish a cabinet-level advisory committee to aid the Secretary of State in carrying out those responsibilities. The Developmental Coordination Committee (DCC) subcommittee on the developmental programs and budgets of international organizations has been designated by the State Department as the cabinet-level advisory. The International Development Cooperation Agency (IDCA), established in July 1979, is to serve as the focal point for all U.S. economic assistance affecting U.S. relations with developing countries, including budget support and policy concerning U.S. support of the U.N. developmental programs. GAO also made recommendations to the Secretary of State for strengthening the management of U.S. participation in international organizations.

FINDINGS:

GAO believes that the DCC subcommittee has the potential to accomplish its earlier recommendations. The IDCA offers promise for relevant decisionmaking and increased U.S. ability to coordinate foreign development activities, and that it addresses the executive branch problems previously identified. Through its director, a single U.S. official is given the responsibility for directing U.S. development policy in international organizations and the authority to ensure consistency in U.S. programs affecting development.

RECOMMENDATIONS TO AGENCIES

The Secretary of State should coordinate the policy management process with the Director, IDCA, when he assumes office so that both bilateral and multilateral development at the policy implementation levels can be considered. The Secretary of State--in consultation with the Director, IDCA, when he assumes office, especially where he has lead responsibility for policy and budgets for developmental organizations--should develop a plan to devote the necessary resources to ensure an increased capability in dealing with the United Nations and its affiliated agencies, programs, and budgets. To implement a policy to improve the quality of employees at all management levels in U.N. organizations, it is recommended that the Assistant Secretary of State for International Organizational Affairs identify key management positions in each international organization, recruit qualified Americans as candidates for vacancies in those positions, aggressively support U.S. candidates to assure that they are adequately considered in the selection process, assign the responsibility for the placement of Americans in New York to a U.S. official of ambassadorial rank at the U.S. Mission and centralize Mission personnel activities, and continue to emphasize, in appropriate international forums, the importance of placing top quality candidates in U.N. organizations and

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TITLE: [Determination of Service Status for Periodic Employment With Public Health Service]  
ACCESSION NUMBER: 088787  
DOCUMENT DATE: 06/12/79  
DOCUMENT CLASS: P,U  
BNUMBER: B-191501  
DOCUMENT TYPE: Other Written Prod.

AID/ICA/IDCA

GAO DIVISION/OFFICE:

Office of the General Counsel

ORGANIZATION CONCERNED:

Department of Health, Education, and Welfare: Public Health Service  
Department of Health, Education, and Welfare: Commissioned Corps of  
Public Service  
Department of State: International Cooperation Administration

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TITLE: [Validity of Remedial Order Issued by the Foreign Service Grievance Board]

ACCESSION NUMBER. 097459

BNUMBER: B-184068

DOCUMENT DATE: 08/22/75

DOCUMENT TYPE: Decision

DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE

Office of the General Counsel

ORGANIZATION CONCERNED:

Agency for International Development  
United States Civil Service Commission  
Agency for International Development: Bureau for Program and  
Management Services

LAW AUTHORITY:

- 5 U.S.C. 3502
- 31 U.S.C. 74
- 54 Comp. Gen. 312
- 5 C.F.R. 351
- 54 Comp. Gen. 435
- 51 Comp. Gen. 30
- 39 Fed. Reg. 32537
- 3 FAM 663
- 3 FAM 667
- Service v. Dulles, 354 U.S. 363 (1957)
- B-180010 (1974)

BACKGROUND:

A decision was requested regarding the agency's authority to implement a remedial order issued by the Foreign Service Grievance Board which created a special retention category for an employee separated in a reduction in force (RIF) and directed his reinstatement with backpay. Although the Board had the authority to ensure the correctness of the employee's records, its order could not be implemented since the employee's right to appeal the RIF action within his agency and to the Civil Service Commission removed the matter from the Board's jurisdiction. The Board exceeded its authority by granting relief that constituted a waiver of agency regulations.

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TITLE: Follow up Review of Refugee, War Casualty, Civilian Health and Social Welfare Programs in South Vietnam

ACCESSION NUMBER 090621

BNUMBER: B-133001

DOCUMENT DATE 06/10/74

DOCUMENT TYPE: Chapter Report

DOCUMENT CLASS. P,U

GAO DIVISION/OFFICE:

Office of the Comptroller General

ORGANIZATION CONCERNED:

Agency for International Development  
Department of State  
Department of State: Agency for International Development: Food for  
Peace Division  
Department of State: Agency for International Development: Ethnic

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Minorities Division  
South Vietnam: Ministry of Social Welfare  
South Vietnam: Ministry of Health  
Department of State: Agency for International Development: Public  
Health Division  
Department of State: Agency for International Development: Relief and  
Rehabilitation Division

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TITLE: [Protest of AID Rejection of Proposal as Late]  
ACCESSION NUMBER. 087982 BNUMBER: B-180146  
DOCUMENT DATE: 01/30/74 DOCUMENT TYPE: Decision  
DOCUMENT CLASS P,U

GAO DIVISION/OFFICE:  
Office of the General Counsel  
ORGANIZATION CONCERNED:  
Agency for International Development  
Johnson Associates, Inc.

LAW AUTHORITY  
B-176717(1) (1973)

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TITLE: Report on Audit of Loan Program Financial Statements, Agency for  
International Development, for Fiscal Years 1962, 1963, and 1964  
ACCESSION NUMBER 087857 BNUMBER: B-133220  
DOCUMENT DATE: 03/11/66 DOCUMENT TYPE: Letter Report  
DOCUMENT CLASS. P,U

GAO DIVISION/OFFICE.  
Office of the Comptroller General  
ORGANIZATION CONCERNED:  
Agency for International Development

LAW AUTHORITY:  
Foreign Assistance Act of 1961  
22 U.S.C. 2395  
Government Corporation Control Act  
31 U.S.C. 841 et seq.  
Executive Order 10973  
Agricultural Trade Development and Assistance Act of 1954  
P.L. 78-480  
Budget and Accounting Procedures Act of 1950  
31 U.S.C. 66a  
GAO [2] 17.2  
GAO [2] 6

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TITLE: Review of Economic Assistance Provided to the Republic of the  
Philippines for Development Purposes  
ACCESSION NUMBER. 087806 BNUMBER: B-146984  
DOCUMENT DATE. 04/21/65 DOCUMENT TYPE: Letter Report  
DOCUMENT CLASS. P,U

GAO DIVISION/OFFICE  
Office of the Comptroller General  
ORGANIZATION CONCERNED:  
Agency for International Development  
Republic of the Philippines  
Bataan Pulp and Paper Mills, Inc.  
Mindanao Portland Cement Corp.

AID/ICA/IDCA

LAW AUTHORITY:

Budget and Accounting Act  
31 U.S.C. 53  
Accounting and Auditing Act  
31 U.S.C. 67  
Foreign Assistance Act of 1961  
Philippine Rehabilitation Act of 1946

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TITLE: Unnecessary Dollar Grants to Iran Under the Foreign Assistance  
Program  
ACCESSION NUMBER: 087805                      BNUMBER: B-133258  
DOCUMENT DATE: 02/26/65                      DOCUMENT TYPE: Letter Report  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
Office of the Comptroller General  
ORGANIZATION CONCERNED:  
Agency for International Development  
Department of Agriculture  
Department of State

LAW AUTHORITY:  
Agricultural Trade Development and Assistance Act of 1954  
P.L. 83-480  
Budget and Accounting Act  
31 U.S.C. 53  
Accounting and Auditing Act  
31 U.S.C. 67  
Agricultural Commodities Agreement, July 26, 1960, 11 U.S.T. 1944, T.  
I.A.S. No. 4544, 384 U.N.T.S. 141

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TITLE: Review of the Military Assistance Program for Iran  
ACCESSION NUMBER: 087972                      BNUMBER: B-133134  
DOCUMENT DATE: 01/09/59                      DOCUMENT TYPE: Chapter Report  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
International Division  
ORGANIZATION CONCERNED:  
Iran  
Military Assistance Advisory Groups  
Department of State: International Cooperation Administration  
Department of Defense: Office of the Assistant Secretary of Defense (International Security Affairs)  
Department of Defense  
Department of the Army: U.S. Army, Europe  
House of Representatives: Speaker of the House

LAW AUTHORITY  
Accounting and Auditing Act  
31 U.S.C. 67  
Budget and Accounting Act  
31 U.S.C. 53

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TITLE: Report on Review of the Military Assistance Program for Laos  
ACCESSION NUMBER: 087970                      BNUMBER: B-133080  
DOCUMENT DATE: 10/30/58                      DOCUMENT TYPE: Chapter Report  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:  
International Division

AID/ICA/IDCA

ORGANIZATION CONCERNED:

Department of State: International Cooperation Administration  
Department of Defense  
Department of the Navy: Pacific Fleet  
Department of Defense: Office of the Assistant Secretary of Defense (International Security Affairs)  
Lao People's Democratic Republic

LAW AUTHORITY:

Budget and Accounting Act  
31 U.S.C. 53  
Accounting and Auditing Act  
31 U.S.C. 67

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**TITLE:** Report on Examination of Economic and Technical Assistance Program for Cambodia, International Cooperation Administration Department of State, Fiscal Years 1955-1957

ACCESSION NUMBER 087968                      BNUMBER: B-133002  
DOCUMENT DATE: 06/02/58                      DOCUMENT TYPE: Chapter Report  
DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Democratic Kampuchea (Cambodia)  
Department of Defense: Armed Services Procurement Regulation Committee  
Department of State: International Cooperation Administration

LAW AUTHORITY:

Mutual Security Act, 1954  
22 U.S.C. 1751 et seq.

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**TITLE:** General Accounting Office Summary of Nonmilitary Assistance Program for Laos

ACCESSION NUMBER: 087971                      DOCUMENT DATE: 05/05/58  
DOCUMENT TYPE Chapter Report                      DOCUMENT CLASS: P,U

GAO DIVISION/OFFICE:

International Division

ORGANIZATION CONCERNED:

Department of State: International Cooperation Administration  
Lao People's Democratic Republic

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**TITLE:** Report on Examination of Special Defense Financing Program for France, International Cooperation Administration, Department of State, June 30, 1957

ACCESSION NUMBER 087975                      BNUMBER: B-132953  
DOCUMENT DATE 02/10/58                      DOCUMENT TYPE: Chapter Report  
DOCUMENT CLASS P,U

GAO DIVISION/OFFICE

International Division

ORGANIZATION CONCERNED:

Department of State: International Cooperation Administration  
French Republic  
Military Assistance Advisory Groups  
North Atlantic Treaty Organization  
Department of Defense

LAW AUTHORITY

Mutual Security Act, 1951

AID/ICA/IDCA

67 Stat. 153  
Mutual Security Act, 1954  
67 Stat. 479