

330.1
U89

PD-AAA-064-82

ISN-24943

W. W. ...

about 4/79 14p.

Proj. 5110451-5
5110455

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

5110455001801
5110451001801

Reference Center
Room 1656 NS

OFFICE OF THE AUDITOR GENERAL
AREA AUDITOR GENERAL - LATIN AMERICA

AUDIT REPORT
UNITED STATES A.I.D. MISSION TO BOLIVIA
AGRICULTURE PROJECTS

BASIC FOODS PRODUCTION AND MARKETING - GRANT 511-0451
AGRICULTURAL SECTOR I - LOAN 511-T-053 511-0455

PERIOD COVERED: 4-15-75 THRU 9-30-76
AUDIT REPORT No.: 1-511-77-16
DATE REPORT ISSUED: DECEMBER 10, 1976

TABLE OF CONTENTS

	<u>PAGE</u>
I. BACKGROUND AND SCOPE	1
II. SUMMARY	2
III. FINDINGS AND RECOMMENDATIONS	4
A. CONTRACT GOB/AID-511-92 - CONSORTIUM FOR INTERNATIONAL DEVELOPMENT	4
GENERAL	4
CONTRACTOR'S PERFORMANCE	4
HOUSING ALLOWANCE	7
B. CONTRACT AID-511-95T - UTAH STATE UNIVERSITY	9
GENERAL	9
CONTRACT EXTENSION	9
C. LOAN 511-T-053 - AGRICULTURAL SECTOR I	10
PROJECT PROGRESS	10
EXHIBIT A - LISTING OF RECOMMENDATIONS	11
DISTRIBUTION OF REPORT	12

I. BACKGROUND AND SCOPE

BACKGROUND

THE BASIC FOODS PRODUCTION AND MARKETING GRANT PROJECT WAS SIGNED ON APRIL 15, 1975. THE PROJECT WAS DESIGNED TO DO THREE THINGS:

1. DEVELOP IMPROVED TECHNOLOGIES AND MORE MODERN MANAGEMENT PRACTICES GERMANE TO THE SMALL FARM SECTOR IN SELECTED GEOGRAPHICAL LOCATIONS (TECHNOLOGY DEVELOPMENT).
2. EXTEND TO SMALL FARM OPERATORS THE IMPROVED TECHNOLOGIES AND MORE MODERN PRODUCTION PRACTICES (TECHNOLOGY EXTENSION).
3. DEVELOP THE CAPABILITY WITHIN THE MINISTRY TO GENERATE BASIC DATA, ANALYZE PROBLEMS, AND PRODUCE COORDINATED POLICIES FOR THE SECTOR (SECTORAL MANAGEMENT).

AN IMPORTANT FACET OF THE PROJECT IS TO ASSIST THE MINISTRY IN DECENTRALIZING ITS RESEARCH AND EXTENSION SERVICES INTO REGIONAL SERVICE CENTERS IN THE SELECTED LOCATIONS. RESEARCH AND OTHER SERVICES WILL BE PROVIDED THROUGH THE CENTERS, THE FOUR EXPERIMENT STATIONS, AND AGRICULTURAL FACULTIES AT TWO LOCAL UNIVERSITIES IN THE AREA. OTHER LOCAL ORGANIZATIONS WILL ALSO BE INVOLVED IN COORDINATING THEIR ACTIVITIES WITH THE MINISTRY.

PROJECT FUNDS ARE PROVIDED TO CONTRACT FOR TECHNICAL ASSISTANCE TO AID THE MINISTRY IN CARRYING OUT PROJECT OBJECTIVES. LIMITED FUNDS ARE ALSO PROVIDED FOR PARTICIPANTS AND FOR PROCUREMENT OF COMMODITIES.

THE AGRICULTURAL SECTOR I LOAN 511-T-053, SIGNED APRIL 24, 1975 IN THE AMOUNT OF \$9.2 MILLION, COMPLEMENTS THE BASIC FOODS GRANT PROJECT. THE LOAN PROVIDES FUNDS FOR THE NECESSARY PHYSICAL FACILITIES TO SUPPORT THE REGIONAL SERVICE CENTERS, AND EQUIPMENT FOR THE EXPERIMENT STATIONS AND EXTENSION AGENTS

THE LOAN ALSO PROVIDES FUNDS FOR ASSISTANCE IN IMPROVED SECTOR MANAGEMENT WITHIN THE MINISTRY, TECHNOLOGICAL DEVELOPMENT AND EXTENSION TO SMALL FARMERS, AGRICULTURAL CREDIT TO SMALL FARMERS, AND TRAINING AT THE CAMPESINO AND UNIVERSITY LEVEL.

THE USAID CONTROLLER'S RECORDS SHOW THE FOLLOWING FUNDING INFORMATION FOR THE TWO PROJECTS AS OF SEPTEMBER 30, 1976:

	<u>FUNDS PROVIDED</u>	<u>FUNDS DISBURSED</u>
BASIC FOODS GRANT 511-0451:		
CONTRACTS	\$1,356,353	\$623,736
PARTICIPANTS	5,802	5,802
COMMODITIES	<u>47,000</u>	<u>45,780</u>
	<u>\$1,409,155</u>	<u>\$675,318</u>
AGRICULTURAL SECTOR I LOAN 511-T-053:		
LOAN AMOUNT	\$9,200,000	
ADVANCE TO AGRICULTURAL BANK FOR SUBLENDING PARTICIPANTS	<u> </u>	\$400,000 <u>17,496</u>
	<u>\$9,200,000</u>	<u>\$417,496</u>

SCOPE

THIS WAS A REGULARLY SCHEDULED INITIAL AUDIT OF THE GRANT AND LOAN PROJECTS, AND COVERED THE PERIOD FROM PROJECT INCEPTION THROUGH SEPTEMBER 30, 1976. OUR REVIEW WAS MADE ON A SELECTIVE BASIS IN CONFORMANCE WITH CURRENT AUDITING STANDARDS, AND INCLUDED SUCH TESTS AS WERE CONSIDERED NECESSARY IN THE CIRCUMSTANCES.

II. SUMMARY

THE BASIC FOODS PRODUCTION AND MARKETING GRANT PROJECT IS PROVIDING A SUBSTANTIAL AMOUNT OF TECHNICAL ASSISTANCE TO AID THE MINISTRY IN INCREASING PRODUCTION OF BASIC FOOD CROPS AND LIVESTOCK PRODUCTS IN THE SMALL FARM SECTOR IN BOLIVIA. CONSIDERABLE DATA ON AGRICULTURE HAS BEEN COLLECTED AND MANY TECHNICIANS HAVE BEEN INVOLVED IN CARRYING OUT THE VARIOUS PROJECT OBJECTIVES. CONTRACT TECHNICAL ASSISTANCE IS SCHEDULED TO CONTINUE FOR SOME TIME.

THE AGRICULTURAL SECTOR I LOAN IS JUST GETTING UNDERWAY, ALTHOUGH SOME TECHNICAL ASSISTANCE AND TRAINING HAS BEEN CARRIED OUT.

THERE ARE SOME PROBLEMS RELATED TO THE PROGRESS OF THESE TWO PROJECTS WHICH WE ARE BRINGING TO THE USAID'S ATTENTION FOR CORRECTIVE ACTION.

IN OUR OPINION, OVERALL PERFORMANCE OF THE CONSORTIUM CONTRACTOR UNDER GRANT PROJECT 0451 HAS NOT REACHED THE LEVELS ORIGINALLY SCHEDULED IN THE CONTRACTOR'S WORK PLAN. WE RECOMMEND THAT THE USAID IMMEDIATELY MAKE ARRANGEMENTS TO JOINTLY PERFORM, ALONG WITH MINISTRY PERSONNEL, A TECHNICAL EVALUATION OF ALL ASPECTS OF PROJECT 0451, AND PREPARE THE REQUIRED APPRAISAL REPORT.

THE CONSORTIUM CONTRACTOR HAS BEEN REIMBURSED AN AMOUNT FOR HOUSING ALLOWANCES IN EXCESS OF THE AMOUNT ALLOWED UNDER THE CONTRACT. THE USAID HAS APPLIED THE OVERPAYMENT AGAINST A CONTRACTOR VOUCHER. THEREFORE WE ARE NOT MAKING A RECOMMENDATION.

THE CONTRACT PERIOD FOR CONTRACT No AID-511-95T NEEDS TO BE EXTENDED BY AMENDMENT TO ALLOW FOR FINAL PAYMENT FOR WORK PERFORMED. WE RECOMMEND THAT THE USAID TAKE THE NEEDED ACTION.

THE USAID HAS NOT PREPARED THE CONTRACTOR'S PERFORMANCE EVALUATION REPORT FOR CONTRACT 95T. WE RECOMMEND THAT THE REPORT BE PREPARED.

IMPLEMENTATION OF AGRICULTURAL SECTOR I LOAN PROJECT 511-T-053 IS BEHIND PLANNED PROJECTIONS. WE RECOMMEND THAT THE USAID TAKE THE NECESSARY ACTIONS TO CORRECT ALL OUTSTANDING PROBLEMS AND GET THE PROJECT BACK ON SCHEDULE AS SOON AS POSSIBLE.

AT AN EXIT CONFERENCE ON NOVEMBER 29, 1976, USAID OFFICIALS EXPRESSED GENERAL AGREEMENT WITH THE FINDINGS AND RECOMMENDATIONS IN OUR DRAFT REPORT. CONSIDERATION WAS GIVEN TO THE USAID'S COMMENTS IN THE PREPARATION OF THIS FINAL REPORT.

III. FINDINGS AND RECOMMENDATIONS

A. CONTRACT GOB/AID-511-92 - CONSORTIUM FOR INTERNATIONAL DEVELOPMENT

GENERAL

GRANT PROJECT 511-0451 PROVIDES AID FUNDS FOR CONTRACTING FOR TECHNICAL ASSISTANCE TO CARRY OUT PROJECT OBJECTIVES. HOST COUNTRY CONTRACT GOB/AID-511-92 WAS SIGNED ON JUNE 27, 1975 BETWEEN THE GOVERNMENT OF BOLIVIA AND THE CONSORTIUM FOR INTERNATIONAL DEVELOPMENT. THE CONSORTIUM IS A U.S. CORPORATE ENTITY REPRESENTING SEVEN U.S. UNIVERSITIES ENGAGED IN AGRICULTURAL RESEARCH. THE CONTRACT PROVIDES LONG-TERM TECHNICIANS TO SUPPLY TECHNICAL ASSISTANCE TO MINISTRY PERSONNEL. THE CONTRACT BUDGET IS SLIGHTLY MORE THAN \$1.0 MILLION FOR THE PERIOD FROM INCEPTION THROUGH DECEMBER 31, 1976. THE ACTUAL CONTRACT TERM RUNS THROUGH JUNE 30, 1977, SUBJECT TO THE AVAILABILITY OF AID FUNDS.

CONTRACTOR'S PERFORMANCE

ALTHOUGH PROGRESS ON CONTRACT OBJECTIVES HAS BEEN CONSIDERABLE, IN OUR OPINION OVERALL PERFORMANCE HAS NOT REACHED THE LEVELS ORIGINALLY SCHEDULED IN THE CONTRACTOR'S WORK PLAN FOR JOINT ACTIVITIES WITH THE MINISTRY.

THE CONTRACT OBJECTIVES OF TECHNOLOGY DEVELOPMENT AND EXTENSION WERE TO BE ACCOMPLISHED BY EMPHASIZING CONTRACTOR ASSISTANCE TO FOUR TARGETED AGRICULTURAL EXPERIMENT STATIONS AND THE NATIONAL DIRECTORS OF RESEARCH AND EXTENSION. RELATED TRAINING ACTIVITIES WERE PROGRAMMED FOR MINISTRY AND EXTENSION PERSONNEL WITH PERIPHERAL ASSISTANCE TO TWO LOCAL UNIVERSITIES.

THE OBJECTIVE OF IMPROVED SECTORAL MANAGEMENT WOULD BE CARRIED OUT BY PROVIDING TECHNICAL ASSISTANCE AND TRAINING TO PERSONNEL WITHIN THE MINISTRY'S PLANNING OFFICE.

IMPLEMENTATION OF THE ORIGINAL PROGRAM WAS CURTAILED BY AID FUNDING RESTRICTIONS WHICH RESULTED IN A REDUCTION OF TECHNICAL PERSONNEL FROM THE PROGRAMMED ELEVEN TO SEVEN FOR THE FIRST YEAR. HOWEVER, AT THE TIME OF OUR AUDIT, THE CONTRACTOR'S TECHNICIANS HAD PROVIDED PLANNED TECHNICAL ASSISTANCE TO THREE OF THE FOUR EXPERIMENT STATIONS. THE CHINOLI STATION HAD RECEIVED LITTLE ASSISTANCE DUE TO ITS

DISTANCE FROM COCHABAMBA, ITS INACCESSIBILITY, AND THE MENTIONED REDUCTION IN PERSONNEL. SOME OF THE AGRONOMIC RESEARCH PROGRAMMED IN THE CONTRACTOR'S PLAN OF WORK FOR 1975-1976 WAS NOT COMPLETED. CROP TRIAL FAILURES WERE EXPERIENCED DUE TO LACK OF RAIN AND THE ABSENCE OF A FUNCTIONAL IRRIGATION SYSTEM AT TWO OF THE THREE STATIONS. IN SOME CASES THE PROGRAM WAS REDUCED ON ADVICE OF CONTRACT PERSONNEL DUE TO THE LACK OF QUALIFIED BOLIVIAN PERSONNEL TO COMPLETE THE ASSIGNED RESEARCH, AND IN OTHERS DUE TO THE FACT THAT THE PLANNED PROGRAM WAS TOO LARGE FOR EXISTING PERSONNEL AND OTHER RESOURCES.

BECAUSE OF THE TECHNICIAN CUTBACK, ASSISTANCE TO THE TWO LOCAL UNIVERSITIES HAS BEEN CONFINED TO AGRICULTURAL ECONOMICS TRAINING COURSES AT SAN SIMON UNIVERSITY IN COCHABAMBA, AGRICULTURAL ECONOMICS AND AGRONOMY AT SAN SIMON, AND IN AGRONOMY AT RENE GABRIEL MORENO IN SANTA CRUZ. DESPITE A SIGNED AGREEMENT BETWEEN THE MINISTRY AND THE SAN SIMON UNIVERSITY (WHICH WAS ACCOMPLISHED WITH CONTRACTOR ASSISTANCE), FORMAL COOPERATION WITH THE FACULTY OF AGRONOMY HAS NOT BEEN ACCOMPLISHED. FURTHERMORE, FORMAL COLLABORATION AT RENE GABRIEL MORENO UNIVERSITY HAS NOT BEEN REALIZED IN EITHER THE DEPARTMENTS OF AGRICULTURAL ECONOMICS OR AGRONOMY. SEVERAL PLANNED SEMINARS AND FORMAL COURSES WERE CANCELLED BY THE UNIVERSITY.

OUR DISCUSSIONS WITH OFFICIALS AT THE THREE EXPERIMENT STATIONS AND WITH MINISTRY OFFICIALS IN LA PAZ DREW MIXED RESPONSES WITH REGARD TO THE ACCOMPLISHMENTS OF CONTRACT TECHNICIANS. BASED ON THE RESPONSE OF MINISTRY OFFICIALS WE WERE UNABLE TO DEFINE THE EXTENT TO WHICH CONTRACT PERSONNEL HAD PARTICIPATED IN TECHNOLOGY DEVELOPMENT AND EXTENSION, OR ANY SPECIFIC ACTIONS TAKEN BY CONTRACTOR PERSONNEL IN THE OFFICES OF SECTOR MANAGEMENT. HOWEVER, THE QUARTERLY REPORTS OF THE CONTRACTOR DETAIL ACTIVITIES IN BOTH TECHNOLOGY DEVELOPMENT AND EXTENSION, AS WELL AS COMPLETION OF FOUR PLANNED ACTIVITIES, IN THE SECTOR MANAGEMENT PORTION OF THE CONTRACT, I.E., TWO ECONOMIC STUDIES, THE FIVE YEAR AGRICULTURAL PLAN AND INTRODUCTION OF AN INITIAL ORGANIZATION OF THE PLANNING OFFICE. BUT THE JOINT ACTIVITIES AND THE MANY TECHNICAL ASPECTS OF THE PROJECT DO NOT LEND THEMSELVES TO EASY MEASUREMENT ON AN INDIVIDUAL TECHNICIAN BASIS AT THIS PARTICULAR POINT IN TIME.

IN OUR OPINION THE LISTED CONDITIONS HAVE BEEN A RESULT OF THE FOLLOWING FACTORS:

1. THE CONTRACTOR HAS NOT BEEN ABLE TO PROVIDE THE PLANNED MAN-MONTHS OF TECHNICAL ASSISTANCE TO THE PROJECT. WE UNDERSTAND THERE WERE MANY DIFFICULTIES IN RECRUITING QUALIFIED PERSONNEL AND IN GETTING THEM ACCEPTED BY THE MINISTRY TO WORK IN BOLIVIA. BUT ALSO, THE CUTBACK OF AID FUNDING HAD A NEGATIVE IMPACT.
2. SEVERAL CONTRACT TECHNICIANS ASSIGNED TO WORK WITH THEIR BOLIVIAN COUNTERPARTS DID NOT HAVE SUFFICIENT SPANISH LANGUAGE PROFICIENCY. THIS FACTOR HAS LIMITED THEM IN THEIR ABILITY TO COMMUNICATE INSTRUCTIONS AND TRAINING MATTERS TO THE LOCAL TECHNICIANS. HOWEVER, THESE TECHNICIANS WERE APPROVED BY THE MINISTRY WITH FULL KNOWLEDGE OF LANGUAGE DEFICIENCIES IN ORDER TO OBTAIN THE TECHNICAL COMPETENCE DESIRED.
3. THE MINISTRY HAS NOT TIMELY PROVIDED THE NECESSARY FUNDING REQUIRED TO IMPROVE THE PHYSICAL OPERATIONS OF THE EXPERIMENT STATIONS. FOR EXAMPLE, WE NOTED THAT PHYSICAL FACILITIES AVAILABLE FOR OPERATION OF THE SAAVEDRA AND TORALAPA STATIONS ARE EXTREMELY POOR. AN IMPORTANT GREENHOUSE AT TORALAPA COULD NOT BE COMPLETED FOR MANY MONTHS BECAUSE OF A LACK OF \$400 TO COMPLETE CONSTRUCTION ITEMS. RESEARCH ACTIVITIES AT THE STATION WERE THUS BEING HELD UP TO SOME DEGREE.
4. AN IMPORTANT FEATURE OF THE CONTRACT WAS THAT THE CONTRACTOR'S TECHNICIANS WERE TO WORK AS CO-DIRECTORS IN THE VARIOUS PROGRAM ACTIVITIES. BUT THE CONCEPT OF CO-DIRECTORSHIP HAD NOT BEEN SUCCESSFULLY CONVEYED TO OR ACCEPTED BY ALL THE BOLIVIAN COUNTERPARTS AND TECHNICIANS. THIS ISSUE IS NOW IN THE PROCESS OF BEING RESOLVED. BUT THE CONTRACTOR SAYS THAT IT WILL STILL BE SOME TIME BEFORE THE CONTRACT TECHNICIANS ARE ABLE TO ASSUME MUCH DECISION MAKING AUTHORITY AT THE STATIONS.
5. THIS IS ONE OF THE INITIAL AID-FINANCED HOST COUNTRY CONTRACTS IN BOLIVIA.

PROBABLY ONE OF THE MOST TROUBLESOME ISSUES AFFECTING THE PROJECT HAS BEEN THE NUMEROUS ADMINISTRATIVE PROBLEMS WHICH HAVE OCCUPIED A CONSIDERABLE AMOUNT OF THE CONTRACTOR'S TIME. THE MAJOR PROBLEMS HAVE BEEN THE DELAYS IN OBTAINING TAX EXEMPTIONS, TAX LIBERATIONS FOR IMPORTATION OF PERSONAL AND OFFICIAL VEHICLES, ADEQUATE HOUSING AND UTILITY ALLOWANCES FOR CONTRACT PERSONNEL, AND RED-TAPE INVOLVED IN LOCAL PURCHASES. THE CONTRACTOR'S CHIEF OF PARTY STATED TO US THAT THERE IS A LACK OF AN ORGANIZED SYSTEM WITHIN THE MINISTRY AND THE USAID FOR RESOLVING ADMINISTRATIVE ISSUES INVOLVED IN HOST

COUNTRY CONTRACTING. THE RESULT IS THAT THE CONTRACT TEAM HAS HAD TO SPEND A CONSIDERABLE AMOUNT OF TIME ON ADMINISTRATIVE MATTERS AT THE EXPENSE OF PROJECT REQUIREMENTS AND NEEDS.

WE DISCUSSED DETAILS OF THE CONTRACTOR'S PERFORMANCE AND RELATED PROBLEMS WITH THE USAID ACTING PROJECT MANAGER AND THE CONTRACTOR'S CHIEF OF PARTY. IT WAS GENERALLY AGREED THAT AN EXTENSIVE TECHNICAL EVALUATION OF ALL ASPECTS OF THE CONTRACTOR'S WORK WAS NEEDED AS SOON AS POSSIBLE. THIS EVALUATION SHOULD DETERMINE THE QUALITY OF ASSISTANCE BEING PROVIDED TO THE MINISTRY AND EXPERIMENT STATIONS, THE TRANSFER LEVEL OF THAT ASSISTANCE TO THE SMALL FARM SECTOR, THE OVERALL DIRECTION OF THE PROJECT AT THIS TIME, AND SOLUTIONS TO MAJOR PROBLEMS CONTINUING TO AFFECT PROJECT ACCOMPLISHMENTS. IN FACT, THE EVALUATION SHOULD BE FORMALIZED INTO THE REQUIRED PROJECT APPRAISAL REPORT (PAR).

THE ACTING PROJECT MANAGER SAID HE HAD ONLY RECENTLY BEEN ABLE TO VISIT THE FIELD TO OBSERVE THE WORK TAKING PLACE. IN THE PAST, STAFFING CONSTRAINTS AND OTHER USAID REQUIREMENTS HAD PRECLUDED HIS PARTICIPATION IN EXTENSIVE FIELD TRIPS. IN FACT, DURING THE AUDIT PERIOD, THERE HAVE BEEN FOUR DIFFERENT PROJECT MANAGERS. IN THE FUTURE HE PLANS TO SPEND MORE TIME VISITING THE VARIOUS LOCATIONS WHERE CONTRACTOR ASSISTANCE IS BEING PROVIDED. BUT HE ALSO BELIEVES THAT PROPER PROJECT MONITORSHIP WILL TAKE PLACE ONLY WHEN THE OFFICE IS ADEQUATELY STAFFED. HE HEARTILY SUPPORTS THE NEED FOR A TECHNICAL EVALUATION OF THE PROJECT AND WILL ATTEMPT TO MAKE ARRANGEMENTS FOR THE WORK IN THE NEAR FUTURE. THE WORK WILL LIKELY REQUIRE ASSISTANCE OF PERSONNEL OUTSIDE THE USAID, AND SHOULD INCLUDE MINISTRY PERSONNEL ASSOCIATED WITH THE PROJECT.

RECOMMENDATION No. 1

THE USAID SHOULD IMMEDIATELY MAKE THE NECESSARY ARRANGEMENTS TO JOINTLY PERFORM, ALONG WITH MINISTRY PERSONNEL, A TECHNICAL EVALUATION OF ALL ASPECTS OF PROJECT 511-0451, AND PREPARE THE REQUIRED PROJECT APPRAISAL REPORT.

HOUSING ALLOWANCES

THE CONTRACTOR HAS BEEN REIMBURSED AN AMOUNT FOR HOUSING ALLOWANCES IN EXCESS OF THE AMOUNT ALLOWED UNDER THE CONTRACT.

THE SCOPE OF OUR EXAMINATION DID NOT INCLUDE A REVIEW OF ALL COSTS INCURRED AND PAID UNDER THE CONTRACT. BUT WE DID REVIEW CERTAIN LOCAL COSTS ASSOCIATED WITH HOUSING, UTILITY, AND TEMPORARY LODGING EXPENSES INCURRED AND PAID DURING THE PERIOD FROM CONTRACT INCEPTION THROUGH JUNE 30, 1976. WE FOUND THE FOLLOWING DISCREPANCIES:

HOUSING AND UTILITY COSTS

CONTRACTOR'S EMPLOYEE, MR. MORRIS D. WHITAKER, WAS REIMBURSED \$650 A MONTH FOR HOUSE RENTAL DURING THE PERIOD 10-1-75 TO 6-30-76 - 11 MONTHS EACH \$650 =	\$7,150.00
AMOUNT ALLOWED UNDER CONTRACT AMENDMENT No. 5 - 11 MONTHS EACH \$575 =	<u>6,325.00</u>
OVERPAYMENT	\$ 825.00

TEMPORARY LODGING

MAX LONG - DATE ARRIVED IN COUNTRY 7-27-75 - DATE HOUSING ALLOWANCE STARTED 8-20-75		
AMOUNT REIMBURSED TO TEMPORARY LODGING - 27 DAYS	\$800.98	
AMOUNT ALLOWED - 24 DAYS	<u>711.84</u>	89.14
MORRIS D. WHITAKER - DATE ARRIVED IN COUNTRY 7-28-75 DATE HOUSING ALLOWANCE STARTED 8-1-75		
AMOUNT REIMBURSED FOR TEMPORARY LODGING - 18 DAYS	\$290.00	
AMOUNT ALLOWED - 4 DAYS	<u>64.44</u>	<u>225.56</u>
TOTAL OVERPAYMENTS		<u>\$1,139.70</u>

WE DISCUSSED THIS ISSUE WITH THE CONTRACTOR'S CHIEF OF PARTY AND THERE ARE DIFFERENCES OF OPINION REGARDING THE INTERPRETATION OF CONTRACT TERMS COVERING HOUSING ALLOWANCES. HOWEVER, IN OUR REVIEW, WE FOLLOWED A STRICT INTERPRETATION OF THE CONTRACT AND AMENDMENT TERMS AND ARRIVED AT THE AMOUNT REPORTED ABOVE. THE USAID CONTROLLER AGREED WITH OUR COMPUTATION AND HAS APPLIED THE TOTAL OVERPAYMENT AGAINST A RECENT VOUCHER SUBMITTED BY THE CONTRACTOR. THEREFORE WE ARE NOT MAKING A RECOMMENDATION ON THE MATTER.

B. CONTRACT AID-511-95T - UTAH STATE UNIVERSITY

GENERAL

GRANT PROJECT 511-0451 PROVIDES AID FUNDS TO COMPLETE PREPARATION OF BASIC AGRICULTURAL STATISTICS FOR BOLIVIA. CONTRACT AID-511-95T WAS SIGNED ON APRIL 1, 1975 BETWEEN AID AND UTAH STATE UNIVERSITY TO PROVIDE TECHNICIANS TO FINALIZE AN AGRICULTURAL STATISTICS STUDY AND TO PREPARE FOUR REPORTS ON THE RESULTING INFORMATION. THE FIXED PRICE CONTRACT IS FOR \$70,000 AND THE EXPIRATION DATE WAS MAY 15, 1976.

CONTRACT EXTENSION

THE CONTRACT PERIOD NEEDS TO BE EXTENDED BY AMENDMENT TO ALLOW FOR FINAL PAYMENT FOR WORK PERFORMED.

THREE REPORTS WERE PREPARED AND SUBMITTED BY THE CONTRACTOR WITHIN THE CONTRACT PERIOD. THE MINISTRY HAS NOT RE-PUBLISHED THE REPORTS' CONTENTS IN FINAL FORM AS AGREED BECAUSE OFFICIALS THERE CONSIDER THE INFORMATION INCOMPLETE OR PRELIMINARY. BUT THE PROJECT MANAGER STATES THAT THE BASIC REPORTS ARE SERVING THEIR PURPOSE AND ARE AS COMPLETE AS POSSIBLE CONSIDERING THE DATA BASE FROM WHICH THEY WERE TAKEN.

THE FOURTH REPORT, ESTIMATES OF AVERAGE PRODUCTION OF AGRICULTURAL OUTPUT, WAS ONLY RECENTLY COMPLETED BY THE CONTRACTOR. A PRELIMINARY REVIEW BY THE USAID INDICATES THAT THE SUBMITTED REPORT WILL BE ACCEPTABLE FOR THE PROJECT. THEREFORE, THE CONTRACT PERIOD SHOULD BE EXTENDED PAST MAY 15, 1976 TO ALLOW PAYMENT FOR THE ADDITIONAL WORK PERFORMED.

RECOMMENDATION No. 2

THE USAID SHOULD EXTEND THE PERIOD OF CONTRACT AID-511-95T TO PROVIDE FOR PAYMENT FOR ACTIONS TAKEN IN COMPLETING THE REPORT.

THE USAID HAS NOT PREPARED THE CONTRACTOR'S PERFORMANCE EVALUATION REPORT No. 1423/1. THAT REPORT IS TO BE PREPARED FOR EACH SIX-MONTH PERIOD OF CONTRACT OPERATIONS. IN THIS CASE, WE BELIEVE A REPORT SHOULD BE PREPARED FOR THE PERIOD OF THE CONTRACT ENDING MAY 15, 1976.

RECOMMENDATION No. 3

THE USAID SHOULD PREPARE A CONTRACTOR'S PERFORMANCE EVALUATION REPORT No. 1423/1 COVERING CONTRACT AID-511-95T AS SOON AS POSSIBLE.

C. LOAN 511-T-053 - AGRICULTURAL SECTOR I

PROJECT PROGRESS

ACCORDING TO PERFORMANCE STANDARDS ESTABLISHED BY THE USAID, PROJECT IMPLEMENTATION IS BEHIND PLANNED PROJECTIONS.

IN ORDER TO MEASURE THE RATE OF PROGRESS OF THE PROJECT, WE COMPARED THE STATUS OF THE VARIOUS ACTIVITIES AT SEPTEMBER 30, 1976 TO THE ITEMS SCHEDULED ON THE USAID'S PERT CHART. WE FOUND THAT A MAJORITY OF THE ACTIVITIES WERE APPROXIMATELY TWO TO SIX MONTHS BEHIND SCHEDULE.

FOR EXAMPLE, MANY MAJOR COMMODITY ITEMS HAVE NOT YET BEEN ORDERED; THE DESIGN FOR ALL CONSTRUCTION ACTIVITIES OTHER THAN SERVICE CENTERS ARE NOT COMPLETE; A PROJECT EVALUATION SCHEDULED FOR JULY HAS NOT BEEN PERFORMED; AND ENGINEERING PLANNING AND DESIGN FOR CONSTRUCTION OF THE THREE SERVICE CENTERS HAS NOT STARTED. THE CONSTRUCTION ELEMENTS ARE A MAIN THRUST OF THIS PROJECT, AND THUS QUITE IMPORTANT TO FUTURE AGRICULTURE ACTIVITIES.

RECOMMENDATION No. 4

THE USAID SHOULD TAKE THE NECESSARY ACTIONS TO CORRECT ALL OUTSTANDING PROBLEMS AND GET THE AGRICULTURE SECTOR I PROJECT BACK ON SCHEDULE AS SOON AS POSSIBLE.

USAID/BOLIVIA
AGRICULTURE PROJECTS

LISTING OF RECOMMENDATIONS

RECOMMENDATION No. 1

THE USAID SHOULD IMMEDIATELY MAKE THE NECESSARY ARRANGEMENTS TO JOINTLY PERFORM, ALONG WITH MINISTRY PERSONNEL, A TECHNICAL EVALUATION OF ALL ASPECTS OF PROJECT 511-0451, AND PREPARE THE REQUIRED PROJECT APPRAISAL REPORT.

RECOMMENDATION No. 2

THE USAID SHOULD EXTEND THE PERIOD OF CONTRACT AID-511-95T TO PROVIDE FOR PAYMENT FOR ACTIONS TAKEN IN COMPLETING THE REPORT.

RECOMMENDATION No. 3

THE USAID SHOULD PREPARE A CONTRACTOR'S PERFORMANCE EVALUATION REPORT No. 1423/1 COVERING CONTRACT AID-511-95T AS SOON AS POSSIBLE.

RECOMMENDATION No. 4

THE USAID SHOULD TAKE THE NECESSARY ACTIONS TO CORRECT ALL OUTSTANDING PROBLEMS AND GET THE AGRICULTURE SECTOR I PROJECT BACK ON SCHEDULE AS SOON AS POSSIBLE.

USAID/BOLIVIA
AGRICULTURE PROJECTS

DISTRIBUTION OF REPORT

	<u>No. of COPIES</u>
USAID/BOLIVIA - FOR INTERNAL MISSION DISTRIBUTION	10
USAID/BOLIVIA - CENTRAL FILES	1
RESIDENT AUDIT OFFICE	9
AREA AUDITOR GENERAL, LATIN AMERICA	5
AAG/WASHINGTON	5
AG/OC/PP	1
AG/OC/PE	1
AID/W, ASSISTANT ADMINISTRATOR, BUREAU FOR LA	1
AID/W, DESK OFFICER BOLIVIA	1
AID/W, OPERATIONS APPRAISAL STAFF	1
IIS/PANAMA	1
INSPECTOR GENERAL OF FOREIGN ASSISTANCE (IGA)	1
U.S. GENERAL ACCOUNTING OFFICE (GAO/WASHINGTON)	<u>1</u>
	<u>38</u>