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The Haiti Integrated Agricultural Development Program will cost \$22.6 million; AID will finance \$12.1 million and the GOH \$10.5 million. The current program goal is to increase small farm production, productivity and income by developing the institutional capacity of the Ministry of Agriculture to deliver productive resources and services to small farmers in four pilot areas.

Some recent progress has been made to develop Haiti's institutional capabilities. However, the program is not being implemented in an efficient manner and has numerous implementation and administrative problems. Its objectives are no longer consistent with country strategy. Technical assistance and training is uncoordinated. There are also problems related to evaluations, baseline data, commodities, financial management, reporting, supervision, and monitoring. The program goals cannot be achieved and modifications are needed.

The report includes 27 recommendations.

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Integrated Agricultural Development Program  
Project No. 521-0078  
Loan No. 521-T-008  
USAID/HAITI

EXECUTIVE SUMMARY

Introduction

The Integrated Agricultural Development Program, as extended, is a seven-year program, involving support to the Government of Haiti (GOH) in helping the small farm sector of its economy. The project began on September 29, 1976, with the signing of a grant agreement. This was followed by a loan agreement which was signed on April 27, 1977.

The broad program goal is to increase small farm production, productivity and income. The specific project objective is to develop the institutional capacity of the GOH Ministry of Agriculture Natural Resources and Rural Development (DARNDR - French acronym) to deliver productive resources and services to small farmers in four target pilot areas. Increased food production is expected to result.

Funds budgeted for this project total \$22.6 million. Of this amount, AID will provide \$12.1 million \$9.3 million grant and a \$2.8 million loan; the GOH will provide \$10.5 million in counterpart contributions. As of January 31, 1982, USAID/Haiti had disbursed \$2.4 million of the grant and loan funds. The GOH had expended \$3.4 million project budget.

Purpose and Scope

This is our first audit of the project. The purpose of the review was to determine if the project was being implemented in an effective, efficient and economical manner and if it was accomplishing its goal. The audit was conducted in accordance with generally accepted auditing standards as adopted by the U.S. Government. Accordingly, we reviewed project documentation maintained by AID/Washington, USAID/Haiti and DARNDR. We discussed project progress and implementation problems with responsible officials of these organizations and visited three of the four targeted areas of the project.

Conclusions

This project was originally designed and initiated in 1976. It was revised in 1979. The emphasis of the project has remained consistent and is directed towards institutional development of Haiti's Ministry of Agriculture. Some progress towards this objective can be noted, particularly during the last year since the arrival of all advisory teams and a new USAID/Haiti management team. However, a new food and agriculture sector strategy was developed in 1981 for Haiti. This new strategy emphasizes a closer relationship and the channelling of resources at a level closer to the small farmer. Thus, the original objectives of the project are no longer consistent with the current agriculture sector strategy for Haiti.

The program also has had numerous implementation and administrative problems which have contributed to delays or have worked against its satisfactory progress. These are some examples of problems: two years went by before the GOH satisfied the conditions precedent to disbursement under the loan. Mobilization of the four technical assistance teams was not completed until mid-1981. Team arrivals were not scheduled in an orderly or coordinated manner so as to maximize the efficiency and economy of project implementation. After their arrival, the contractors did not receive timely support from the host country; specifically, DARNDR had not provided the required transportation, counterpart personnel, office space, research site, and secretarial support. Performance by at least one contractor had not met the desired standards. Training is significantly behind schedule. Evaluation reports have not been used to correct problem situations. Baseline data has not been established to guide project plans or to provide a basis for future evaluations.

Based on our findings, it is our opinion that -- as currently designed and with the present financial resources -- the broad goal of this project cannot be achieved. Since only a relatively small portion of the AID loan (\$2.4 million or 18.9 percent) has been disbursed, the most advisable course of action is to modify this project. USAID/Haiti agrees with this assessment. A brief synopsis of the areas in need of improvements follow:

- Project component activities have not been coordinated to ensure that a package of services will be made available to small farmers in all four target areas prior to the scheduled completion of the project in January 1984. The results have been that the technical assistance teams have not pursued an interdependent course of action designed to achieve project goals and objectives in a unified manner. Consequently, project resources are not being used in the most efficient manner (page 8).
- Although there have been evaluations of specific program activities, USAID/Haiti and the GOH need to undertake a joint evaluation of the project as required by the loan agreement. One previous evaluation of a specific activity was critical of the role and performance of one contractor (Servicios Tecnicos del Caribe). However, the recommendations contained in the report were not implemented. Two other evaluations of specific activities cannot be considered independent reviews because they were conducted by the same implementing contractor (page 10).
- Baseline data has not been developed for traditional food crops in the targeted areas. The absence of this information will reduce the abilities of the Mission and the GOH to guide project plans and to evaluate project impact and accomplishments at a later date (page 12).
- There is a series of problems related with the technical assistance portion of the program. Four different teams are providing the required technical assistance: (a) Servicios Tecnicos del Caribe; (b) Texas A&M University; (c) Sheladia Associates, Inc.; and (d) a USDA PASA team. The arrival of the teams was not done in a coordinated

manner. Support to the teams after their arrival has not been optimal. Performance by at least one contractor has not been up to standards. DARNDR has not made the best utilization of the assistance provided by the teams. The role of one contractor has not resulted in the desired institutional building of DARNDR. The effects have been that the small farmers have not yet received the package of services and benefits that were contemplated by the program objectives (page 14).

- Training activities have not been progressing as originally anticipated. One reason is the late and uncoordinated arrival of the technical assistance teams. Another reason has been the failure of DARNDR to provide qualified counterpart personnel, technicians, and logistical support in a timely manner. As a result, no single group of small farmers have received any benefit (page 20).
- The review showed several problems related to the commodity procurement activities: (a) review and approval of purchase requests were delayed by USAID/Haiti; (b) the responsibility for project procurement was divided and costs have duplicated; (c) procurement of household furniture and equipment was unilaterally handled by USAID/Haiti; (d) some household furniture and equipment were used for non-program purposes; (e) vehicles were not controlled and six vehicles could not be accounted for (page 23).
- The financial management for the project is in need of addressing several types of problems. Here are some examples: (a) USAID/Haiti project accounting system and supporting documentation of project transactions lacked continuity and was difficult to follow; (b) the GOH Ministry of Planning was not releasing the counterpart funds in a timely or satisfactory manner; (c) there is a need for establishing a revolving fund for this project; (d) and, periodic financial audits have not been made by the GOH as required by the loan agreement (page 27).
- There is a need to publicize this project as a program that is receiving financial support from the U.S. Government (page 31).
- Contracts do not contain uniform provisions regarding reports. As a result, some contractors are submitting progress reports and others are not. In addition, the information contained in reports that are submitted from period to period is not presented in a comparable manner and progress cannot be readily measured (page 30).
- Improvements are needed in program supervision, reporting, and monitoring (page 32).

### Recommendations

We have included a total of 27 recommendations in the body of the report and in Appendix A. The findings and recommendations in this report were discussed with USAID/Haiti during the progress of the audit and at an Exit Conference. In addition, the draft of this report was reviewed by Mission Officials. Comments made to us, both written and verbal, were considered in preparing the final version of this report.

## BACKGROUND AND SCOPE

### Background

The Integrated Agricultural Development Project was authorized on September 29, 1976, and will cost about \$22.6 million. Originally, AID's share of the project funding included a \$4.1 million grant and an \$8 million loan. The Government of Haiti (GOH) was to provide \$10.5 million. As a result of a partial evaluation, the project was redesigned in late 1979 and the completion date extended 28 months to January 1984. In line with the redesign, the project funding was revised to \$9.3 million grant and \$2.8 million loan funding. The GOH contribution and total project funding remained the same.

The goal of this project is to increase the production, productivity and income of the small farm sector of the Haitian economy in four targeted pilot areas of Haiti. The project purpose is to develop the institutional capacity of the GOH Ministry of Agriculture Natural Resources and Rural Development (DARNDR) to deliver productive resources and services, when they become available, to the small farmer. The project was expected to increase food production of the level lands of Haiti not subject to erosion, and also to undertake treatment measures on sloping lands that will permit them to be used, at least to a degree, for food production.

The project is composed of four basic components - Administration, Irrigation, Soil Conservation, and Research and Extension - which are designed to address problems of DARNDR's institutional capacity in these areas. Four different technical assistance teams are being financed by the project to implement each component. The four teams - Servicios Tecnicos del Caribe, Texas A&M University, Sheladia Associates Inc., and a USDA/PASA team -- are to integrate their activities so that project implementation will develop six functional areas: irrigation, soil conservation, research and development, agricultural extension, agricultural credit, and agricultural training.

The main objectives of these efforts were:

- to assist DARNDR's administration group in meeting the administrative requirements of the project, by assisting DARNDR in upgrading its management systems, and by providing in-service training to counterparts in project administration (improved management).
- to develop DARNDR's capacity to perform feasibility studies and rehabilitation of small irrigation systems and to provide continued services to water user associations (9,000 hectares to be serviced).
- to develop DARNDR's capacity to carry out soil conservation programs (20,000 hectares to be treated).
- to increase DARNDR's capacity for applied research and the development of improved plant materials (2 research stations, 50 village nurseries with farmer groups trained for their operations).
- to increase DARNDR's extension capacity (82 extension agents and 580 farmer extension agents to be trained).

- to develop the Bureau of Agricultural Credit's (BCA's) capacity to implement a credit program in the project targeted regions 28 credit agents and 18 support staff to be trained to organize and service 560 farmer credit groups in the irrigated project areas).
- to develop a fifth year program at the Faculty of Agronomy and Veterinary Medicine (FAMV) to provide training in the areas of soil conservation erosion control and irrigation/watershed management (12 to 15 students per year to be trained).

In sum, the project is to strengthen and develop the institutional capacity of DARNDR for delivering productive resources and services to the small farmer. As part of the institutional-building process, pilot programs involving these project activities were to be undertaken in four regions of Haiti which are serviced by four of the 20 DARNDR District Offices.

The status of project funds as of January 31, 1982, were as follows:

<u>Funding</u>	<u>(000's of U.S.\$)</u>			
	<u>Funds Committed</u>	<u>Obligated</u>	<u>Expended</u>	<u>Balance</u>
Grant	\$9,300	\$4,090	\$2,259	\$1,831
Loan	<u>2,800</u>	<u>740</u>	<u>134</u>	<u>606</u>
Total	\$12,100 =====	\$4,830 =====	\$2,393 =====	\$2,437 =====

<u>Expenditures by Component</u>	<u>Amount (In U.S. \$ 000's)</u>
Administration	\$915
Irrigation	818
Soil Conservation	40
Research/Extension	189
Commodities	282
Training	43
Other	<u>106</u>
Total	\$2,393 =====

The GOH expenditures in program activities amount to \$3.4 Million. Exhibit A to this report provides details of the expenditures.

#### Scope of Audit

This was the first audit of this project. The purpose of our review was to determine if the project was being implemented in an effective, efficient and economical manner and to make an assessment on whether the project was achieving its objectives. The audit covered the period from project inception on September 29, 1976, to January 31, 1982. Our review was made in

accordance with generally accepted auditing standards adopted by the U.S. Government and used the various agreements as terms of reference. The survey phase of our audit identified many problems which we concentrated on during our review. We reviewed project documentation maintained by AID/Washington, USAID/Haiti and DARNDR. We discussed project progress and implementation problems with responsible officials of these institutions and members of the technical assistance teams under contractual arrangements.

We visited three of four target areas of the project - Les Cayes, Marigot and Thomaseux -- to observe project activities and to discuss the status of activities with DARNDR district officials and technical personnel. The results of our audit were discussed with USAID/Haiti and its comments were considered in the preparation of this report.

## AUDIT FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

### An Overall Assessment of Project Goals and Accomplishments

The overall goal of this project was to increase the production, productivity and income of the small farmer sector of the Haitian economy in four targeted pilot areas of Haiti. The project is for the purpose of developing the institutional capacity of the GOH Ministry of Agriculture Natural Resources and Rural Development (DARNDR) to deliver productive resources and services when they become available, to small farmers. The project was expected to increase food production of the level lands of Haiti not subject to erosion, and also to undertake treatment measures on sloping lands that will permit them to be used at least to a degree, for food production without damage.

As a result of an evaluation of certain specific project components the project was redesigned during calendar year 1979 to improve program operations. The scope and objectives of the project, even as revised, were still directed primarily at developing the institutional capabilities of DARNDR. The approach appeared not to give adequate consideration to the delivery of services to the small farmer and to the means of increasing production, productivity and income.

The above objectives were consistent with the food and agriculture sector strategy for Haiti until 1981. In 1981, however, the current management of Haiti developed a new food and agriculture sector strategy which emphasizes: (a) building the support system at the level of the agricultural district; (b) an approach that is farm-oriented and which recognizes farming system methodologies, environmental interactions, economic and agronomic considerations; (c) need for improving extension services; and (d) others (see page 7).

It is within the above context that our assessment of this project must be based. As shown later in this section and the report, we found that the Integrated Agricultural Development Project has made some progress in developing Haiti's institutional capabilities. However, the program has numerous problems: design, implementation, technical, managerial, supervisory, coordination, administration, and financial. And, significantly, the original objectives of the project are no longer consistent with the current agriculture sector strategy for Haiti. Based on the findings contained in this report, it is our opinion that -- as currently designed and with the present financial resources -- the broad goals of this project cannot be achieved. Since only \$2.4 million (19.8 percent) of the AID funds have been disbursed to date, the most advisable course of action is to redesign this project. USAID/Haiti Management agrees that this is the best course of action. More details of our review follow.

Implementation Delays. Since its authorization on September 29, 1976, the project has been beset by problems which have delayed its implementation. For example, two years went by before the GOH satisfied the conditions precedent to disbursement under the loan. Mobilization of the four technical

assistance teams was not completed until mid-1981. Team arrivals were not scheduled in an orderly or coordinated manner so as to expedite project implementation. After their arrival, the contractors did not receive timely support from DARNDR in the provision of transportation, counterpart personnel, office space, research site, and secretarial support.

Implementation planning was not readily completed in the form of mutually agreed time-phased work plans. Baseline data was not established to provide appropriate information to guide project plans and evaluation of activities.

According to a 1979 evaluation report, the initial design of the project was unrealistic and overly ambitious. Three years had elapsed before the project was restructured to a more reasonable level. The conditions precedent to disbursement were extremely difficult for the GOH to satisfy. Loan disbursements were delayed for two years during which time the GOH satisfied the difficult conditions precedent.

There was a lack of action after the project was redesigned in late 1979, to get the project moving in an effective and coordinated manner. Even USAID/Haiti's involvement in project direction and performance did not result in a reasonable implementation pace or increased GOH support. However, since the arrival of a new USAID/Haiti management team in mid-1981, actions have been initiated to evaluate and to expedite project progress, and to establish a unified plan of implementation in conjunction with the DARNDR officials and contract teams.

Project Progress. During the past year, the project began to show some positive results.

- The research conducted in Damien and Les Cayes centers intensified and involves improvement of several food crops.
- Rehabilitation of irrigation canals began and plans were in process to provide water directly to lowland farmers.
- A soil conservation team was surveying the upland area in the Acul watershed. Initial sites had been selected for demonstrations of soil conservation practices for upland farmers.
- Studies had begun on the complex socio-economic factors facing the implementation of improved crop practices while reducing land usage by upland farmers and controlling erosion.
- Some in-country and overseas training had been provided to DARNDR staff.
- An accounting system had been established at DARNDR along with elements of a personnel management system.

- Procurement and motor transport offices had been established at DARNDR.
- For the first time, DARNDR has established district level administrative officer positions and had competitively selected qualified personnel for training and in assigning them to the field.

Reaching the Small Farmer. While limited progress has been made, the direction of the work is towards institutional development and less towards a direct benefit to the small farmers. In effect, the resources, as envisioned in the design of this project, have not yet reached the small farmer. Thus, there has been no increase in production, productivity and income of the small farmer.

The approach being followed towards achieving the goal is not to work with the small farmer at the targeted areas, but first to develop and test an institutional system and capacity at DARNDR for delivering such resources and services so that through DARNDR personnel they can be made available to Haitian small farmers. This long term approach might have been valid when the project was designed and modified. However, the approach does not seem to be viable at a time when current events are pressing for different ways and means to accelerate the delivery of services to the small farmer.

Progress towards the original objectives has been slow, because the project has been plagued with multiple problems since its beginning. Thus, project direction and implementation were affected by a series of important events that surfaced during the implementation process, resulting from both management apathy and design flaws. The multiple implementation problems led USAID/Haiti and the Government of Haiti to make a joint evaluation during February-September 1979, of the progress of certain aspects of the project. The review was conducted in order to formulate alternatives for future project implementation. It resulted in the following design modifications: (a) a reduction in the scope of the Irrigation and Soil Conservation sub-projects and the redesign of the technical assistance and training elements; (b) the consolidation of the Research and Development, and the Extension components into one cohesive activity aimed at the development and dissemination of technological packages appropriate for traditional Haitian farmers; (c) the elimination of two components - the Agricultural Credit, which is to be provided under a sister project and Faculty of Agronomy and Veterinary Medicine (FAMV), because the Faculty was then receiving assistance from both the Canadian and French Governments; and (d) the revision of the original \$12.1 million funding package (\$8.0 million loan, \$4.1 million grant) to grant funding for all technical assistance and training. This resulted in a deobligation of \$5.2 million of the existing loan and the re-obligation of an equal amount of grant funds.

However, the design modifications did not result in providing delivery of the services from the project to the small farmer.

As things now stand, the project includes four components (irrigation, soil conservation, research and extension, and project administration) to

service four separate regions (Les Cayes, Thomazeau, Jean Rabel, and Marigot). These components are being carried out by four technical assistance teams under contractual arrangements with USAID/Haiti or GOH (two AID contracts, a borrower/grantee contract and a USDA/PASA arrangement). However, thus far the technical assistance efforts have been primarily aimed at strengthening the four primary services of DARNDR; although, demonstration activities are expected to begin this year. Based on the progress to date, the project can be effectively implemented in only one (of four) targeted areas, Les Cayes, if a technological package is to be provided to the small farmer. In fact, the efforts of the technical assistance teams are being addressed to eventually reach the small farmers of Les Cayes, leaving the remaining three areas unattended.

A New Strategy Direction. The current management of USAID/Haiti developed a new food and agriculture sector strategy to reach the small farmer by working closer with him on a farm-oriented approach. Some general and specific strategy recommendations addressing this new approach:

"... The focus of A.I.D.'s efforts in agriculture should be at building the support system at the level of the Agricultural District to sustain watershed level projects. This focus will be consistent with the need to adapt technology and support to the ecology of the region, to move decision-making and services closer to the farmer to assure adequate responsiveness, and with the criterion of "manageability" inherent in the "field project" approach recommended in Chapter 5.

"... A.I.D.'s approach should be a farm-oriented, farming systems methodology that recognizes the complexity of the small farm enterprise, the interactions of environmental, economic and agronomic considerations, and the requirements of assuring the farmer adequate food security in any evolution to an improved cropping strategy."... Improvement in the extension service is required. The following specific goals are recommended:

develop and implement an extension management system.

develop site specific district level training programs for extension agents."

The agricultural specialists have stated the position that central research is necessary and recommended before research on farm adaptation is conducted. This position cannot be disregarded. However, added emphasis should be placed on the farm research to expedite delivery of a package of services to the small farmer on a prudent time frame. This is especially true, when time is of essence and financial resources are scarce. For instance, the research team started its central research activities in mid 1981, after losing a crop cycle because of the lack of Government support. The team is now planning the on-farm demonstration program of major crops starting in October 1982. The accomplishment of the research team is not bad for one year of operation; however, the fact remains that the

on-farm research is expected to start 15 months before the extended completion date of the project on January 31, 1984.

Other Problem Areas. In addition to the above problems, we found significant implementation and administrative problems. Our findings and recommended solutions are discussed in subsequent sections of this report.

Concluding Remarks. As stated in the body of this section, our review showed a program where the objective was primarily on institutional development and less on having a direct impact on the small farmers. The original approach was consistent with country strategy until 1981 when a new food and agriculture sector strategy was developed. The approach of the project is no longer consistent with the new strategy. Our review also showed a project with extremely serious problems of different nature. We do not believe the broad goals can be achieved or that if present implementation course is followed that the project will have a significant impact on the small farmer. In this connection, we noted that a recent report published by the General Accounting Office (GAO) on the U.S. Assistance to Haiti shared our concern as to the implementation status of this project. GAO's report found this project's field accomplishments to be limited to the selection of some work sites with limited expenditures having been made.

In discussing the future direction of the project, USAID/Haiti indicated that the present management inherited the project which had been overly designed several years ago based on a different strategy. The circumstances have significantly changed since the signing of the project with the passage of time. USAID/Haiti stated that it was time to redirect efforts and modify the project to be more in line with its current strategy. We believe that the current administrative/management capability of DARNDR must be considered when the Mission modifies the project and makes the necessary adjustments of services and financial resources.

#### Recommendation No. 1

USAID/Haiti should (a) modify the project so that it is in line with the current food and agriculture sector strategy and; (b) extend the PACD so that it is consistent with capacity to deliver the necessary services to the small farmer.

#### Coordination of Program Activities

Project component activities have not been coordinated to ensure that a package of services will be made available to small farmers in all four target areas prior to the scheduled completion of the project in January 1984. The results have been that the technical assistance teams have not pursued an interdependent and coordinated course of action towards achieving the desired project goals and objectives. Thus, project resources have not been used in the most efficient manner.

This is a very complex project involving four technical assistance advisory teams, DARNDR field organizations in four target areas, and two

research stations. Also, the transfer of a technological package will have to be on a personal basis since most Haitian small farmers cannot read and write. Because of the implementation complexities, the project requires an effective interface of components to achieve its goal of benefiting the small farmer. Therefore, coordination is a critical element for delivering a package of services to the small farmer.

The lack of project coordination can be observed by the sequence of events which have taken place during the implementation process:

- Baseline data needed earlier in the project has not yet been developed.
- The management implementation team of Servicios Tecnicos del Caribe have not yet achieved its role of assisting the DARNDR Administration Office in the following areas (a) general management of the project; (b) selection and mobilization of contractors; (c) planning and direction of contractor performance; (d) establishment of a system for supervision of project operations and; (e) control/evaluation of project activities.
- USAID/Haiti and DARNDR did not take action on the recommendations made by the Indiana University in its performance evaluation of the management implementation team (Servicios Tecnicos del Caribe).
- The DARNDR project manager has not devoted his full-time to the project.
- DARNDR irrigation and soil conservation activities in some target areas have not been coordinated with the project.
- The arrival of the different contract teams was not phased-in a coordinated manner.
- Appropriate logistical support and counterparts were not provided to contract teams upon arrival.
- USAID/Haiti and DARNDR disagreement over financing of the redesigned project and work scope led to non-utilization of the irrigation contract team for well over a year.
- A research site was unavailable for several months limiting station trials to only one crop planting in 1981.
- Due to a lack of storage space, the arrival of seeds and plant materials has been delayed.

- Crop research activities have not yet been coordinated with the soil conservation team to assure that improved crop varieties will be available for hillside farmers as needed.
- Although a full-time procurement advisor is being financed under the management implementation team contract with Servicios Tecnicos del Caribe, a separate contract was made with the research/extension contractor, Texas A&M, for procurement of its equipment requirements.

This arrangement defeats the institutional building concept of the project.

- Although the project was to strengthen DARNDR training administration, the existing Texas A&M University contract was amended to provide for processing of all participant trainees of the project. This arrangement also defeats the purpose of the project.

We believe that the complexities of this project and its implementation problems warrant the full-time assignment of a project coordinator, particularly now that the field activities are underway and gaining momentum.

In response to the coordination issue, USAID/Haiti did not agree that a project coordinator should be appointed. The Mission believes that the present arrangement of the DARNDR Director General is working better than an earlier arrangement in 1977-78, when a separate project coordinator was designated by DARNDR. We do not believe that the DARNDR Director General should be responsible for project coordination because he has numerous other duties and responsibilities and cannot devote full-time to the project.

#### Recommendation No. 2

USAID/Haiti, and DARNDR/GOH, should (a) establish and implement procedures for coordinating project activities; and, (b) appoint an official of DARNDR who can serve exclusively on the project.

#### Program Evaluation

Although there have been evaluations of specific program activities, a comprehensive joint evaluation by USAID/Haiti and the GOH should be undertaken, as required by Section 6.1 of the loan agreement, to measure overall progress, accomplishments and future direction of the project. Only one of the evaluations made can be considered unbiased and independent; this evaluation was critical of the role of Servicios Tecnicos del Caribe. However, the recommendations included in the report were not implemented. Two other evaluations--conducted by the implementing contractors themselves--are, in our opinion, biased evaluations. A comprehensive independent evaluation would have identified many of the problems noted in this report.

Although a special study was conducted jointly by USAID/Haiti and GOM during 1979, the review did not address real implementation problems but simply directed its efforts to determine forthcoming project design modifications. Moreover, three evaluations conducted on two of the four program components only addressed problem areas of the individual component and not the overall program performance. In addition, two of these evaluations could not provide an objective and independent assessment as they were conducted by personnel of the contractor of the component being evaluated. To illustrate, the administration component, implemented by a management implementation team under Servicios Tecnicos del Caribe contract, was independently evaluated in November 1979, by the International Development Institute of Indiana University. Subsequently, Servicios Tecnicos del Caribe conducted a self-evaluation of this component, mainly to rebut the Indiana University evaluation. The research/extension component was self-evaluated by Texas A&M, which was also providing the technical assistance for this activity.

The 1979 joint review found that the project design was overly ambitious and unrealistic, considering the institutional weaknesses of DARNDR. Consequently, the project design was revised but it continued its focus on the improvement of DARNDR's operational and administrative capacity. To this end, project components were revised to provide assistance in project administration, irrigation systems, soil conservation, and research and extension.

The Indiana University evaluation concluded that while the purpose of improving DARNDR management and administration was sound, the method of using an outside management team was wrong and could not improve DARNDR's capacity nor manage the program. The evaluation also reported the team leader did not have a sound grasp of the project or the contractor's team role. Specialists in personnel and procurement were not attuned to the realities of DARNDR. Related DARNDR personnel did not understand or appreciate most of contractor's efforts and wanted more concrete action. On the other hand, the evaluation report indicated that the establishment of an improved accounting system to serve the program was noted as a promising achievement but it was the only element of the team activity substantially supported within DARNDR. The evaluation recommended the Management Implementation Team approach be abandoned in favor of a less intrusive, less insulated and more supportive arrangement. Also, the evaluation report recommended a different approach be used consisting of short-term non-resident consultants, as needed, which would reinforce, not supplant basic DARNDR managerial infrastructure, especially to serve the program by installation of practical tools, methods, and procedures. The evaluators also concluded that there was absolutely no need for a permanent procurement advisor. These recommendations were not implemented. The contractor team has remained in place at DARNDR with the exception of the team leader who resigned in September 1980, and was not replaced. The accounting and finance advisor has served as DARNDR Administrator and contract team leader since April 1981. Since then, he has helped greatly to implement various changes in DARNDR administration.

The Servicios Tecnicos del Caribe self-evaluation, covering the period from January 1979, to June 1981, mainly cited accomplishments achieved in DARNDR's management reorganization. We believe this was primarily an effort to respond to critiques included in the Indiana University evaluation.

The Texas A&M self evaluation of the research/extension component concluded, among other things, that there was a need for objective evaluations and monitoring of this activity plus a need for more integration and collaboration among the four program components: administration, irrigation, soil conservation, and research/extension.

We reviewed the contractor's accomplishments since the Indiana University evaluation was conducted and discussed their performance with DARNDR and USAID/Haiti officials as well as with contractor personnel themselves. We concluded that the recommendations included in the Indiana University evaluation should have been adopted. While the contractor's contributions to DARNDR administration improvement, particularly in accounting and finance have continued and expanded, there has been less satisfaction with other aspects of the contractor performance. The recommendation for non-resident short-term advisors conceivably would have brought more significant results at much less cost. Initial difficulties in obtaining DARNDR acceptance of team work approach and results have remained unresolved, although some improvement has been noted during the past year or so. The contractor's assistance to the strengthening of DARNDR management in obtaining timely contract mobilization, support, and direction of the project was lacking. Also, the contractor failed to develop a comprehensive information system providing data for monitoring/evaluating all project activities. The development and implementation of a sound monitoring evaluation system would have provided the project with excellent tools for evaluating program progress and accomplishments.

We believe the need for an overall evaluation of program activities is evident, considering the multiple implementation problems and the forthcoming design modifications of this program. Obviously, individual evaluations of program components is not the answer for meeting the evaluation requirements of this program.

### Recommendation No. 3

USAID/Haiti, and DARNDR, should evaluate all project activities prior to embarking in design modifications to determine the best course of action of each component.

### Baseline Data

Baseline data has not been developed of traditional food crops in the targeted areas. The main reason for this deficiency was the Mission's inaction in implementing a sister project designed for gathering socio-economic data. The absence of this information will reduce the

abilities of the Mission and the GOH to evaluate project impact and accomplishments at a later date..

Both DARNDR and USAID/Haiti recognized the lack of applied data for traditional food crops in Haiti and the weak or almost nonexistence of linkage between the research and extension divisions at DARNDR. As a result, the Agricultural Development Support II (ADS-II) Project-a different project than the one being audited- was designed so that AID could assist in the planned reorganization and strengthening of the Research Service Division of DARNDR. To this end, AID, through substantial technical assistance, specialized training opportunities and equipment, was to assist in the reorganization of this division; and to develop a national program of agricultural economics and statistics; to collect baseline data critical to the agricultural sector. Moreover, ADS-II was to develop improved crop varieties, crop rotation or intercropping practices and managerial options for use by Haitian small farmers. Agricultural statistics-such as production, yield, prices received, and consumption patterns of small farmers-were to be published regularly.

As a result of the 1979 joint evaluation, the project underwent several major design modifications. These included a provision for the consolidation of the research and extension components into one cohesive activity aimed at the development and dissemination of technological packages appropriate for implementation by the traditional Haitian farmer. The redesign also gave recognition to the interrelationships between the two projects; coordination of services, agricultural data analyses, etc.

The above planning and good intentions served no useful purposes as the ADS-II project, signed in August 1978, was never implemented. For unknown reasons, the 16-month inactivity of the ADS-II project was not addressed when the integrated agricultural development project was redesigned in January 1980. The current Mission Agriculture Officer indicated that the GOH went through great efforts and actually did an incredible job to meet all of the conditions precedent under ADS-II project, but to no avail. The current Mission management is working on a project proposal to activate the ADS-II project.

As things now stand, the accumulation of agricultural baseline data and statistical information - area planted, type and combinations of crops, period to harvest, yields, cost of production, prices, incomes, consumption by farmer's own family, etc. had not been included in the research development of the technological packages. Moreover, a review by Texas A&M in October 1981, concluded that reliable hard data relative to crops, production, production areas, farm income, etc. was not available from among the appropriate various GOH agencies, public or private organizations.

While the Texas A&M proposal provided for the initiation of the baseline study of small farm production systems, the Texas A&M team member (agricultural economist and farm management specialist) charged with the development of such baseline data did not arrive until June 1981. Interviews have since

been conducted with farmers in various parts of Haiti. However, the questionnaire initially used was not productive of desired results and needs to be redesigned.

In view of the importance of baseline data for measuring necessary and evaluating progress impact and accomplishments of the program, collection and analysis should be expedited so that the program could benefit from this information in the planning, designing, implementing and evaluating program activities.

#### Recommendation No. 4

USAID/Haiti and DARNDR should establish the procedures to expedite the development of baseline data of the target areas of the project.

#### Technical Assistance

The required technical assistance of this program is being provided by four technical assistance teams: (a) the Servicios Technicos del Caribe provides assistance in the management implementation area; (b) Texas A&M University provides assistance in research and extension; (c) the Sheladia Associates, Inc. provides assistance in irrigation; and, (d) a USDA/PASA team is providing assistance in soil conservation.

Our review showed a series of problems related with the technical assistance portion of the work program. The arrival of the different teams was not done in a coordinated manner. Support to the different teams after their arrival has not been optimal. Performance by at least one contractor has not been up to standard. Also, DARNDR has not made the best utilization of the assistance provided by the teams. One team member has been performing a dual and conflicting role. As a result, the small farmers have not yet received the package of services and benefits contemplated by the program objectives. The following five subsections of this report discuss the above mentioned problem.

#### Progress of Technical Assistance

Problems and differences within USAID/Haiti and DARNDR have had an adverse effect on the effectiveness of the technical assistance that has been provided by the teams. Some of the problems were the following:

- The contracting and arrival in Haiti of the technical assistance teams was not coordinated. Thus, an integrated approach which would produce a package of services for the small farmer was not provided. For instance, the management implementation team (Servicios Technicos del Caribe) arrived in early 1979, while the irrigation team (Sheladia Associates) arrived in early 1980, with the last member in late 1981. The research/extension (Texas A&M) and the soil conservation (USDA/PASA) teams arrived from early to mid-1981.

Thus, the full integration of technical assistance activities has been ongoing for only some eight months.

- The lack of proper direction and decision by USAID/Haiti and DARNDR as to scopes of work and approaches on two of the technical assistance teams led to questionable contractor performance. For instance, there was a lack of agreement within DARNDR as to level of efforts the management implementation team (Servicios Tecnicos del Caribe) should devote to project management and support as opposed to developing administrative structure of DARNDR. This indecision lasted until around September 1980, when DARNDR decided the contractor should focus on administration. Also, the lack of agreement on the redesign of the project coupled with the reorganization of DARNDR's irrigation service permitted the irrigation team (Sheladia Associates, Inc.) to remain unproductive for about 1-1/2 years, until mid-1981, when the team leader departed and irrigation activities were really initiated.
- The teams generally were not provided timely logistical support. For instance, the USDA/PASA team was not provided transportation for several months. The team leader took the position that his team could not function without transportation and counterpart support. In addition, almost a year passed before all team members were assigned counterpart personnel by DARNDR. In the meantime, very little had been accomplished.

Similarly, the Texas A&M team had difficulties in getting started since it lacked transportation, land to conduct research experiments, office space, and counterpart personnel. Counterpart personnel was finally provided in October, 1981. In addition, two members of the USDA/PASA team were still working from USAID/Haiti offices rather than from offices in DARNDR, which are located over 10 miles away; the reason was that DARNDR had not provided the needed office space.

All these factors have limited implementation achievement of technical assistance activities. Although DARNDR and USAID/Haiti have been aware of these problems and deficiencies, they have not taken timely and effective corrective action. We believe that USAID/Haiti, and DARNDR, need to examine contract arrangements and work scope in line with the forthcoming design modifications of the project to ensure that technical assistance efforts are coordinated and directed toward developing a technological package for the small farmer.

#### Recommendation No. 5

USAID/Haiti should review and amend, if needed, the contracts and scope of work to ensure agreement with project needs and availability of resources of the Government of Haiti.

## Recommendation No. 6

USAID/Haiti should require USDA/PASA advisory personnel operating out of USAID/Haiti offices to move to DARNDR premises to enhance effectiveness of advisory team efforts.

### Management Implementation Team

There is a need to evaluate and reexamine the technical services being provided by the Servicios Tecnicos del Caribe. The performance of this contractor has been questioned in the past; however, neither USAID/Haiti or DARNDR initiated the corrective action recommended by the Indiana University evaluation team. During our review, we also noted questions which reflect both on the performance of the contractor and the level of effort to be provided by him in certain areas.

In assessing the performance of the management implementation team of Servicios Tecnicos del Caribe, we found that the team has not performed effectively for several reasons. Initially, the team had problems in gaining acceptance by DARNDR's management of its role in installing systems. Some DARNDR officials considered the contractor's approach to be unrealistic, of questionable usefulness, and not meeting DARNDR's basic needs. Additionally, DARNDR did not participate in the preparation of nor approval of the contractor's work plans. Difficulties caused by the lack of agreement and acceptance of its work were compounded by the frequent turnover of DARNDR's Ministers and Administrators. Also, reportedly there was no DARNDR agreement or firm position on how the team would meet its contract responsibilities in strengthening DARNDR's management, implementation, and evaluation capabilities. Based on the evaluation by Indiana University in November 1979, the performance of the management implementation team was considered ineffective during the initial year of contract activities; this conclusion was corroborated during our discussion with DARNDR officials and team members of Servicios Tecnicos del Caribe.

In response to the 1979 Indiana University evaluation, DARNDR and USAID/Haiti expected to improve the team's performance. However, planned action was not taken to negotiate a change in the role and composition of the team as recommended by the evaluation report.

The contractor's chief of party resigned in mid-1980, and his responsibilities were assumed by the team specialist in accounting and finance. In September 1980, the Director General of DARNDR advised USAID/Haiti that the role of the team would no longer be to direct project implementation but would be entirely directed towards strengthening DARNDR's Administration Division. In mid-1981, the contractor's chief of party became Director of Administration for DARNDR, a position generally held by a DARNDR direct-hire employee. However, by having this dual capacity, the contractor's chief of

party was able to achieve various changes which have improved DARNDR administrative operations.

It is difficult to measure the effectiveness of the team performance since time phased work plans and the technical proposal which was the basis for DARNDR selecting the contractor were not available for our review. However, there are indications of less than effective performance. For instance:

- The level of procurements during the past three years did not appear to justify a full-time procurement advisor. During this period, off-shore procurement has been limited to only a few purchase orders for vehicles and equipment for the use by the irrigation and soil conservation teams. Local purchases represented most of project procurement activity. Information provided indicated that these orders were largely for such items as vehicle spare parts, gasoline, and office supplies. These purchases did not appear to require a great deal of a full-time advisor's talents. The equipment requirements for research/extension activities, which involved most of the off-shore procurements under this project, are included in the contract with Texas A&M. Thus, the procurement advisor's future workload is significantly reduced.
- The services of a short-term Personnel Management Advisor have assumed the character of full-time service since the advisor has been in Haiti some 12 months during the past 2 years. It appears that this advisor's level of effort may have been excessive considering the contractor had a long-term personnel resident at DARNDR. However, the technical proposal and the work plans for this activity were not available to draw a firm conclusion..

We believe that there is a need to evaluate the performance of the management implementation team of Servicios Tecnicos del Caribe to determine if this contractor is capable of rendering the required technical assistance services to improve the management and administrative capability of DARNDR in an effective manner.

#### Recommendations No. 7

USAID/Haiti and DARNDR, should evaluate the performance of the management implementation team of Servicios Tecnicos del Caribe to assure that the services provided have been satisfactory, to ensure future work requirements are appropriate, and to make changes where necessary.

## Irrigation Team

Since its arrival in early 1980, the irrigation team has not been efficiently used and its performance has not been effectively coordinated. The arrival of advisors was not properly scheduled. Also, disagreements over redesign of activities and adequate support adversely affected the operations.

The contract with Sheladia Associates, Inc. (SAI) became effective January 7, 1980 and provided for a four-person team to assist in the overall development of the DARNDR's irrigation service. The team initially consisted of an irrigation management specialist/team leader, an irrigation management design and construction specialist, an irrigation operation and maintenance engineer, and an on-farm irrigation specialist. Also, the contract called for short-term technical advisory services, including assistance in conducting feasibility studies, collecting baseline data and performing socio-cultural studies of the attitude of the Haitian small farmer on irrigation system maintenance. Short-term services initially anticipated included a hydrologist, an agricultural economist and a social scientist.

These services were to be provided for the rehabilitation/reconstruction of two large irrigation systems - the Dabreuil/Acul system in the Les Cayes region covering 900 hectares, and the Jean Rabel system in the Northwest with 400 hectares. Two additional smaller systems were also to be rehabilitated. For each irrigation system, a water user association was to be organized. Association members were to be trained to ensure continued maintenance and effective operation of the system after completion of rehabilitation work. To help accomplish these objectives, the team was to assist DARNDR in the development of training programs for 20 short-term and 3 long-term graduate-level trainees.

As of January 31, 1982, some 87 person-months of long-term services had been provided costing around \$909,000 of the total contract amount of \$1.9 million, including a fixed fee of \$172,727.

The arrival of the various team members in Haiti was not phased in a systematic manner for continuity of team operations and for timely and effective implementation of the contract. We were informed that the hydrologist should have arrived early in the contract period to provide appropriate support to DARNDR analysis of water resources in the project irrigation areas, but didn't arrive until December 1981. On the other hand, the arrival of the on-farm irrigation specialist in March 1980, was too early and premature for his utilization to be effective. Recently, the DARNDR project manager, realizing that irrigation work was not functioning, requested that USAID/Haiti consider the return of this technician until the project could effectively use his services. However, USAID/Haiti told us that since water was expected to be available in two secondary canals in the Dubreuil system by May 1982, the specialist's input would be needed, and, therefore his services will be retained. A design engineer who was needed earlier was recently proposed by the contractor. This position had been eliminated during contract negotiation as a cost reduction measure.

From the time the team arrived, in 1980, until the end of 1981, the team devoted only about 25 percent of its time to carrying out the contract scope of work. This nonutilization of human resources was essentially due to disagreement by USAID/Haiti and DARNDR, in the redesigning of the project. Also, the reorganization of DARNDR's irrigation service prevented the team from performing because transportation and counterpart support was not provided. Pending resolution of these implementation problems, USAID/Haiti, reportedly directed the team not to go to the project work site. Consequently, the team was virtually in limbo from its arrival until the end of 1981. We learned that this situation prompted the team leader to resign in July 1981.

Subsequent to the team leader's departure, DARNDR started providing transportation and counterpart staff to work with the team and rehabilitation work began. However, work has been essentially limited to the Dubreuil irrigation system in the Les Cayes region. Our field trip to the area confirmed that some progress had been made in canal rehabilitation and construction of secondary and tertiary canals for farmer water use. Also, work has begun on formation of farmer water user groups. Despite this new support and effort, little has been accomplished.

The new USAID/Haiti management has been concerned with the lack of progress in the irrigation component and the expenditure of nearly half of the contract funds without comparable substantive results. This has led to the recent USAID/Haiti request for a technical evaluation of the cost effectiveness of the contractor to determine if the contract should be continued, revised, or terminated.

We agree with the Mission that a technical evaluation of the team activities is needed and should be conducted to determine the effectiveness of the contractor performance. In view of the action taken by the Mission, we are making no recommendation.

#### Use of Technical Assistance Advisor.

A technical assistance advisor, under a Servicios Tecnicos del Caribe contract, was functioning as Administrator as well as advisor to the DARNDR. In addition, this specialist is the team leader of the contractor's management implementation team. We believe this arrangement is in conflict with the advisory role of the contractor and the project is wasting the opportunity to develop a permanent administrator critically needed by DARNDR.

A primary purpose of the project has been to strengthen the administrative capabilities of DARNDR. The position of Administrator, which has direct access to the Minister of Agriculture, has been filled by various GOH direct-hire appointees since the project began. As a result of this personnel turnover, DARNDR has been experiencing difficulties in staffing the Administrator position with individuals who had the necessary background and experience.

The administrative management advisor for Accounting and Finance impressed DARNDR management with his accomplishments. With USAID/ Haiti's concurrence, DARNDR decided to appoint this advisor, in April 1981, as the Administrator. This appointment was in addition to his advisory role and responsibilities as chief of party for the contract team. This arrangement has contributed to many improvements that have been made in DARNDR's central office as well as in field administration staffing/training and procedures. However, the Administrator's position needs a permanent GOH direct-hire employee and it is uncertain that a suitable replacement can be phased in the position before the completion of the contract at the end of 1982.

Use of contract employees may be expedient in the short run. However, to perform duties normally assigned to host country officials is not only contrary to the terms of the contract but it also deters from the development of the host country institution. We believe it is essential that the specialist return to his full-time advisory capacity and that DARNDR train and develop a permanent administrator. Operational activities by this specialist must be eliminated if the objectives of the contract are to be attained.

#### Recommendation No.8

USAID/Haiti should negotiate with the GOH either (a) to convert the current DARNDR Administrator, under borrower/grantee contract, to a direct hire GOH employee, or (b) to hire another Administrator to whom the contracted employee can serve as advisor in accordance with contract terms.

#### Training Activities

Training activities have been delayed for various reasons. The late and uncoordinated arrival of the technical assistance teams coupled with the lack of support on the part of DARNDR have contributed to the slow progress of these activities. This situation has not allowed the program to develop an effective in-country program for technicians and participating small farmers. Also, there were indications that funding allocations for training might be excessive.

The following three subsections of this report discuss in detail problem areas affecting training activities.

#### Training Activities/Funding Allocations

Training activities have not been progressing as originally anticipated. A primary reason for this delay was the late and uncoordinated arrival of the technical assistance teams as well as the failure on the part of DARNDR to provide qualified counterparts, technicians, and logistical support in a timely manner. Consequently, training to date has not actually benefited any single group of small farmers. In addition, the funding allocations appear to be excessive.

A total of \$961,000 has been budgeted for training of about 61 participants. As of January 31, 1982, only \$187,800 was obligated for the training of 20 participants. These 20 participants have come from all 4 areas being assisted by AID funds. The overall coordination and supervision of the training program was originally the responsibility of the Management Implementation Team. However, the agreement negotiated with the research-extension contractor includes the requirement that this contractor assist in the coordination and development of the overall training effort for the project. At the time of our review, the research/ extension contractor was handling the training program. As shown above, less than a third of the planned participants have been selected and less than 20 percent of the funds had been obligated some 5-1/2 years after the project was initiated. A summary description of the training activities by component follows:

- Administration Component: The short-term overseas training (\$89,000) was to cover the technical areas of accounting, personnel, procurement, and administration and in-country seminars were to be in procurement and rural development. Although the team has been in country since early 1979, such training has not yet been provided. Only three participants had been selected with \$5,220 obligated for their training.
- Soil Conservation Component: Funds of \$228,000 for long and short-term overseas training in the technical areas of soil science, soil conservation, and tropical forestry and plant materials. Also, training programs were to be developed to train the target area farmers in soil conservation practices. Although four participants are receiving on-the-job training and three technicians had received short-term training in resource development of watershed lands at Arizona University, four long-term and eight short-term participants had not been selected for training. Training programs for small farmers had not been developed. Designated counterparts and project technicians are usually selected as participants. However, selection have been limited because DARNDR was late in making its designations. Our field trips to three of the four project target areas showed no definitive efforts by the team to train the local farmers within the target areas in soil conservation. In one of the target areas, Marigot, a District Agronomist, the project head, as well as a community group of about fifty farmers desired such assistance.
- Irrigation Component. About \$72,500 of the budgeted \$308,000 have been allocated for long-term and short-term training of counterpart and technicians of the irrigation service of DARNDR. Also, training was to be provided to participant farmers. In spite of the multiple implementation problems and delays encountered by the irrigation team, the training being received by the irrigation service personnel of DARNDR appeared to be progressing satisfactorily. Two participants were receiving English language

training to qualify for graduate studies in the field of irrigation engineering; and one participant was receiving short-term training in irrigation drainage techniques. Six participants were awaiting DARNDR approval for short-term training in various facets of irrigation development. However, our field visits to 3 of the 4 target areas indicate that required training programs for selected participating farmers have not been developed. Farmers were to receive training in operations and maintenance of irrigation and drainage systems and on-farm irrigation practices.

- Research and Extension Component. Obligations of \$81,000 (of \$276,000) budgeted for long and short-term training of counterparts and technicians of the extension and research service of DARNDR have been made. Long-term training was to be provided to three participants. Two were in training at the time of our review. Twenty participants were to receive training in short-term courses in research and extension ranging from four to six months each. Three were receiving training at the time of our review. Considering the late arrival of the contract team, coupled with the failure of DARNDR to provide counterparts and technicians in a timely manner, training was progressing satisfactorily. However, because of the late start of training activities under this component, benefits of the research and extension training to the farmer could not be determined or measured.

We believe that a coordinated effort should be made to determine the current training needs for the project. These should include in-country training courses for participating small farmers as well as the formal training for staff. Once these needs are determined, implementation of the training should be expedited so that the small farmers can benefit. In response to our proposed recommendation for development and implementation of an effective in-country program for small farmers, USAID/Haiti advised us they are planning heavy emphasis on in-country training for technicians and local workers.

#### Recommendation No. 9

USAID/Haiti and DARNDR, should (a) reevaluate the training component to determine training needs and funding allocations to meet all basic (in-country and off-shore) requirements of the program and (b) reprogram or deobligate any excess funds.

#### Training of Root and Tuber Specialists

One of the three long-term training positions planned for crop areas, (root and tuber, cereals, and pulse), was changed to the agricultural economic field. We believe this shift in education will adversely affect project benefits because a considerable number of Haitian farmers in the four target areas, cultivate root and tuber crops. These crops, although heavy in starches, are among the easiest and cheapest for the farmers to raise.

The Texas A&M University contract calls for three counterparts to receive long-term training at the graduate level. Per the amended project paper, these trainees were to be counterparts of the three contract production agronomists. However, one of the two long-term participants now in training is studying agriculture economics which precludes graduate degree training of a counterpart for the team's root and tuber crop specialist.

Although we are not questioning training being sought in agriculture economics, we believe that the counterpart to the root and tuber crop specialist should receive appropriate training as originally contemplated, especially when root and tuber is one of the principal crop grown in the targeted areas by the small farmers.

#### Recommendation No. 10

USAID/Haiti should amend the Texas A&M contract to provide for long term training for four participants so that the counterpart to the root and tuber crop receives appropriate training.

#### Commodity Procurement and Utilization

The commodity procurement activities under this project have been delayed due to numerous implementation problems as discussed elsewhere in this report. The late and uncoordinated arrival of the technical assistance teams delayed the establishment of firm commodity requirements. Specific problem areas noted were: review and approval of purchase requests by USAID/Haiti were delayed; project procurement responsibility was divided; procurement of household furniture and equipment was unilaterally handled by USAID/Haiti; some household furniture and equipment were used for non--program purposes; vehicles were not controlled; and six vehicles were not accounted for and one was assigned to another project.

The following four sub-sections of this report provide details of these problem areas along with corresponding recommendations.

#### Review and Approval of Purchase Requests

The review and approval of purchase requests for equipment were delayed by USAID/Haiti. The lack of needed equipment has delayed the conduct of activities in the irrigation and soil conservation activities.

In October 1981, DARNDR requested USAID/Haiti to review and approve requests for the procurement of equipment for irrigation and soil conservation field activities. At the completion of our audit field work, in late March 1982, these requests had not been approved by USAID/Haiti. Officials could not state the reason for the delay. The irrigation team leader blamed cumbersome procedures and bureaucratic red tapes for delays in procurement. The Les Cayes soil conservation specialist told us that the lack of equipment was hindering essential soil survey field work.

We believe that USAID/Haiti needs to give priority to procurement approvals to prevent further implementation delays.

Recommendation No. 11

USAID/Haiti should establish and implement effective procedures for reviewing and approving procurement requests to minimize delays in commodity ordering.

Project Procurement Responsibility

Project responsibility for procurement has been divided. This is due to USAID/Haiti provision of a separate contract to the research/extension contractor (Texas A&M) for the procurement of its own equipment requirements. As a result, the cost of procurement services has been increased and the DARNDR development of an off-shore procurement capability by the management implementation team has been constrained.

Initially, the procurement advisor of the management implementation team was responsible for developing appropriate systems and procedures for the procurement of project commodities, as well as, the training of a counterpart to assume this responsibility upon completion of the team contract. However, because of implementation delays, this advisor did not have any off-shore procurement requirements to meet until late 1981.

Despite this minimal activity, USAID/Haiti contracted with Texas A&M University in July 1981, for the procurement of research equipment at a cost of \$400,000. The Texas A&M contract includes \$51,000 for the cost of a full-time employee to handle procurement matters in the Texas A&M University home office for a period of two years. Texas A&M was assigned procurement responsibility for its commodities even though \$175,000 had been expended to date for the services of a procurement advisor on the Management Implementation Team. We therefore question the rationale for expending \$51,000 more for additional procurement support when a procurement advisor is already in place and working on the project. Also, an opportunity was missed at implementing the institutional building concept sought in the project design. This contractual arrangement maybe in conflict with the stated objectives of the project and should be reconsidered.

Recommendation No. 12

USAID/Haiti should re-evaluate the need of having two procurement advisors and functions of the project and make the necessary eliminations or changes.

Use of Program Commodities

Household furniture and equipment costing around \$35,000 out of the \$104,000 purchased had not been used for the purpose intended. Also, the title and physical control of these commodities, which were financed with grant funds, had not been transferred to the GOH. We found these commodities were procured by USAID/Haiti without the consent of the GOH and some items were purchased without the knowledge of the project manager.

During the period of July 1980, through April 1981, grant funds of \$104,000 were used for the procurement of household furniture and equipment. These commodities were intended for the use of the members of the USDA/PASA soil conservation team, who had been contracted for this project. The number of items purchased and their approximate costs are presented below:

	<u>Quantity</u>	<u>Approximate Cost</u>
Household furniture set consisting of bedroom, living room and dining room suites	6	\$69,000
Airconditioner Units	20	9,000
Washer and dryers	14)	8,000
Refrigerators	7)	
Freezers	7)	
Gas ranges	7	2,400
Fans	20	1,200
Welcome Kit	1	1,600
Transportation & Insurance Costs	-	1,000
Total	<u>82</u>	<u>\$104,200</u>

In order to obtain these items, USAID/Haiti's General Service Office (GSO) issued several purchase orders against an unissued project implementation order for commodity (PIO/C), which had not been authorized by GOH. Moreover, the GSO purchased several of these items; e.g., blenders, hospitality kits, etc., without the knowledge and concurrence of the project manager.

Not all of the 82 furniture items purchased for the USDA/PASA team were issued to its personnel. For example, one of the air-conditioners was installed in a USAID/Haiti office. Four other air-conditioners, one gas range, two refrigerators and most of the household furniture packages were issued to USAID/Haiti employees. The remaining package items plus 25 other items, still remain in the USAID/Haiti's warehouse.

According to USAID/Haiti warehouse personnel, there was no furniture available for the USDA/PASA team when it first arrived. Therefore, USAID/Haiti resources had to be utilized. When the resources specifically ordered for the USDA/PASA team arrived, they were issued to USAID/Haiti employees rather than to the intended recipients. These furniture items were purchased with grant funds, and therefore, are actually the property of GOH. Hence, none of the items should have been issued to USAID/Haiti personnel nor should any of those items remain in USAID/Haiti's warehouse.

Since the responsibility for managing these commodities rest with the GOH, the title, accounting, and physical control of such commodities should be transferred to the GOH. Further, USAID/Haiti should refrain from using grant funds for commodity procurement without prior consultation with the GOH and the pertinent project manager.

#### Recommendation No. 13

USAID/Haiti should take prompt action to retrieve all furniture items purchased with this project's grant funds that were issued to USAID/Haiti personnel. These items should be inventoried together with the items stored in the USAID/Haiti warehouse and their title, accounting and physical control should be transferred to GOH.

#### Recommendation No. 14

USAID/Haiti should instruct its GSO to follow AID established procurement procedures and to refrain from conducting unilateral procurement transactions.

#### Vehicle Utilization

Adequate control records have not been established and maintained by DARNDR to ensure proper use of project vehicles costing \$197,288. As a result, it is difficult to determine if project vehicles were solely used for approved purposes. We found that six of seven vehicles purchased during late 1977, and early 1978, (costing \$55,155) have not been accounted for by DARNDR. Also, one of the 14 vehicles recently purchased for the program (costing \$142,133) was issued to another DARNDR project (Cacao Coffee Project).

The 13 vehicles assigned to technicians working in the project were not controlled by DARNDR. As a result, technicians who do not maintain vehicle trip records, are allowed to take the vehicles to their homes after work hours, and also keep them during weekends. We believe, this arrangement serves as a great temptation for misusing project vehicles.

The GOH has the responsibility for ensuring project vehicles are used for approved activities. To that end, use control records should be established and maintained to minimize the potential for misuse of program resources.

Recommendation No. 15

USAID/Haiti should obtain from DARNDR an agreement to establish and implement procedure that are adequate to control project vehicles.

Recommendation No. 16

USAID/Haiti should obtain a report from DARNDR on the six missing vehicles, and once they are located, to assign them to the project. If the six missing vehicles are not accounted for, USAID/Haiti should issue a bill for collection of \$47,170 to the GOH representing the total cost of these vehicles.

Recommendation No. 17

USAID/Haiti should ensure that DARNDR recovers the vehicle assigned to the Cocoa Coffee project and assigns it to project use.

Financial Management

The project financial management is in need of improvement. A summary discussion of deficiencies noted are presented below:

- USAID/Haiti project accounting system and supporting documentation of project transactions lacked continuity resulting in a cumbersome system that is difficult to follow. We feel that guidelines need to be established to ensure that records are maintained in accordance with AID policy and procedures. Also, we feel that project accounting documentation should be separated for better access and control.
- Counterpart fund requests have not been satisfied by complete fund releases by the GOH Ministry of Planning, thereby limiting project field operations. Effective procedures are needed to ensure timely release of funds to support project activities.
- GOH payment procedures need refinement to ensure continuing cash flow to meet project funding requirements. The establishment of revolving fund accounts is recommended to support DARNDR project requirements.

- Periodic financial audits have not been made by the GOH as required by the loan agreement. Financial audits are needed to ensure counterpart funds were used for intended project purposes.

Subsequent discussions in the following four sub-sections of this report provide additional details of the above summary conditions and related recommendations.

Project Accounting System. We found that USAID/Haiti project accounting system and supporting documentation of project transactions lacked continuity. As result, the system is cumbersome and difficult to follow. Because of this deficiency our financial review required more time than originally planned. Some of the accounting system and supporting documentation deficiencies are discussed below:

- A blanket implementation letter was the document used to sub-obligate \$45,000 under a grant account rather than the loan account. This same implementation letter was used to finance commodity costs because commodity requirements and values had not been developed;
- A payment was made after a sub-obligating document had been cancelled;
- In some cases, the miscellaneous obligating document (MOD) control card did not indicate where deobligated funds were transferred;
- Some MOD documents do not describe the entry posted;
- MOD control card balances were not updated;
- The Project Agreement Control-book was disorganized;
- Project files were incomplete.

We provided a list of items needing adjustments or other corrective measures to regularize the accounting records.

We believe the items requiring corrective action resulted from lax maintenance of the project accounting system combined with questionable approval and certifying procedures being followed by the Mission. The Mission approval process and certifying procedures need strengthening to ensure the validity and integrity of program costs.

#### Recommendation No. 18

USAID/Haiti should establish the required guidelines to ensure that approval, obligation, and disbursement records are maintained in accordance with established AID policy and procedures.

### Recommendation No. 19

USAID/Haiti should improve the project accounting system by segregating the project miscellaneous obligating documents from other Mission documents and by maintaining them in separate files for better access and control.

Counterpart Fund Releases. The GOH Ministry of Planning has not been satisfying completely the DARNDR requests for counterpart funds to support project activities. From inception of the project on September 30, 1976 to January 31, 1982, DARNDR requested \$7.7 million for project operations of which \$3.5 million had been released to the project. We were told that this lack of financial support was preventing the irrigation component from effectively carrying out survey and operation/maintenance activities due to lack of spare parts, gasoline and personnel transportation cost. The lack of adequate GOH financial support to the project coupled with administrative bottlenecks at DARNDR have disrupted field operations.

### Recommendation No. 20

USAID/Haiti and the GOH should establish and implement effective procedures to ensure that programmed counterpart funds are released, to support project activities, in a timely manner.

GOH Payment Procedures. The GOH payment procedures need refinement to provide a continuing cash flow of counterpart funds to meet project funding demands. The time-consuming payment process followed by the GOH Minister of Finance, Comptroller General, and Minister of Planning has created some implementation problems delaying planned project progress.

To illustrate, construction work under a contract financed with counterpart funds for the rehabilitation of the DARNDR garage building were stopped for three months due to GOH delayed payment. We were advised by the DARNDR Administrator that the reason for the delay was that the Minister of Finance wanted to meet the contractor before approving payment. Delay in payment to this contractor has created uncertainty among USAID/Haiti and DARNDR personnel as to the degree of support the garage rehabilitation activity should obtain at this time.

The departure of five mechanics for training in Puerto Rico was postponed until completion of construction work, and the procurement period of equipment costing \$135,000 was extended, allowing also for completion of construction. We learned from an advisor to another AID project that his project experienced construction work stoppage because of delay in payment to the contractor.

To help resolve this problem, the DARNDR Administrator suggested the establishment of a revolving fund account at DARNDR to provide project funds and that USAID/Haiti, in conjunction with the GOH, should work out the

operating procedures of such an account. The Administrator further stated that this arrangement is legally possible and administratively feasible. We believe this procedure could streamline the cash flow operation of the project and should be implemented.

Recommendation No. 21

USAID/Haiti should negotiate with the GOH, if possible, the establishment and implementation of procedures to operate a revolving counterpart fund account.

Periodic Financial Audits. Periodic financial audits are not being conducted by the GOH as required by Section B.5, Annex 2 of Loan Agreement No. 521-T-008. Moreover, these audits have not been requested by USAID/Haiti. Consequently, neither USAID/Haiti nor the GOH has any assurance that counterpart funds have been used for the purposes intended.

The equivalent of \$3.4 million of counterpart contributions have been charged to the project as of January 31, 1982. In view of the expenditures to date and the need to ensure that funds are used as intended, a periodic financial audit should be scheduled at this time and an appropriate schedule established for subsequent financial audits during the life of the project.

Recommendation No. 22

USAID/Haiti should obtain from the Government of Haiti, periodic financial audits in accordance with Section B.5, Annex 2 of Loan Agreement No. 521-T-008.

Contractor's Progress Reporting

Three different problems were noted in our review of progress reporting by contractors: (a) some contractors are not submitting progress reports with the frequency required by the contract; (b) others are reporting on an ad hoc basis because reporting was not specifically required under their respective contracts; and (c) progress reports submitted are frequently inadequate and do not contain sufficient information. As a result, USAID/Haiti is unable to readily monitor the status of contract activities, compare accomplishment against objectives, and/or determine corrective action on contractor reported problems.

The Servicios Tecnicos del Caribe and Texas A&M University contracts call for quarterly and bi-monthly reports, respectively, whereas the Sheladia Associates, Inc. contract provides for semi-annual reports and the PASA arrangement with USDA does not specify a reporting requirements. Our review of 1981 progress reports indicated that Servicios Tecnicos del Caribe submitted semi-annual reports for the first and second half of 1981. At the

time of our audit, Texas A&M University had prepared a draft report covering CY 1981 activity. The USDA/PASA team submitted a progress report as of October 1981, and Sheladia Associates, Inc. had submitted a monthly report for December 1981, as well as an annual report for CY 1981.

The progress reports submitted are narrative and do not provide measurable indicators or comparative information. As a result, it is difficult to determine status of activities, accomplishments or problems within a period or from one period to another. While the reports are generally informative, they do not relate progress to objectives as terms of reference.

Contractors should be required to submit progress reports on a regular basis in a format providing appropriate information to readily show work scope, status for evaluation and action as needed. Contracts should be amended to provide reports content and frequency.

#### Recommendation No. 23

USAID/Haiti should establish a system of contract reporting which shows accomplishment by objectives during the period and which readily provides status of activities and problems so evaluations can be made and corrective action taken.

#### Recommendation No. 24

USAID/Haiti should obtain appropriate amendment to standardize reporting requirements of project contracts and agreements and to specify report content and frequency.

#### Publicity

Appropriate publicity is not being given to the loan and the project as a program to which the United States has contributed. Our personal observation of 15 to 21 vehicles purchased under the project indicated that none of the vehicles had the "Hand Clasp" emblem. Also, during our visits to three project sites there was no evidence that AID signs had been placed.

According to the loan agreement, the borrower is to give appropriate publicity to the loan and the project as a program to which the United States of America has contributed. All project vehicles and other large equipment items are to be marked with the "Hand Clasp" emblem and AID signs posted at project sites.

This requirement, which at present is getting congressional interest, is especially significant under this project where it is planned to purchase several hundred thousands dollars of equipment and vehicles with AID funds, and to carry out field activities in four geographical areas.

In discussing the publicity issue, the USAID/Haiti indicated that AID Hand Clasp emblem stickers had been attached to AID financed commodities but the emblems come off easily as they are not affixed permanently. To correct this situation, the USAID/Haiti further stated that the Office of Management Operations (M/SER/MO) should prepare a stencil (AID Hand Clasp emblem) that can be used to spray with paint for a more permanent publicity of AID financed commodities. We agree with the USAID/Haiti suggestion. Thus, we suggest that SER/MO should consider seriously the use of stencils rather than stickers to identify AID- financed commodities.

#### Recommendation No. 25

USAID/Haiti should establish procedures to ensure (a) that "Hand Clasp" emblems are attached to commodities purchased under the project with AID funds; (b) that AID signs are posted at project sites; and (c) that periodic inspections are made to verify that emblems are on the vehicles and signs are at the project sites.

#### Supervision, Reporting and Monitoring

We found that DARNDR failed to provide adequate supervision to program activities and to meet reporting requirements provided in underlying agreements. Details are provided in the following three sub-sections of this report along with corresponding recommendations.

#### Program Supervision

DARNDR has not provided appropriate supervision of contract activities to assure that they are being effectively implemented within the funding provided. Therefore, there were instances where significant problems with contractor's performance had not been corrected. For instance, contractors were allowed to continue to implement work plans which had been prepared without the input of DARNDR. Payments for contractor services continued, although the performance of the contractor was open to question.

The DARNDR project manager is the Director General who has many other responsibilities and cannot devote sufficient time to project supervision. This responsibility has not been delegated and the situation is unlikely to improve unless this is done.

#### Recommendation No. 26

USAID/Haiti should (a) obtain from DARNDR its plan to establish and implement effective procedures to supervise program activities, and (b) utilize the joint project implementation plan (JPPI) system to obtain DARNDR observations on the effectiveness of project contractors.

## Reporting

DARNDR has not met the requirements of Letter of Implementation No 1, Section II c which calls for the preparation and submission of quarterly progress reports. These reports were to relate to the implementation plans and schedules submitted by GOH in satisfaction of conditions precedent. Also, any major development affecting project progress was to be reported. The lack of this reporting has limited control-by both USAID/Haiti and DARNDR over contractor performance and resource utilization. In addition, because of this deficiency, program accomplishments were unknown to USAID/ Haiti.

Since the USAID/Haiti's joint project implementation plan now being implemented requires DARNDR, participation and reporting we make no recommendation. However, USAID/Haiti should continue to emphasize to DARNDR that sound reporting is an essential management tool for overseeing program activities effectively.

## Monitoring

Since inception, the program has not been monitored in a continued or an effective manner. The project has been monitored by at least five USAID/Haiti project managers, managed by at least four chief agricultural development officers, and overviewed by four Mission Directors. The constant changes in project management also resulted in changes in implementation and monitoring approaches which seriously hindered program operations and progress. In fact, the program implementation started as a parallel activity to DARNDR and not as an integrated function. This approach was discontinued and prompted a design modification to the project.

A designated project manager was not allowed by the then Chief, Agriculture Development Office of USAID/Haiti, to function as such for about eight months. Instead, this Chief, Agricultural Development Officer managed project activities with no consultation with the designated project manager. This monitoring approach resulted in poor monitoring and questionable performance.

In support of these lax monitoring activities we present these examples:

- Field visits to project sites were infrequent and when made were not documented. The project manager indicated that visits are made on an ad-hoc basis. He stated that he tries to visit the project sites at least once a month.
- Required evaluations of project activities have not been carried out to evaluate progress and discuss problem areas hindering implementation (section 6.1 of the loan agreement). The grant/loan agreement provides \$240,000 for this purpose.
- The requirement for regular financial audits (Section 85 of loan agreement) of project activities has not been met. As of January 31, 1982, reported projects costs totaled \$5.8 million (AID \$2.4 million and GOH \$3.4 million).

- The requirement for DARNDR preparing quarterly reports (section II C of Implementation Letter No. 1) concerning the financial, administration, and physical progress of the project has not been met. These progress reports were to relate to the implementation plans and schedules submitted by GOH in satisfaction of condition precedent. Also, any major development affecting project progress was to be reported.
- Contract requirements for submitting progress reports to USAID/Haiti for evaluation and monitoring purposes have not been met by some contractors (example: Sheladia Associates, Inc.). Also, some contractors had changed the reporting requirements from quarterly to semi-annual without apparent approval of USAID/Haiti (example: Servicios Tecnicos del Caribe). On the other hand, progress reports prepared and submitted to USAID/Haiti do not relate progress to objectives as terms of reference.
- Progress reports on project activities apparently are not monitored, reviewed or commented upon by USAID/Haiti. This shortcoming has served as a disincentive for reporting on project activities. For instance, a complete financial report prepared by DARNDR as of September 30, 1980 was submitted to USAID/Haiti for information and use. The lack of reaction of USAID/Haiti prompted DARNDR to discontinue its preparation.

Recently, USAID/Haiti designed and proposed a joint project implementation plan for monitoring and evaluating program progress and implementation problems. The system is being implemented and if successfully executed it will address some if not all of the monitoring and management deficiencies discussed above. Notwithstanding action has been initiated to monitor and manage program operations through this system, we believe effective procedures should be established and implemented to ensure all program activities are properly monitored and successfully managed. This would be required until such time as the system is fully implemented and soundly operational.

With the project moving into a more intensive field work phase there is an essential need for effective documented monitoring by USAID/Haiti to permit timely awareness and corrective action on implementation problems.

#### Recommendation No. 27

USAID/Haiti should establish and implement effective procedures to monitor program activities. This includes monitoring of clauses related to grant/loan and contracts reporting requirements, contractors performance, annual audit requirement, scheduled field visits to project sites and field inspection reports.

EXHIBIT A

FINANCIAL STATUS  
as of January 31, 1982  
Integrated Agriculture Development Project  
Grant No. 521-0078 - Loan No. 521-T-008

	<u>Funds Committed</u>	<u>Obligated</u>	(000 Omitted) <u>Expended</u>	<u>Balance</u>
Grant No. 521-0078	\$9,300	\$4,090	\$2,259	\$1,831
Loan No. 521-T-008	2,800	740	134	606
Total	<u>\$12,100</u>	<u>\$4,830</u>	<u>\$2,393</u>	<u>\$2,437</u>
	=====	=====	=====	=====

	<u>AID Funds</u>	<u>Government of Haiti Funds</u>	<u>Project Total</u>
<u>Expended</u>			
Administration	\$915	\$1,257	\$2,171
Irrigation	818	657	1,475
Soil Conservation	40	496	536
Research/Extension	189	890	1,079
Commodities	282	-	282
Training	43	74	117
Other	<u>106</u>	<u>-</u>	<u>106</u>
Total	<u>\$2,393</u>	<u>\$3,374</u> <sup>1/</sup>	<u>\$5,767</u>
	=====	=====	=====

1/ Dollar equivalent of 16,868,419 Gourdes @ 5/\$1.

LIST OF RECOMMENDATIONS

Recommendation No. 1

USAID/Haiti, in conjunction with DARNDR, should (a) modify the project so that it is in line with the current food and agriculture sector strategy and; (b) extend the PACD so that it is consistent with capacity to deliver the necessary services to the small farmer (page 8).

Recommendation No. 2

USAID/Haiti, and DARNDR, should (a) establish and implement procedures for coordinating project activities and; (b) appoint an official of DARNDR who can serve exclusively in the project (page 10).

Recommendation No. 3

USAID/Haiti, and DARNDR, should evaluate all project activities prior to embarking in design modifications to determine the course of action of each component (page 12).

Recommendation No. 4

USAID/Haiti, and DARNDR, should establish the procedures to expedite the development of baseline data of the target areas of the project (page 14).

Recommendation No. 5

USAID/Haiti should review and amend, if needed, the contracts and scope of work to ensure agreement with project needs and availability of resources of the Government of Haiti (page 15).

Recommendation No. 6

USAID/Haiti should request USDA/PASA advisory personnel operating out of USAID/Haiti offices to move to DARNDR premises to enhance effectiveness of advisory team efforts (page 16).

Recommendations No. 7

USAID/Haiti, and DARNDR should (a) evaluate the performance of management implementation team of Servicios Tecnicos del Caribe to assure that the services provided have been satisfactory, future work requirements are appropriate, and make changes where necessary (page 17).

Recommendation No. 8

USAID/Haiti should negotiate with the GOH either to (a) convert the current DARNDR Administrator, under borrower/grantee contract, to a direct-hire GOH employee, or (b) to hire another Administrator to whom the contracted employee can serve as advisor in accordance with contract terms (page 20).

Recommendation No. 9

USAID/Haiti, and DARNDR, should (a) reevaluate the training component to determine if training needs and funding allocations meet basic (in country and off-shore) requirements of the program and (b) reprogram or deobligate any excess funds (page 22).

Recommendation No. 10

USAID/Haiti should amend the Texas A&M contract to provide for long term training for four participants so that the counterpart to the root and tuber crop receives appropriate training (page 23).

Recommendation No. 11

USAID/Haiti should establish and implement effective procedures for reviewing and approving procurement requests to minimize delays in commodity ordering (page 24).

Recommendation No. 12

USAID/Haiti should re-evaluate the need of having two procurement advisors and functions of the project and make the necessary eliminations or changes (page 24).

Recommendation No. 13

USAID/Haiti should take prompt action to retrieve all furniture items purchased with this project's grant funds that were issued to USAID/Haiti personnel. These items should be inventoried together with the items stored in the USAID/Haiti warehouse and their title, accounting and physical control should be transferred to GOH (page 26).

Recommendation No. 14

USAID/Haiti should instruct its GSO to follow AID established procurement procedures and to refrain from conducting unilateral procurement transactions (page 26).

Recommendation No. 15

USAID/Haiti should obtain from DARNDR an agreement to establish and implement procedure that are adequate to control project vehicles (page 27).

Recommendation No. 16

USAID/Haiti should obtain a report from DARNDR on the six missing vehicles, and once they are located, to assign them to the project. If the six missing vehicles are not accounted for, USAID/Haiti should issue a bill for collection of \$47,170 to the GOH representing the total cost of these vehicles (page 27).

Recommendation No. 17

USAID/Haiti should ensure that DARNDR recovers the vehicle assigned to the Cocoa Coffee project and assigns it to project use (page 27).

Recommendation No. 18

USAID/Haiti should establish the required guidelines to ensure that approval, obligation, and disbursement records are maintained in accordance with established AID policy and procedures (page 28).

Recommendation No. 19

USAID/Haiti should improve the project accounting system by segregating the project miscellaneous obligating documents from other Mission documents and by maintaining them in separate files for better access and control (page 29).

Recommendation No. 20

USAID/Haiti and the GOH should establish and implement effective procedures to ensure that programmed counterpart funds are released, to support project activities, in a timely manner (page 29).

Recommendation No. 21

USAID/Haiti should negotiate with the GOH, if possible, the establishment and implementation of procedures to operate a revolving counterpart fund account (page 30).

Recommendation No. 22

USAID/Haiti should obtain from the Government of Haiti, periodic financial audits in accordance with Section B.5, Annex 2 of Loan Agreement No. 521-T-008 (page 30).

Recommendation No. 23

USAID/Haiti should establish a system of contract reporting which shows accomplishment by objectives during the period and which readily provides status of activities and problems so evaluations can be made and corrective action taken (page 31).

Recommendation No. 24

USAID/Haiti should obtain appropriate amendment to standardize reporting requirements of project contracts and agreements and to specify report content and frequency (page 31).

Recommendation No. 25

USAID/Haiti should establish procedures to ensure (a) that "Hand Clasp" emblems are attached to commodities purchased under the project with AID funds; (b) that AID signs are posted at project sites; and (c) that periodic inspections are made to verify that emblems are on the vehicles and signs are at the project sites (page 32).

Recommendation No. 26

USAID/Haiti should (a) obtain from DARNDR its plan to establish and implement effective procedures to supervise program activities, and (b) utilize the joint project implementation plan (JPIP) system to obtain DARNDR observations on the effectiveness of project contractors (page 32).

Recommendation No. 27

USAID/Haiti should establish and implement effective procedures to monitor program activities. This includes monitoring of clauses related to grant/loan and contracts reporting requirements, contractors performance, annual audit requirement, scheduled field visits to project sites and field inspection reports (page 34).

LIST OF RECIPIENTS

APPENDIX B

	<u>No. of Copies</u>
Deputy Administrator	1
Assistant Administrator - Bureau for Latin America and the Caribbean (LAC/CAR)	5
Assistant Administrator (LAC/DR)	5
Mission Director, USAID/Haiti	5
Director, Office of Legislative Affairs (LEG)	1
Assistant Administrator to the Administrator for Management AA/M	1
Office of Financial Management	3
General Council (GC)	1
Office of Development Programs (LAC/DP)	3
Office of Public Affairs (OPA)	1
Bureau for Science & Technology (DS/DIU/DI)	4
Bureau for Program & Policy Coordination (PPC/E)	4
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AIG/II, AID/W	1
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