



Auditor General

AUDIT REPORT

PRIVATE VOLUNTARY ORGANIZATIONS
(PROJECT NO. 498-0251)

USAID/Thailand

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EXECUTIVE SUMMARY

I. INTRODUCTION

As part of the regular review of the USAID/Thailand program the Area Auditor General/East Asia (AAG/EA) conducted an audit of USAID/Thailand's Private and Voluntary Organization (PVO) Project (No. 498-0251).

The project's purpose was to utilize the PVOs to improve local level development efforts in Thailand that are consistent with the stated priorities of AID assistance, notably Nutrition, Health, and Education and Human Resources Development. In Thailand, sectoral emphasis coincided with another increasingly important development concept: The role of Women in Development - as evidenced by the prominent ranking in the list of subprojects (See page 2).

Starting with an initial \$500,000, the program soon grew to a point where \$4.8 million was committed. During the four year period FY 1976 through 1979 AID's share was reported to be about \$2.7 million or about 55 percent of the total project cost. The project funds were directed through 18 Operating Program Grants (OPGs) to PVOs.

II. PURPOSE OF AUDIT

The purpose of our audit was to determine whether (a) the project as designed and implemented is achieving pre-determined goals within established time-frames; (b) management of the project is effective; and (c) AID-provided resources are being utilized in accordance with USAID regulations.

Exhibit A shows our audit coverage for the period FY 1976 through FY 1979, consisting of half of the OPGs (9 out of 18) and 63 percent of the dollar value.

III. CONCLUSIONS

We found that in general, the Operational Program Grant (OPG) activities in Thailand were reasonably well managed and being carried out in conformance with Agency policies and procedures.

In the nine OPGs that we selected for detailed review however, we noted that strengthening certain areas would further enhance project performance.

For example, Private and Voluntary Organizations (PVOs) did not document in-kind contributions from non-AID sources. We were unable, therefore, to verify whether the value of non-AID support to life of project costs met AID's OPG guidelines which call for a minimum 25 percent non-AID source sharing ratio (Page 4).

There was resistance on the part of two U.S. OPG recipients to provide us with free access to the records of two sub-grantees. The Standard Provision Audit Rights clause in grant agreements requires that any subordinate agreements contain the same provision. However, the two subordinate agreements did not contain the audit clause. After successful coordination efforts we were unable to resolve the issue and have made recommendations to avoid similar situations (Page 5).

The remaining findings and recommendations are grant-specific, and deal with;

- a) project slippage and its effect on goal achievement in the case of Boy Scouts of Thailand and National 4-H Council projects, (Page 6).
- b) premature project termination with unidentified benefits in the Thai Home Economics Association project (Page 9), and
- c) an administrative cost allocation problem unique to the Catholic Relief Services project (Page 11).

Because the Boy Scouts of Thailand project typifies a cause and effect situation, suffering from overambitious plans which were difficult to implement in practice, we have presented it -- in addition to detailed reportorial coverage-- in a compressed annex format (Exhibit B).

IV. RECOMMENDATIONS

We have made six recommendations to USAID/Thailand and one recommendation to the AID/W Office of Private and Voluntary Cooperation (PDC/PVC). They are included in the text of the report and are also listed in Exhibit C.

BACKGROUND

Operational Program Grants (OPGs) to Private and Voluntary Organizations (PVOs) support projects related to employment creation and equitable income distribution in the priority areas of: nutrition, family planning and health, education and human resources development. The activities generated with OPG funds are to encourage actions that most directly lead to improving the well-being of the poorest majority in the developing countries assisted by the United States.

The basic thrust of these development assistance activities are to encourage the creation of local motivations, capacities and entities, public or private, to act meaningfully on critical economic and social problems at hand.

Therefore, development assistance funds from AID are directed to the expansion of the scope of PVO project activities which are expected to bring about significant improvement in the lives of the people who constitute the poorest majority.

USAID/Thailand's OPG involvement dates back to a (FY 76) regionally funded project, "Private and Voluntary Organization", (498-0251).

Historically, PVOs had earned a growing reputation for performing outstanding work in refugee relief and resettlement, orphan and child care, and mother and child feeding programs, in East Asia.

Combining the Congressional Mandate of meeting the Basic Human Needs (BHN) of the rural poor with the known achievements of the PVOs, AID proposed to expand their involvement in economic and social development programs, targeted to reach the lowest income groups in certain rural, urban and resettlement areas in East Asia.

Starting with an initial \$500,000, the program soon grew, to a point where \$4.8 million was committed. During the four-year period, FY 1976 through 1979, AID's share was reported to be about \$2.7 million (or 55 percent). Details appear on Exhibit A.

The activities of PVOs are considered supplemental to the bilateral Government-to-Government assistance programs, and are negotiated and approved in separate operating agreements between the Royal Thai Government (RTG) and the U.S. PVOs. These agreements are subject to the overall guidelines and criteria which govern PVO eligibility, USAID/Thailand coordination, and host government registration.

From a modest support to five voluntary agencies, the project quickly developed into a program which provided backing for 18 PVO projects.

The Mission's main objective in enlisting support of PVOs for development activities was to strengthen Thai initiative and capability to plan and implement development projects in both the public and private sectors. The secondary objective was to increase the developmental impact of U.S. assistance funds by channeling them through U.S. and Thai voluntary agencies which then brought into play their own and other resources.

During FY 76 through 79, the following presents the sectors of project activity under the USAID's OPG program:

<u>Sector</u>	<u>Number of Projects</u>
Women in Development	4
Nutrition	3
Rural Youth Development	3
Rural Development	2
Rural Credit	2
Agriculture (Fisheries)	1
Non-Formal Education	1
Health	1
Social Services	1
	<u>18</u>

More than 200,000 Thais benefited by the 18 projects under the current OPG program. In reality, because of the large training component, indirect benefits will accrue to a vastly larger part of the Thai population.

USAID/Thailand's follow-on PVO Co-Financing Project (493-0296) is budgeted at \$5 million, and is expected to cover the six year period FY 1980 through FY 1985, continuing the basic thrust of the current project, with a tie-in with the RTG's Fourth Five-Year Plan. PVO programs are designed to raise the general standard of living and to improve the distribution of income and social services, via a series of self-help development efforts that will maximize the involvement of the private sector.

SCOPE

Our review, which covered the period October 1, 1975, through June 30, 1979, and represented an initial audit effort of the subject, concentrated on a determination of:

1. The adequacy of the grantees' and sub-grantees' accounting records and internal control mechanisms;
2. The quality of the project cost back-up documentation;
3. The timeliness of mandatory progress and evaluation reports;
4. The frequency and quality of the PVO's and USAID/Thailand's project monitoring efforts;
5. The probability that project goals will be reached on time and with the available resources.

We selected half of the 18 PVOs for detailed examination. Exhibit A shows our coverage of the 1976 through 1979 project activity, consisting of half the line items (9 out of 18) and 68 percent of the dollar value. Four OPGs which were signed subsequent to June 30, 1979, were not included in our audit. Because internal controls and overall compliance tended to be satisfactory in about half of the review sample, the narrative of the report focuses principally on either general interest themes or on the four organizations which revealed some specific problems.

Our findings were discussed with Mission officials and their comments are included in the report, as appropriate.

AUDIT FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Verification of Non-AID Contribution to OPG Project Costs

Because PVO records did not document in-kind contributions from non-AID sources we were unable to verify whether or not the value of non-AID support to life-of-project costs met the Agency's OPG guidelines which call for a minimum 25 percent non-AID source-sharing ratio.

AID's Handbook 13 (Grants), represents the definitive authority on this subject. A derivative requirement calls for the recipient's accounting records to be supported by documentation which fully discloses the amount of that portion of the project cost supplied by other sources. All above described disciplines are equally applicable to subrecipients.

We were unable to locate this key information, thus depriving us of the ability to confirm that non-AID contributions to OPG project costs did, in fact, occur.

Failure by the PVOs to document this information may be due to:

1. The grant agreements with the PVOs did not contain the AID Handbook 13 requirement that PVOs account for the non-AID source sharing ratio.
2. USAID/Thailand, during the review of the PVO's accounting records prior to awarding the OPG, did not determine the existence of records and/or proceedings for recording in-kind or cash contributions to project costs.

Contributions in cash or in kind from sources other than AID are not only subject to diligent recording, but also to periodic reporting. The financial reports submitted by the PVOs did not contain that required information.

As a result, the \$2.7 million reported as non-AID contributions to the USAID/Thailand's FY 76 to FY 79 OPG projects was unverifiable at either the PVO or subgrantee's offices, and is therefore subject to the appropriate qualifications.

Non-AID contributions, reported in the OPG represent budgetary (rather than actual) amounts copied from the proposals submitted by PVOs, dating back many months, and in some cases, several years. The credibility of these reports is at issue, particularly when an original OPG has undergone several AID amendments - with or without budgetary adjustments.

We believe the following recommendations are needed to tighten up the recording and reporting by PVOs of the value of in-kind contributions to life-of-project costs.

Recommendation No. 1

We recommend that the Office of Private and Voluntary Cooperation (PDC/PVC) implement procedures to insure that Operational Program Grant agreements contain AID Handbook 13 provisions requiring Private Voluntary Organizations to account for non-AID source-sharing ratio.

Recommendation No. 2

We recommend that USAID/Thailand require PVOs receiving Operational Program Grants (OPG) under the follow-on PVO Co-Financing Project (493-0296) to follow Agency requirements to account for the minimum 25 percent non-AID contributions to OPG projects.

Resistance to AID Auditor General Audit Rights

Initially there was resistance on the part of two U.S. OPG recipients to provide us with free access to the records of some of their sub-grantees.

The standard provisions Audit Rights clause in grant agreements contains a specific requirement that any subordinate agreements entered into by the PVO contain the same provision of right to audit by AID's Auditor General and the Comptroller General of the United States.

Both the YMCA and the Asia Foundation had not carried forward the Standard Provisions affording us with audit rights of sub-grantee organizations when these two grantees entered into subordinate agreements with these entities.

At issue therefore was the exclusion of the "Right to Audit" clause in sub-grantee agreements.

After successful coordination efforts involving several organizational elements of the two PVOs we were able to resolve the issue as follows:

1. In the case of YMCA, (Chiang Mai subgrant amounting to \$128,650) by the use of secondary auditing evidence, as provided by an independent Certified Public Accountant (CPA) firm.
2. In the case of the Asia Foundation, after further discussions with its local representative, we visited the subgrantee project (MALAN subgrant amounting to \$224,685), and performed the review ourselves.

We believe that similar problems can be avoided in the future if the USAID takes appropriate measures to ensure that the Standard Provisions Audit Rights clause contained in OPG agreements is carried forward and contained in each sub-grant agreement.

Recommendation No. 3

We recommend that USAID/Thailand, take appropriate measures to ensure that the Standard Provisions Audit Rights clause in Operational Program Grant agreements is carried forward and contained in each sub-grant agreement.

Slippage Jeopardizes Goal Achievement

1. Grant No. AID 493-7015-T to Boy Scouts of Thailand (BST) In the Amount of \$125,000

Implementation problems related to BST's "Artificial Fish Propagation Project," to "Promote Rural Self-Sufficiency in Protein", jeopardize not only achieving the immediate goal to increase the efficiency of fish production in the rural area, but also the broader goal of improving the villagers' standard of living in both socio-economic and nutritional terms. USAID/Thailand, in virtually all instances, is aware of the fact that:

- A. After two years of a three-year project life, less than about 27 percent of its OPG funds have been spent.
- B. Training of the boy scouts has not been in accordance with the project proposal, which constitutes an integral part of the July 1, 1977 grant agreement.
- C. Proposed elimination of the three mobile units will seriously impair the project goal of restocking 40-50 percent of Thailand's natural waters, ponds and reservoirs. The proposed village extension work will suffer correspondingly, without the mobile units.
- D. Project goal of breeding between 60 and 72 million fish fry (small fish) during the life of the project will be impossible to achieve.
- E. Only one breeding/training center had been constructed as compared to three originally scheduled. These centers are to be used by the boy scouts jointly for training and fish breeding.

F. Semi-annual program and annual evaluation reports have not been submitted to USAID/Thailand on a timely basis. As a result, the Mission has lacked the primary tools to adequately monitor the progress of the project.

The comparison of project accomplishments to implementation schedule of this three-year project, scheduled for June 1980 completion, is shown in Exhibit B.

In March 1979, USAID/Thailand and RTG agreed that a project evaluation should recommend its future direction. Four months later, in July 1979, USAID/Thailand funded the evaluation, with a "Go/No Go" mandate.

At the time of submitting this finding, the formal evaluation report had not yet been received by the USAID. A memorandum dated September 7, 1979, covering a meeting of the Evaluation Team contained recommendations urging that the target, time-phased workplan, training activities, curriculum and the number of fish fry be revised. Should BST and others fail to live up to the revised targets, the memorandum suggested that the Fish Propagation Project be terminated.

Since the evaluation team had gone on record that the project should be terminated if BST fails to prepare and implement revised program, it becomes even more important that USAID/Thailand follows-up promptly to determine the future of the project, and - if need be - the disposition of the remaining grant funds. Approximately \$33,000 of the \$125,000 OPG has been disbursed:

Recommendation No. 4

We recommend that USAID/Thailand follow-up on the evaluation team report to determine the future of the project, and if need be, the disposition of any remaining grant funds.

USAID/Thailand, acted on our request that BST prepare its delinquent semi-annual progress reports. As of early December, 1979, the USAID still had not yet received the reports.

Recommendation No. 5

We recommend that USAID/Thailand follow-up with Boy Scouts of Thailand on all overdue reports.

2. Grant No. AID-493-7017-T to the National 4-H Council (4-H) in the Amount of \$247,825

This grant was to expand and strengthen the Yuwa Kasetkorn (Y-K) rural youth program, the counterpart of the U.S. 4-H program. Y-K's emphasis has been on agriculture and home economic projects concerned with improved food production, nutrition, and family life.

Most of the project activities were still in the planning and preparation phase at the time of our visit, against a revised schedule that called for pilot project installation in four provinces, to begin in October 1979 and end by September 1980.

The last four months of the OPG's January 31, 1981 term were to provide time to evaluate the pilot projects, make recommendations for improvement, and replicate the project nationwide.

In March 1979 the 4-H consultant developed five essential elements for the continued expansion and improved quality of the Y-K program:

- I. Project/Subject Matter
- II. Leadership Development
- III. Demonstration/Competition Awards
- IV. Staff Development and Training
- V. Private Support Funding

A number of reasons can be given for the slow progress of the project to date:

- Original objectives were vague and not stated in terms which could be evaluated. For instance, one objective was "to increase the ability of Y-K staff to reach more youth through Y-K with a more effective Y-K program." This objective was to be accomplished by holding a series of week-long workshops, in each of the six regions.

USAID/Thailand, aware of the problems, requested the National 4-H Council in the United States to revise the project objective and delay recruitment of additional project personnel.

A project revision, issued in October 1978, led to further refinements which resulted in an Implementation Plan Update in March 1979. One tangible result of these efforts was the compression of pilot projects, from country-wide coverage, to only four provinces.

- Modest managerial capability of the first RTG counterpart, a deficiency since remedied by a more promising replacement.
- Budgetary restrictions eliminates the positions of two short-term U.S. consultants, resulting in additional work for the 4-W Project Manager.
- Essential committee creation did not take place, partially due to lack of understanding on part of the first counterpart who has since been replaced.

Funds are insufficient to extend the OFC past January 31, 1981 in order to insure completion of the pilot projects. One possible option, towards that objective, may be to concentrate RTG and 4-W resources into only one province. Effective management of four pilot projects in four widely-separated provinces during the residual time left now appears to be physically unrealistic, particularly without additional resources.

With a goal to develop a model Y-K improvement program, capable of nationwide replication, the pilot project in Surat Thani Province represents a strong and viable candidate. In our opinion, the 4-W consultant should discontinue his activities in Nakhorn Pathom and Ratchaburi Provinces, where very little project activity has occurred. When we formalized this view to USAID/Thailand this produced an elaborate rationale from the consultant, supported by appropriate host government backing, in favor of retaining the more ambitious four province program. This plea was accompanied by a series of promised actions and pledges of concentrated effort.

In view of the above, coupled to the Mission's firm assurance to monitor developments closely, we have withdrawn our original (one province only) recommendation.

Premature Project Termination with Unidentified Benefits

Grant No. AID-493-126-T to the Thai Home Economics Association (THEA) in the Amount of \$99,918

The project was to combine the training of 132 agricultural extension agents/home economists with the establishment of eight demonstration pilot villages. There the newly trained extension agencies would disseminate improved nutrition and family planning practices, and increased real income opportunities.

The project, financed under a \$99,918 grant and originally scheduled to end in September 1979, actually terminated in December 1978, nine months early with AID disbursements totaling \$60,368. The Project Director resigned in February 1979, without being replaced. The training of additional extension agents in 1979 has not taken place.

According to various reports by the Project Director, staffing represented a problem which reduced the number of demonstration villages, from an original project goal of eight villages to a revised target of five villages. In reality, four demonstration villages were established.

The project suffered as a result of:

1. The Project Director being a strong-willed person with whom many people had difficulty.
2. The workload exceeding the capabilities of the limited project personnel.
3. Some young girls, involved in home economics at the villages, did not like to live there and consequently resigned.

Because of the premature ending of the project, and its difficulties while still active, it is difficult to determine if the ultimate project goals were or will be at least partially achieved. That ability is even harder because of the elusive-to-measure project outputs of reduced malnutrition and increased real income in the demonstration villages.

Another key element, the training of 122 Agriculture Extension Agents and ten community nutrition extension workers from other agencies and organizations, would have ultimately transferred the newly acquired technology to farming communities throughout Thailand.

In preference to labeling the project as totally unsuccessful USAID/Thailand may wish to schedule a Mission evaluation that would give credit to the limited achievements while at the same time identifying and analyzing the lessons learned so that similar obstacles to successful completions may be avoided in future.

Recommendation No. 6

We recommend that USAID/Thailand arrange for an evaluation of the Thai Home Economics Association (THEA) project to determine the benefits obtained and lessons learned in the premature termination of the project.

Administrative Cost Allocation

Grant No. AID 493-8021-T to Catholic Relief Services (CRS) in the Amount of \$478,243

USAID/Thailand and CRS/Thailand need to identify CRS/Thailand administrative costs eligible for reimbursement under Grant No. AID 493-8021-T.

The budget, for the \$478,243 OPG with CRS includes \$43,515 for "Other Administrative Costs/Thailand at 10%". This amount is almost equal to 10 percent of the remaining project costs supported by the AID grant.

The CRS/Thailand Director declared that he was instructed verbally by a CRS/New York Director that his project proposal to USAID/Thailand should include a provision for support of CRS/Thailand administrative costs, without being advised what cost components should be considered.

Our review of USAID/Thailand's files disclosed that the Mission apparently accepted the \$43,515 charge, without substantive question or protest.

As of June 30, 1979, CRS/Thailand had spent \$80,920 of a \$100,000 advance classifying \$2,250 as CRS/Thailand administrative costs, including travel costs (\$356) to project site, and purchase of fixed assets (\$1,894). No overhead items incurred in operating the CRS/Thailand office have been charged to the grant, and we accept the travel costs to the project site as classified in the books (administrative costs).

The CRS/Thailand Director stated that CRS/New York allowed him to charge the fixed assets for use by accounting and administrative personnel to the grant. Nevertheless the Director declined to show us the approval letter from CRS/New York, sanctioning his action.

We disagree with the practice of charging fixed assets, with general utility, exclusively to one grant, particularly in a multi-activity office environment.

It is safe to assume that CRS/New York intended that a proportionate share of its Thailand Office overhead was to be reimbursed under the OPG, as for instance office rent (if incurred), utilities, local employee salaries, automobile leasing costs, and a portion of the Director's compensation.

Fixed assets which remain the property of CRS/Thailand beyond the completion of the OPG, do not, under generally accepted accounting principles, qualify to be charged to the OPG, except via a pro-rata share of depreciation.

In response to our suggestion, the Mission Director asked CRS/New York for what specific costs CRS planned to claim reimbursement. No reply had arrived at the time we concluded our audit. Therefore we make the following recommendation.

Recommendation No. 7

We recommend that USAID/Thailand maintain adequate follow-up with CRS New York on the administrative costs clarification issue.

Acting upon our finding, USAID/Thailand deducted from a subsequent advance the \$1,894 that CRS had claimed for the general purpose fixed assets.

EXHIBIT A

USAID/THAILAND
Private Voluntary Organizations (Project No. 498-0251)
Fiscal Year 1976 to Fiscal Year 1979 Project Activity

PVO Projects 9/75 to 6/79		Project		Obligations (000)			Included In Audit	Grant No.	Project/ Activity
		Began	Ends (Ended)	USAID	PVO/Others	Total			
Development Assistance Services	(DAS)	3-78	9-78	21	8	29			
Tom Dooley Heritage, Inc. Inc.	(TDH)	3-78	9-79	75	137	212			
Cooperative League of USA and Coop Committee of Thailand	(CLUSA)	5-78	3-79	165	74	239	=	AID 493- 8003-T	Development of Agricultural Cooperatives
Pearl S. Buck Foundation, Inc.	(PSBF)	8-78	8-81	150	50	200	*	AID 493- 8008-T	American Outreach
International Human Assistance Program	(IHAP)	9-78	9-80	249	108	357	*	AID 493- 8020-T	Tambol Develop- ment Project
Catholic Relief Services	(CRS)	9-78	9-81	478	616	1,094	*	AID 493- 8021-T	Women's Development Through Non- Formal Educ.
The Asia Foundation- Subgrant to Girl Guides Association of Thailand	(TAF/ GGAT)	9-75	9-79	55	23	78			
The Asia Foundation- Subgrant to Credit Union League of Thailand	(TAF/ CULT)	9-75	9-79	77	53	130			

PVO Projects 9/75 to 6/79		Project		Obligations (000)			Included In Audit	Grant No.	Project/ Activity
		Began	Ends (Ended)	1976 Through 1979		Total			
				USAID	PVO/Others				
The Asia Foundation- Subgrant to Prince of Songkla Univ.	(TAF/ FOCU)	6-76	9-79	134	34	168	*	AID/ASIA- G1152	Food & Nutri. Development
YMCA (USA) and YMCA (CHIANG MAI)		6-76	12-79	143	370	153			
World Education and the Adult Education Division, Ministry of Education	WE/ AED)	11-76	9-79	172	140	312			
National 4-H Foundation and Ministry of Agri- culture and Cooperatives	(4-H/ MOAC)	8-77	1-81	248	141	389	*	AID 493- 7017 T	Development of Youth Agricul- tural Clubs
The Asia Foundation-Sub- grant to MALAN Institute	(TAF/ MALAN)	3-78	11-80	300	205	505	*	AID/ASIA- C-1305	Rural Infant Child Care Centers
The Asia Foundation-Sub- grant to Girl Guides Association of Thailand	(TAF/ GGAT)	8-78	6-81	106	45	151			
Thai Home Economics Association	(THEA)	9-76	9-79	100	52	152	*	AID 493- 126-T	Better Family Living
Foundation for the Promotion of Scouting in Thailand	(FPST/ BGT)	7-77	6-80	125	75	200	*	AID 493- 7015-T	Artificial Fish Propagation
Thai Hill Crafts Foundation	(THCF)	6-78	6-81	32	17	49			
National Council of Women of Thailand	(NCWT)	6-78	6-80	29	19	48			

	Project		Obligations (000)			Included In Audit	Grant No.	Project/ Activity
	Began	Ends (Ended)	1978 US, ID	Through PVO/Others	1979 Total			
<u>PVO Projects 9-75 to 1979</u>								
<u>Total, PVOs Proj. 9/75 to 6/79</u>			<u>2,629</u>	<u>2,167</u>	<u>4,826</u>			
<u>Percentages</u>			<u>55</u>	<u>45</u>	<u>100</u>			
<u>PVOs with a Start-Date Subsequent to 7-1-79</u>								
Cooperative League of USA (CLUSA)	7-79	4-80	225	75	300			
Catholic Relief Services (CRS)	8-79	8-82	58	36	94			
Pearl S. Buck Foundation, Inc. (PSBF)	8-79	8-82	135	45	180			
Tom Dooley Heritage, Inc. (TDH)	9-79	9-82	<u>160</u>	<u>200</u>	<u>340</u>			
<u>Total PVOs, With Post 7-1-79 Start Date</u>	(ALL US)		<u>578</u>	<u>350</u>	<u>916</u>			
<u>Grand Total, All PVOs</u>			<u>3,218</u>	<u>2,523</u>	<u>5,741</u>			

BOY SCOUTS OF THAILAND (BST)
GRANT No. AID 493-7015-T

Condensed Comparison of Project Accomplishments
to Implementation Schedule
As of July 31, 1979

Implementation Schedule:Planned
Project Activity

Project Accomplishments: Status At Time
of Audit

- A. Stage 1: Construction of three breeding and training centers with supporting facilities, in different regions of the country, to be completed within the first year.

Each breeding center to be adequately equipped for induced spawning of fish and rearing of fish seed, on a mass scale, and the necessary laboratory space and equipment for demonstration during the training courses. Number and capacity of the tanks to ensure regular production of one million fish fry, per month, per center, on an average "year-round" basis.

- B. Stage 2: Training program in the scientific techniques of induced spawning by hormone injection and fish breeding:

1. Intensive training courses, for Scout Masters, by fishery officers

- A. RTC decided to limit construction to only one center at Scout Training Camp at Chonburi, in order to conserve RTC funds. Existing Department of Fisheries (DOP) centers at Chiang Mai and Sakhon Nakhorn were to be utilized for training in lieu of constructing the other two centers.

Training center at Chonburi was equipped only for training purposes, lacks capacity to provide one million fish fry monthly,--- the project goal.

- B.1. During early 1978 it was decided to increase number of training classes for Scout Masters from four to twelve, raising goal to train 300 Scout Masters.

At time of our audit, six training classes have been held for 138 Scout Masters, with

Implementation Schedule:Planned
Project Activity

of DOF, in induced spawning and fish breeding techniques, at the BST Training Camp at Chonburi.

Course to teach theory and practice of induced spawning and fish breeding techniques. Each Scout Master to become capable of demonstrating and teaching entire methodology to the Scouts, "precisely and scholarly" with a clear understanding of its theory. Project to train 100 Scout Masters who would be responsible for further training of BST, and mass production of fish fry.

2. Demonstration courses for Boy Scouts by Scout Masters, at three training centers, with practical training in fish breeding and rearing of fish seed.

Each demonstration course to last 7 days and to graduate 100 Scouts. Up to 15 such courses to be held per year, at each training center, beginning with second and repeating through third year. Target is 45 demonstration courses, per year, at three training centers, with 90 courses held and 9,000 Scouts trained during entire project period.

Project Accomplishments: Status At Time
of Audit

classes for another 75 Scout Masters suspended pending project evaluation. Plan called for training 160 Scout Masters in 1979. No training classes held since October 1978.

B.2. RTC project director informed us that it was not intended that Boy Scouts be trained at the centers. Instead, they would be trained by the Scout Masters at the schools, while local ponds would be used for training them in breeding practices.

One demonstration course, lasting 6 days, was conducted at a stadium in Chiang Mai. Boy Scouts were transported from 49 surrounding schools. About 500, each day, were exposed to no more than 4 hours of demonstrations. About 3,000 Scouts attended demonstration courses. It is difficult to be convinced that this short demonstration course enabled the Scouts to become even modestly proficient in induced spawning practices.

Implementation Schedule: Planned
Project Activity

Course planning, including syllabus and curricula preparation, trainers and trainees selection, to be carried out first year, while construction work of breeding centers is in process. Two intensive training courses for Scout Masters to be held towards end of first year, closely followed by two more courses, early in year 2. Trained Scout Masters to organize themselves into three groups and start demonstration courses immediately for the Scouts at each training center, beginning early in the second year. Courses to continue throughout second and third years at all three centers. DOF - conducted mass breeding programs at each breeding center would simultaneously provide practical training for Scouts. In return, Scouts would assist in rearing of fish seed.

Project Accomplishments: Status at Time of
Audit

There are no reports of how many Scouts have completed training courses, in respective schools, run by Scout Masters.

When we visited the Bangkok Office of the Boy Scouts of Thailand, we learned that there existed no documented training course for the Scouts, and that no curriculum had been prepared.

Our conclusion is that the training of the Boy Scouts has not met the training prerequisites as outlined in the project proposal, and that the Scouts will not be an effective implementing agent in this project.

C. Stage 3: Mass production of fish fry and distribution in natural waters: Concurrent with initiation of demonstration courses for Scouts, Scout Master trainers would start induced spawning program and mass production of fish fry at breeding centers. Immediately upon completion of each demonstration course, trained Scouts would begin assisting in breeding program, and thereby also obtain valuable practical

C. At the time of our review, this particular phase of the project was non-existent. Procurement cancellation for mobile units invalidate goal of transporting the fish fry to natural waters, ponds or reservoirs.

Goal of producing 60-72 million fish fry during second and third year of the project (7/78 to 6/80) will not be reached. As a result, 40-50 per cent of the natural waters of Thailand will continue to be overfished and/ or understocked.

Planned Project Activity

Status at Time of Audit

experience in application of breeding techniques. Fish fry to be reared in nursery tanks at each center, for about thirty days, until it is ready for transportation. Each batch of fish fry produced would then be transported by mobile unit attached to each breeding center, and distributed as found appropriate, in various natural waters, ponds and reservoirs, in the respective regions.

The goal is to produce 60-72 million fish fry during the second and third year of the project (7/78 to 6/80).

Achievement of above target estimated to be sufficient to adequately stock 40-50% of natural fresh waters of country, most of which are at present either overfished or understocked, with an average fish production far below optimum potential.

D. Stage 4: 1. Extension work by mobile units and training of village fish farmers: Visits to various villages by mobile units to be utilized by the Scouts to carry out extension work on induced spawning and artificial propagation of fish, by various audio-visual techniques. Extension work to begin simultaneously with initiation of breeding program, during second and third years, until project termination. Anticipate at least 250 villages could be covered

D.1. At the present time, there are no village extension activities being carried out by Boy Scouts. Lack of mobile units negates this project activity.

Planned Project Activity

Status at Time of Audit

by each mobile unit, every year, or
750 villages with three mobile units,
or 1,500 villages during the proposed
two year phase of extension work.

LIST OF RECOMMENDATIONS

Recommendation No. 1

We recommend that the Office of Private and Voluntary Cooperation (PDC/PVC) implement procedures to insure that Operational Program Grant agreements contain AID Handbook 13 provisions requiring Private Voluntary Organizations to account for non-AID source sharing ratio.

Recommendation No. 2

We recommend that USAID/Thailand require PVOs receiving Operational Program Grants (OPG) under the follow-on PVO Co-Financing Project (493-0296) to follow Agency requirements to account for the minimum 25 percent non-AID contributions to OPG projects.

Recommendation No. 3

We recommend that USAID/Thailand, take appropriate measures to ensure that the Standard Provision Audit Rights clause in Operational Program Grant agreements is carried forward and contained in each sub-grant agreement.

Recommendation No. 4

We recommend that USAID/Thailand follow-up on the evaluation team report to determine the future of the project, and if need be, the disposition of any remaining grant funds.

Recommendation No. 5

We recommend that USAID/Thailand follow-up with Boy Scouts of Thailand on all overdue reports.

Recommendation No. 6

We recommend that USAID/Thailand arrange for an evaluation of the Thai Home Economics Association (THEA) project to determine the benefits obtained and lessons learned in the premature termination of the project.

Recommendation No. 7

We recommend that USAID/Thailand maintain adequate follow-up with CRS New York on the administrative costs clarification issue.

REPORT RECIPIENTS

USAID/Thailand	5
Director	
<u>AID/W</u>	
Deputy Administrator (A/AID)	1
Bureau for Asia:	
Assistant Administrator (AA/A)	1
Deputy Assistant Administrator (Audit Liaison Officer)	1
Office of the Philippines & Thailand Affairs	1
Bureau of Development Support:	
Office of Development Information and Utilization (DS/DIU)	4
Bureau for Program and Management Services:	
Office of Contract Management (SER/CM)	3
Office of Private & Voluntary Cooperation (PDC/PVC)	5
Office of Legislative Affairs	1
Office of Financial Management (OFM)	1
Office of the Auditor General:	
Auditor General (AG)	1
Executive Management Staff (AG/EMS)	12
Policy, Plans & Programs (AG/PPP)	1
Area Auditor General:	
AAG/Africa (East)	1
AAG/Egypt	1
AAG/Near East	1
AAG/Latin America	1
<u>OTHER</u>	
Auditor General, Inspections and Investigations Staff (AG/IIS/Manila)	1