

PROJECT APPRAISAL REPORT (PAR)

1. PROJECT NO.	2. PAR FOR PERIOD July 1975 TO May 1977	3. COUNTRY Indonesia	4. PAR SERIAL NO. 77-21
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5. PROJECT TITLE

FOOD FOR PEACE: MCH, OCF AND FFW FEEDING PROJECTS

6. PROJECT DURATION: Began FY <u>69</u> Ends FY _____	7. DATE LATEST PHOP	8. DATE LATEST PIP	9. DATE PRIOR PAR
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10. U.S. FUNDS	a. Cumulative Obligation Thru Prior FY: \$22,209,000	b. Current FY Estimated Budget: \$ 2,988,000	c. Estimated Budget to completion After Current FY: \$
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
Cooperative for American Relief Everywhere	CARE- 27
Catholic Relief Services	CRS - 37
Church World Service	CWS - 33

1. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W	FOO		
X		X	1. Assist PVO's to negotiate agreements with GOI consistent with Sec. 211.3(b) of AID Regulation 11 or provide AID/W assurance that such agreements are not practical or feasible.	A.S.A.P.
X		X	2. Continue efforts with PVO's to obtain Central GOI support for inland transportation/handling costs, including consideration of Government/Government 'Umbrella' agreement or re-evaluate feasibility of Title II program in absence of Central GOI support.	On-going
X	X		3. Investigate possibility of using Title I forgiveness or Section 206 funds as means of assisting PVO's with in-country transport and handling costs associated with Title II commodities.	July 1, 1977
X		X	4. Continue joint inspection/review trips in effort to further improve management of Title II program.	On-going
X			5. Conduct review of CARE program during FY 77	July 1, 1977
	X		6. Investigate ways to insure B/L commodities are delivered complete to consignee to avoid improperly labeled bags.	June 1, 1977
	X		7. Investigate ways to speed delivery of blended foods having relatively short shelf life.	July 1, 1977
X			8. Initiate study into USAID required involvement in GOI Nutritional Strategy to include services of temporary or full time nutritionist.	July 1, 1977
X			9. Prepare terminal report closing out recommendations in ICA and AAO inspection reports.	Completed

12. REVISIONS REQUIRED	<input type="checkbox"/> PROP <input type="checkbox"/> PIP <input type="checkbox"/> PRO AL <input type="checkbox"/> PIP T <input type="checkbox"/> PIP/C <input type="checkbox"/> PIP/P	13. DATE OF MISSION REVIEW May 31, 1977
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14. PROJECT MANAGER NAME, TITLE, INITIALS AND DATE	15. MISSION DIRECTOR NAME, TITLE, INITIALS AND DATE Thomas C. Wibleck 6/3/77
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Robert F. Zimmerman, Evaluation Officer  
 Bob L. Barrett  
 Sarah Jane Littlefield, Deputy Director

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**II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS**

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X)				
	UNSATISFACTORY		SATISFACTORY			OUT-STANDING		LOW	MEDIUM		HIGH	
	1	2	3	4	5	6	7	1	2	3	4	5
1. C.A.R.E.				X								X
2. C.R.S.						X						X
3. C.W.S.				X								X

Comment on key factors determining rating

During FY 76 the PVO's successfully carried out programs in accordance with their USAID approved yearly program plans. (A more complete description of the PVO operation and explanation of overall satisfactory rating as it relates to the Title II regulation is provided in the attachment to this P/R.)

The lower rating for CARE can be attributed to the termination of their project agreements, their difficulties in reprogramming commodities which arrived for the terminated programs and the related significant losses which resulted. The lower rating for CWS can be attributed to the earlier part of the rating period when CWS/I (Continued on page 8)

4. PARTICIPANT TRAINING						X					X	
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Comment on key factors determining rating In April 1975 AID conducted a food storage seminar in Manila to which CARE, CWS, USAID and the GOI sent participants. The PVO's have applied the techniques learned at each of their project storage areas. In addition, CWS has published a storage manual which is being used throughout their program. The proper storage of Title II commodities is vital to the success of the program in that it insures better quality food reaching the recipients while less spoiled commodities are generated.

5. COMMODITIES					X						X	
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Comment on key factors determining rating During FY 76 plus the interim quarter, 11,000 M/T of commodities were imported for PVO programs. In FY 77 nearly 12,000 M/T will be used in the programs. Since many of the commodities available in the program are not usually found in Indonesia the PVO's have been very careful to conduct acceptability tests before introducing them. In addition, the PVO nutritionists have developed (Continued on page 8)

6. COOPERATIVE COUNTRY	a. agreement	N/A										
	b. other				X						X	

Comment on key factors determining rating Each of the PVO's has a blanket country agreement covering its operations in Indonesia. However, the Title II programs are covered by separate agreements with individual Ministries. Without these sub-agreements there can be no program. Neither of the two types of agreements makes provision for GOI funding and support of the Title II program. Funding must, therefore, come from other sources. Local governmental entities have been quick to see the benefits accruing from supplementary feeding programs in the areas of MCH and JFW and have made sufficient monies available to make the program viable. Unfortunately, funding of this sort lacks the permanence that Central Government funding would provide, and for this reason PVO programs operate more on a year to year basis rather than as multi-year program with well-defined goals and objectives. Although Central GOI funding has not been provided, key officials have always stated to USAID their belief in the importance of the (Continued on page 8)

OTHER AGENCIES PVO Counterpart Agencies					X							X
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h. *Comments:* Comment on key factors determining rating of Other Donors Both CRS and CWS implement their Title II programs using the administrative structure of indigenous organizations while CARE has used the Tea/Rubber Estates administrative organization supplemented by plantation women's group to conduct their programs. These organizations maintain the records, issue commodity requests, provide storage and transport for commodities and make available the other components necessary for a total package at project sites. This includes nutrition education and medical expertise at MGH's and tools or other equipment at FTW projects. The counterpart agency is an integral link between the PVO and the recipient.

**III. KEY OUTPUT INDICATORS AND TARGETS**

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMULATIVE PRIOR FY	CURRENT FY		FY ____	FY ____	
			TO DATE	TO END			
See page 9	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORMANCE						
	REPLANNED						
B. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS	COMMENT:						
B.	COMMENT:						
B.	COMMENT:						

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IV. PROJECT PURPOSE

A. 1. Statement of purpose or purpose conveyed.

2. Same as in PROP?  YES  NO

The purpose of FVO feeding programs is to improve the nutritional status of vulnerable groups of the population through supplementary feeding using Title II commodities coupled with educational programs at MCH, OCF and FFW sites scattered throughout Indonesia. The vehicle used is a feeding project which falls into one of the three categories listed below.

a. ). Conditions which will exist when above purpose is achieved.

2. Evidence to date of progress toward these conditions.

(1) MCH: Mothers will have received a modicum of instruction in nutrition, sanitation and baby and child care the results of which will benefit the entire family while children who participate in the program will have improved health resulting from consuming an improved diet.

(2) OCF: Provision of Title II commodities to this category of recipients fills a nutritional gap in the diets of orphans who are institutionalized. Basically, this is a maintenance program which it is doubtful the GOI would support in the absence of the Title II in-put.

(Continued on page 2)

(1) MCH: Babies entering the CRS MCH program generally fall into one of three nutritional categories: Severe, Moderate or Borderline. Statistical data gathered by CRS from health charts used in the program shows that over a period of twelve months there was a perceptible improvement in the health of over 6,000 babies. Another study by GOI health officials shows that babies and small children participating in the CARE MCH program had a much lower incidence of childhood diseases that are malnutrition related, or if they suffered these diseases the effects were greatly reduced. Apparently, the educational components of the CARE MCH program were also meeting with success since the same study reported less job absenteeism due to illness and improved daily production from the working family members of MCH recipients. The cost per recipient for Title II commodities in this program is approximately \$12 per year.

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V. PROGRAMMING GOAL

A. Statement of Programming Goal A. Title II Programming Goal is: MCH improve nutritional levels of Indonesia's most vulnerable groups, pregnant and lactating mothers and small children; FFW provide the resource, Title II commodities, in food short areas which makes possible employment of unemployed and underemployed persons in the implementation of locally conceived capital projects that, without this stimulus, might not otherwise be initiated.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? See evidence. B. Studies have shown that vulnerable groups in Indonesia are receiving about half of the required daily intake of protein and calories. However, the FVO program by their very size address the needs of only a fraction of this vulnerable population. Many nutritional surveys have been made in Indonesia and the problem of malnourishment or undernourishment is well documented but, to date, the GOI has not been able to develop a viable nutrition delivery system. In lieu of such a system the FVO's are filling an important need but hardly to the degree necessary to have the desirable effect that a nationally organized program might have.

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Continue: Relevance of Current Project Purpose

1. Are there alternative approaches to achieving this Project's Purpose or the Sector Goal? Would any other approach be more effective or appropriate for USAID?

Alternative approaches to the present Title II program are as follows; (1) use of PL 480, Title II, section 206 funds as direct payment to recipients who could then buy food of their choosing; (2) implementation of bi-lateral government program; (3) termination of program with void being filled by expanding other USAID programs. Investigation has shown that, for the time being, section 206 funds will not be forthcoming in the program and, therefore, this is not a viable alternative to the present program.

It is probable that a bi-lateral Title II program would be well received by the GOI. However, Congressional intent that FVO's be used to implement Title II programs would tend to preclude this possibility for the present time. AID policy also does not encourage bi-lateral programs except in the case of emergencies. Termination of the program is an approach inspired by the ICA Inspection Report of Jan. 1976. Such action will not improve the problem of nutrition in Indonesia; at best it ignores the problem and at worst, aggravates it.

2. What is current priority of Project with the GOI? Evidence for or against? It is difficult to determine the GOI priority for the Title II programs. This may be due in part to the fact that in the past USAID has not had a strong enough relationship with key officials to make possible such a determination. Hopefully, this is changing and an awareness of Title II benefits will be felt by GOI. In meetings with USAID, GOI has expressed the need for nutrition delivery systems but has not seen the possibilities yet that exist for a Title II input into such a program. The GOI is just beginning to show interest in the case areas where it could be most helpful; funding for transport and handling costs. With GOI funding as opposed to local government funding, the FVO's would be able to develop much more meaningful multi-year programs. Local governments attach a high priority to the program, especially YFW, as evidenced by their payment of local costs.

3. How does GOI view USAID role? Do USAID and GOI share common perception of Project Purpose.

When considering how the GOI views the Title II program a distinction must be

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4. Are there Adverse Side Effects to this Project?

Presently, there are no visible adverse side effects to the program. Potentially, the worst side effect would be the development of a 'dole mentality' by recipients but this is satisfactorily overcome by modest charges to recipients or the requirement that they perform some sort of labor in return for commodities. It is conceivable that a program of considerably greater magnitude could be used for social or political machinations; however, careful oversight by the FVO's and USAID should be an adequate preventive.

5. Do the benefits justify the costs?

Yes. Although the program reaches a relatively small number of Indonesians the benefit to these people has been considerable. In some instances it has been the difference between life and death. Under these circumstances it is difficult to assign a dollar value or cost benefit ratio to the program. It is possible to show that it costs an average of \$28 a year per recipient for commodities; a relatively low cost considering that significantly improved nutrition does result in the recipients. At the same time, the many completed projects in Food-For-Work cannot be overlooked. Title II commodity costs compare favorably with the National Pay for Work (Rural Works) program.

6. Are there any unexpected Benefits?

Yes. (a) Integration of Title II with other USAID projects, presently only FVC GFC and Co-FI projects, becomes a distinct possibility in the context of FFW and Nutrition and Family Planning.

(b) Record-keeping requirements at MNH and FFW projects is giving rise to a cadre of workers whose expertise is conceivably applicable elsewhere in the community.

(c) MNH's maintain a wealth of data on the newborn and small children who participate in the program. Diet, weight changes and childhood diseases all become a part of the weight chart used to record each visit of each child. However, to date the OHI is not using to best advantage the wealth of information showing growth patterns as a reflection of diet. On the contrary, OHI sensitivity to studies or accumulation of data showing malnutrition or poor nutrition probably inhibits the dissemination and proper use of any data which is gathered.

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7. Does this project have any impact on the five development criteria outlined in Section 102(d) of the FAA (i.e.: a. increasing agricultural productivity through small farm labor intensive agriculture; b. reduce infant mortality; c. control population growth; d. promote greater equality in income distribution; and e. reduce rates of unemployment and underemployment). Explain.

The PL 400, Title II program by its very nature satisfies many of the criteria of Section 102(d) of the FAA. For example, the MCH program is a many-facet activity aimed at improving the health of pregnant and lactating mothers and their small children through improved diet using Title II commodities, through education and, last, medical attention.

The goal is not only to reduce child mortality but to improve the overall well-being of the individual child giving him a better foundation upon which future growth and development can take place.

The FFW activity is directed towards construction and improvement of farm to market roads, clearing of wasteland for farming and other local development projects agrarian in nature. All of the activities are labor-intensive drawing on the unemployed and underemployed to make up the work force which is paid in part with Title II commodities.

8. Who are the direct and indirect beneficiaries of this project? (Identify, describe nature of benefits and number of those benefiting).

Direct beneficiaries are those who receive a commodity distribution. These are the mothers and small children at MCH's, orphans and Food For Work recipients and their families. This group accounts for a total of 195,000 recipients in FY 77 and a projected total of 203,000 in FY 78.

Indirect beneficiaries are those family members not receiving a food supplement but who benefit from educational programs conducted at project sites. The number of indirect beneficiaries is approximately 519,000. In addition, each community that is the recipient of a FFW project realizes a tangible benefit although possibly not so easily defined. This would be the increased food production from land clearing projects, the improved economy resulting from easier access to markets and the better prices fresher farm products bring. The indirect beneficiaries from the foregoing activities would range upwards of several million.

A. INPUT OR ACTION AGENT

Comment on key factors determining rating (continued from page 2):  
was without a country director which resulted in program administration problems; current CMS performance is considered outstanding.

COMMODITIES

Comment on key factors determining rating (continued from page 2):  
recipes for the commodities using local ingredients as additives.

The FVO's are tending to use Title II foods that have a reasonably long shelf life in preference to blended foods which spoil easily if a bag is broken and the contents exposed to the warm and moist Indonesian air. Infestation is not a problem. However, there are two areas of concern as regards commodities. First, the protracted time period from departure in the U.S. until commodities reach a recipient sometimes stretches the commodity's life to the edge of usability, particularly in the case of blended foods. The second area of concern is the mixing of different FVO commodities during shipment or transshipment to Indonesia. Thus, the FVO may receive the right number of bags, but these bags may have the markings of another FVO on them. This causes difficulties with shipping companies and recipient agencies who question ownership of the commodities. In addition, tracing ownership of commodities that may appear in the market place becomes impossible.

COOPERATING COUNTRY

Comment on key factors determining rating (continued from page 2):  
Program and support is becoming a more viable issue. Both OAI and the Mission have made requests for funding of Title II in-country and handling costs which amount to approximately \$500,000 a year. The possibility of such support materializing during FY 78 is reinforced by OAI responses to recent CMS requests to the OAI Planning Agency (PAFFUS), Cabinet Secretariate, and Ministries of Health and Social Affairs; the matter is under active consideration and a means of providing such support is being sought.

**III. KEY OUTPUT INDICATORS**

**The PL 480, Title II Program  
FY 77**

<b>FVO FVO</b>	<b>Recipient Category</b>	<b>Recipients*</b>
<b>CARE</b>	<b>MCH</b>	<b>15,000</b>
	<b>FFW</b>	<b>10,000</b>
	<b>TOTAL</b>	<b>25,000</b>

**US Dollar value of commodities . \$97,637**

<b>CBS</b>	<b>MCH</b>	<b>72,000</b>
	<b>FFW</b>	<b>50,000</b>
	<b>TOTAL</b>	<b>122,000</b>

**US Dollar value of commodities . \$2,336,320**

<b>CBS</b>	<b>MCH</b>	<b>16,900</b>
	<b>OCF</b>	<b>6,100</b>
	<b>FFW</b>	<b>25,000</b>
	<b>TOTAL</b>	<b>48,000</b>

**US Dollar value of commodities \$54,621**

**Total approved recipients: 195,000**  
**Total approved commodities: 25,933,000 pounds**  
**Total US Dollar value of commodities: \$3,088,578**

\* See Question # 8 page II : Beneficiaries

IV, PROJECT PURPOSE (Continued from page 4)

B. 1. Conditions which will exist when above purpose is achieved.

CMS, the only FVO having this feeding category, is phasing it out over the next few years in preference to categories having a greater degree of support and where the Title II commodities provide more tangible benefits.

(3) FFW: When the purpose is achieved there will be (1) a multitude of completed small capital projects benefiting local communities and a degree of local economic improvement and (2) workers and their families will show improved nutritional status as result of using Title II commodities.

(4) Brady Crop Cooker: CARE has been experimenting with the development of a locally produced blended baby food. Title II commodities were made available to this experiment in order to 'prime the pump'. If this is successful an inexpensive but highly nutritious baby food will be produced locally using indigenous ingredients.

B. 2. Evidence to date of progress toward these conditions.

(2) OCF: This is a maintenance program which fills a dietary gap at orphanages. To date, there has been no attempt to show nutritional improvement in the recipients. As previously stated, however, this category is being phased out of the program.

(3) FFW: Food For Work has received a high degree of local government support resulting in a very large number of locally conceived and implemented development projects being completed. CMS and CMS completed the following projects during FY 76: 458 Km. roads constructed; 155 Km. road repaired; 6,410 Ha. jungle cleared; 1315 Ha. swamp reclaimed; 124 Ha. wasteland reclaimed; 475 Km. irrigation canals and flood dikes built; 8 community buildings constructed; 11 water reservoirs built; 29 bridges built; 11 dams built; 89 Ha. land reforested; 144 Ha. land terraced and planted; 9 wells dug for drinking water; 2 schools built; 1 fish pond built and 245 dwelling units built. The foregoing items completed, the local governments have seen fit to provide funding for maintenance and upkeep of them.

The cost of Title II commodities for the construction of a kilometer of road is approximately \$2,500 which compares favorably with Cash For Work projects which run approximately \$3,000 per Km. The average cost for

maintaining a FFW recipient and four family members is approximately \$102 or \$20 per family member a year. Numerous USAID visits to project sites confirm the viability of this activity in the development process at the 'grass roots' level.

(4) Brady Crop Cooker: This labor intensive experiment by CARE to develop a locally produced blended food for child feeding has met with some success. After starting up with Title II commodities the operation is shifting to local commodities and has developed a variety of nutrition and palatable end products. The next step in the process is to open up markets for the finished product. This will require the identification of entrepreneurs who are willing to market and sell the product.

Continued Relevance of Current Project Purpose (Continued from page 5)

3. How does GOI view USAID role? Do USAID and GOI share common perception of Project Purpose?

made among the Central, Provincial and local governments. At the Central level the GOI has signed the blanket agreements allowing the FVO's to conduct broad humanitarian oriented programs in Indonesia. In order to implement the Title II programs the FVO's have had to acquire technical ministry agreements which spell out in greater detail the structure within which the FVO will conduct a Title II program. However, even though there is no material assistance given the FVO. In the actual conduct of a Title II program the FVO's must further acquire the agreement of a Provincial Government or of lesser governmental entities at the local level. At this stage funding for transport and handling charges for Title II commodities may be forthcoming. Unfortunately, at the lower levels of government the degree of permanence is less and programs run more on year to year basis than for long-term periods during which identifiable goals could be worked towards. With the foregoing in mind, it is difficult to say Title II is considered very high in the GOI rankorder of priorities. Both USAID and the FVO's have been attempting to broaden the understanding of Title II among key Central Government officials over the last six months and this activity appears to be bearing fruit. USAID has asked GOI to make funding available for Title II handling and transport costs. The FVO's have made similar requests. In the past few weeks, several GOI ministerial officers have met with CBS to discuss ways in which such funding could be made available without compromising the integrity of the CBS program through excessive GOI oversight or constraints. Although it is doubtful the GOI will make funding available for Title II in the very near future, the issue is viable and with continued USAID interest should become a reality during the fiscal year.

9. Overall Assessment of Project Performance (Continued from page 7)

Unsatisfactory		Satisfactory			Outstanding	
1	2	3	4	5	6	7
			X			

Centr<sup>1</sup>

7 GOI support of the program would have enhanced the rating. In the absence of such support the multi-year planning concept now authorized by AIB cannot be meaningfully applied by the FVO's. Both GOI and USAID are denied the full benefit of FVO talents as conservative programs well within the limitations of local support are carried out. Moreover, during the FAR period there has been a reluctance on the part of the FVO's to do innovative and imaginative planning while the threat of program termination as recommended by the ISA was a distinct possibility.

In spite of the foregoing, the FVO's have done a good job in reaching target groups within the limitations of commodity availability, funding and operational constraints.

**Summary Review of PL 480 Title II Program  
(Attachment to P.A.R.)  
P.A.R. Section II Voluntary Agencies**

The Private Voluntary Organization (PVO) programs have come under very close scrutiny by the Inspector General's office as well as the AID Area Auditor General's office in the last year. The reviews of the three PVO programs tend to point out weaknesses that are inherent in Food For Peace Programs conducted in under-developed countries of the world. They are, poor management and record keeping at the operational level, and failure to maintain accurate records. A summary of the program follows.

Food For Peace Agreements: The three PVO's have agreements with AID which satisfy the requirements of AID Regulation 11.

Individual Country Food For Peace Agreements: The PVO's do not have individual country agreements as required by the Title II regulations. USAID should not be allowed to fund PVO's until such time as they can operate satisfactorily without such agreements as required by AID Regulation 11.

The PVO's have acquired operating agreements with individual ministries and local governments. These agreements have made the program viable but do not provide the permanence necessary for longer range type planning.

Procurement of Commodities: The procurement of PVO commodities is undertaken by PVO headquarters in the United States with the assistance of AID and USAID. The PVO's have spent considerable time and effort testing the various commodities to insure a relatively high degree of acceptance by the recipients. In addition they are using commodities which have a reasonably good shelf life (one year). This practice helps keep spoilage as a result of age at a minimum while at the same time, the commodities retain their palatability until used.

USAID has undertaken a review of PVO procurement and shipping records and concludes that they accurately reflect the ordering and delivery process.

PVO Plans of Operation: The PVO's have provided comprehensive plans of operation to the USAID, PVO headquarters and AID/W for concurrence. The plans relate the use of Title II commodities to the nutrition strategy being developed in the PVO programs.

Program Supervision: In the last year each of the FVO's has added both American and local employees to their respective staff in order to provide better program oversight and to give their programs better direction. CARE, CRS and CMS have headquarters in Jakarta while CARE and CMS also have staff representatives at regional level as well. CRS, on the other hand, has an expanded field staff which routinely visits participating sponsor offices and project sites. In addition, USAID has also increased staff in the VHP division in order to provide expanded coverage to the program.

USAID and the FVO's have and are conducting routine field inspections of regional counterpart offices and individual projects. It is anticipated that each project site will be visited by FVO field staff or joint FVO/USAID teams at least once each year.

The FVO's are concentrating on making better use of the checks and balances found in their documentation that have not been used to their best advantage in the past. When this is done the information appearing on requisitions, delivery orders, transportation payment vouchers and delivery receipts will all be related to each other rather than considered in isolation. This will give better control over the receipt and distribution of commodities thereby making the commodity status reports much more accurate.

Recipient Eligibility: PL 480, Title II recipient priorities are: 1- General Child Health (MCH) and Other Child Feeding (OCF); 2- Food For Work (FFW) and 3- School Feeding (SF) to the equivalent of the American third grade. Adult feeding for such as health cases is authorized when strong justification is provided and if concurred to by AID/S. The FVO's have gravitated to FFW in Indonesia because this activity receives the strong local support necessary to program viability. Further, the community benefits from a FFW project are immediate.

Commodity Charges to Recipients: Although Title II commodities are made available to FVO's for free distribution to recipients, the Title II regulations were made sufficiently broad so that recipient charges are not prohibited provided that recipients who are unable to pay will still receive commodities. The FVO's counterpart agencies consistent with OSI policy, have been making modest charges at MCH's. However, the charge is not for Title II so much as for the other services provided at a clinic. For a period of time charges

were being made for 77% commodity distributions. This practice has been stopped and local governmental entities are now paying support costs previously funded by recipient charges.

Storage Facilities: On arrival in Indonesia Title II commodities are stored for very short periods (days/week) at customs warehouses so that no specific problems arise at this point. Commodities are then shipped to regional centers where housekeeping practices are being implemented in accordance with accepted procedures. The CBS storage manual has been a valuable guide to warehousemen in that program. CARE and CBS as well as CBS make regular visits to warehouses to insure against insect or rodent damages and that first in-first out practice is used. At project sites the storage facilities can become quite poor. However, more often than not, project managers store commodities in their own homes where, through the housekeeping practices may not be perfect, are better than allowing the commodities to remain in an out-building for long periods of time. In general, a commodity should not remain much longer than three months at a project site before being used. In some instances where delivery is a problem the time might be stretched to four and maybe five months, but this is the exception and not the rule.

Liability for Commodities: The FVO's are liable for misuse or damage of commodities. The FVO's have kept USAID abreast of damages and mis-use through routine reports. Further, when the FVO's are reimbursed for commodities, they have promptly deposited the funds with the USDO with notice to USAID.

Spoiled commodities have not been a problem in on-going programs. They have been released from customs expeditiously and have been used by counterpart agencies. When the CARE government agreement expired, it was impossible for CARE to reprogramme and remove commodities that had just arrived in country and they stayed in warehouses for up to a year. As a result there was considerable spoilage and, when the commodities were turned over to the GOI they were improperly sold. Consequently, USAID and CARE have been attempting to piece together what happened with GOI offices and a separate report is to be submitted to AID/W.

Records: The FVO's have a well developed record-keeping procedure in keeping with their respective requirements and within the terms of AID Regulation 11. A summary of CBS documentation with flow charts, is included with this attachment. FVO records adequately reflect the use of commodities from time of arrival in Indonesia until they have been used at recipient locations. The records provide a reliable trail

for audit purposes. Field visits have shown that in many instances there is high turnover of local personnel at projects or that many new projects are being undertaken with the result that project personnel may not be sufficiently adept at keeping records. One solution the FVO's are using with some positive results is the field inspection at which time project personnel are given instruction and training in the maintenance of records. Regardless of the amount of instruction and training that is given, in remote locations where the program deals with the very poorest elements of Indonesian society, the capability for keeping proper records may not exist, and it will have to be decided on a case by case basis whether the humanitarian purposes of the program are to superseded by record-keeping constraints.

Disasters: The Title II regulations make provision for FVO's to maintain a commodity reserve in-country. Often times this commodity reserve is used for quick action to disasters. In Indonesia this is not the case. This is simply because a commodity cannot enter the country unless it is consigned to a specific program and once consigned it is difficult to divert it for other uses. Exacerbating this problem is the reluctance of GOI to request assistance for disasters although they readily accept such assistance when it is offered. In addition, the problem of inelastic budgeting processes which make it difficult if not impossible for the GOI to fund the transport of commodities in-country to a disaster site.

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Continued Relevance of Current Project Purpose

1. Are there alternative approaches to achieving this Project's Purpose or the Sector Goal? Would any other approach be more effective or appropriate for USAID?

Alternative approaches to the present Title II program are as follows: (1) use of PL 480, Title II, section 206 funds as direct payment to recipients who could then buy food of their choosing; (2) implementation of bi-lateral government program; (3) termination of program with void being filled by expanding other USAID programs. Investigation has shown that, for the time being, section 206 funds will not be forthcoming in the program and, therefore, this is not a viable alternative to the present program.

It is probable that a bi-lateral Title II program would be well received by the GOI. However, Congressional intent that PVO's be used to implement Title II programs would tend to preclude this possibility for the present time. AID policy also does not encourage bi-lateral programs except in the case of emergencies.

Termination of the program is an approach inspired by the IGA Inspection Report of Jan. 1976. Such action will not improve the problem of nutrition in Indonesia; at best it ignores the problem and at worst, aggravates it.

2. What is current priority of Project with the GOI? Evidence for or against?

It is difficult to determine the GOI priority for the Title II programs. This may be due in part to the fact that in the past USAID has not had a strong enough relationship with key officials to make possible such a determination. Hopefully, this is changing and an awareness of Title II benefits will be felt by GOI. In meetings with USAID, GOI has expressed the need for nutrition delivery systems but has not seen the possibilities yet that exist for a Title II in-put into such a program. The GOI is just beginning to show interest in the one area where it could be most helpful; funding for transport and handling costs. With GOI funding as opposed to local government funding, the PVO's would be able to develop much more meaningful multi-year programs. Local governments attach a high priority to the program, especially FFW, as evidenced by their payment of local costs.

3. How does GOI view USAID role? Do USAID and GOI share common perception of Project Purpose?

When considering how the GOI views the Title II program a distinction must be

(Continued on page 11)

4. Are there Adverse Side Effects to this Project?

Presently, there are no visible adverse side effects to the program. Potentially, the worst side effect would be the development of a 'dole mentality' by recipients but this is satisfactorily overcome by modest charges to recipients or the requirement that they perform some sort of labor in return for commodities. It is conceivable that a program of considerably greater magnitude could be used for social or political machinations; however, careful oversight by the PVO's and USAID should be an adequate preventive.

5. Do the benefits justify the costs?

Yes. Although the program reaches a relatively small number of Indonesians the benefit to these people has been considerable. In some instances it has been the difference between life and death. Under these circumstances it is difficult to assign a dollar value or cost benefit ratio to the program. It is possible to show that it costs an average of \$28 a year per recipient for commodities; a relatively low cost considering that significantly improved nutrition does result in the recipients. At the same time, the many completed projects in Food For Work cannot be overlooked. Title II commodity costs compare favorably with the National Pay for Work (Rural Works) program.

6. Are there any unexpected Benefits?

Yes. (a) Integration of Title II with other USAID projects, presently only PVO OPG and Co-Fi projects, becomes a distinct possibility in the context of FFW and Nutrition and Family Planning.

(b) Record-keeping requirements at MOH and FFW projects is giving rise to a cadre of workers whose expertise is conceivably applicable elsewhere in the community.

(c) MCH's maintain a wealth of data on the newborn and small children who participate in the program. Diet, weight changes and childhood diseases all become a part of the weight chart used to record each visit of each child. However, to date the GOI is not using to best advantage the wealth of information showing growth patterns as a reflection of diet. On the contrary, GOI sensitivity to studies or accumulation of data showing malnutrition or poor nutrition probably inhibits the dissemination and proper use of any data which is gathered.

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7. Does this project have any impact on the five development criteria outlined in Section 102(d) of the FAA (i.e.: a. increasing agricultural productivity through small farm labor intensive agriculture; b. reduce infant mortality; c. control population growth; d. promote greater equality in income distribution; and e. reduce rates of unemployment and underemployment). Explain.

The PL 480, Title II program by its very nature satisfies many of the criteria of Section 102(d) of the FAA. For example, the MCH program is a many-facet activity aimed at improving the health of pregnant and lactating mothers and their small children through improved diet using Title II commodities, through education and, last, medical attention. The goal is not only to reduce child mortality but to improve the overall well being of the individual child giving him a better foundation upon which future growth and development can take place.

The FFW activity is directed towards construction and improvement of farm to market roads, clearing of wasteland for farming and other local development projects agrarian in nature. All of the activities are labor-intensive drawing on the unemployed and underemployed to make up the work force which is paid in part with Title II commodities.

8. Who are the direct and indirect beneficiaries of this project? (Identify, describe nature of benefits and number of those benefiting).

Direct beneficiaries are those who receive a commodity distribution. These are the mothers and small children at MCH's, orphans and Food For Work recipients and their families. This group accounts for a total of 195,000 recipients in FY 77 and a projected total of 203,000 in FY 78.

Indirect beneficiaries are those family members not receiving a food supplement but who benefit from educational programs conducted at project sites. The number of indirect beneficiaries is approximately 519,000. In addition, each community that is the recipient of a FFW project realizes a tangible benefit although possibly not so easily defined. This would be the increased food production from land clearing projects, the improved economy resulting from easier access to markets and the better prices fresher farm products bring. The indirect beneficiaries from the foregoing activities would range upwards of several million.

(Continued on page 12)

A. INPUT OR ACTION AGENT

Comment on key factors determining rating (continued from page 2):  
was without a country director which resulted in program administration problems; current CWS performance is considered outstanding.

COMMODITIES

Comment on key factors determining rating (continued from page 2):  
recipes for the commodities using local ingredients as additives.

The PVO's are tending to use Title II foods that have a reasonably long shelf life in preference to blended foods which spoil easily if a bag is broken and the contents exposed to the warm and moist Indonesian air. Infestation is not a problem. However, there are two areas of concern as regards commodities. First, the protracted time period from departure in the U.S. until commodities reach a recipient sometimes stretches the commodity's life to the edge of usability, particularly in the case of blended foods. The second area of concern is the mixing of different PVO commodities during shipment or transshipment to Indonesia. Thus, the PVO may receive the right number of bags, but these bags may have the markings of another PVO on them. This causes difficulties with shipping companies and recipient agencies who question ownership of the commodities. In addition, tracing ownership of commodities that may appear in the market place becomes impossible.

COOPERATING COUNTRY

Comment on key factors determining rating (continued from page 2):  
program and support is becoming a more viable issue. Both CRS and the Mission have made requests for funding of Title II in-country and handling costs which amount to approximately \$500,000 a year. The possibility of such support materializing during FY 78 is reinforced by GOI responses to recent CRS requests to the GOI Planning Agency (BAPPENAS), Cabinet Secretariate, and Ministries of Health and Social Affairs; the matter is under active consideration and a means of providing such support is being sought.

III. KEY OUTPUT INDICATORS

The PL 480, Title II Program  
FY 77

PVO	Recipient Category	Recipients*
CARE	MCH	15,000
	FFW	10,000
	TOTAL	25,000
US Dollar value of commodities		\$97,637
CRS	MCH	72,000
	FFW	50,000
	TOTAL	122,000
US Dollar value of commodities		\$2,336,320
CWS	MCH	16,900
	OCF	6,100
	FFW	25,000
	TOTAL	48,000
US Dollar value of commodities		\$554,621
Total approved recipients:		195,000
Total approved commodities:		25,933,000 pounds
Total US dollar value of commodities:		\$3,088,578

\* See Question # 8 page 7 : Beneficiaries

IV. PROJECT PURPOSE (Continued from page 4)

B. 1. Conditions which will exist when above purpose is achieved.

CWS, the only PVO having this feeding category, is phasing it out over the next few years in preference to categories having a greater degree of support and where the Title II commodities provide more tangible benefits.

(3) FFW: When the purpose is achieved there will be (1) a multitude of completed small capital projects benefiting local communities and a degree of local economic improvement and (2) workers and their families will show improved nutritional status as result of using Title II commodities.

(4) Brady Crop Cooker: CARE has been experimenting with the development of a locally produced blended baby food. Title II commodities were made available to this experiment in order to 'prime the pump'. If this is successful an inexpensive but highly nutritious baby food will be produced locally using indigenous ingredients.

B. 2. Evidence to date of progress toward these conditions.

(2) OCF: This is a maintenance program which fills a dietary gap at orphanages. To date, there has been no attempt to show nutritional improvement in the recipients. As previously stated, however, this category is being phased out of the program.

(3) FFW: Food For Work has received a high degree of local government support resulting in a very large number of locally conceived and implemented development projects being completed. CRS and CWS completed the following projects during FY 76: 458 Km. roads constructed; 155 Km. road repaired; 6,410 Ha. jungle cleared; 1315 Ha. swamp reclaimed; 124 Ha. wasteland reclaimed; 475 Km. irrigation canals and flood dikes built; 8 community buildings constructed; 11 water reservoirs built; 29 bridges built; 11 dams built; 89 Ha. land reforested; 144 Ha. land terraced and planted; 9 wells dug for drinking water; 2 schools built; 1 fish pond built and 245 dwelling units built. The foregoing items completed, the local governments have seen fit to provide funding for maintenance and upkeep of them.

The cost of Title II commodities for the construction of a kilometer of road is approximately \$2,500 which compares favorably with Cash For Work projects which run approximately \$3,000 per Km. The average cost for

maintaining a FFW recipient and four family members is approximately \$102 or \$20 per family member a year. Numerous USAID visits to project sites confirms the viability of this activity in the development process at the 'grass roots' level.

(4) Brady Crop Cooker: This labor intensive experiment by CARE to develop a locally produced blended food for child feeding has met with some success. After starting up with Title II commodities the operation is shifting to local commodities and has developed a variety of nutrition and palatable end products. The next step in the process is to open up markets for the finished product. This will require the identification of entrepreneurs who are willing to market and sell the product.

Continued Relevance of Current Project Purpose (Continued from page 5)

3. How does GOI view USAID role? Do USAID and GOI share common perception of Project Purpose?

made among the Central, Provincial and local governments. At the Central level the GOI has signed the blanket agreements allowing the PVO's to conduct broad humanitarian oriented programs in Indonesia. In order to implement the Title II programs the PVO's have had to acquire technical ministry agreements which spell out in greater detail the structure within which the PVO will conduct a Title II program. However, even then there is no material assistance given the PVO. In the actual conduct of a Title II program the PVO's must further acquire the agreement of a Provincial Government or of lesser governmental entities at the local level. At this stage funding for transport and handling charges for Title II commodities may be forthcoming. Unfortunately, at the lower levels of government the degree of permanence is less and programs run more on year to year basis than for long-term periods during which identifiable goals could be worked towards. With the foregoing in mind, it is difficult to say Title II is considered very high in the GOI rank order of priorities. Both USAID and the PVO's have been attempting to broaden the understanding of Title II among key Central Government officials over the last six months and this activity appears to be bearing fruit. USAID has asked GOI to make funding available for Title II handling and transport costs. The PVO's have made similar requests. In the past few weeks, several GOI ministerial officers have met with CRS to discuss ways in which such funding could be made available without compromising the integrity of the CRS programs through excessive GOI oversight or constraints. Although it is doubtful the GOI will make funding available for Title II in the very near future, the issue is viable and with continued USAID interest should become a reality during the fiscal year.

9. Overall Assessment of Project Performance (Continued from page 7)

Unsatisfactory		Satisfactory			Outstanding	
1	2	3	4	5	6	7
			X			

Central

7 GOI support of the program would have enhanced the rating. In the absence of such support the multi-year planning concept now authorized by AID cannot be meaningfully applied by the PVO's. Both GOI and USAID are denied the full benefit of PVO talents as conservative programs well within the limitations of local support are carried out. Moreover, during the PAR period there has been a reluctance on the part of the PVO's to do innovative and imaginative planning while the threat of program termination as recommended by the IGA was a distinct possibility.

In spite of the foregoing, the PVO's have done a good job in reaching target groups within the limitations of commodity availability, funding and operational constraints.

Summary Review of PL 480 Title II Program  
(Attachment to P.A.R.)  
P.A.R. Section II Voluntary Agencies

The Private Voluntary Organization (PVO) programs have come under very close scrutiny by the Inspector General's office as well as the AID Area Auditor General's office in the last year. The reviews of the three PVO programs tend to point out weaknesses that are inherent in Food For Peace Programs conducted in under-developed countries of the world. They are, poor management and record keeping at the operational level. A summary of the program follows.

Food For Peace Agreements: The three PVO's have agreements with AID which satisfy the requirements of AID Regulation 11.

Individual Country Food For Peace Agreements: The PVO's do not have individual country agreements as required by the Title II regulations. USAID has notified AID/W that PVO programs can operate satisfactorily without such agreements as required by AID Regulation 11.

The PVO's have acquired operating agreements with individual ministries and local governments. These agreements have made the program viable but do not provide the permanence necessary for longer range type planning.

Procurement of Commodities: The procurement of PVO commodities is undertaken by PVO headquarters in the United States with the assistance of AID and USDA. The PVO's have spent considerable time and effort testing the various commodities to insure a relatively high degree of acceptance by the recipients. In addition they are using commodities which have a reasonably good shelf life (one year). This practice helps keep spoilage as a result of age at a minimum while at the same time, the commodities retain their palatability until used.

USAID has undertaken a review of PVO procurement and shipping records and concludes that they accurately reflect the ordering and delivery process.

PVO Plan of Operation: The PVO's have provided comprehensive plans of operation to the USAID, PVO headquarters and AID/W for concurrence. The plans relate the use of Title II commodities to the nutrition strategy being developed in the PVO programs.

Program Supervision: In the last year each of the PVO's has added both American and local employees to their respective staff in order to provide better program oversight and to give their programs better direction. CARE, CRS and CWS have headquarters in Jakarta while CARE and CWS also have staff representatives at regional level as well. CRS, on the other hand, has an expanded field staff which routinely visits participating sponsor offices and project sites. In addition, USAID has also increased staff in the V&P division in order to provide expanded coverage to the program.

USAID and the PVO's have and are conducting routine field inspections of regional counterpart offices and individual projects. It is anticipated that each project site will be visited by PVO field staff or joint PVO/USAID teams at least once each year.

The PVO's are concentrating on making better use of the checks and balances found in their documentation that have not been used to their best advantage in the past. When this is done the information appearing on requisitions, delivery orders, transportation payment vouchers and delivery receipts will all be related to each other rather than considered in isolation. This will give better control over the receipt and distribution of commodities thereby making the commodity status reports much more accurate.

Recipient Eligibility: PL 480, Title II recipient priorities are: 1-Maternal Child Health (MCH) and Other Child Feeding (OCF); 2-Food For Work (FFW) and 3-School Feeding (SF) to the equivalent of the American third grade. Adult feeding for such as health cases is authorized when strong justification is provided and if concurred to by AID/W. The PVO's have gravitated to FFW in Indonesia because this activity receives the strong local support necessary to program viability. Further, the community benefits from a FFW project are immediate.

Commodity Charges to Recipients: Although Title II commodities are made available to PVO's for free distribution to recipients, the Title II regulations were made sufficiently broad so that recipient charges are not prohibited provided that recipients who are unable to pay will still receive commodities. The PVO's counterpart agencies consistent with OOI policy, have been making modest charges at MCH's. However, the charge is not for Title II so much as for the other services provided at a clinic. For a period of time charges

were being made for FFW commodity distributions. This practice has been stopped and local governmental entities are now paying support costs previously funded by recipient charges.

Storage Facilities: On arrival in Indonesia Title II commodities are stored for very short periods (days/week) at customs warehouses so that no specific problems arise at this point. Commodities are then shipped to regional centers where housekeeping practices are being implemented in accordance with accepted procedures. The CRS storage manual has been a valuable guide to warehousemen in that program. CARE and CWS as well as CRS make regular visits to warehouses insure against insect or rodent damages and that first in-first out practice is used. At project sites the storage facilities can become quite poor. However, more often than not, project managers store commodities in their own homes where, through the housekeeping practices may not be perfect, are better than allowing the commodities to remain in an out-building for long periods of time. In general, a commodity should not remain much longer than three months at a project site before being used. In some instances where delivery is a problem the time might be stretched to four and maybe five months, but this is the exception and not the rule.

Liability for Commodities: The PVO's are liable for misuse or damage of commodities. The PVO's have kept USAID abreast of damages and mis-use through routine reports. Further, when the PVO's are reimbursed for commodities, they have promptly deposited the funds with the USLO with notice to USAID.

Spoiled commodities have not been a problem in on-going programs. They have been released from customs expeditiously and have been used by counterpart agencies. When the CARE government agreement expired, it was impossible for CARE to reprogramme and remove commodities that had just arrived in country and they stayed in warehouses for up to a year. As a result there was considerable spoilage and, when the commodities were turned over to the GOI they were improperly sold. Consequently, USAID and CARE have been attempting to piece together what happened with GOI offices and a separate report is to be submitted to AID/W.

Records: The PVO's have each developed record-keeping procedures in keeping with their respective requirements and within the terms of AID Regulation 11. A summary of CRS documentation with flow charts, is included with this attachment. PVO records adequately reflect the use of commodities from time of arrival in Indonesia until they have been used at recipient locations. The records provide a reliable trail

for audit purposes. Field visits have shown that in many instances there is high turnover of local personnel at projects or that many new projects are being undertaken with the result that project personnel may not be sufficiently adept at keeping records. One solution the PVO's are using with some positive results is the field inspection at which time project personnel are given instruction and training in the maintenance of records. Regardless of the amount of instruction and training that is given, in remote locations where the program deals with the very poorest elements of Indonesian society, the capability for keeping proper records may not exist, and it will have to be decided on a case by case basis whether the humanitarian purposes of the program are to superseded by record-keeping constraints.

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