

PD-AAGU-744/18
621 PLO2/18
ISN-33145



Auditor General

PL 480 TITLE II PROGRAM

IN TANZANIA

Our audit disclosed program deficiencies attributable to CRS which were virtually identical to deficiencies previously reported in prior AID audits, a prior GAO audit, and in CRS internal audits -- dating back to 1975. Over \$1 million of Title II commodities which arrived in CYs 1978 and 1979 could not be accounted for as having arrived at intended destinations. A pertinent summary of the situation may be found in a CRS internal audit report issued in 1978, which stated that CRS/Tanzania has never had adequate controls over the movement of PL 480 commodities from the ports to final recipient centers. Unless corrective actions on the constantly recurring deficiencies noted in this and prior reports take place in the next several months, it will be necessary to recommend either a substantial reduction in program size, or a change in the program sponsor.

Audit Report Number 3-621-80-24

Issue Date September 18, 1980

Area Auditor General East Africa
Agency for International Development

PL 480 TITLE II PROGRAM

IN TANZANIA

Table of Contents

	<u>Page</u>
<u>EXECUTIVE SUMMARY</u>	
Introduction	i
Scope	i
Major Conclusions, Findings and Recommendations	ii
<u>BACKGROUND</u>	1
Introduction	1
Scope	2
Prior Audits	3
<u>AUDIT FINDINGS, CONCLUSIONS AND RECOMMENDATIONS</u>	4
Need For Food Assistance Program in Tanzania	4
Size and Type of Program	5
Voluntary Agency Program	5
Government to Government Program	6
Port Operations	6
Ocean Losses	7
Port Storage Facilities	8
CRS/Tanzania Responsibilities	9
Individual Country Agreement	9
Calls-Forward	10
Accountability Records	11
Claims for Inland Losses	13
Empty Container Fund	14
Monitoring	15
Distribution Centers	17
Donor Publicity	20
USAID/Tanzania Responsibilities	21
Planning for Future Programs	21
Monitoring	22
Program Review	23
Future of the Program	24
EXHIBIT A - Acronyms Used in Report	25
EXHIBIT B - List of Recommendations	27
List of Report Recipients	30

PL 480 TITLE II ACTIVITIES

IN TANZANIA

EXECUTIVE SUMMARY

Introduction

U.S. Public Law 480 (The Agricultural Trade Development and Assistance Act of 1954, as amended) is the principal vehicle for providing U.S. Government food assistance to friendly countries. Title II of PL 480 authorizes food donations to meet famine or other urgent requirements, to combat malnutrition, and to promote economic and community development.

Although \$51.5 million worth of food commodities was sent to Tanzania during FYs 1975-78 under PL 480 Title II, at least 10 percent (approximately 280,000) of Tanzania's children are still malnourished.

While the Agency for International Development (AID) and the U.S. Department of Agriculture (USDA) assist in operations of the Title II program, the basic planning and implementation of individual program activities in the developing countries is the responsibility of program sponsors, usually non-profit voluntary agencies (VolAgs) or host governments.

Catholic Relief Services (CRS), the program sponsor in Tanzania, began operating a Title II program there in 1962. CRS carries out its activities in Tanzania in cooperation with the Government of Tanzania (TanGov) as well as with many private voluntary groups -- Catholic, Protestant, Muslim and non-sectarian.

Scope

We reviewed the records of shipments received by CRS/Tanzania in FYs 1978 and 1979. We attempted to determine both the ability of CRS/Tanzania to deliver the U.S. Government donated commodities to the intended recipients and the effectiveness of USAID/Tanzania monitoring of the program.

Besides visits to CRS/Tanzania and USAID/Tanzania headquarters in Dar-es-Salaam, Tanzania, an extensive field trip was made which covered nearly 2,000 miles and included 30 main distribution centers and two of the three ports of entry.

Major Conclusions, Findings and Recommendations

Our audit disclosed program deficiencies attributable to CRS which were virtually identical to deficiencies previously reported in prior AID audits, a prior GAO audit, and in CRS internal audits -- dating back to 1975. Over \$1 million of Title II commodities which arrived in CYs 1978 and 1979 could not be accounted for as having arrived at intended destinations. A pertinent summary of the situation may be found in a CRS internal audit report issued in 1978, which stated that CRS/Tanzania has never had adequate controls over the movement of PL 480 commodities from the ports to final recipient centers. Unless corrective actions on the constantly recurring deficiencies noted in this and prior reports take place in the next several months, it will be necessary to recommend either a substantial reduction in program size, or a change in the program sponsor.

The TanGov and its agencies have not complied with the terms of their agreement with CRS to bear the costs of unloading, warehousing, and transporting commodities from the ports to destination distribution centers. We found no indication that CRS had requested the TanGov to comply with these terms. Accordingly, distribution centers are required by CRS/Tanzania to pay such costs, and as a result these costs are passed on to recipients. This has an end result of excluding distributions in some of the poorest rural areas of Tanzania, where recipients cannot afford even a "symbolic" charge (pages 9 and 10).

As noted in our summary lead-in paragraph, we could not account for over \$1 million of Title II commodities received in Tanzanian ports during CYs 1978 and 1979. Some of the reasons for lack of accountability (see page 11 to 13, and 19) were:

- Copies of inland waybills were not always kept by CRS/Tanzania.
- Prior notices of commodities due to arrive did not always arrive at distribution centers.
- Delivery receipts were generally not sent by the distribution centers to CRS/Tanzania on a timely basis, and often not forwarded at all.
- Some distribution centers did not keep records on receipts and distributions of PL 480 commodities; and very few distribution centers took periodic physical inventories.

Although CRS/Tanzania stated that to make an adequate impact it was necessary to visit each distribution center at least once each year, we found their end-use inspections had been limited to 250 centers (out of 931) in FY 1978, and 285 centers (out of 443) in FY 1979. At centers we visited during our field trip, even those which had been recently visited by CRS/Tanzania stated they had not previously been asked about

such items as (a) records on commodity receipts and distributions, (b) commodity storage practices, or (c) program publicity for donated commodities (page 15 and 16)

Most of the distribution centers we visited were unaware of guidelines on how PL 480 commodities should be stored; or who were considered eligible recipients for PL 480 commodities. As a result many containers had broken from excessive weight placed on them, oil containers were generally leaking, and it was very difficult to physically inventory the commodities; and distributions were made to more recipients (with less of a ration per recipient) than authorized (pages 17 to 20)

At the 30 distribution centers we visited, we did not observe a single banner, poster or similar display to advise the recipients that the commodities had been donated by the people of the United States. Almost none of the recipients we talked to, and few of the personnel working at the distribution centers, were aware of the source of the commodities (pages 20 and 21).

Survey reports on quantities offloaded in Tanzanian ports were inadequately prepared; and although CRS/Tanzania had reported ocean losses totaling over 300,000 lbs to CRS/New York, CRS/Tanzania did not know if claims for those losses had been filed (pages 7 and 8).

Although CRS/Tanzania routinely submitted claims for inland losses to carriers and warehouses, they rarely received responses to, or actions on, such claims. USAID/Tanzania was not monitoring the cooperating sponsor's claims against third parties; nor where appropriate, instituting claims against CRS for inland losses (page 13 and 14).

USAID/Tanzania monitoring of this program was less than adequate. They had not requested assistance from the R/FFPO on their Title II program, had not made any visits to any distribution centers in FY 1978 or FY 1979, and had not made (nor requested R/FFPO to make) a comprehensive review of the Title II program. Subsequent to our field work, a U.S. direct hire employee was made responsible for many of the Food for Peace functions, and a stronger, more collaborative relationship was established with the R/FFPO (pages 22 to 24).

We have made 13 recommendations to assist USAID/Tanzania and CRS/Tanzania to correct these and lesser significant deficiencies. Although some of these deficiencies will require basic changes in the operations of CRS/Tanzania and the distribution centers, it is our opinion that unless such basic changes are made a Title II program will have no chance for success.

During the audit our findings were discussed with USAID/Tanzania and CRS/Tanzania personnel, and at the conclusion of our field work an exit conference was held with both. A copy of a draft report was submitted to USAID/Tanzania and the R/FFPO. Such comments as were received during our discussions and in response to our draft report were taken into consideration, and where considered pertinent incorporated into our final report.

BACKGROUND

Introduction

The United Republic of Tanzania has an area of approximately 363,328 square miles (as large as Texas and most of New Mexico) and contains almost 17.4 million people. It has 120 distinct ethnic groups with those of Bantu origin constituting a great majority.

Tanzania is a large, picturesque country lying just south of the equator, extending between the great lakes of Central Africa and the Indian Ocean, with a 500 mile coastline. A fertile plain of up to 40 miles in width stretches along the coast; the land slowly rises in the interior to a large central plateau averaging 4,000 feet in altitude. A mountain range of moderate height in the middle of Tanzania extends from north to south.

Tanganyika received its independence on December 9, 1961, under the leadership of Julius Nyerere, who remains President. The neighboring Islands of Zanzibar and Pemba were British protectorates until they gained independence in 1963. Tanganyika, Zanzibar and Pemba joined together as Tanzania in 1964.

With a Gross Domestic Product (GDP) of about \$170 per capita, Tanzania is one of the world's 30 least developed countries. Its revenues are less than two-thirds of the budget of the District of Columbia.

About 90 percent of Tanzania's population gains its livelihood from the agricultural sector (usually small (3.5 acre) subsistence farming). The agricultural sector contributed about 40 percent of the GDP and accounts for about 70 percent of total exports (major exports are cashew nuts, coffee, cotton and sisal).

At least 10 percent (approximately 280,000) of Tanzania's children are malnourished.

The principal vehicle for U.S. Government food assistance is the Agricultural Trade Development and Assistance Act of 1954, as amended, commonly known as Public Law 480 and often referred to as the Food for Peace Program. Public Law 480 (hereinafter PL 480) was initially intended as a temporary measure to help other nations with their foreign exchange shortages and to allow the disposal of U.S. agricultural surpluses. Over the years, though, the U.S. Congress has periodically extended and amended the act, and today several distinct programs with differing objectives are conducted under PL 480.

Title II of PL 480 authorizes the donation of U.S. Government food commodities to voluntary relief agencies, international organizations, and friendly governments for free distribution abroad. The legislative objectives include (a) reaching poor people in the poorer countries, especially children, and (b) contributing to the overall development process in the poorer countries.

CRS began operating a PL 480 Title II program in Tanzania in 1962. It carries out its activities in Tanzania in cooperation with the Government of Tanzania (TanGov) as well as with many private voluntary groups--Catholic, Protestant, Muslim, and non-sectarians. CRS has a presence in some 86 countries of the developing world and its aid programs benefit an estimated 14 million men, women and children of all races and religions around the world. Its main financial support is received from an annual nationwide funding campaign in the Catholic Church of the United States. Last year the worldwide total value of CRS' aid programs was approximately \$291 million.

All commodities were received in Tanzania at one of the three main ports: Dar-es-Salaam, Tanga, and Mtwara. Food commodities were distributed by CRS/Tanzania through approximately 80 main centers throughout Tanzania to 137,900 needy persons. (During our audit we were never able to conclusively determine the actual number of main centers or beneficiaries in Tanzania because of poor CRS/Tanzania record keeping.)

During the period of our audit, an Assistant Food for Peace Officer (A/FFPO) in USAID/Tanzania was responsible for monitoring the CRS/Tanzania managed Title II program. A/FFPO and USAID/Tanzania can request assistance and advice from the Regional Food for Peace Office (R/FFPO) located at the Regional Economic Development Services Office for East Africa (REDSO/EA), Nairobi, Kenya. Neither requested such assistance for the PL 480 Title II program in Tanzania.

Scope

Our audit of the PL 480 Title II program in Tanzania was designed to:

- Determine the status and effectiveness of management.
- Verify compliance with applicable laws and regulations.
- Identify and report on any significant problem areas.

We reviewed the records of shipments received by CRS/Tanzania in FYs 1978 and 1979. During this period 14.1 million pounds of commodities were shipped to Tanzania. The management functions of CRS/Tanzania and the oversight responsibility of USAID/Tanzania were examined through February 29, 1980. Besides visits to CRS/Tanzania and USAID/Tanzania headquarters in Dar-es-Salaam, an extensive field trip was made which covered nearly 2,000 miles and included 30 main distribution centers and two of the three major ports of entry.

Prior Audits

PL 480 Title II activities in Tanzania have been audited several times in the last several years; in 1975 and 1978 by CRS/New York, in 1975 and 1977 by AID, and in 1979 by the General Accounting Office (GAO). Findings of program deficiencies noted by the various audits have generally resulted in the revision or adoption of new procedures by CRS/Tanzania which were designed to correct the problems. Prior to our February 1980 audit there was little or no follow up by CRS/New York, GAO or AID to determine the actual effect and operation of these corrective procedures.

The 1977 AAG/EAFR audit report on the PL 480 Title II program in Tanzania, contained six recommendations, only two of which are applicable to the current program. One recommendation was for USAID/Tanzania to ensure that CRS/Tanzania established adequate controls over the movement of commodities from the port to the final destination. The other recommendation requested CRS/Tanzania to devise a program under which the recipient would not have to pay the commodity transportation cost.

The 1978 CRS/New York internal audit contained 15 recommendations, 12 of which are applicable to the current program. These recommendations included the need for CRS/Tanzania to:

- Keep its accountability records complete and accurate.
- Review carefully all survey reports.
- Have its distribution centers send signed and dated commodity receipts.
- Have its distribution centers submit accurate and complete monthly inventory reports on a timely basis.
- Submit complete and accurate Commodity Status and Recipient Status Reports.
- Base the distribution lists on the actual beneficiary level reached.
- Report all inland losses and damages to USAID/Tanzania.
- Increase its number of end-use checks.
- Advise its distribution centers to use proper storage practices.
- Analyze damaged commodities and dispose of those found unfit for human consumption.
- Advise its distribution centers to keep an accurate stock register.
- Reconstitute torn bags to their normal weight.

The 1979 GAO report concentrated on six countries: Ghana, Tanzania, India, Sri Lanka, the Dominican Republic and Peru. Its findings on the PL 480 program in Tanzania focused on:

- The lack of analysis conducted to determine the total number of potential Title II beneficiaries.
- The lack of adequate storage facilities.
- The high food transportation charges passed on to the ultimate recipients.
- The refusal of food shipments by distribution centers which were unable to pay the high transportation charges.
- The large gaps in the geographic coverage of the PL 480 program with most programs concentrated along Tanzania's main roads and in the better-fed areas.

The 1977 AAG finding concerning the need for adequate controls over the movement of commodities was emphasized by CRS/New York in 1978 when it stated that CRS/Tanzania has never had adequate controls over the movements of PL 480 commodities from the ports to the final recipient centers. Similarly, the 1977 AAG recommendation for CRS/Tanzania to devise a program under which recipients would not have to pay the commodity transportation cost was repeated in 1979 by GAO.

In our 1980 audit, we found the same recurring program deficiencies. The 1979 CRS/New York audit report could be released again today because its recommendations have not yet been properly implemented. To ensure actions are taken on the recommendations made in this report, we will recommend either a reduction in program size or a change in the voluntary agency administering the program unless we are convinced of marked CRS/Tanzania management improvement within the next several months.

AUDIT FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Need For Food Assistance Program in Tanzania

PL 480 legislation today seeks to use food assistance, including Title II, not only to combat hunger and malnutrition, but also to promote economic and community development in host countries.

Tanzania has been historically short of food. A time series analysis covering the years 1923-69 showed that the food supply in Dodoma and Singida (two large regions in Tanzania) was substantially inadequate in nearly 50% of those 46 years, and in 15% of those years fell into the famine category. During 1974-76, those two regions required famine relief at the rate of 37,000 tons a year. The TanGov remains dependent on imports to meet the short fall between local production and potential demand for agricultural commodities. In 1978-79, the shortfall was the highest in five years. There is little prospect that local production will increase markedly over the next several years.

Size and Type of Program

PL 480 assistance is a large part of the assistance given by the U.S. Government to Tanzania; between FYs 1975-78, it varied between approximately 30-75% of U.S. aid to Tanzania. During FYs 1975-78, \$51.5 million worth of food commodities was sent to Tanzania under PL 480 Title II. This food was distributed by Catholic Relief Services (CRS), the cooperating sponsor. In addition, a government to government program is intended to provide Title II commodities for TanGov's Strategic Grain Reserve (SGR).

Voluntary Agency Program

Catholic Relief Services in Tanzania (CRS/Tanzania) is the major program sponsor for providing PL 480 Title II commodities throughout the country. CRS/Tanzania is a part of CRS, the official aid and development agency of the United States Catholic Conference, representing the American Catholic bishops, clergy, religious and laity.

CRS began operating a PL 480 Title II program in Tanzania in 1962 under an agreement signed between the Government of Tanganyika and CRS on April 25, 1962. CRS/Tanzania carries out its activities in Tanzania in cooperation with the TanGov as well as with many private voluntary groups -- Catholic, Protestant, Muslim and non-secretarian.

From July 1, 1978 to June 30, 1979, CRS/Tanzania was responsible for distributing to the people of Tanzania 7.9 million pounds of U.S. Government donated food, valued at \$1.9 million (cost/insurance/freight inclusive) as part of the Food for Peace program. The ocean freight cost, which amounted to \$650,000, was paid by the U.S. Government. In addition to the duty-free privileges accorded by the TanGov (valued at \$800,000), inland freight transport and other related services provided by recipient centers were valued at \$290,000.

Today, three main types of planned feeding programs are conducted under Title II, with a goal of reaching three main categories of recipients. The three major types of programs also represent the ordering of priorities established by the U.S. Government's Executive Branch for the use of Title II food. They are, in descending priority, aimed at:

- Improving the nutrition and health of infants and preschool children, and women of childbearing age (Maternal Child Health-MCH).
- Providing economic and community development through food-for-work (FFW) activities.
- Feeding primary school children (Other Child Feeding - OCF).

The basic planning and implementation of individual program activities in the developing countries is the responsibility of program sponsors, usually nonprofit voluntary agencies (VolAgs) or host governments.

Government to Government Program

Under a Government to Government program AID agreed to provide 50,000 metric tons of corn valued at \$9.25 million to assist the TanGov in establishing and maintaining a Strategic Grain Reserve (SGR). This program was approved on May 23, 1978, and Transfer Authorization No. 621-044-0020-000-8625 was executed on November 14, 1978.

We observed that the TanGov's National Milling Corporation (NMC) was unable earlier to request deliveries of approved SGR grains due to "Large Stocks of maize, sorghum and millet..." which used up available storage facilities.

In October 1979, USAID/Tanzania received a cable from AID/Washington stating that recent dramatic increases in commodity and ocean freight costs left the PL 480 Title II budget with inadequate resources to meet commitments for ongoing regular and emergency food programs.

USAID/Tanzania did not immediately inform the TanGov that SGR grains would not be delivered in FY 1980 because: there was no perceived need for the commodity due to good TanGov harvests, the TanGov had not asked (and was not expected to ask) for any SGR grain shipments, and the cable had left it to USAID/Tanzania's discretion whether to inform the TanGov.

By a letter dated January 1980, NMC advised USAID/Tanzania that storage facilities had improved and requested the procurement and delivery of U.S. Government donated corn during March and April 1980 (25,000 tons each).

No corn was shipped at that time (despite prior U.S. Government assurances) due to the aforementioned limited PL 480 Title II budget. Fortunately, a FY 1980 PL 480 supplemental (which provided additional funds for the PL 480 program) was approved in July 1980, and 25,000 metric tons of corn was consigned to the NMC for shipment. None of the corn under the SGR had been shipped to Tanzania at the time of our field work. The remaining U.S. commitment under the SGR is 15,000 metric tons since an unearned rice repayment for a triangular transaction with Zambia (equivalent to 10,000 metric tons of corn) was already provided to Tanzania in FY 1980.

Port Operations

The three mainland ports of Tanzania (Dar-es-Salaam, Mtwara and Tanga) handle a majority of goods in transit to five countries -- Burundi, Rwanda,

Zambia, eastern Zaire and Tanzania. These countries all receive U.S. Government donated food commodities through various program sponsors. These sponsors consist of (a) non-profit voluntary agencies (VolAgs), such as CRS, (b) friendly governments operating under bilateral agreements with the U.S., and (c) the United Nations World Food Program (WFP).

In January 1979, approximately 3,400 metric tons (MT) of Title II commodities intended for Burundi was found distressed and rapidly deteriorating in Dar-es-Salaam port sheds by USAID/Tanzania. Many of the perishables (involving approximately \$1.4 million worth of U.S. food aid) had been lying "in transit" for more than eight months. The commodities were scattered throughout the port area in more than 65 places.

At the request of USAID/Tanzania, R/FFPO expended a great deal of effort in resolving the Burundi distressed cargo situation. They also encouraged the headquarters of both CRS and World Food Program (WFP) to ship all PL 480 commodities consigned to Burundi and Rwanda through the port of Mombasa - in Kenya.

Shifting importation of these Title II commodities from the ports of Tanzania to those of Kenya should greatly alleviate many of the past problems encountered with distressed U.S. food aid in Tanzania's ports. Because of this shift of ports and the attention of R/FFPO to Tanzania's ports, we are not making a recommendation.

Ocean Losses

AID regulations require that all cooperating sponsors must arrange for an independent cargo surveyor to attend the discharge of the cargo and to prepare a survey report unless the Mission determines that such a survey report is not feasible.

Survey reports and outturn reports are essential documents that evidence delivery of commodities in good condition and exceptions thereto. The survey reports prepared for CRS/Tanzania frequently mentioned the number of torn bags or leaking cartons of oil without giving the weight or number of short landed units. Such reports are of little use either in preparing marine claims or in controlling commodity shipments.

CRS/Tanzania sent a Certificate of Foreign Receipt together with the Survey Report to CRS/New York. Because it sometimes took up to six months to obtain an outturn report or weight note (prepared by a TanGov agency), these documents were usually not sent. If CRS/New York needed further documents to file a claim for ocean losses, it informed CRS/Tanzania.

During the current audit period, CRS/Tanzania reported the following ocean losses but did not know if any claims had been made:

<u>Commodity</u>	<u>Weight (lbs)</u>	<u>\$ Value (estimated)</u>
CSM	246,264	\$36,077
NFDM	8,300	1,328
Veg. Oil	31,155	12,773
Bulgur	17,886	1,680
SFCM	<u>1,140</u>	<u>107</u>
Total	<u>304,745</u>	<u>\$51,965</u>

Recommendation No. 1

USAID/Tanzania (a) require CRS/Tanzania to establish adequate controls to ensure that adequate and complete documentation is submitted to CRS/New York on ocean losses, and (b) monitor actions to ensure that claims for ocean losses are initiated promptly by CRS/New York.

Port Storage Facilities

Tanzania's current grain and food storage facilities countrywide totaled 409,700 tons as of 1979. This was considered inadequate to accommodate even the country's annual production of food grain -- not considering its regular and emergency food imports. We noted that current TanGov plans call for the construction of additional storage facilities with a capacity totaling 198,900 tons by 1985.

In the interim, CRS/Tanzania forwarding agents were using very costly temporarily leased warehouses to accommodate food in transit. These facilities are scattered all over the three port areas. We believe that this procedure presents a very high risk of theft, loss and spoilage to the U.S. Government-financed commodities, considering CRS/Tanzania's current less-than-adequate controls discussed elsewhere in this report.

To resolve the storage problem, CRS/Tanzania needs to obtain central warehousing facilities at the three ports of entry sites. CRS/Tanzania has recently made a program proposal to CRS/New York for funds to build its own warehouses in the three port areas. While this proposal is certainly a step in the right direction, further efforts (including the use of central TanGov warehousing) should be made.

Recommendation No. 2

USAID/Tanzania strongly encourage CRS/Tanzania to obtain adequate central warehousing facilities at the three major ports of entry as soon as possible.

CRS/Tanzania Responsibilities

CRS/Tanzania is headquartered in Dar-es-Salaam, Tanzania. The program is directed by two Americans. There are currently 12 Tanzanians and one British National on the staff. The current Director has worked with CRS/Tanzania since May 1979, and has been its Director since August 1979.

Individual Country Agreement

CRS/Tanzania activities are covered by an agreement dated April 25, 1962 with the Government of Tanganyika. This agreement includes provisions for the "Counter-Part Agency" to bear the costs of unloading, warehousing, transporting and handling charges of PL 480 commodities from the ports of entry to the designated distribution centers.

The TanGov and its agencies have neither complied with these provisions nor been requested to do so by CRS/Tanzania. This noncompliance has placed increased costs on the distribution of PL 480 commodities within Tanzania.

The distribution centers in Tanzania are required by CRS/Tanzania to pay the aforementioned transportation and related handling charges in order to receive the PL 480 commodities from the ships at port. To recover some of these costs, the distribution centers are encouraged by CRS/Tanzania to charge the recipients both for the food rations and for the empty commodity containers. (Regulation 11, 211.5(i) "Use of Funds" provides that recipients will be encouraged to pay a fee on the basis of ability to pay.)

One distribution center in the Dar-es-Salaam region (near the port area) was charged 800 TShs. (about \$96) for 40 bags of Bulgar Wheat. Although the food was needed at the center, it was refused because of the high transportation costs charged. (An earlier shipment of four cartons of vegetable oil was accepted although its transportation cost was 200 TShs.)

The U.S. Government donated commodities are distributed in areas where either the recipients or the distribution centers are able and willing to pay the transportation and handling charges. While this approach is

acceptable as a self-help measure and permitted by AID regulations, it excludes some of the poorest rural populations who qualify for food assistance. These poorest of the poor cannot afford to pay even a "symbolic" charge for transportation.

Recommendation No. 3

USAID/Tanzania encourage CRS/Tanzania to promptly explore with the Tanzanian Government (a) the extent they can comply with their agreement regarding the payment of in-country transportation, storage and handling charges, (b) their endorsement in principle of recipient contributions to help defray inland handling and transport costs to be collected in an appropriate manner, (c) ways of reaching those people too poor to contribute to the program, and (d) if necessary, the modification or renegotiation of the 1962 agreement.

Calls-Forward

Requests for shipment of commodities under PL 480 originate with the cooperating sponsor and are to be submitted to the AID Mission for clearance. AID Missions notify AID/Washington of Call-Forward (Commodity Order) details and whether the AID Mission concurs. Normally, Calls-Forward are submitted to cover project requirements for three months, thus there are usually four Calls-Forward per year.

The cooperating sponsor is responsible for notifying its home office of the Call-Forward and AID Mission concurrence. The cooperating sponsor places the Call-Forward with USDA, which then notifies the cooperating sponsor's home office of commodity purchase, determination of port of export, and the estimated time of delivery at that port.

During FY 1978 and 1979, CRS/Tanzania was able to call forward only 28% and 64% of the approved programs, respectively.

Although the U.S. Government donated food was vitally needed in most rural areas, inadequate planning, an extremely poor transportation network, limited storage facilities, and congested ports during the Tanzania/Uganda war all contributed to the reduction in program size and impact.

During the first six months of FY 1980, CRS/Tanzania has been able to call forward some 55% of the current year program; thus, we believe that CRS/Tanzania control over this component has improved considerably, and therefore are making no recommendation.

Accountability Records

AID Regulations require cooperating sponsors to maintain records and documents in a manner which will accurately reflect all transactions pertaining to the receipt, storage, distribution, sale and inspection of commodities.

Every shipment to CRS/Tanzania (whether PL 480 commodities, medical equipment or general supplies) is recorded at CRS/Tanzania headquarters in a Master Shipping Ledger by packing list. A Bill of Lading is generally sent to CRS/Tanzania informing them of: the vessel's name, port of origin, destination, and value, weight and description of the cargo. Upon receipt of this information CRS/Tanzania prepares a distribution list for the entire cargo. This list is forwarded to the clearing and forwarding agent, requesting that delivery of specific quantities be made to various consignees (distribution centers) throughout Tanzania. The details of the list are then posted in a Stock Register.

CRS/Tanzania's Master Shipping Ledger was not complete. It did not contain such important data as marine and internal losses. At times the cargo was recorded in the ledger on a net weight basis and sometimes on a gross weight basis. Arrivals (in the port) were generally recorded in pounds whereas shipments to the distribution centers were recorded in kilograms. CRS/Tanzania did not always amend the General Shipping Ledger to reflect changes either in the port of destination or in the name of the vessel.

The problems noted above, but most particularly the lack of separate ledgers by port and by commodity, precluded the use of the General Shipping Ledger as an adequate control device.

A nearly empty container of PL 480 commodities was considered for distribution records to be the same as a full container. A bag, whether damaged or not and regardless of the extent of damage, was recorded in the Stock Register as being both received and forwarded to the distribution center.

The distribution list prepared on the basis of the original Bill of Lading and so recorded in the Stock Register was not always changed to reflect either the results of the Survey Report or an amended Bill of Lading. Exceptions such as these limited the control utility of the Stock Register.

The CRS/New York internal audit report of November 1978 stated that CRS/Tanzania has never had adequate controls over the movements of PL 480 commodities from the ports to the final distribution centers. Our audit

fully supports this conclusion, and found that over \$1 million in commodities could not be accounted for after receipt in Tanzania's ports during CYs 1978 and 1979.

To obtain adequate accountability over the PL 480 commodities, CRS/Tanzania should:

- Keep copies of waybills for the shipment of commodities (either by truck or by rail) from the port to the distribution centers.
- Send a notice of arrival to the distribution centers which states the particular commodities which are being shipped.
- Receive from the distribution centers delivery receipts which constitute a receipt for food commodities shipped by the forwarding agent.
- Receive from the distribution centers monthly inventory reports showing the arrivals of Title II commodities from the ports, deliveries to the final distribution centers, and losses and inventory at the beginning and end of the month.

In actuality, we found:

- Copies of waybills were not always kept by CRS/Tanzania.
- A notice of arrival did not always arrive at the distribution center.
- Delivery receipts were generally not sent by the distribution centers on a timely basis and frequently were not forwarded to CRS/Tanzania at all. (This finding was made in a CRS/New York internal audit dated October 1975 and repeated in November 1978. Although the finding was not to be closed until all missing delivery receipts were received and properly filed, our audit disclosed a significant number of delivery receipts still missing in 1980.)
- Monthly inventory reports were also not frequently forwarded to CRS/Tanzania. Several distribution centers kept no records on receipts or distributions of PL 480 commodities. Very few made any periodic physical inventory or analyzed their inventory with their commodity usage rates. One center that continued to receive vegetable oil had more than a two year's supply in stock. Another center had other PL 480 commodities greatly in excess of its needs. An adjacent center had been out of food for some time and was unable to feed its intended recipients.

One center reported that it regularly gave PL 480 commodities to its storekeeper to keep him from stealing it. Another center was unable to determine the amount of a recent theft because it did not know the amount of quantities on hand prior to the theft. Several centers reported informal disposition of unfit commodities for which no records or authorizations could be found.

CRS/Tanzania stated it had a difficult time controlling and monitoring the distribution centers. CRS/Tanzania noted the current management team was new and would work hard to straighten out the current problems. We note that some of the problems have been evident since at least 1975, and that the CRS/Tanzania Director has been working with CRS/Tanzania since May 1979. We believe that a better system of controls needs to be promptly established in Tanzania.

Recommendation No. 4

USAID/Tanzania require CRS/Tanzania to promptly establish a system of accounts and procedures that will ensure adequate controls over the movement of PL 480 commodities from the U.S. port of shipment to the final destination.

Claims for Inland Losses

AID Regulations require the cooperating sponsor for PL 480 Title II to promptly notify the Mission or Diplomatic Post of any loss, damage or misuse of commodities. The report is to be submitted to the Mission FFPO who reviews it and then refers it to the Mission official responsible for fiscal management with appropriate comments and recommendations. The latter determines whether the circumstances support the issuance of a bill for collection.

CRS/Tanzania routinely submitted claims for lost or missing commodities to the appropriate body -- Tanzania Railways, TanGov warehouses, and others. CRS/Tanzania rarely received responses to or actions on these claims. While USAID/Tanzania received reports from CRS/Tanzania regarding the lost and missing commodities, USAID/Tanzania had not received (nor requested) any follow-up action from CRS/Tanzania unless a recovery amount had been effected.

Our review showed that CRS/Tanzania quarterly reports on AID food shipments and losses were neither analyzed, recorded or otherwise followed up by the Mission. In general, USAID/Tanzania was not taking an active role in monitoring the program and maintained few controls to determine whether CRS/Tanzania was adequately performing its functions.

This resulted in a complete lack of interaction with and response by USAID/Tanzania fiscal management officials who are required to review both CRS/Tanzania and its own A/FFPO reports on loss, damage and mis-use of PL 480 foodstuffs and determine whether a bill for collection should be issued against the cooperating sponsor. We also found that coordination between CRS/Tanzania and USAID/Tanzania, as related to CRS/Tanzania claims against third parties, was minimal and should be strengthened.

Thus, USAID/Tanzania was not complying with the AID Regulations and guidelines which require Mission personnel, where appropriate, to institute and pursue claim actions against the cooperating sponsor and to monitor cooperating sponsor's claims against third parties.

During the current audit period, CRS/Tanzania reported the following inland losses which had not been acted upon by USAID/Tanzania:

<u>Commodity</u>	<u>Weight (lbs)</u>	<u>\$ Value (estimated)</u>
CSM	276,898	\$40,565
NFDM	34,054	5,449
Veg. Oil	8,231	3,375
Bulgur	6,274	589
SFCM	231	22
	<u>325,688</u>	<u>\$50,000</u>
Total		

USAID/Tanzania relied almost exclusively on CRS/Tanzania to implement and monitor the PL 480 Title II program in Tanzania. The lack of USAID/Tanzania oversight for the program resulted in loose controls of the program in Tanzania.

Recommendation No. 5

USAID/Tanzania file a claim against CRS/Tanzania for the \$50,000 in commodity losses if CRS/Tanzania fails to obtain, or at least seek, legal remedy for its outstanding claims.

Empty Container Fund

AID Regulation 11 states that cooperating sponsors may dispose of containers in which commodities are received in countries having approved PL 480 Title II programs, by sale or exchange, or distribute the containers free of charge to eligible food recipients.

Many distribution centers were selling the empty commodity containers (bags and cartons) to the food recipients. The amounts charged averaged about 4 TShs. (\$.49). Such sales are permitted by AID Regulations and the proceeds may be used by the distribution centers to offset part of the high transportation and handling charges on the delivered commodities.

CRS/Tanzania charges the centers .7 TShs. for each container of Title II food sent to them.

CRS/Tanzania's procedure for collecting the sales proceeds from the distribution centers was to (a) have the amount included by the forwarding agents in their invoices to the ultimate consignees, and (b) bill the forwarding agents separately and deposit payments received into a special account termed "Empty Containers' Fund."

We noted that CRS/Tanzania failed to establish an account receivable ledger to cover outstanding balances held by its forwarding agent at the three respective ports of entry. As a result, CRS/Tanzania quarterly reports submitted to USAID/Tanzania did not reflect the current status of the Empty Containers' Fund.

We also noted that reports submitted by CRS/Tanzania have not been reviewed or acted upon by USAID/Tanzania. In fact, USAID/Tanzania officials we interviewed were unaware that such a fund existed, although total disbursement during the current audit period (April 1977 - December 1979) totaled the equivalent of some \$38,000 for salaries, per diem and a share (1/5) of CRS/Tanzania office expenses. This disbursement was in accordance with AID Regulations.

Recommendation No. 6

USAID/Tanzania require CRS/Tanzania to review the Empty Containers' Fund account to (a) determine the outstanding balances with the forwarding agents based on total deliveries of PL 480 Title II food containers, and (b) ensure that adequate accounts receivable records are established and reflected in CRS/Tanzania's quarterly reports to the USAID.

Monitoring

AID Handbook 9 states that cooperating sponsors are responsible for the efficient operation of the PL 480 program. They are to conduct internal audits, make warehouse inspections, prepare physical inventories and undertake end-use checks.

End-Use Checks -- CRS/Tanzania noted that to make an adequate impact and to give sufficient follow-up to clinics, it is necessary to visit each center at least three times a year.

In 1979, CRS/Tanzania had 443 distribution centers with approximately 137,900 recipients. CRS/Tanzania classified 80 of these sites as main centers.

CRS/Tanzania had only one End-Use Checker to control the Title II food program in addition to three Pre-School Supervisors, who also served as part-time End-Use Checkers.

CRS/Tanzania performed end-use checks on only 250 centers in FY 1978 (out of a total of 931). The number of centers in Tanzania had been reduced by CRS/Tanzania from 931 in FY 1978 to 443 in FY 1979 in order to obtain better control of existing centers. In FY 1979 CRS/Tanzania made end-use checks on 285 centers.

On our field trip, we visited several centers that had not been visited by CRS/Tanzania within at least one year. Even centers that had been more recently visited were surprised about the nature of our audit inquiries. They stated that they had not previously been asked about such things as: (a) records of commodity receipts and distribution, (b) commodity storage practices, and (c) program publicity for the donated commodities.

In a recent internal progress report CRS/Tanzania acknowledged that the pre-school program had a considerable shortage of staff which resulted in a failure to make necessary field trips. The report further noted that some centers had never sent any reports to CRS/Tanzania offices, and that others sent incorrect and uninformative reports.

Recommendation No. 7

USAID/Tanzania require a more effective end-use procedure be installed by CRS/Tanzania.

Internal Reviews and Audits -- Handbook 9 states that at intervals mutually agreed upon in writing by Missions and the VolAg as appropriate for good management, the VolAg conduct or arrange to have conducted comprehensive internal reviews which will represent a complete review of the Title II program under its jurisdiction.

The last comprehensive internal review by CRS was an audit of the Title II program in Tanzania by an auditor from CRS' headquarters. This review covered the period October 1, 1976 to September 30, 1978, with the results published in a report dated November 10, 1978. CRS/Tanzania had no information on when the next internal audit was scheduled.

CRS/Tanzania believed that self-evaluation by the CRS/Tanzania staff would meet the requirements of the Handbook for internal reviews. Current AID regulations are unclear on what constitutes an adequate internal review.

Recommendation No. 8

USAID/Tanzania and CRS/Tanzania agree in writing on the scope and timing of the next scheduled internal review of CRS/Tanzania's PL 480 Title II program.

Distribution Centers

CRS/Tanzania distributed PL 480 Title II commodities to distribution centers for delivery to the intended recipients. These distribution centers are usually clinics, hospitals, day care centers or orphanages, and are generally administered by private religious organizations (Catholic, Lutheran and others).

Distribution centers are located throughout Tanzania and are divided into three major regions. These regions receive their commodities from the main distribution centers through the main ports of Tanzania: Dar-es-Salaam, Mtwara and Tanga.

In FY 1978 there were 931 total distribution centers. In FY 1979 the number had been reduced to 443 with approximately 137,900 recipients. The centers were further reduced in number in FY 1980 to 418. CRS/Tanzania stated the number of centers had been reduced in order to obtain better administrative control over existing centers.

In FY 1979, CRS/Tanzania classified 80 of the distribution centers as main distribution centers. These main distribution centers received their commodities directly from the three port areas of Tanzania. They had more intended beneficiaries than the other centers and received larger commodity shipments. The main centers distributed the commodities to both final recipients and in some cases to other centers. The use of main centers permits greater shipping efficiencies and assists commodity control and accountability.

Storage Facilities -- Nearly all of the warehouses we visited at the distribution centers were in good condition. The majority were constructed of cement walls and flooring and tin roofs and were generally in clean condition and well ventilated. They had good lighting, adequate space for the intended use and were protected from rain and surface water.

The warehouses visited were reasonably secure from theft. The cement walls, iron-barred windows and the close proximity of the warehouse to the institution's living quarters deterred most thieves. The warehouses were

locked and access to the keys was limited. However, several thefts were reported to us where a vehicle had pulled the iron bars out of a window or simply broken the warehouse door. The commodities reported as stolen were primarily vegetable oil, which was in great shortage commercially in Tanzania.

The commodities within the warehouses were frequently incorrectly stored. AID's Food for Peace Office (AID/W/PDC/FFP) has promulgated guidelines for the storage of PL 480 commodities. These guidelines state that (a, fiber-board cases of oil tins should not be stacked higher than eight layers, (b) flour and meals not higher than 20 layers, and (c) whole grains not more than 30-40 layers. The guidelines also provide for: the separate stacking of different commodities, the segregation of food stocks from non-food stocks, space between stacks for inspection and cleaning, space between stacks and walls or partitions, the storage of commodities off the ground, and the provision for "first-in - first-out" (FIFO) stock rotation.

Most of the centers visited were unaware of these guidelines. They stated that they received no written guidelines and little or no guidance from CRS/Tanzania on commodity storage.

We found commodities stored in a haphazard fashion. Commodities were frequently stacked as high as the storage area permitted. Different commodities were not separately stacked. There was no space left between walls, partitions and other stacks. The commodities were often placed in a pile on the floor. There was no provision for a program of stock rotation.

Many commodity containers had broken from the weight placed on them by the large number of bags. Oil containers, frequently placed upside down, were generally leaking. It was very difficult to physically inventory the large piles of commodities found (something the distribution centers themselves rarely did).

Recommendation No. 9

USAID/Tanzania require CRS/Tanzania to (a) disseminate the purposes of the PL 480 program and the operational requirement of the distribution centers to all distribution centers in Tanzania, and (b) ensure compliance with these operational requirements.

Records -- When computing the annual quantity of commodities required for the Title II program, CRS/Tanzania multiplied the number of authorized recipients times the approved ration. Our review disclosed that at those distribution centers visited during the audit: (a) the number of actual recipients were significantly more than the number of authorized recipients, and (b) actual rations in some cases varied from the approved ration.

As an example of differences between the number of authorized recipients and the actual number of recipients, on our visit to three MCH centers we observed:

<u>MCH Center</u>	<u>Authorized Recipients</u>	<u>Actual Recipients</u>
Haydom Lutheran Hospital	1,700	3,100
Mayoni Clinic	600	1,004
Gonja Lutheran Hospital	1,000	2,300

The distribution centers were not forwarding either the actual number of recipients or rations to CRS/Tanzania. As a result, CRS/Tanzania did not know either the real number of beneficiaries of its PL 480 Title II program or the amount of commodities needed to support the program. This information is supposed to be contained in Commodity Status Reports (CSRs) and Recipient Status Reports (RSRs).

The CSRs and RSRs being submitted to USAID/Tanzania by CRS/Tanzania were not accurate. Use of accurate data in these reports would assist CRS/Tanzania in estimating their requirements and enable USAID/Tanzania to better monitor the Title II program.

Recommendation No. 10

USAID/Tanzania require CRS/Tanzania to submit Recipient Status Reports and Commodity Status Reports that accumulate and record actual recipient and ration data as required by AID Handbook 9.

Recipient Eligibility -- AID Handbook 9 states that the target groups in the MCH programs are the most vulnerable groups; the high risk category of women of child-bearing age and their children under the age of six with emphasis on children up to the age of three. Food supplements are intended to be furnished only to the child that has been clinically determined to be 'at risk' or malnourished. CRS/Tanzania uses a TanGov-approved weight chart as a fundamental indicator of a child's nutritional status.

The distribution centers, however, did not understand the methods used by CRS/Tanzania to obtain the number of authorized recipients. They frequently gave PL 480 commodities to nearly all persons who visited them. The centers explained that only those who truly needed the food were given rations. They also believed that donating food provided very tangible benefits derived from clinic visits and thus ensured more regular attendance. One center reported that if it were to give food only to certain children, in sympathy, none of the children would eat.

Because of the distributions to more recipients than authorized, the centers not only occasionally ran out of food, but they also gave less than approved rations to recipients.

The distribution centers need to better understand the PL 480 program and the requirements which have been developed to determine the people eligible to receive the commodities. This type of information should be included in the data to be disseminated by CRS/Tanzania as previously recommended (No. 9).

Donor Publicity

AID Handbook 9 states that the objective of publicity regarding the PL 480 program is to assure that the recipients know commodities they receive have been donated by the people of the United States. Program information, which may be released by the Mission, public and private entities of the host country, and the cooperating sponsor, should stress the following kinds of information:

- The commodities are furnished by the people of the United States.
- The distribution is a result of the cooperation between the U.S. Government and all parties concerned.
- Eligible recipients receive commodities without restriction or discrimination as to nationality, race, or political or religious beliefs.

The U.S. Department of Agriculture (USDA) arranges for the labeling of the commodity containers. Such labeling, in addition to specific identification, includes the statement in English and, as far as practicable, in the language of the country of destination, "Furnished by the people of the United States of America, not to be sold or exchanged." The labeling used contains several of the world's major languages. Nothing is being done by AID or USDA, however, to communicate in more esoteric languages; e.g., Kiswahile, the official language in Tanzania.

AID Regulation 11 further implements these directives. It states that at distribution centers the cooperating sponsor shall, to the extent feasible, display banners, posters or similar media which shall contain information similar to that prescribed for containers. Recipients' individual identification cards shall, insofar as practicable, be imprinted to contain such information.

During our recent field trip in Tanzania, we visited 30 of the 80 main distribution centers. We did not observe a single banner, poster or similar display that contained the desired program publicity information. The recipients individual identification cards also did not contain such information.

As food is given to recipients in smaller quantities than is included in the shipping containers, most recipients do not even see the original labeled containers. Few of the personnel working at the distribution centers (who generally do see the original labeled containers) knew that the food was donated by the people of the United States. Most thought that it came from CRS, the cooperating sponsor. Almost none of the recipients we talked to knew the source of the donated commodities.

Recommendation No. 11

USAID/Tanzania encourage CRS/Tanzania to explore with the Tanzanian Government various methods to communicate to the people of Tanzania the desired PL 480 program publicity information.

USAID/Tanzania Responsibilities

Planning for Future Programs

PL 480 legislation today seeks to use food assistance, including Title II, not only to combat hunger and malnutrition, but also to promote economic and community development in host countries.

Handbook 9 states that Title II commodities are considered a development resource. As such, cooperating sponsor's plans for projects are to be developed in conjunction with the USAID and relate to the Mission's Country Development Strategy Statement (CDSS). As a means of improving program effectiveness, USAIDs should consider whether commodities should be combined with funds and technicians from AID or other sources for the purpose of concentrating available resources to solve critical development problems in nutrition and health.

Tanzania has been historically short of food and there is little prospect that local production will increase enough over the next several years to lessen the TanGov's dependency on agricultural imports. In 1978-79, the shortfall in Tanzanian agricultural production was the highest in five years.

PL 480 assistance is a large part of the assistance given by the U.S. Government to Tanzania; between FYs 1975-78, it varied between approximately 30-75% of the U.S. aid to Tanzania.

The Country Development Strategy Statement (CDSS) is the basic analytical strategy and planning document of AID for individual countries. It is a summary analysis of the country development situation in the context of AID's policy interests and a proposed AID program strategy derived from that analysis. The CDSS is to express the Mission's understanding of the overall development problems and issues, propose what objectives, policies, and programs AID should pursue, and explain the reasoning behind the choice.

The FY 1982-86 CDSS for Tanzania was 66 pages long. It devoted less than one page to the PL 480 programs and did not even mention CRS, the sole VolAg operating a PL 480 Title II program in Tanzania. The CDSS projected PL 480 assistance only for FY 1982-83 on the assumption that from then on Tanzania would meet its food production goals.

On subsequent followup, USAID/Tanzania stated a revised CDSS was being produced. They noted the FY 1982-86 CDSS had not been approved by AID/Washington. The new CDSS devoted more attention to PL 480 programs, including Titles I, II and III. It also was much more pessimistic about Tanzania's future food self-sufficiency, and projected PL 480 assistance beyond the FY 1982-86 period.

In view of the preparation by USAID/Tanzania of a revised CDSS, we are not making a recommendation.

Monitoring

Size of Staff -- USAID/Tanzania had assigned a Foreign National employee as Assistant Food for Peace Officer (A/FFPO). He was responsible for monitoring the CRS/Tanzania managed Title II program. This individual had not adequately performed his functions regarding the PL 480 Title II program in Tanzania. As a partial result of our audit a U.S. direct hire employee of USAID/Tanzania was made responsible for many of the Food for Peace functions.

Relationship with R/FFPO -- The A/FFPO and USAID/Tanzania can request assistance and advice from the Regional Food for Peace Officer (R/FFPO) located at the Regional Economic Development Services Office for East Africa (REDSO/EA), Nairobi, Kenya.

USAID/Tanzania had requested assistance from R/FFPO for its PL 480 Title I program and for problems regarding the transit of other countries' Title II commodities through Tanzania; however, USAID/Tanzania had not requested assistance for its own Title II program.

USAID/Tanzania originally stated that it believed its own Title II program was well managed, and therefore they did not feel the need for assistance from R/FFPO. We believe this report shows how poorly managed the Title II program in Tanzania had been and the strong need for R/FFPO assistance.

Recent USAID/Tanzania personnel changes have fostered a stronger, more collaborative relationship with R/FFPO. For this reason, we are not making any recommendation.

End Use Checks -- Handbook 9 requires the Mission FFPO to make periodic administrative reviews of VolAg field operations to assure that they are operating satisfactorily.

During FY 1978 and FY 1979, USAID/Tanzania made no visits to any of the distribution centers responsible for the PL 480 Title II program.

In explaining their lack of past field visits, USAID/Tanzania noted the large numbers of distribution centers, the transportation difficulties and the expense of petrol. They also stated that a good deal of their time on PL 480 had been consumed with the Burundi distressed cargo situation and the Zambia triangular transaction; both extraneous to Tanzania's own PL 480 Title II program.

While we are not making any specific comments on the minimum frequency of end-use checks, we feel USAID/Tanzania can do considerably better than the complete absence of field visits in FY 1978 and FY 1979.

Recommendation No. 12

USAID/Tanzania develop a Mission plan to institutionalize more frequent end-use checks by its own staff. This plan include sufficient checks to determine that CRS/Tanzania's responsibilities are executed properly and in a timely fashion.

Program Review

Review is an integral part of the management of any AID program. The purpose of reviewing a Title II country program is to provide a reasonably comprehensive and uniform assessment of the program which will be useful for improved program operations, policy planning, and research purposes. AID/Washington (AID/O Circular A-340 dated 8/15/78) expressed a need for systematic and detailed reviews of PL 480 activities.

The most recent review of the PL 480 program in Tanzania was done on the drought/famine situation in 1974. As far as we could determine, USAID/Tanzania had not reviewed:

- Policies of CRS/Tanzania, the Government of Tanzania and the U.S. Government as they impact upon the Title II food distribution program in Tanzania.
- Management of the program by CRS/Tanzania.
- Development, implementation and future of the discrete Title II projects being assisted by CRS/Tanzania.

We note that reviews of this type have been made by the R/FFPO, and believe that a comprehensive review of the PL 480 Title II program in Tanzania would be appropriate.

Recommendation No. 13

USAID/Tanzania and R/FFPO take action to have the CRS/Tanzania PL 480 Title II program reviewed to determine if the stated objectives are being achieved.

Future of the Program

The PL 480 Title II program is a vital operation in a country where so many children are malnourished; but it is not a program that should be continued under all circumstances.

Our audit revealed that during CYs 1978 and 1979 over \$1 million of commodities could not be accounted for as arriving at intended destinations. Also, note that a prior CRS/New York audit report stated that CRS/Tanzania has never had adequate controls over the movements of PL 480 commodities from the ports to the final recipient centers.

Our audit found the same recurring program deficiencies noted in several previous audits. To ensure actions are taken on the recommendations made in this report, we will recommend either a reduction in program size or a change in the voluntary agency administering the program unless we are convinced of marked CRS/Tanzania management improvement within the next several months.

PL 480 TITLE II PROGRAM

IN TANZANIA

Acronyms Used in Report

AAG/EAFR	- Area Auditor General for East Africa
ABS	- Annual Budget Submission
AER	- Annual Estimate of Requirements
A/FFPO	- Assistant/Food for Peace Officer
AID	- Agency for International Development
AID/W	- Agency for International Development in Washington
AID/W/PLC/FFP	- Bureau for Private and Development Coordination, Food for Peace Office
CDSS	- Country Development Strategy Statement
CIF	- Cost, Insurance, Freight
CRS	- Catholic Relief Services
CRS/New York	- Catholic Relief Services in New York
CRS/Tanzania	- Catholic Relief Services in Tanzania
CSM	- Corn Soya Milk
CSR	- Commodity Status Report
CY	- Calendar Year
FFPO	- Food for Peace Officer
FFW	- Food For Work
FIFO	- First in, First out
FY	- Fiscal Year
GAO	- General Accounting Office
GDP	- Gross Domestic Product
MCH	- Maternal Child Health
MT	- Metric Tons
NFDM	- Non Fat Dry Milk
NMC	- National Milling Corporation
OECD	- Organization for Economic and Community Development
OCF	- Other Child Feeding
PL 480	- Agricultural Trade Development and Assistance Act of 1954, as amended, Public Law 480
REDSO/EA	- Regional Economic Development Services Office in East Africa
R/FFPO	- Regional/Food for Peace Officer
RSR	- Recipient Status Report
SFCM	- Soy Fortified Corn Milk

SGR
TanGov
TShs.
USAID/Tanzania

USDA
VolAg
WFP

- Strategic Grain Reserve
- Government of Tanzania
- Tanzania Shilling (TShs. 8.20 = \$1.00)
- United States Agency for International Development
in Tanzania
- United States Department of Agriculture
- Voluntary Agency
- United Nations World Food Program

PL 480 TITLE II ACTIVITIES
IN TANZANIA

List of Recommendations

Page No.

Recommendation No. 1

8

USAID/Tanzania (a) require CRS/Tanzania to establish adequate controls to ensure that adequate and complete documentation is submitted to CRS/New York on ocean losses, and (b) monitor actions to ensure that claims for ocean losses are initiated promptly by CRS/New York.

Recommendation No. 2

9

USAID/Tanzania strongly encourage CRS/Tanzania to obtain adequate central warehousing facilities at the three major ports of entry as soon as possible.

Recommendation No. 3

10

USAID/Tanzania encourage CRS/Tanzania to promptly explore with the Tanzanian Government (a) the extent they can comply with their agreement regarding the payment of in-country transportation, storage and handling charges, (b) their endorsement in principle of recipient contributions to help defray inland handling and transport costs to be collected in an appropriate manner, (c) ways of reaching those people too poor to contribute to the program, and (d) if necessary, the modification or renegotiation of the 1962 agreement.

Recommendation No. 4

13

USAID/Tanzania require CRS/Tanzania to promptly establish a system of accounts and procedures that will ensure adequate controls over the movement of PL 480 commodities from the U.S. port of shipment to the final destination.

Recommendation No. 5

USAID/Tanzania file a claim against CRS/Tanzania for the \$50,000 in commodity losses if CRS/Tanzania fails to obtain, or at least seek, legal remedy for its outstanding claims.

Recommendation No. 6

15

USAID/Tanzania require CRS/Tanzania to review the Empty Containers' Fund account to (a) determine the outstanding balances with the forwarding agents based on total deliveries of PL 480 Title II food containers, and (b) ensure that adequate accounts receivable records are established and reflected in CRS/Tanzania's quarterly reports to the USAID.

Recommendation No. 7

16

USAID/Tanzania require a more effective end-use procedure be installed by CRS/Tanzania.

Recommendation No. 8

17

USAID/Tanzania and CRS/Tanzania agree in writing on the scope and timing of the next scheduled internal review of CRS/Tanzania's PL 480 Title II program.

Recommendation No. 9

18

USAID/Tanzania require CRS/Tanzania to (a) disseminate the purposes of the PL 480 program and the operational requirement of the distribution centers to all distribution centers in Tanzania, and (b) ensure compliance with these operational requirements.

Page No.

Recommendation No. 10

19

USAID/Tanzania require CRS/Tanzania to submit Recipient Status Reports and Commodity Status Reports that accumulate and record actual recipient and ration data as required by AID Handbook 9.

Recommendation No. 11

21

USAID/Tanzania encourage CRS/Tanzania to explore with the Tanzanian Government various methods to communicate to the people of Tanzania the desired PL 480 program publicity information.

Recommendation No. 12

23

USAID/Tanzania develop a Mission plan to institutionalize more frequent end-use checks by its own staff. This plan include sufficient checks to determine that CRS/Tanzania's responsibilities are executed properly and in a timely fashion.

Recommendation No. 13

24

USAID/Tanzania and R/FFO take action to have the CRS/Tanzania PL 480 Title II program reviewed to determine if the stated objectives are being achieved.

**PL 480 TITLE II ACTIVITIES
IN TANZANIA**

List of Report Recipients

	<u>No. of Copies</u>
<u>Field Offices:</u>	
USAID/Tanzania	5
REDSO/EA	3
<u>AID/Washington:</u>	
Deputy Administrator	1
AG	1
AM/AFR	5
AM/LEG	1
GC	1
FM	1
IDCA/LPA	1
HDC/EEP	5
AFR/ER	1
AFR/EA	2
DPC/E	1
DS/DIU	4