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**AUDIT OF
SOMALIA FOOD AND NUTRITION PROJECTS**

**Audit Report No. 3-649-85-14
June 19, 1985**

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
REGIONAL INSPECTOR GENERAL/AUDIT

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June 19, 1985

Mr. Louis Cohen
Director USAID/Somalia
Mogadishu, Somalia

Dear Mr. Cohen:

This report contains the results of our audit of the Somalia food and nutrition projects. The objectives of our audit were to determine the projects' status and prospects for success, to selectively review project controls, and to evaluate compliance with AID regulations and project agreements.

USAID/Somalia has had a very difficult time implementing the project agreements because of major design defects, problems with multidonor coordination and lack of Government of Somalia capability to provide the financial and management support needed by the projects. As a result the projects are all behind schedule and many planned accomplishments have not been achieved.

We recommended that the Assistant Administrator for Africa in concert with USAID/Somalia reassess each of the projects with a view toward deobligating funds for those activities and projects that have little prospect for meeting their planned goals. Your staff and personnel in the Africa Bureau felt that the projects should be allowed to continue through their respective completion dates. Your staff now appears to be optimistic that the government action agencies will strongly support AID's initiatives. During our audit we found the situation to be otherwise, however, your more current assessment indicates recent developments to support continuation of the projects. I, therefore, will accept your assessment and will consider recommendation No. 1 closed when the report is issued. But, I will continue to monitor progress as part of our closed recommendation follow-up procedures.

We have also made recommendations which address specific problems we found to prevail on all of the projects relating to commodity control, participant training and recurring costs. Please provide to me within 30 days of receipt of the report the actions taken or planned to close these recommendations.

Thank you for the cooperation of your staff.

Yours sincerely


Mervin F. Boyer, Jr.
Regional Inspector General/Audit
Nairobi

EXECUTIVE SUMMARY

The Office of the Regional Inspector General for Audit located in Nairobi, Kenya made an audit of 5 Somalia food and nutrition projects. The objectives of our audit were to determine the projects' status and prospects for success, to selectively review project internal controls, and to evaluate compliance with AID regulations and the project agreements. Our audit covered the period from September 30, 1978 through March 7, 1985. Through December 31, 1984, AID spent \$29.5 million on these projects.

The AID program in Somalia is directed primarily at agriculture. As of December 31, 1984, USAID/Somalia's food and nutrition project portfolio consisted of 5 projects. The estimated cost of these projects was approximately \$166.7 million of which AID will finance approximately \$58.7 million. Three of the projects are multidonor financed.

We found three major problems which seriously affected project success. First, the projects' designs were predicated on faulty assumptions and overly optimistic goals. Second, the multidonor cofinancing arrangements under which 3 of the 5 projects were implemented had not worked. Third, and the most significant, the Government of the Democratic Republic of Somalia (GSDR) does not have the institutional capacity to implement the projects. While the overall goal of all of these projects is to increase food production, little progress has been made as a result of project efforts. We also found that USAID/Somalia has not been able to establish adequate controls over commodities or participant training. In addition, difficult recurring cost problems loom on the horizon as the GSDR is bankrupt. Even with a large Commodity Import Program (CIP) and a PL 480 Title I program generating hundreds of millions in local currency the projects still lack adequate local currency support.

USAID/Somalia is tasked with a formidable job. In 1978 and 1979, when the AID assistance program resumed in Somalia, AID decided to piggyback on the World Bank designed projects in order to get a modest AID program started quickly. Subsequently, as problems surfaced, it was necessary for the mission to go through major project revisions wherein the goals were revised downward. Also, it was necessary to redesign AID inputs to be parallel and complimentary to other donor inputs rather than interdependent as originally designed. While considerable effort has been expended by the USAID/Somalia, little development has occurred.

Considering the political nature of the program, USAID/Somalia is tasked with implementing a development program regardless of the GSDR's ability to absorb, implement or support the program. The Congressional Presentation states:

"U.S. interests in Somalia are based on geopolitical, development, and humanitarian considerations, which require both economic and military assistance. Economic assistance contributes toward improving relations between the United States and Somalia, and it further encourages close cooperation in a region strategically important to the United States."

Our review of USAID/Somalia's portfolio of food and nutrition projects showed that all of the projects should probably be cancelled based purely on lack of development progress after 6 years of effort. Therefore, we have recommended that the Assistant Administrator for Africa in concert with USAID/Somalia reassess each of the food and nutrition projects to determine whether the projects in whole or in part should be terminated and the funds reobligated for new project(s) that are within the capability of the GOS to implement. USAID/Somalia in response to this recommendation indicated that it believes the study will be counterproductive and redundant because regular portfolio reviews are made by AID/W to determine whether projects should or should not be terminated or revised.

USAID/Somalia indicated that revisions and responsiveness of action agencies for projects 108, 112 and 113 over the past four months strongly supports the Mission's current development thrust. Further, discussions with Africa Bureau personnel indicates that they support the Mission's pursuit of the current project portfolio. Although we have retained the recommendation in this report we will consider it closed when the report is issued and will track it as part of our follow-up procedures for closed recommendations.

In our draft report we recommended that USAID/Somalia reassess its approach to increasing food production with particular attention devoted to (a) project designs (b) multidonor cofinancing, and (c) host country capability. We deleted this recommendation because it will not solve the problems of the projects under review. Further, based on USAID/Somalia's response to this recommendation, we feel confident these issues will be adequately addressed on new projects.

We have made recommendations which address the specific problems in commodity control, participant training and recurring costs, however, realistically we do not believe these problems are resolvable in the short term.

Mission comments to the draft report are attached as Appendix 1. Where considered necessary in the report we have included their comments. Some of their comments are directed to our original recommendation No. 1 included in the draft report. Mission comments to the revised recommendation No. 1 are attached as Appendix 2.

**AUDIT OF
SOMALIA FOOD AND NUTRITION PROJECTS**

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AUDIT OF
SOMALIA FOOD AND NUTRITION PROJECTS

PART I - INTRODUCTION

A. Background

The AID program in Somalia is directed primarily at increasing agricultural production. USAID/Somalia's food and nutrition project portfolio consists of 5 projects. As of December 31, 1984, the estimated cost of these projects was approximately \$166.7 million of which AID was to finance approximately \$58.7 million. Three projects are multidonor financed. The purposes of each of the 5 projects are:

- Agriculture Extension, Training and Research (649-0101) - to deliver existing minimum input technical packages which will have an immediate impact on production to farmers in the Bay Region.
- Comprehensive Groundwater Development (649-0104) - to develop a water development program which provides potable and livestock water.
- Central Rangelands Development (649-0108) - to develop and initiate a range management program in the central region of the country.
- Agricultural Delivery Systems (649-0112) - to increase indigenous food crop production through a strengthened agricultural extension capability linked to applied agricultural research.
- Bay Regional Agriculture Development (649-0113) - to increase agricultural production in the Bay Region through the development of necessary institutions, personnel and infrastructure.

As of December 31, 1984, AID expended \$29.5 million on the 5 projects.

B. Audit Objectives And Scope

This is our first overall review of the projects comprising USAID/Somalia's food and nutrition portfolio. Our audit was carried out from November 1984 through March 1985. The cut-off date was December 31, 1984, although we did review certain activities through March 7, 1985.

Specifically our audit objectives were to: (a) evaluate the projects' progress and prospects for success, (b) selectively review project internal controls, and (c) assess compliance with AID regulations and the project agreements.

We reviewed pertinent records and files of USAID/Somalia and the GSDR. We interviewed USAID/Somalia, GSDR and contractor officials. We made field trips to selected project sites and commodity storage facilities, and performed other auditing procedures as deemed necessary in the circumstances. The audit was made in accordance with the Standards For Audit Of Governmental Organizations, Programs, Activities, and Functions.

AUDIT OF
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PART II - RESULTS OF AUDIT

A. Findings and Recommendations

1. Design Deficiencies And Implementation Delays Impeded Project Results

Food and nutrition projects in Somalia have made little progress toward meeting their original or revised purposes. This was due primarily to deficient project designs. As a result serious implementation delays occurred. We found three major reasons for these delays. First, project designs were predicated on faulty assumptions and overly optimistic goals. Second, the multidonor system of cofinancing projects has not worked. Third, the GSDR did and does not have the institutional capability to implement them. While the overall goal of the activities is to increase food production, little progress can be related to project activities. Because the problems noted were pervasive throughout all of the projects, we believe that it brings into question the ability of USAID/Somalia to effectively implement the current portfolio of food and nutrition projects as presently designed. In this regard, we believe that the Africa Bureau in concert with USAID/Somalia needs to reassess these projects to determine if the funds should be deobligated and reobligated for purposes that are within the Government of Somalia's capability to implement.

RECOMMENDATION NO. 1

We recommend that the Assistant Administrator for Africa in concert with USAID/Somalia reassess each of the food and nutrition projects to determine whether the projects in whole or in part should be terminated and the funds reobligated for new project(s) that are within the capability of the Government of Somalia to implement.

Discussion

All projects have suffered significant implementation delays while achieving few, if any, results. The average planned life of these projects was over 5 years. One project had to be extended three times beyond its original completion date and its objectives were still not achieved. (See Exhibit 1). The remaining four projects have been extended an average of two years. It was also necessary to revise two of the four projects. Another is in the process of major revision.

In addition, original AID funding has been increased an average

of 33 percent for two projects. While 91 percent of the original planned life had elapsed on the four active projects, AID had expended only 48 percent of the funds as of December 31, 1984. Project accomplishments to date are shown on Exhibit 2.

Major problems which have seriously hindered progress were project designs predicated on faulty assumptions and overly optimistic goals. Other problems were multidonor cofinancing for three projects which has not worked and the GSDR's inability to implement the projects.

Project Designs Were Predicated On Faulty Assumptions And Overly Optimistic Goals

In all of the projects, we found the design to be based on faulty assumptions and overly ambitious goals. This was especially true with the Agricultural Delivery Systems, Bay Regional Agriculture Development and Central Rangelands Development projects cofinanced by the International Bank of Reconstruction and Development (IBRD) and other donors (See Exhibit 3). Two of these projects started in 1979, and one in 1980. With little or no modification AID adopted the basic IBRD project design. This was done because AID was anxious to move forward with an assistance program in Somalia. The cofinancing of these projects was deemed expedient in getting the program moving. Unfortunately, AID gave little attention to how well these projects were designed.

A project predicated on faulty assumptions with optimistic goals was the Bay Regional Agriculture Development project. An evaluation report prepared by Hunting Technical Services Limited in December 1983 supported this view. The Hunting evaluation stated that the original design was based on the belief that the Bay Region possessed a large reserve of cultivatable land for rainfed cereals and groundwater for irrigation. Also, it was believed that a large surplus of grain and livestock could be drawn from the area by introducing farmers to simple improvements. In reality, there were no large unutilized land areas which could be readily exploited nor were there obvious ways in which farmers could greatly increase production given the resources of capital and family labor available to them.

The report also commented that the assignment of staff from different field ministries and agencies to the project to function under the PMU^{1/} (under the MOA^{2/}) proved difficult and did not work smoothly. The PMU became staff heavy and overloaded with duplicate functions. The planning and direction of the proposed rural development program took second

1/ Project Management Unit - A parastatal established specifically to manage the project.

2/ Ministry of Agriculture.

place to solving the day-to-day problems of managing a complex operation with too few experienced staff. As a result, the project incurred cost overruns and had to be scaled back. To date, little has been achieved.

We noted similar design problems under the Agricultural Delivery Systems project. For example, the project design assumed that a number of sound research recommendations was available which, in combination with common sense, could be used by the National Extension Service (NES) and the Farm Management Advisory Service (FMAS) to raise productivity without increasing risks to the producers. Actually, few recommendations, agronomically and economically adapted to Somali conditions, were available. Consequently, extension messages were based largely on recommendations that had not been verified, as a result nothing changed.

The designers of the Agriculture Extension, Training and Research project also lacked adequate planning and foresight with regards to the extension methodology which was to be used. The project paper prescribed that the NES would adopt a methodology that emphasized continuous training of extension personnel and regular contact with farmers. This training and visitation (T&V) system called for NES headquarters staff to define the messages that should be both transmitted to farmers over a given period of time, and communicated to the regional and district extension officers at monthly training sessions. These officers, in turn, would hold bi-weekly training sessions for the field extension agents who would in turn visit a predetermined number of farmers daily.

The T&V system also assumed the existence of a network of research stations whose staff would develop and continually expand the content of the messages. In reality the T&V methodology proved inappropriate for Somalia because of the size of the country, its poor road network, the high cost of fuel and the shortage of skills and facilities for vehicle maintenance and repair.

In addition, according to a joint Regional Economic Development Services Office/East & Southern Africa (REDSO/ESA) and USAID/Somalia internal evaluation made in December 1982, the Agricultural Delivery Systems project designers were oblivious to the inordinate time required to construct training facilities. In their judgement, the project designers were inexperienced and used little forethought in scheduling implementation activities. In view of the delay to implement the civil works component, the contract team had to lease living quarters and find temporary training facilities in the capital city of Mogadishu. As a result, all phases of the training program suffered. Thus, almost 5 years after the project started, the training facility had still not been constructed.

In addition, while possibly not as obvious or significant as

those discussed above, design problems were noted under the other projects included in our review as well. In all cases, this has resulted in wasted resources, delays in implementation and minimum achievement of project results.

Multi-Donor Coordination

AID is involved with the IBRD and other donors in cofinancing the Agricultural Delivery System project, the Bay Regional Agriculture Development project, and the Central Rangelands Development project. In all three cases, AID is one of the major sources of funding to the project.

These projects commenced in 1979 and 1980 when AID was re-establishing its program in Somalia. AID was anxious to get a program moving and since the IBRD projects meshed with AID's proposed areas of assistance, cofinancing was deemed to be an expedient way to get the AID program started.

In each case, AID was essentially financing the technical assistance portions of the project while the IBRD and others were financing the management and civil works components. This financing mix made each donor's component dependent on the other donor's component. For example, the IBRD was to construct the offices and housing for the technical assistance staff. In some cases, other donors were providing vehicles for USAID/Somalia funded staff. For the Agricultural Delivery Systems project, the African Development Fund (ADF) was to build a training school where the AID technical assistance team was to teach. Conceptually, this approach was sound in that each donor was contributing according to its own or assumed comparative advantage. Unfortunately, this interdependence has jeopardized each of the projects.

The timing of donor inputs has been a major obstacle and as a result much of AID funding has been wasted due to lack of codonor provided facilities on several of the projects. An example of poor donor coordination was the Central Rangelands Development project which was designed to have interrelated development activities/services provided by various donors. The International Fund for Agricultural Development (IFAD) was to provide project coordination and management at the national level, informal education/training at the field level, and vehicles. The International Development Association (IDA) was to finance the construction of office space and provide advisory facilities at the national, regional and district levels. USAID/Somalia was to provide inputs to support forestry, animal health, and vehicle maintenance and servicing. The World Food Program (WFP) was to support program wide development activities through food for work. The IFAD and the WFP initiated project activities in 1980, USAID/Somalia in 1982, and IDA in 1983. As a result, interrelated components were handicapped by lack of coordination in donor inputs. For example, IFAD had vehicles in country two years before the AID financed maintenance and repair program was in place.

Under the Agricultural Delivery Systems project, there was a lack of careful planning in the proper sequencing of implementation actions. In the preproject stages, the IBRD was pressing AID to catch up. Once the agreements were effective, the urgency seemed to dissipate quickly. As a result, the AID financed technical assistance team arrived to find that the IBRD financed houses were not constructed and the training schools were not ready. Accordingly, it was necessary for the technical assistance team to lease living quarters and temporary training facilities. At the completion of our audit in March 1985, almost six years after the project agreement was signed, the training facilities and houses were still not completed. Similarly, under the Bay Regional Agriculture Development project it was necessary to delay the arrival of the technical assistance team. When they arrived after a two year delay there was still no laboratory or offices from which to operate.

In addition, there was little joint donor supervision or monitoring of projects. Sometimes AID learned of the visit of a supervisory team only after they had arrived in country and were working. In other instances they did not find out until after the team had departed. Copies of supervisory reports were not disseminated among the various donors.

Donors undertook their own separate evaluations without consulting other interested parties. A classic example of the lack of coordination was when IBRD requested AID to send a representative to Rome for a joint project review. AID received the telex two days after the meeting had concluded. While efforts have been made to improve coordination, the general feeling among USAID/Somalia's staff is that involvement in future multidonor cofinanced assistance projects should be avoided. All three projects experienced numerous delays due to inadequate donor coordination and AID funds were wasted as a result.

Host Country Capabilities

All project designs were predicated on the GSDR's capability to implement the projects. However, little analysis of the host country capabilities was made to support this assumption. As a result, too much money was provided too fast and the GSDR was unable to support or provide the inputs agreed upon.

Four of the 5 projects were started within a period of less than one year. The authorized funding for the 5 projects, including host country and other donor contributions, was \$166.7 million (See Exhibit 3). The average life of these projects was to be 5 years. Each of the 5 projects has been extended an average of two years.

Somalia, virtually bankrupt, was required to finance more than \$27 million of the projects. As a result, all of the projects have experienced GSDR input problems. We found that 96 percent of the GSDR development budget comes from foreign donors. Other than some in-kind contributions, such as buildings, host

country contributions were generated from the sale of PL 480, Title I commodities and the implementation of a Commodity Import Program. Even using these resources it appears certain that the agreed to host country contributions will not be forthcoming. Based on our analysis of the one completed project (Agriculture Extension, Training and Research), the GSDR was short approximately \$3.8 million. According to the project agreement, the GSDR was to contribute \$6.7 million but contributions totaled only \$2.9 million.

In addition to not providing the agreed upon funds, the GSDR has not provided fuel as required by conditions precedent which has further delayed project implementation. For example, the Comprehensive Groundwater Development project had 80 percent down time during the past six months due to the lack of fuel. Over the past two years, down time averaged over 50 percent.

All of the multidonor funded projects are based on a project management unit approach. According to USAID/Somalia officials this approach is inappropriate because, at best, it is only valid during the period of donor financing. After financing is completed, the PMU is dissolved and planned ministry structures will not be in place to manage the project. This donor concept also conflicted with AID's policy to reduce the number of government parastatals.

We again refer to the Hunting Evaluation of the Bay Regional Agriculture Development project. The evaluation stated that the assignment to the project of staff from different field ministries and agencies to work under the PMU was difficult and had not worked smoothly. The PMU was overburdened and the planning and direction of an integrated project had taken second place to the day-to-day problems associated with such a complex operation. This overloading resulted in inadequate planning and monitoring, lack of timely participant training as well as a lack of control over the use of materials and supplies.

Management Comments

USAID/Somalia in response to our recommendation indicated that it believes the study will be counterproductive and redundant because regular portfolio reviews are made by AID/W to determine whether projects should or should not be terminated or revised. USAID indicated that revisions and responsiveness of action agencies for projects 108, 112 and 113 over the past four months strongly supports the Mission's current development thrust.

Office Of Inspector General Comments

We accept USAID/Somalia's more current assessment that the projects should continue. Further, discussions with Africa Bureau personnel, indicated that they too support continuing the projects. We, therefore, will consider the recommendation closed when the report is issued, but, will continue to monitor progress as part of our closed recommendation follow-up procedures.

2. Commodity Management Continues To Need Improvement

Management of AID funded commodities was unsatisfactory. Despite USAID/Somalia's repeated attempts to get the GSDR to implement controls over commodities, deficiencies were found in ordering, tracking, receipt, storage, issuance, and control. Thus, it was impossible to account for the commodities purchased for the projects under review. We found many instances of inventories containing obsolete and unused items; variances between stock record card balances and actual physical inventories; claims not made for lost or damaged items. Also, commodities were not available when needed. These deficiencies were attributed primarily to the absence of uniform policies and procedures, lack of continuity in warehouse staffing, poor or non-existent record keeping and inadequate storage facilities. Even more overriding was the fact that GSDR management was unable and/or unwilling to establish controls. In other words, without controls there is more flexibility and latitude in the use of commodities. Effective management requires that adequate internal controls be established for more than \$37 million of commodities. In view of USAID/Somalia's past inability to get the host country to take effective action, we believe that overall commodity management must be developed by the applicable contracts.

RECOMMENDATION NO. 2

We recommend that USAID/Somalia:
(a) establish uniform commodity management policies and procedures, and (b) place commodity management under the control and direction of the contractor at the outset of a project to establish and/or implement the mission's uniform commodity management policies and procedures, with increasing responsibility being shifted to the Somalis as the project matures and is phased out.

Discussion

The commodity component for the food and nutrition projects totalled \$21.3 million or 36.9% of AID's input. At the time of our audit, \$15.8 million had been earmarked. Types of commodities included drilling rigs and accessories, construction and laboratory equipment, farm and irrigation machinery, vehicles and spare parts.

Commodity management is an integral part of AID assistance programs. The timely arrival of commodities is important to the success of the undertaking. Effective utilization of AID assistance requires that commodities reach the end user in a timely manner, in good condition and are used for the purpose

intended. AID policy requires the maintenance and retention of records which document the procurement process from order to end use. USAID/Somalia is responsible, as part of the project review process, to verify that commodities are effectively used. Unneeded commodities should be transferred to other AID activities or disposed of.

Through discussions with USAID/Somalia personnel, and our review of project files, we found that commodity management has been in serious trouble for years. In the latter part of 1980, two AID supply control officers were brought to Somalia for the purpose of setting up a warehouse and an inventory control system. Their report concluded that implementation of the supply system detailed in Chapter 4 of AID Handbook 23, was too complicated for the untrained GSDR personnel involved. The individuals supplied by the PMU for commodity control training and port clearing responsibilities lacked the skills needed for this work.

In early 1984, another procurement specialist reported on problems and deficiencies relating to the dearth of procurement documentation in both USAID/Somalia's and the contractor's files. He found that in some cases procurement files did not exist while other files were incomplete. He also noted that some items were received damaged with no claims filed with the carrier. Receiving and inspection reports were not routinely prepared.

A RIG/A/Nairobi audit report issued in August 1984 on the Agricultural Delivery Systems project, noted that control over project commodities needed to be improved. The report recommended that the PMU design and implement an adequate commodity management system to control and account for the purchase, receipt utilization, distribution and physical inventory of project commodities. USAID/Somalia has been persistent in their attempts to get the PMU to implement an adequate system but to no avail. During this review we found the same problems we reported in August 1984.

Not only are commodity management problems still prevalent in the Agricultural Delivery Systems project but throughout the other four projects. USAID/Somalia and contractor personnel cited continuing problems with regard to controlling commodities. We confirmed their statements by visiting warehouses and work sites in Mogadishu and Baidoa, by making test checks of inventory balances, and by reviewing records and procedures. The results of our work substantiated that controls over commodities continued to be inadequate. Some examples were:

- Ordering - Eighty percent of the present inventory of spare parts for vehicles under the Bay Regional Agriculture Development project was considered useless. This was due to parts being ordered by an unqualified person.

- Communications - Under the Comprehensive Groundwater Development project, some commodities remained at the port for extended periods because arrival notices were not forwarded to the project management team. This resulted in storage charges.
- Staffing - We noted during our review of the Bay Regional Development project, that the constant turnover of warehousemen has resulted in inexperienced staff. At one warehouse location, the 2 staff members had been on board for 7 days and 4 months, respectively. Not only was turnover a constant problem, but due to language difficulties, local nationals could not comprehend parts manuals. As a result spare parts were not ordered as needed.

Contractor personnel indicated that even before a project terminates, local nationals leave to accept better paying positions. In addition the lack of continuity in local national staffing was a problem because as soon as a local national becomes "trained" he leaves.

- Controls Over Commodities - We tested commodity stock record card balances to physical counts for three projects included in our audit. Even though, the size of our sample was limited, we found errors in 16 of 33 items tested. In some instances, stock record cards were not maintained. At one site, no record was kept for spare parts on loan. In other instances, issue slips were prepared but the quantities were not recorded on the stock record cards. Also, when receiving and inspection reports indicated items were short, these items and quantities were not identified. Packing lists were unavailable for inspection. While we noted that inventories were periodically taken, the process stopped at that point. A comparison of actual quantities counted was not made with stock record card balances. Inventory variances were neither investigated nor were appropriate adjustments made to stock cards.
- Warehouse Facilities - We visited several facilities used to store commodities and without exception found them to be inadequate. Specifically, the facilities were dirty, leaked, had no lights, were too small and lacked adequate security. As a result, project commodities became commingled, lost or damaged.

Commodity management has not been satisfactory. In our view, USAID/Somalia needs to develop and implement policies and procedures for the management of commodities from the time of ordering to the final end use. We believe that making the contractor responsible for commodity management will result in better control and use of commodities.

3. The Participant Training Program Can Be More Effective

Participant training is a vital element of AID's project assistance and is critical to implementation and sustenance. Our review of food and nutrition projects showed that (a) many participants failed to return to Somalia after long-term academic training in the US, (b) training was not completed within the allotted time, (c) USAID/Somalia was not receiving timely academic reports on participants, and (d) excessive costs were incurred for English language training. The reasons for these problems were: (a) an adequate mechanism did not exist to ensure that participants return to Somalia upon completion of training; (b) candidate selection processes were inadequate and protracted; (c) the Office of International Training (S&T/IT) in AID/Washington was not submitting academic progress reports in a timely manner; and (d) little attention was given to alternative avenues of English language training other than in the US.

These problems severely limited the effectiveness of USAID/Somalia's participant training program. Although, it was difficult to quantify, it was obvious that a significant amount of assistance funds was wasted due to poor management of the program. Of even greater impact were the unnecessary costs incurred and benefits foregone due to extensive project delays.

RECOMMENDATION NO. 3

We recommend that USAID/Somalia: (a) develop a mechanism to ensure that participants return to Somalia upon completion of long-term training; (b) require as part of conditions precedent on future project agreements that a plan be submitted by the host country identifying qualified candidates, type of training, and timing of training; (c) investigate why the Bureau for Science and Technology, Office of International Training is not submitting academic progress reports in a timely manner and ensure that they do so; and (d) explore alternatives to English language training in the United States.

Discussion

We reviewed the status of 48 long-term participant trainees sent to the U.S. from the 5 projects. Obligations for this training totaled about \$3.1 million. The status of the participants is detailed in Exhibit 4. We found that after completing long-term training in the US, many participants were

not returning to Somalia; training was not completed in a timely manner; USAID/Somalia was not receiving current information on the participant's progress; and excessive training costs were incurred.

Participants Not Returning To Host Country

We found that 11 of 23 participants having completed long-term academic training did not return to Somalia. There were 25 participants still in training at the time of our review.

Most of the project agreements included the following special covenant:

"Grantee agrees to retain returned participants at levels within the GSDR commensurate with their enhanced qualifications for a period twice as long as their training. In the case of undergraduate degree returnees who were in training for three or more years, the grantee agrees to retain them in government service for a period of not less than 5 years...."

The training objectives of the projects cannot be achieved unless the participants utilize their newly acquired academic skills in Somalia. While it is difficult to pinpoint the reasons why participants are not returning to Somalia, it is apparent that a mechanism is needed to ensure that they do return. Without such a mechanism, the program's effectiveness is in question and AID's resources wasted.

In response to the draft report USAID/Somalia stated that in more recent project planning the mission has been following a series of basic strategies intended to significantly reduce the problem of trainees not returning: (a) undergraduate programs are to be conducted largely in country using improved facilities available at the National University of Somalia (NUS); (b) graduate study programs will, whenever possible, be designed to require final research projects be done in Somalia, and the degrees granted at the NUS. While these degrees will not have the sale value of recognized degrees from US universities, they will have almost all the educational values.

Training Was Not Completed In Timely Manner

Twenty-three of the 48 participants entering long-term training had not completed their program prior to the original PACD. The original PACD had expired for 3 of the 5 projects. Each of the projects has been extended an average of 2 years. For 3 of the projects, it was a minimum of 2 years after the project agreement was signed before the first participants departed for training. For 29 participants who entered training under these projects, 12 did not enter the program until 4 years after the project agreements were signed.

For example, under the Agriculture Extension, Training and Research project, 3 participants were in training at the time of our review. We found that none of these participants was able to complete the curriculum by the revised PACD of December 31, 1984. The original PACD for this project was September 30, 1982. Accordingly, it has been necessary to continue these participants under a follow on project.

Under the Agricultural Delivery Systems project, 16 participants were selected for long-term training. The first participant did not start training until 2 1/2 years after the project agreement was signed. It was over 4 years before 6 of the participants began their programs. Twelve of the 16 participants had not completed training prior to the original PACD.

Most project agreements stipulated through a special covenant that:

"the Grantee agrees to nominate candidates for training in a timely and efficient manner...."

In accordance with AID policy, candidates should be nominated and selected so that time will be available to permit the trainee to complete the required courses in the degree program and return to the host country to work on the project and gain experience from the technical assistance team.

In our view, the above situation occurred because inadequate attention was given to the candidate selection process. The project papers and files disclosed that none of the projects had an adequate long-term participant training implementation plan. We believe that such a plan should include the number of participants to receive training, criteria for selection, and a time phased schedule for nomination, selection, departure and return of the participants.

If participants are not provided as planned, the value of technical assistance is eroded and institution building is doubtful. Also, when the phasing of participants gets off schedule, subsequent project activity is disrupted.

Academic Reports Were Not Received In Timely Manner

An academic progress report should be prepared by the participant after each term (semester, quarter) showing the courses taken and grades received for the current term and also showing the courses to be taken the following term^{1/}. Our examination of USAID/Somalia's long-term participant training files showed that not all of the reports were current. For example, in the Agriculture Extension, Training and Research

^{1/} The report also contains comments by the participant's academic advisor and S&T/IT relative to progress/problems.

project, the latest academic reports for 2 of 3 participants were over a year old.

In the Comprehensive Groundwater Development project there were no academic progress reports in the training files for 2 of the 4 participants pursuing degrees even though they had arrived in the US in late 1983. Also, the latest progress report for one participant was over a year old.

Under the Agricultural Delivery Systems project, 4 participant files out of 17 were reviewed. The latest progress reports for 2 participants were about a year old.

Academic progress reports are prepared for the purpose of allowing AID to adequately monitor a student's progress. If project officers and training officers are to perform this function, it is imperative that these reports be reviewed upon the completion of each academic term. Significant resources are involved with each long-term participant which is another reason to highlight the importance of these progress reports. To illustrate, under the Agricultural Delivery Systems project, the average cost for a participant to earn a Master of Science degree is \$45,000. Without current progress reports, USAID/Somalia does not have sufficient information to evaluate the participant's progress and value to the program. According to Section 5D3a(3) of AID Handbook #10, the academic progress reports (AID form 1380-69) are to be submitted by the participants through their academic advisors to the S&T/IT in AID/W after each academic term. S&T/IT is responsible for forwarding these reports to the appropriate USAID.

Participants are to prepare progress reports in collaboration with the academic advisor. At the USAID/Somalia level we were unable to determine whether the source of the problem was at the university level or with S&T/IT for not forwarding the reports in a timely manner.

Without academic reports, the USAID/Somalia is not in a position to monitor the participant's progress or to take action when needed. This could result in a waste of valuable training funds.

In commenting on the draft report USAID/Somalia stated that the mission is sensitive to the need for early identification of problems and/or need for additional support, and is restricting future training programs for institutions whose record of reporting has been the most satisfactory. Also, USAID/Somalia feels that in order for corrections to be done effectively, S&T/IT must provide the services or the responsibility must be assigned to an agent that can and will make timely academic reports.

Excessive Costs Were Incurred For English Language Training
Numerous participant trainees were sent to the costly American Language Institute, Georgetown University (ALI/GU) for English

language training. In our opinion, this was done without any consideration to less costly alternatives. The tuition cost for English language training at ALI/GU is \$90 per month. In addition, each participant receives a living allowance of about \$60 per day for the first month. The per diem cost thereafter is \$850 per month.

Under the Agriculture Extension, Training and Research project, the Central Rangelands Development project, and the Agricultural Delivery Systems project, we noted that 9 of 13 participants had attended English language training at Georgetown University for three months each. Total cost was about \$34,000. AID Handbook 10 on participant training stipulates that English language training is to be requested at ALI/GU only under special circumstances when the USAID cannot arrange intensive training locally. We found no evidence that any alternative was considered.

USAID/Somalia officials agree that language training in the U.S. is expensive and other options should be explored. These options include training in Egypt and Kenya. Another possibility is to expand the English language facilities at United States Information Service in Mogadishu.

In commenting on the draft report, USAID/Somalia stated that current plans for upcoming agricultural projects will include English language training in Somalia for all project participants. This will be accomplished through a major human resources development project which will come on line in mid - 1986. It will have as one of its first tasks the upgrading of the English language programs at both the NDS and the Somalia Institute of Development Administration and Management.

4. Recurrent Cost Problem Was Not Being Adequately Addressed

Many countries in the world where AID provides assistance are not allocating adequate budgetary resources to finance the recurrent costs of their present portfolio of development investments. The GSDR falls into this category. Given the present financial condition of the GSDR, we doubt whether they can now or will be able to meet recurrent costs in the foreseeable future. With minor exceptions, all of the projects under review were totally dependent on outside donors. The GOS could not pay their agreed to contributions much less absorb recurring project costs. Accordingly, we believe that USAID/Somalia needs to think in terms of a long-term strategy to solve the problem.

RECOMMENDATION NO. 4

We recommend that USAID/Somalia develop a long-term strategy to address the recurrent cost problem in Somalia. The strategy should address those factors identified in AID's policy paper on recurrent costs dated May 1982.

Discussion

Recurrent costs are defined simply as those costs that recur, as opposed to capital, or fixed, costs, which are concentrated at the beginning of a project's life. Thus, in an agricultural research project, the costs of providing the buildings and equipment, as well as the costs of initial training and expatriate expertise, are fixed costs which occur only in the start-up phase of the project. The annual cost of salaries, utilities, maintenance, materials, and replacement of worn-out capital are recurrent costs which continue as long as agricultural research activities are carried out.

Our audit showed that all the projects will experience recurrent cost problems. We found that 96 percent of the GSDR development budget comes from outside donors of which 45-55 percent represents AID assistance. Other than some in-kind contributions, such as buildings, host country contributions are provided from revenues generated from the sale of PL 480, Title I commodities and the implementation of a Commodity Import Program (CIP). This is a short term measure. Further evidence that recurrent cost was already a problem was that all of the projects were experiencing fuel shortages. The GSDR had agreed to provide project fuel but it was financially unable to do so.

USAID/Somalia officials acknowledged the existence of this major problem in Somalia. Tentative plans have been considered which would provide some relief on recurrent costs such as import/export tariff and tax reform. However, to date, no definitive strategy exists. Further, neither the Country

Development Strategy Statement (CDSS) nor the project papers comment on methods to address the problem.

We see no short-term solution as long as AID continues to provide project assistance to a government that is virtually bankrupt. No long-term benefits can be expected from AID's short-term development projects. Thus, without continued financial support, AID's projects will accomplish very little long-term benefit. Accordingly, we believe that USAID/Somalia needs to address this problem. In consideration of AID providing support for recurrent costs, the strategy should address the following tests as spelled out in AID's May 1982 policy paper on this subject:

- An acceptable policy framework or clear movement toward such a framework;
- An assurance that recurrent cost support has higher development impact than new investments;
- An inability of the host country to undertake recurrent cost financing; and
- A carefully phased plan exists for shifting the entire burden to the host government.

This review raises questions about project assistance in Somalia. The projects have accomplished little yet are creating a financial burden on a government that is bankrupt.

Management Comments

USAID/Somalia takes exception to the statement that "no definitive strategy exists" for addressing the recurrent cost problem. They point out that since January 1985, Somalia has under the current International Monetary Fund (IMF) program engaged in an aggressive plan to put its financial house in order and subsequently alleviate its recurrent cost burden. To date, the GSDR has complied with all aspects of the IMF agreement. They also point out that the CDSS for Somalia supports the IMF efforts. They believe that the success or failure of the IMF program, other donors, and USAID/Somalia's stabilization strategy will determine the capacity of the GSDR to absorb the recurrent costs from development projects. They also believe the quote made in our report from AID's May 1982 policy paper on recurrent costs was taken out of context. Their position is that it only applies to the use of appropriated dollar funds not local currency generated from Economic Support Fund programs such as PL 480, Title I and CIP.

Office Of Inspector General Comments

While we agree that the IMF program, other donors and USAID/Somalia's stabilization strategy should have an impact on the capacity of the GSDR to absorb recurrent costs, we do not believe it alleviates the need for USAID/Somalia to develop a definitive long term strategy which addresses those factors

identified in AID's policy paper on recurrent costs. We found little discussion in the January 1985 CDSS related to recurring costs. In our opinion recurring costs are a key issue in providing project assistance. Project assistance is ineffective if the GSDR can't sustain the project activities, and maintain the infrastructures provided by donor assistance. Furthermore, in our opinion the use of local currencies generated from PL 480, Title I and CIP programs to provide GSDR contributions to the projects and to meet recurrent costs is a stop-gap measure. While these currencies may be owned by the host government, the fact is that they were generated through AID funded assistance programs and would not be available otherwise. We assume these programs will not be perpetual sources of local currencies. Accordingly, we believe a long-term strategy for addressing the recurrent cost problems of AID's project assistance to Somalia should be developed.

We have retained our recommendation because the CDSS does not address the recurring cost issues nor does it provide a recurring cost strategy.

B. Compliance And Internal Control

Compliance

Our survey identified major project issues that were pervasive on all of the projects reviewed. Accordingly, we reviewed compliance with laws, AID regulations and the project agreements as they relate to those issues. We found that the GSDR lacks the capability to comply with agreement provisions in such areas as implementation, management controls and recurring costs.

Internal Control

We noted significant problems with regard to internal and management controls as discussed in findings 1 thru 4. Specifically, the management of project resources, AID-funded commodities and participant training lacked effective management and internal control procedures.

**AUDIT OF
SOMALIA FOOD AND NUTRITION PROJECTS**

PART III - EXHIBITS AND APPENDICES

COMPARISON OF ACHIEVEMENTS TO GOALS (COMPLETED PROJECT)
AGRICULTURE EXTENSION, TRAINING AND RESEARCH PROJECT NO. 649-0101
SEPTEMBER 30, 1978 TO DECEMBER 31, 1984^{1/}

<u>Components</u>	<u>Project Paper Goals</u> <u>PACD September 30, 1982^{2/}</u>	<u>Actual Accomplishments</u> <u>As Of PACD December 31, 1984^{3/}</u>
<u>Goal:</u>	To increase agricultural production through an intensification program implemented by the NES.	Cannot be quantified due to lack of baseline data. Also, some results are mixed with those of projects 649-0112 and 649-0113.
<u>Purpose:</u>	Deliver the existing minimum input technical package to pilot farmers in the Bay Region while gaining experience on the ground in developing methodologies for delivering technology to the farmers.	Cannot specify any technical package to this project. Several from project 649-0112 assumed because of foundation laid by this project
<u>Outputs:</u>		
Demonstration Plots	40 rainfed (Sorghum)	120-240 trials in about 60 villages. Size of plots much less than 1 hectare planned.
	20 irrigated (maize)	None.
Extension	25 Base Level Agents trained and working	75-90 in three areas.
	Training materials developed	No records available to quantify training materials developed.
	12,500 families having access to extension information.	No idea of how many farmers were getting information which is in verbal form due to material not being translated into Somali language and most Somalis being unable to read.
Training	12 long term Somalis.	4 of 14 participants received degrees and returned by PACD.
	10 specially trained Somalis.	9 participants completed short term training
Survey	Baseline survey.	None received.

^{1/} Date of Project Agreement to PACD.
^{2/} PACD extended to December 31, 1984 to accommodate participants.
^{3/} Review of documentation and discussions with USAID/S officials.
(A) There was no project revision.

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COMPARISON OF ACHIEVEMENTS TO GOALS (INCOMPLETE PROJECTS)
COMPREHENSIVE GROUNDWATER DEVELOPMENT PROJECT NO. 649-0104
SEPTEMBER 30, 1979 THROUGH JANUARY 31, 1985

<u>Components</u>	<u>Project Paper Goals</u> <u>PACD September 30, 1984</u>	<u>Revised Goals^{2/} Latest</u> <u>PACD September 30, 1986</u>	<u>Interim Goals As Of</u> <u>January 31, 1985^{3/}</u>	<u>Actual Accomplishments</u> <u>As Of January 31, 1985^{4/}</u>
<u>Goals:</u>	To provide adequate water supply for the population and livestock of Somalia.	No Change.		
<u>Purpose:</u>	To develop an on-going water Development program to provide potable and livestock water.	No Change.		
<u>Outputs:</u>				
Production Wells	66 livestock. 74 Domestic.	60-65 rural, borehole water production systems.	19 drilled.	80 drilled, about 45-50 producing.
Institution Building	WDA undertaking annual work plan.	WDA Planning Dept. updating data continuously. Hydrogeologic and natural year-round water source maps developed. One set per year input studies being produced. Water Data Center established in MMNR.	Established and fully staffed. Not specified. Not specified.	No data updated. To start in May 1985 when advisor arrives. None. Presently drafting agreement with UN with approval anticipated for end of March 1985. 50% staffed, but not officially approved by GSDR.
Drilling	Drilling rigs averaging 8 wells per year	2 private sector firms starting up. 4 private boreholes drilled. Promotion plans devised. WDA capable of independent drilling of 50 boreholes/year.	Not specified. Not specified. Not specified.	None. Contractor conducting studies. Recommendation by July 1985 for inclusion of private sector in water development. None. Mission plans to phase out WDA as a driller and to contract this activity out to private sector.

COMPARISON OF ACHIEVEMENTS TO GOALS (INCOMPLETE PROJECTS)
COMPREHENSIVE GROUNDWATER DEVELOPMENT PROJECT NO. 649-0104
SEPTEMBER 30, 1979 THROUGH JANUARY 31, 1985^{1/}

<u>Components</u>	<u>Project Paper Goals PACD September 30, 1984</u>	<u>Revised Goals^{2/} Latest PACD September 30, 1986</u>	<u>Interim Goals As Of January 31, 1985^{3/}</u>	<u>Actual Accomplishments As Of January 31, 1985^{4/}</u>
Adequate data base for defining the water resources	Hydrogeologic maps at 1:100,000 developed.	See above.		
	Hydrogeologic data with regular updates being processed by MWR.	Not specified.		
Training	Not specified.	4 long term in US.	Not specified.	2 of 4 participants in US will not return before PACD.
		10 short term in US.	Not specified.	8 participants sent to US.
		All Staff receive QJT.	Not specified.	Staff receiving continous QJT.

^{1/} Date of Project Agreement to date of audit.

^{2/} Revised 5/26/84.

^{3/} Per Implementation Schedule.

^{4/} Review of documentation and discussions with contractor and USAID/S officials.

COMPARISON OF ACHIEVEMENTS TO GOALS (INCOMPLETE PROJECTS)
CENTRAL RANGELANDS DEVELOPMENT PROJECT NO. 649-0108
AUGUST 18, 1979 TO JANUARY 31, 1985^{1/}

<u>Components</u>	<u>Project Paper Goals</u> <u>PACD September 30, 1986</u>	<u>Interim Goals As Of</u> <u>January 31, 1985^{2/}</u>	<u>Actual Accomplishments</u> <u>As Of January 31, 1985^{3/}</u>
<u>Goal:</u>	To implement a system of range management which balances animals and forage to optimize livestock production while preserving the resources.	No Change.	The World Bank in its multi-donor Mid-Term Review Final Report stated "that the project was too large, too complex and too geographically dispersed. These problems, in turn were exacerbated by the chronic national and international security problems which plagued the project from its inception."
<u>Purpose:</u>	Develop and initiate a range management program in the central region of the country.	No Change.	
<u>Outputs:</u>			
<u>Range Development</u>	Resource Inventory.	Completed.	Completed, but livestock estimates questionable and more photographs needed.
	Range Ground Survey.	Completed.	Completed, but none of 284 planned monitoring sites established.
	Range Investigations.	78% complete.	Actual number of 92 planned range reference areas unknown. No grazing trials conducted.
	5 trial areas of 100 hectares each.	Completed.	None completed.
	40 person-months of consultant time.	Completed.	None to date.
	Grazing Association formed for each of 78 reserves.	90% completed.	3 formed in Hoby district only.
	45 Town/Village Grazing Reserves established.	Completed.	None established.
	20 Range Grazing Reserves established.	Completed.	None established. Water points have yet to be determined.
	1 famine grazing reserve established and equipped with borehole for each of 13 districts.	Completed.	None established. Revision to exclude this component.
	Establish boundaries and subdivisions.	Completed.	None established.

COMPARISON OF ACHIEVEMENTS TO GOALS (INCOMPLETE PROJECTS)
CENTRAL RANGELANDS DEVELOPMENT PROJECT NO. 649-0108
AUGUST 18, 1979 TO JANUARY 31, 1985^{1/}

<u>Components</u>	<u>Project Paper Goals</u> <u>PACD September 30, 1986</u>	<u>Interim Goals As Of</u> <u>January 31, 1985^{2/}</u>	<u>Actual Accomplishments</u> <u>As Of January 31, 1985^{3/}</u>
Formal Trainings:			
	21 1/2 person-years of professional services.	91% Completed.	Not quantified. Some staff on board.
	Establish Range Management Dept. at University.	80% completed.	Accomplished.
	Provide 4 lecturers.	91% completed.	2 lecturers provided.
	Prepare course curricula and field training program.	90% completed.	Accomplished.
	20 person years of fellowships.	Completed.	9 started, 1 obtained training and returned.
Soil Conservation:			
	Design and execute trials in three locations.	Completed.	Accomplished.
Technical Assistance:			
	40 1/2 person years.	90% completed.	Did not quantify.
Other Donor Activities:			
<u>Training</u>	Various.	Completed.	Accomplished.
Range Education	Various.	89% completed.	Not quantified in some instances.
Forestry	Various.	87% completed.	Not quantified in some instances.
Veterinary Services	Various.	87% completed.	Not quantified in some instances.
NRA Headquarters	Various.	92-100% complete.	Not quantified in some instances.

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- 1/ Date of Project Agreement to date of audit.
2/ As per Project Paper Implementation Schedule.
3/ Review of documentation and discussions with USAID/S officials.
(A) There has been no revision to-date.

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**COMPARISON OF ACHIEVEMENTS TO GOALS (INCOMPLETE PROJECTS)
 AGRICULTURAL DELIVERY SYSTEMS PROJECT NO. 649-0112
 AUGUST 18, 1979 TO JANUARY 31, 1985¹**

<u>Components</u>	<u>Project Paper Goals</u> PACD September 30, 1984	<u>Revised Goals</u> Aug. 1983 - Latest PACD September 30, 1986	<u>Actual Accomplishments</u> As Of January 31, 1985 ²
<u>Goal:</u>	Increase productivity in the small farmer segment of the Agricultural Sector.		
<u>Purpose:</u>	To revitalize the institutional base for delivering technological information and training to farmers.	Increase indigenous food crop production through a strengthened agricultural extension capability linked to applied agricultural research.	
<u>Outputs:</u>			
Extension Service	NES staffed and operating.	Establish NES headquarters at Afgoi.	Not established. Partially staffed. Short on technical/counterpart staff, over on support staff.
	75 FEA per year in intensive courses.	Not specified.	None.
Training	FMETC staffed and operating.	Build center including 60 ha. farm.	Completed except for classroom. Problem with no water or power. Equipment ordered, but not rec'd. Anticipate long delivery time. 60 ha. farm being used.
	50 students/year coming out.	Not specified.	None. Students not available
	Curriculum emphasizing field training.	Not specified.	Developed.
	30 Interns/year	Not specified.	20 instructors graduated.
		Upgrade 2 extension centers at Bonka & Janale.	Not upgraded. Equipment ordered. Bonka replaced by Johar.
		Introduction of extension methodology.	Accomplished.
		Continuous training of extension personnel.	Not quantified.
	Participants - 40 person/years	38 graduates.	16 started; 4 obtained training & returned.
<u>Other Donor Activity:</u>			
Advisory Service Facilities not built.		Advisory Service.	Establish Farm Management

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COMPARISON OF ACHIEVEMENTS TO GOALS (INCOMPLETE PROJECTS)
AGRICULTURAL DELIVERY SYSTEMS PROJECT NO. 649-0112
AUGUST 18, 1979 TO JANUARY 31, 1985^{1/}

<u>Components</u>	<u>Project Paper Goals</u> <u>PACD September 30, 1984</u>	<u>Revised Goals</u> <u>Aug. 1983 - Latest</u> <u>PACD September 30, 1986</u>	<u>Actual Accomplishments</u> <u>As Of January 31, 1985^{2/}</u>
		Operate 400 ha, demonstration farm.	320 ha. Problems with getting water.
		Access to 2 other demonstration farms.	Status Unknown.
		Provide technical and managerial back-up.	Not functioning as proposed.

^{1/} Date of Project Agreement to date of audit.

^{2/} Review of documentation and discussions with USAID/S officials and contractor.

(A) There were no interim goals provided for in the Project Paper or its revision.

COMPARISON OF ACHIEVEMENTS TO GOALS (INCOMPLETE PROJECTS)
BAY REGIONAL AGRICULTURE DEVELOPMENT PROJECT NO. 649-0113
AUGUST 31, 1980 THROUGH JANUARY 31, 1985

<u>Components</u>	<u>Project Paper Goals</u> <u>PACD September 30, 1985</u>	<u>Actual Accomplishments</u> <u>As Of January 31, 1985</u>
<u>OBJECTIVES:</u>	Increase crop and livestock production in the region by increasing production on currently cultivated land and expanding cultivation into new lands;	The baseline data survey was not available until January 1985. Increased production, if any, cannot be measured. Land does not have access to water and groundwater is not available.
	Intergrate extension operations to incorporate both crop and livestock interventions in a farm systems approach; and	Working well. Extension agents cooperative, GSDR provided livestock and forage research underway.
	Establish a basis for decentralized integrated development planning and implementation through the PMU.	Working to a large degree. Concept may not be continued as research needs centralized management and the integrated concept is too cumbersome.
<u>OUTPUTS:</u>		
Agricultural Intensification	350,000 ha. expanded into productive lands.	At best, between 79,000 and 100,000 ha. will be expanded. Will produce only 28.6% of goal.
	Extension packages provided to farmers.	None from this project.
	4 Pilot Agricultural Development Units (PADU) established.	None accomplished. Concept dropped.
	1,525 MT sorghum produced.	Not quantified as baseline data survey not received until January 1985.
	450 MT pulse produced.	
	4% increase in cattle off take.	Cannot be achieved unless export problem is resolved.
	4% increase in sheep and goats.	
Regional Extension Services	106 Field Extension Agents.	50 in four districts.
	Infrastructure.	In place, but not really active.
	Tasks and Practices to farmers.	Accomplished.
	Sophisticated technologies and inputs introduced.	None from this project. Some from projects 649-0101 and 649-0112.
	Extension Specialist.	Not on board.

COMPARISON OF ACHIEVEMENTS TO GOALS (INCOMPLETE PROJECTS)
BAY REGIONAL AGRICULTURE DEVELOPMENT PROJECT NO. 649-0113
AUGUST 31, 1980 THROUGH JANUARY 31, 1985

<u>Components</u>	<u>Project Paper Goals</u> <u>PACD September 30, 1985</u>	<u>Actual Accomplishments</u> <u>As Of Januar ' 31, 1985</u>	
Regional Veterinary Services	2 mobile vaccination team staffed & equipped.	3 teams established.	
	4 Veterinary staffs trained and equipped.		
	13 new dispensaries established and stocked.	7 established, but not furnished or staffed.	
	17 existing dispensaries stocked.	Did not quantify.	
	Baidoa Veterinary Service Headquarters strengthened.	Did not quantify.	
	Laboratory facilities provided.	Accomplished.	
	Staff trained.	In process.	
Seed Farm	Veterinarian recruited.	On board.	
	200 ha. farm staffed and equipped.	100 ha. under production, but workshop not established. Sizeable quantity of commodities not in. Farm may be relocated to Afgoi.	
	Technical Assistance.	On board.	
	Develop program to improve farms tools/implements.	Accomplished.	
Water Supply	Somali Farm Manager trained abroad.	In training.	
	Commodities.	About 70% complete. Need specs to complete final order.	
Monitoring and Evaluation	100 boreholes.	Did not quantify.	
	Baseline Study.	Received.	
<u>OTHER DONOR ACTIVITY:</u>	External Evaluation.	Planned for FY 86.	
	Agricultural Intensification	Land Use Capabilities Study.	Accomplished.
	Regional Extension Service	Civil Construction.	Not completed.
Regional Veterinary Service	Operating costs.	Did not quantify.	
	Operating costs.	Did not quantify.	

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COMPARISON OF ACHIEVEMENTS TO GOALS (INCOMPLETE PROJECTS)
BAY REGIONAL AGRICULTURE DEVELOPMENT PROJECT NO. 649-0113
AUGUST 31, 1980 THROUGH JANUARY 31, 1985^{1/}

<u>Components</u>	<u>Project Paper Goals</u> <u>PACD September 30, 1985^{2/}</u>	<u>Actual Accomplishments</u> <u>As Of January 31, 1985^{3/}</u>
Seed Farm	Seed Distribution System.	In place.
	Workshop.	Not established.
Water Supply	10 dug wells.	Did not quantify.
	4 uars.	Did not quantify.
Access Roads	600 km feeder/access roads.	Not quantified. No construction and equipment not maintained. No evidence of reporting system.

^{1/} Date of Project Agreement to date of audit.

^{2/} PACD extended to July 31, 1987.

^{3/} Review of documentation and discussion with USAID/Somalia personnel.

(A) There has been no project revision to date.

(B) There were no benchmarks established.

FINANCIAL STATUS
USAID/SOMALIA FOOD AND NUTRITION PROJECTS
AS OF DECEMBER 31, 1984
(\$000)

<u>PROJECT</u>		<u>Start</u> ^{1/}	<u>Latest</u> <u>PACD</u>	<u>AID</u>		<u>LIFE OF PROJECT COST</u>			<u>Other</u> <u>Donors</u>
<u>Title</u>	<u>Number</u>			<u>Obligations</u>	<u>Disbursements</u>	<u>Total</u>	<u>AID</u>	<u>GSDR</u>	
Agriculture Extension, Training & Research	649-0101	9/30/78	12/31/84	\$ 3,991	\$ 3,810	\$ 11,708	\$ 5,050	\$ 6,658	\$ -0-
Comprehensive Ground- water Development	649-0104	9/30/79	9/30/86	18,800	10,901	25,100	18,800	6,300	-0-
Central Rangelands Development	649-0108	8/19/79	9/30/88	14,944	5,618	46,300	15,000	5,000	26,300
Agricultural Delivery Systems	649-0112	8/18/79	9/30/86	8,635	4,917	33,335	8,635	3,900	20,800
Bay Regional Agri- culture Development	649-0113	8/31/80	7/31/87	<u>11,171</u>	<u>4,301</u>	<u>50,266</u>	<u>11,171</u>	<u>5,610</u>	<u>33,485</u> ^{2/}
Totals				<u>\$57,541</u>	<u>\$29,547</u>	<u>\$166,709</u>	<u>\$58,656</u>	<u>\$27,468</u>	<u>\$ 80,585</u>

^{1/} Date of Project Agreement.

^{2/} Includes \$4,785 from USAID/Somalia projects 649-0101 and 649-0104.

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RECAP OF STATUS OF LONG-TERM PARTICIPANTS
AS OF JANUARY 31, 1985

<u>Projects</u>	<u>Number of Participants</u>			
	<u>Started</u>	<u>Returned</u>	<u>In Training</u>	<u>Not Returning</u>
0101 Agriculture Extension, Training and Research	14	5 <u>1/</u>	3	6
0104 Comprehensive Groundwater Development	4	0	4	0
0108 Central Rangelands Development	9	2 <u>2/</u>	6	1
0112 Agricultural Delivery Systems	16	5 <u>1/</u>	7	4
0113 Bay Regional Agriculture Development	<u>5</u>	<u>0</u>	<u>5</u>	<u>0</u>
TOTALS	<u>48</u>	<u>12</u>	<u>25</u>	<u>11</u> <u>3/</u>

-
- 1/ One of these 5 participants returned without completing degree requirements.
- 2/ One of these 2 participants returned and resigned.
- 3/ These participants did not return to the host country when scheduled and are no longer in training. More than likely, there will be others completing training and not returning.

SOMALIA FOOD AND NUTRITION
PROJECTS

USAID/Somalia Comments (Original Draft)

1. Executive Summary: The mission feels strongly that the executive summary must be revised to put the problems noted in their proper perspective, and to give recognition to the steps that have already been taken to address those problem areas. The reader of the summary is left with the impression that the mission has not taken any steps to address these problems when we have been working on them for over two years. We suggest the following clarifications:

Recognizing that "the projects' designs were predicated on faulty assumptions and overly optimistic goals". (it should also be noted in the summary that in 1978 and 1979, AID had little choice but to piggy-back on IBRD designed projects, in order to get on at that time modest AID program off to a quick start. Subsequently as the mission's experience indicated the faults, the mission did go through major project revisions wherein the goals were revised downward to come in line with more realistic assumptions.

Multi-donor cofinancing arrangements under which three of the four projects were implemented have not worked. Therefore, recognizing the deficiencies to the multi-donor arrangements, USAID, during the project revisions also redesigned the AID inputs to be parallel and complimentary to other donor inputs rather than inter-dependent as originally designed. Further, the mission has established a policy of not entering into further joint financing projects.

Recognizing the validity of the third problem area, one of the objectives of the development program is to create within the government the institutional capacity to carry on the proposed projects. Thus, while the problem remains, USAID, CDSS has already begun targeting its new programs on Human Resource Development as a major thrust to overcome the dearth of qualified personnel now facing almost any development activity.

The mission would agree to inserting "adequate" between establish and controls in the summary where reference is made to commodities and participant training.

The mission believes that the audit statement regarding increased food production should indicate in the executive summary that while food grain production between the GU season of 1982 to GU season of 1984 increased dramatically from 91,100

to 170,000 tons, the more than 87 percent increase in production is more likely due to weather and liberal pricing policies of the GSDR, promoted by the AID mission's policy dialogue, than technological yield increases from the mission's more recent two to three year technical assistance efforts where significant technological progress is not yet evident.

Regarding recurrent costs, the mission feels that the report would be more factual if it stated that very difficult recurring costs problems loom on the horizon as Somalia is bankrupt, and must get the macro-economic stabilization program and reforms (under IMF) implemented (through private sector approach) for both import substitution and exports in order to generate revenues and avert a domestic liquidity crisis.

Specific comments on recommendations are as follows:

The audit draft clearly indicates that the perspective of the audit team is constantly referring to the original design of the projects in question and further reflects that their reference to the mission's CDSS has been shallow. Three of the projects in question have undergone intensive redesign/modification, thereby placing the mission in a better position to manage the projects through their PACDs. The weakness noted in the report has been taken into account in the mission's CDSS with emphasis shifting to address the dearth of manpower available to the government to implement its recurring and development activities. In addition, in the agriculture sector, the mission's proposed project for FY 86 recognizes that the task to strengthen the Agricultural and Veterinary faculties in support of developing viable National Agricultural Research program is a long term effort. That project would be designed as a 10 year project with funding to be obligated for the first 5 year phase, thereby taking into account that short run initiatives would be inadequate to that task. The audit team's report makes no mention of the mission's redirected strategy, a highlight of the CDSS which has been submitted to AID/W, and approved prior to completion of the audit team's report.

With respect to audit team recommendation No. 1:

"We recommend that USAID/Somalia reassess its approach to increasing food production with particular attention devoted to (a) project designs, (b) multidonor co-financed, and (c) host country capability."

Two new projects, the Somalia Management Training and Development project (SOMTAD) 649-0119 and the Mission's Proposed Human Resources Mobilization and Training for Agricultural Research project (HRMTAR) 649-0126 reflect a major

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change in the mission's direction to assist Somalia achieve results in its development efforts. As the CDSS points out, Somalia's dearth of trained technicians and managers serve as a major impediment in the development process. The project designs have paid considerably more attention to achievable targets and time frame for their accomplishment, there is no multidonor cofinancing, and the major emphasis on human resource development is directed to correct the host country's capability or lack thereof.

Further while the audit team recognizes the mission's need to initiate programs in 1979, its attitude toward the mission's relationship to the Bank's project designs is a little cavalier. The IBRD spends as much and often more time in its project design activities. To immediately require redesign activities as a first step in cooperative participation in three already designed multi-donor projects would have soured relations and stalled initiation of projects which were probably long on the drawing board. Furthermore, given the turnover of mission and Embassy personnel it is not justified to suggest that the mission should have expected that the other donors would be unable to mobilize their interdependent inputs in a timely manner, i.e., that only AID is able to implement projects.

The audit should have noted that the mission has responded in a logical way to the inability of the other donors to merge their inputs in an effective way by redesigning AID's inputs to be able to function independently, but complementing those of the other donors too little mention has been made of the turnaround that has taken place since the redesign of the Central Rangelands Development project 649-0108 in September 1983, Agricultural Delivery Systems project 649-0112 in September 1983, and the Bay Region Development project 649-0113 in March 1985. Further, we have defined a mission policy, stated in the CDSS, that future coordination with donors will be above the project level and our programs will be independent of other donor projects.

While the draft report covered activities through December 31, 1984, lack of mention of any other donor inputs expected to be on line within the short run adds negative bias to positive factors which will contribute to continued USAID contractor outputs. One example would be the completion and activation of the Afmet Headquarters and training center facilities (649-0112 project) in Afgoi funded by the African Development Bank. Similar facilities can be expected to come on line for the Bay Region Development project in Baidoa in November of this year.

With respect to audit recommendation No. 2:

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"We recommend that USAID/Somalia (a) establish uniform commodity management policies and procedures, and (b) place commodity management under the control and direction of the contractors".

While USAID is not satisfied with the commodity management of its ongoing projects, considerable improvement has been made over the past 6 months. More improvements are needed, and the mission is initiating steps for project managers to randomly sample 5 to 10 items during site visits and in addition is preparing Handbook which will provide the guidance on the mission's uniform commodity management policies for project managers and contractors. In the first instance, a complete inventory has been completed for the Agricultural Delivery Systems project and the spare parts and workshop equipment will be turned over to the field support unit, FSU with an appropriate credit being given to the project. The inventory and use of those items will rest with the FSU which will support most projects. In the second instance, in two of the projects (CRDP, ADSP), there has been mixing of the commodities supplied by donors. For example, furniture, equipment and vehicles, supplied by the IBRD, may be used by AID funded technicians. While USAID will be insisting upon tighter controls of AID funded commodities, the objective of our inputs is not solely property management. The mission contends that common sense should prevail through the respective PACDs.

Since the team's recommendation to place commodities entirely under the contractors is subject to the same criticism but more so that it leveled at the project management units regarding viability after project is complete, the mission staff suggests that section (b) of the recommendation be revised to require more responsibility be given to contractors at the outset of a project to establish and/or implement the mission's uniform commodity management policies and procedures, with increasing responsibility being shifted to the Somalis as the project matures and goes into a phase out situation.

With respect to recommendation No. 3:

The draft audit clearly identified the four (4) problems most apparent to mission personnel, recommended solutions to which have been used as benchmarks for more recent project planning: 1) the need for a mechanism that will insure that participants will return to Somalia, and do so in a timely fashion; 2) the need to have qualified candidates identified, and these persons available for training when scheduled; 3) develop with ST/IT and/or OICD/IT/USDA an operational plan for timely submission of academic progress reports (AETRS) to mission project backstop officers; and 4) identification of effective alternatives to English language training in the United States.

Participant return. Two recent USAID/GSDR studies, the Somalia Education and Human Resources Sector Assessment (January 1984), and the Somali Civil Service Study (September 1984) have identified extremely low salaries, and few if any possibilities for professional advancement as primary causes for the high rate of participant non-return with current monthly salaries for middle grade public servants comparable to U.S. Dollars 30-35, and almost no promotion policies that relate professional advancement to a level of training, there is an obviously high level of temptation to seek employment in a non-Somali setting. This situation was also exacerbated in early agriculture project planning by sending students for associate (AA), two-years degree programs. As these degrees are not recognized in any fashion by Somalia institutions, a large percentage of the participants so assigned exerted whatever pressures possible to have their programs extended to at least Bachelor degrees.

In more recent project planning the mission has been following a series of basic strategies intended to significantly reduce the problem of non-return: (a) undergraduate programs are to be conducted largely in-country, using improved facilities available at the National University of Somalia (NUS); (b) graduate study programs will, whenever possible be designed to require final research projects that must be done in Somalia, and the degrees granted at the NUS. These degrees will not have the sale value of recognized degrees from U.S. universities, yet have almost all the educational values.

Identification of qualified candidates. Current project planners have the decided advantage of prolonged experience with the exposure to Somali Agriculture, its personnel, practices, and problems. The projects being evaluated were planned under extreme pressures to produce obvious results rapidly following the return of the U.S. mission to Somalia in 1978. On-site experience with a wide variety of counterparts since that time has provided opportunities to identify a large number of well qualified, motivated Somali Agriculturists.

USAID/Somalia, along with all other AID missions, suffers as the last-to-be notified with respect to its participants academic progress. This matter has been repeatedly raised with AID/W offices, which report that the matter is under constant pressure to improve. Given the massive task of AID/W or USDA personnel gathering quarterly, semester, tri-semester, etc., academic information from literally hundreds of universities and other training institutions/facilities, it is little wonder that the problem is not worse than it is. The mission is sensitive to the need for early identification of problems and/or needs for additional support, and is restricting future training programs for institutions whose record of reporting has been the most satisfactory.

In the last analysis, however, the mission feels strongly that this task must be done effectively. It also is of the opinion that to be held responsible for this short-coming is not in keeping with fair evaluation. ST/IT and/or OICD/IT/USDA receive payment for services rendered each month for each participant. If they, for whatever reason, are unable to perform the task, it should be assigned to an agent that can and will make timely academic reports.

English language training. In early planning years, 1978 - few satisfactory language training opportunities were available for Somali students. Additionally, the need for English as a second language had not been seen as a crucial part of the National Education Pattern prior to the return of USG programs. More recently, the United States Information Service (USIS), in cooperation with USAID/Somalia and other USG organizations, has developed effective ELP facilities in Mogadishu. Additionally, current planning for upcoming agriculture projects will include in-Somalia English training for all project participants. A major Human Resources Development project, Somalia Management Training and Development (SOMTAD) will come on line in Mid-1986. It will have as one of its first tasks the upgrading of the English language programs at both the NUS and the Somalia Institute of Development Administration and Management (SIDAM).

The mission has been well aware of the short comings of sending participants to the U.S. for English language training - prolonged absence from their professional assignments, greatly increased costs, etc., but, given time restrictions clearly identified in the evaluation report, there seemed few alternatives. It might be added here that attempts to have participants receive their language training at the university where they would take their academic training were often disapproved by AID/W because of its contractual association with the American Language Institute at Georgetown University (ALIGU).

With respect to recommendation No. 4:

"We recommend that USAID/Somalia develop a long-term strategy to address the recurrent cost problem in Somalia. The strategy should address those factors identified in AID's Policy Paper on recurrent costs dated May 1982".

Mission Comments: - In 1985 most of the GSDR development budget is funded with (GSDR-owned) PL 480 and CIP-generated local currency. This is in accordance with IMF requirements, to eliminate extrabudgetary expenditures, that all donor-generated local currency be included in the Somali budget. The USAID mission has agreed to include all the U.S. generated local

currency in the development budget because it allows the mission to participate in programing process and gives us some leverage in the establishment of development priorities.

The GSDR, USAID and other AID donors are well aware of the recurrent cost problem in Somalia. The audit report indicates that "tentative plans have been considered which would provide some relief on recurrent costs such as Import/Export tariff and Tax reform". Further the audit report indicates that "no definitive strategy exists". This statement is incorrect. Since January 1985, Somalia has - under the current IMF program - engaged in an aggressive plan to put its financial house in order and, consequently, alleviate its recurrent cost burden. To date, the GSDR has complied with all aspects of the IMF agreement.

The CDSS for Somalia also support the IMF efforts. Our strategy's goal is to provide short-term macro-economic stabilization support and long-term structural adjustment and development. The short-term objective is to provide balance of payments support, reduce the public deficit, and support promising areas for future growth. The long-term objective is to build a base for productivity in a diversified and outward-looking economy.

We agree with the audit observation that the Somali government is bankrupt. We also believe that, until the GSDR puts its financial house in order their absorption capacity for projects' recurrent costs will remain very low. In this connection, our strategy calls for reducing the number of new projects over the CDSS period, and allow those ongoing projects to terminate in an orderly fashion. The success or failure of the IMF program, other donors, and USAID's stabilization strategy will determine the capacity of the GSDR to absorb the recurrent costs from development projects. However, at this time the mission and other donors need to continue to allocate the generated local currency to support development efforts, such as Agriculture and Livestock Development and Research, which must be in place once the macro-economic stabilization program achieves its purpose.

Finally, we consider the quote from AID's May 1982 Policy Paper on recurrent costs included in Page 37 of the draft audit as out of context. The Policy Paper also states that:

"If recurrent costs constitute a serious problem and LDC government policies are appropriate and projects designed correctly, or requisite steps are taken to move toward appropriate policies and designs, then missions should consider funding a portion of recurrent costs of host country projects through a variety of mechanisms at the project, sectoral and

macro levels for a period up to ten years, providing the country agrees to shoulder an increasing share of total costs over this period. Policy performance should be monitored closely and periodically to determine whether such assistance should be continued".

Mission's interpretation of this policy is that it applies to the use of appropriated dollar funds (not host government-owned local currency) for the support of projects', sectors', or macro level recurrent costs in which case the ten year limitation and the strategy requested in the audit report would apply. The use of PL 480 Title I, and CIP-generated local currency (which is GSDR-owned) to support recurrent costs, in our opinion, does not fall within the above mentioned policy. This is supported by PD-5 programming of PL 480-generated local currency which states that the local currency is owned by the host government and can be used in support of development projects. "....Agency policy explicitly encourages AID participation in the programming of country-owned local currency generated by the sale of PL 480 Title I commodities..." Further, PD-5 states that the local currency may be used, as appropriate, to help meet the legal requirement that the recipient government contribute at least 25 percent of the total cost of activities financed by development assistance.

In summary. USAID/Somalia recognizes that the GSDR is in a precarious financial situation and we consider it unlikely, in the short-term, for the GSDR to be able to meet the recurrent costs of foreign AID donor programs. However, the GSDR is implementing an IMF agreement which, if successful, will provide the mechanisms to increase productive economic activity and consequently GSDR's revenues and resources. The CDSS strategy supports the macro-economic stabilization program and provides for short-term balance of payments and budgetary support to the GSDR. This assistance will be provided through PL 480 Title I, Commodity Import Programs, special studies leading to policy reforms, and budgetary support through the local currency generations. In addition, the CDSS also includes the provision of project assistance necessary to establish the infrastructure necessary to in support of our long-term development objectives. Should the economic stabilization plan fail, the longer-term structural reform effort will remain unfunded (unless the donors absorb all recurrent costs). But if the stabilization plan succeeds, the GSDR will be in a position to finance the recurrent costs and increasingly absorb a greater share of its investment program.

The mission requests that, based on the above information recommendation number four of the draft audit report be closed.

SOMALIA FOOD AND NUTRITION
PROJECTS

USAID/Somalia Comments
(Revised Recommendation No. 1)

1. Deleted.

2. Deleted.

3. Mission considers proposed change in recommendation No. 1, if accepted, will be a counter productive and redundant activity requiring scarce mission and AID/W personnel resources. Regular portfolio review by AID/W is assessment of projects and determination that they should or should not be terminated or revised. Therefore there is no need to require special reassessment forum. Secondly, in many respects the proposed change, if accepted and acted upon, can and will in retrospect be viewed only as "flogging a dead horse", i.e.:

- Agricultural Extension Training and Research (649-0101)
- terminated;
- Comprehensive Groundwater Development (649-0104)
complete AID/W review in 1984, will terminate;
- Central Rangelands Development (649-0108) - PES revision
9/83, PES update with minor revision 6/85;
- Agricultural Delivery Systems (649-0112) - evaluated
1/83, revisions reviewed by AID/W 8/83, revised 8/83;
- Bay Region Development (649-0113) - evaluated 12/83 and
7/84, modification reviewed in AID/W 2/85, modified 3/85.

4. Revisions and responsiveness of action agencies for projects 108, 112, and 113 over past four months strongly supports mission's current development thrust and management style. Revision of 112 and 113 have focused project input to generate research outputs in support of the GSDR's extension program. Relaxed pricing policies further strengthen the farmers' incentive and willingness to adopt more intensive production practices. Research concentration is on adaptive research with increasing use being made of on farm demonstrations in concert with extension service. In both projects, the long-awaited facilities are either completed or under construction by reliable contractors with completion date before end of calendar year. Major shift or withdrawal at this time will place AID in untenable position of being the donor that is the bottleneck to development progress. Bay region

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development project PMU has just completed contract amendment with University of Wyoming which will result in a replacement team arriving within the next 6 weeks. Disruption of that activity will result in the loss of research results from the ... crop, and preclude preparation of trials for coming season. Farming systems adaptive research activities in 113 are beginning to highlight constraints in such areas as input supply that have been largely ignored. These constraints, substantiated on a broader scale, will provide the leverage, and justification leading to remedial actions to facilitate broader and more adequate production input supplies. Provision of 8 million Somali shillings increment of a 23 million Somali shillings allocation for rehabilitation of the agricultural faculty at Afgoi is indication of interest and support of new minister of higher education in concert with national range agency that will result in real progress being made not only for the range department created under the project, but also will facilitate a new life for the total agricultural faculty. All three projects have initiated the foundation building process upon which the proposed faculty is strengthening and an agricultural research project will be initiated in FY 86.

Comprehensive Groundwater Development - Mission is undertaking major study of feasibility of private sector water resources development as part of project and will incorporate recommendations into final year action plan.

5. Deleted.

Note:

Paragraphs 1, 2 and 5 of cabled comments were deleted because they are not relevant to report issues.

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List of Report Recommendations

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RECOMMENDATION NO. 1

3

We recommend that the Assistant Administrator for Africa in concert with USAID/Somalia reassess each of the food and nutrition projects to determine whether the projects in whole or in part should be terminated and the funds reobligated for new project(s) that are within the capability of the Government of Somalia to implement.

RECOMMENDATION NO. 2

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We recommend that USAID/Somalia: (a) establish uniform commodity management policies and procedures, and (b) place commodity management under the control and direction of the contractor at the outset of a project to establish and/or implement the mission's uniform commodity management policies and procedures, with increasing responsibility being shifted to the Somalis as the project matures and is phased out.

RECOMMENDATION NO. 3

12

We recommend that USAID/Somalia: (a) develop a mechanism to ensure that participants return to Somalia upon completion of long-term training; (b) require as part of conditions precedent on future project agreements that a plan be submitted by the host country identifying qualified candidates, type of training; (c) investigate why the Bureau for Science and Technology, Office of International Training is not

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submitting academic progress reports in a timely manner and ensure that they do so; and (d) explore alternatives to English language training in the United States.

RECOMMENDATION NO. 4

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We recommend that USAID/Somalia develop a long-term strategy to address the recurrent cost problem in Somalia. The strategy should address those factors identified in AID's policy paper on recurrent costs dated May 1982.

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