

CLASSIFICATION  
PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-447

1. PROJECT TITLE <p style="text-align: center;"><i>itell</i></p> EMERGENCY FEEDING-SHABA PROVINCE			2. PROJECT NUMBER 660-XXX-000-426	3. MISSION/AID/W OFFICE USAID/Kinshasa
4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY: <u>85/08</u> )				
<input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION				
5. KEY PROJECT IMPLEMENTATION DATES A. First PRO-AG or Equivalent FY <u>84</u> B. Final Obligation Expected FY <u>85</u> C. Final Input Delivery FY <u>85</u>	6. ESTIMATED PROJECT FUNDING A. Total: \$ <u>3.4m</u> B. U.S. \$ <u>3.3m</u>	7. PERIOD COVERED BY EVALUATION From (month/yr.) <u>July 1984</u> To (month/yr.) <u>June 1985</u> Date of Evaluation Review <u>July 1985</u>		

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. USAID should examine WV program accounts to determine if program funds have been properly managed.	USAID	09/30/85
2. The proposed disposition list of program assets should be signed by the USAID Director and WV Chief of Party before program assets are distributed.	USAID/ WORLD VISION	09/30/85
3. Unused program funds should be reverted to the USAID Controller.	WORLD VISION	09/30/85
4. World Vision should follow-up on all outstanding claims. World Vision should present USAID copies of outstanding claims.	WORLD VISION	09/30/85
5. USAID should follow-up on whether UNHCR has strengthened its control over distribution of USG funded food for refugees.	USAID/ Lubumbashi	10/30/85

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS <table style="width: 100%;"> <tr> <td><input type="checkbox"/> Project Paper</td> <td><input type="checkbox"/> Implementation Plan e.g., CPI Network</td> <td><input type="checkbox"/> Other (Specify) _____</td> </tr> <tr> <td><input type="checkbox"/> Financial Plan</td> <td><input type="checkbox"/> PIO/T</td> <td>_____</td> </tr> <tr> <td><input type="checkbox"/> Logical Framework</td> <td><input type="checkbox"/> PIO/C</td> <td><input type="checkbox"/> Other (Specify) _____</td> </tr> <tr> <td><input type="checkbox"/> Project Agreement</td> <td><input type="checkbox"/> PIO/P</td> <td>_____</td> </tr> </table>	<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify) _____	<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	_____	<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify) _____	<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____	10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT A. <input type="checkbox"/> Continue Project Without Change B. <input type="checkbox"/> Change Project Design and/or <input type="checkbox"/> Change Implementation Plan C. <input checked="" type="checkbox"/> Discontinue Project
<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input type="checkbox"/> Other (Specify) _____											
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	_____											
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C	<input type="checkbox"/> Other (Specify) _____											
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P	_____											

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles) 1. Debra A. Rectenwald, USAID/DEO 2. Carol Felkel, USAID/DEO	12. Mission/AID/W Office Director Approval Signature <i>[Signature]</i> Typed Name RICHARD L. PODOL Date 27 Aug 85
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## PES EXECUTIVE SUMMARY

1. Emergency Feeding-Shaba Province, Republic of Zaire, 660-XXX-000-4626.
2. At least 4200 metric tons of Title II corn was to be distributed to drought-related victims in the Shaba region. The program was to be financed through the sale of an additional 4500 metric tons of Title II corn. World Vision Relief Organization was the implementing agency.
3. The purpose of this final evaluation is to describe the lessons learned in distributing Title II emergency food.
4. The evaluation team, two staff members from USAID's Design and Evaluation Office, interviewed World Vision staff and program partners in Lubumbashi, visited several distribution sites, and reviewed program documentation on file.
5. Findings include: 1) the Title II corn arrived in Shaba after the drought crisis had ended;; 2) the corn was not distributed to drought-related victims but to malnourished children, Angolan refugees, the sick, and the elderly;; 3) World Vision effectively monitored the distribution component and developed solid working relations with those local religious institutions engaged in distribution and related feeding programs;; 4) UNHCR's initial monitoring of the Title II distribution was remiss, but now may become effective because UNHCR has contracted Canadian University Services to manage the program distribution during the final two months of this program as well as planned subsequent distribution of other Title II foods entrusted to UNHCR;; and 5) the monetization component of the Title II program would have succeeded well if the food had arrived on time.
6. The Lessons Learned include: 1) the necessity of reacting quickly to emergency situations;; 2) the need to guarantee program implementing agencies adequate financing for program implementation until program-generated funds become available;; and 3) how important proximity of the project manager to his project is for effective program implementation;; it is difficult to manage a project from a distance.
7. Recommendations include: 1) trying to close the communication gap between USAID and distant field operations (communications between USAID and Lubumbashi will be better now that USAID has installed an office in Lubumbashi);; 2) minimizing bureaucratic procedures (from AID/W to the field site) when dealing with relief situations.

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EVALUATION OF  
SHABA TITLE II PROGRAM  
ADMINISTERED BY  
WORLD VISION

August 1985

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## I. INTRODUCTION

The purpose of this evaluation is to describe lessons learned in distributing Title II emergency food in the Shaba Region of the Republic of Zaire. In August 1984 World Vision International<sup>1</sup> (footnotes are found in Part VI on the last page of this report) placed a team in Lubumbashi to manage the distribution and sale of 8700 metric tons of Title II corn. All corn will be distributed or sold by September 1985; the program's PACD is 30 September 1985.

USAID's Debra Rectenwald and Carol Felkel made up the evaluation team. The team interviewed World Vision staff and program partners in Lubumbashi and visited distribution sites in Likasi, Kasaji, Dilolo, Katoka, and Lubumbashi. The evaluation took place from July 8th to July 21st, 1985.

## II. PROGRAM HISTORY

In January 1984, Mr. Dick Venegoni, a World Vision representative, travelled to Lubumbashi to assess the drought effects on southern Zaire. In his initial report, he estimated that Shaba would be short 80,000 tons of corn during 1984. Three months later he returned and reported that the situation had worsened. World Vision prepared a working paper requesting 12,500 metric tons of PL 480 corn. The paper suggested selling half the corn to finance the free distribution of the remaining corn. After many delays, Washington finally approved 8700 metric tons of yellow, whole kernel grade 2 corn for Zaire in July 1984. The Transfer Authorization, signed by Food for Peace and World Vision, required that a minimum of 4200 MT of corn be distributed gratis and allowed up to 4500MT to be sold.

In September 1984, World Vision placed two permanent staff employees in Lubumbashi to direct the program. The first corn shipment reached Port Elisabeth in August 1984; transportation costs from the United States to Zaire were financed by the United States Government. The corn was blocked in South Africa because of a South African/Zimbabwe rail embargo on Zaire. To bypass the embargo, World Vision sent 500 MT of corn by rail to Harare, Zimbabwe and then by truck to Lubumbashi. The embargo was lifted in September 1984 and the corn began arriving directly by rail in October.

The program was designed to be self-financing. Mr. Jacques Tarica, a Lubumbashi miller, agreed to purchase half the corn at a below-market price. Proceeds from the sale were to be used to finance program expenses. World Vision planned to sell the first corn shipments to cover program start-up costs. Mr. Tarica was unable, however, to pay World Vision immediately because he could not find corporate buyers to purchase the corn.

By October 1984 the "crisis" situation in Shaba was altered from what Venegoni described in his January trip report. The local corn harvest was better than had been expected and Zambia, recovered from the drought, was supplying Lubumbashi again with white (preferred) corn. This forced the Lubumbashi corn price down from Z800 in January 1984 to Z400 in August 1984. Tarica Freres, bound by contract, was required to pay World Vision Z 710 per sack. To alleviate the cash-flow problem, World Vision International agreed to lend World Vision Lubumbashi \$100,000 for start-up expenses.

Although the "drought crisis" had subsided by the time the Title II corn arrived in Zaire, World Vision found appropriate uses for the food. After discussions with the local Christian and international organizations, World Vision identified four groups of beneficiaries. Malnourished children took priority. Included also in this group were the "on-going" poor, such as abandoned mothers, the handicapped, the elderly, and the sick. The second group included the 60,000 Angolan refugees who were living near the Angolan/Zairian border. The people living in the areas where the mealy-bug had devastated most of the cassava harvest were also included in the feeding program. Finally, the corn was used to help faltering institutions (mainly boarding schools and hospitals) to sustain development activities.

### III. PROGRAM MANAGEMENT

#### A. Staff

Four expatriates functioning as the director, logistics officer, doctor, and nutritionist work on the World Vision Program in Shaba. The salaries and benefits for the director and logistics officer are provided by World Vision. The program finances the salaries and benefits for the doctor and the nutritionist, as well as for five Zairian administrative assistants (plus several drivers and guards).

Mr. Bruce Menser, the World Vision Chief of Party, oversees the distribution of the Title II food. He has created solid working relationships with local religious organizations distributing the corn. Mr. Randy Strash is the logistics officer. He is responsible for keeping the program accounts and books in order.

Dr. Elizabeth Holland, an American pediatrician, was hired to treat disaster victims. She asked to be posted near Dilolo so that she could spend most of her time in the refugee camps; from a small mud hut she treats 600 patients a day. Although she has an adequate medicinal supply (provided by WV), she lacks proper medical facilities; surgery is performed outside on flattened weeds<sup>2</sup>. Dr. Holland also makes rounds in area hospitals when she comes down from the camps for supplies.

In spite of her sincere efforts, there has been some tension between Dr. Holland and the "Medecins Sans Frontiers (MSF)", who were hired by The United Nations High Commissioner for Refugees (UNHCR) to organize refugee health care. The MSF personnel believe that Dr. Holland's good deeds are making their work more difficult because the care she is providing cannot be continued after her departure (July 30, 1985). The MSF people have not been able to make available so much time and resources as has Dr. Holland.

It is difficult to find fault with Dr. Holland given her selfless commitment to her work. Her conscience drives her to work 12 hours a day, seven days a week. Up to this point, UNHCR had not provided adequate personnel nor resources to effectively manage the refugee situation. Dr. Holland is trying to remedy the problem. The MSF team is responsible, however, for coordinating refugee health care activities. Dr. Holland's unilateral efforts make it difficult to do so.

Ms. Tamara Faris, an American nutritionist, was hired to advise local organizations on nutrition programs, particularly programs for malnourished children. In January 1984, Ms. Faris did a nutrition base-line study in Lukafu and Kienge areas, the areas devastated by the mealy-bug. A follow-up study indicated that there was a 39% improvement in the children's nutritional status after three months of Title II distribution<sup>3</sup>. Both Dr. Holland and Ms. Faris assist in monitoring the corn distribution.

The program employs five Zairian administrative assistants to monitor the distribution process. They track each bag of corn flour from when it leaves the mill until it reaches the distribution site. To ensure that the corn is reaching the appropriate beneficiaries, the team periodically does spot-checks at the distribution centers. The administrative assistants also compile information from monthly reports, submitted by each distribution center. This information includes the amount of corn flour received by the center, the condition it arrived in, and the names of the recipients. World Vision uses these data to prepare its quarterly reports.

Jane Pittman, a Peace Corps Volunteer, also works on the program. World Vision was concerned that the Title II corn was not reaching the appropriate beneficiaries in the refugee area. In March 1985, Ms. Pittman was placed in Dilolo to monitor distribution of the Title II corn.

#### B. Objectives

World Vision has efficiently and effectively managed the Shaba Title II program. Most of the corn has reached the needy. All program objectives identified in the Transfer Authorization will be met before the PACD, September 30, 1985. The objectives are briefly discussed below.

1. By PACD World Vision will have distributed 4452 MT of corn. Malnourished children were the program's primary target group.
2. Approximately 4069 MT of corn was sold to Tarica Freres, UNHCR, and Sodimiza (see Sales, IV.c. below). As of June 1985, Tarica Freres had purchased 3275 MT which was sold to corporate buyers such as GECAMINES (the national copper company) and resold to corporate employees at subsidized prices. Sodimiza bought 600 MT which was sold in a similar manner. UNHCR bought 800 MT to distribute to refugees. Front-end loss was subtracted from the monetization component. Proceeds from corn sales were placed in a Lubumbashi bank account. The U.S. Consul General in Lubumbashi closely monitored the program.
3. Tarica Freres has received, stored, provided security, documented, milled, bagged, and dispatched 4200 MT for free distribution. The miller provided these services for Z 180 per 50-kilogram bag of corn flour.
4. Tarica Freres has maintained up-to-date records on all services extended to World Vision. Mr. Tarica has provided all concerned parties access to the documents upon request.
5. The USG has supplied the commodities and paid ocean and overland transport costs from the United States to the point of entry.

6. The World Vision team was responsible for all handling, storage, internal transportation, and distribution in Zaire. It monitored the distribution component effectively; less than 1% of the total corn distributed was lost.

7. Unutilized program funds will revert to the USAID/Kinshasa Controller upon program completion. This objective will be achieved in mid-September, before the WV Chief of Party's departure.

8. World Vision has submitted quarterly reports in a timely fashion to all concerned parties and will provide access to all financial records for the September audit requested by USAID/Kinshasa.

9. World Vision will furnish the prescribed documents for ocean carrier loss and damage at end of program.

C. Program Finances

The total value of the Title II program includes the contributions made by the United States Government and World Vision International. The USG donated 8700 MT of corn and financed its trans-Atlantic and overland transport to the point of entry: Tarica Freres, Lubumbashi. World Vision supported the salaries and benefits for two World Vision staff members. Total program value is shown below.

TABLE I  
VALUE OF SHABA TITLE II PROGRAM

A. USG CONTRIBUTION

8700 MT whole kernel corn	\$ 1,331,100
Ocean freight and surface transport USA-Zaire	2,042,760*
Total USG contribution	<u>\$ 3,373,860</u>

\*Figure may be adjusted once Swift Export submits final freight costs. Two rail cars are currently en route from South Africa.

B. WV CONTRIBUTION

Salaries, taxes, and benefits	\$ 42,000
Goods and Services	6,000
Allowances	
Housing	18,000
Rest and Recreation	8,000
Total of WV Contribution	<u>\$ 74,000</u>

C. TOTAL PROGRAM VALUE

\$ 3,447,860

The total cash budget includes the proceeds from corn sales (refer to Sales, Section IV.c.) and to World Vision's contribution. These figures are shown in the following table.

TABLE II  
TOTAL CASH BUDGET

Shaba Food Project (corn sales)	\$ 658,720*
WV contribution.	74,000
TOTAL CASH BUDGET	<u>\$ 732,720</u>

\*The corn flour was bought in local currency. This figure represents the hard currency equivalent.

The proceeds from the corn sales were designated to cover all program expenses except Mr. Menser's and Mr. Strash's salaries<sup>4</sup>. Certain circumstances prohibited World Vision from immediately obtaining start-up funds (see Program History, Section II), hence WVI agreed to lend World Vision Lubumbashi up to \$100,000. World Vision Lubumbashi borrowed \$95,000 to purchase three vehicles for World Vision staff, office equipment, and other miscellaneous needs. The total debt owed to WVI by World Vision Lubumbashi at present is listed below.

TABLE III  
WORLD VISION LUBUMBASHI DEBT TO WORLD VISION INTERNATIONAL

Amount loaned	\$ 95,000
Interest	2,510
TOTAL DEBT	<u>\$ 97,510</u>
Less Benefits Paid to WV permanent staff	<u>\$ 21,260</u>
TOTAL OWED AT END OF JUNE 1985	\$ 76,250

World Vision Lubumbashi, obtaining the loan interest-free, agreed to pay WVI the interest accrued on the money designated for repayment. World Vision intended to pay the entire loan using hard currency obtained from a financial arrangement made with Swift Exports, the freight forwarder which supervised the overland transportation of the corn. This arrangement is outlined below; for a more detailed account please refer to USAID/DEO memorandum from Rectenwald/Waskin to Mr. Lee Braddock, dated August 3, 1985.

Swift Exports was reimbursed for the overland (Port Elisabeth to Lubumbashi) transport of the Title II corn by the USG (approximately \$2,000,000). The company agreed to allow World Vision (via Tarica Freres) to pay the transport costs from Sakania on the Zambia/Zairian border to Lubumbashi. This part of the trip could be paid in local currency (Z 6,203,238). Swift Exports then placed the hard currency equivalent (\$137,716) in a Johannesburg bank account; all but \$22,000 has been paid.

The hard currency obtained from this arrangement was originally earmarked for loan repayment and the doctor's and nutritionist's salaries. Program expenditures were, however, higher than projected. Because of a local currency shortage, hard currency was used to finance program operating expenses. Total receipts versus total expenditures and the net deficit as of June 1984 are shown below.

TABLE IV  
HARD CURRENCY RECEIPTS VS  
HARD CURRENCY EXPENDITURES

RECEIPTS

Received as of April 30:

-Loan:	\$ 95,000
-Freight Reimbursement:	124,716
-Net Interest:	1,260
-Value Loss (Rands)*:	(580)
Sub-Total:	<u>\$220,396</u>

\*Loss in currency conversion.

Projected Receipts to End of Project:

-Freight Reimbursement:	\$ 21,704
-Net Interest:	1,250
Sub-Total	<u>\$ 22,954</u>

TOTAL RECEIPTS: \$243,350

PAYMENTS

Paid as of April 30:	\$138,550
Project Payments to End of Project	
-Contract Staff:	16,900
-WVI Expat. Int'l Travel:	9,000
-WVI Expat. R&R:	4,280
-Office Rental:	1,900
-Diesel Fuel:	15,100
-DHL Deliveries:	380
-Bank Fees:	120
-Pharmaceuticals:	<u>2,000</u>
Sub-Total	\$ 49,680
TOTAL PAYMENTS	\$188,230
Net Surplus:	55,120
Less Amount Due on Loan:	<u>(76,250)</u>
NET DEFICIT:	-\$ 21,130

World Vision proposes to pay the deficit by selling approximately \$7,000 worth of program assets and placing the local currency equivalent of the balance in a Lubumbashi bank account. World Vision has agreed to accept the local currency as a loan repayment because of plans to continue development activities in Shaba. The money will be used to finance development programs.

Initially, World Vision utilized the standard WVI accounting system, a system designed primarily for small projects that pay operating expenses by check. The procedures in this system require records for overhead expenses and for project expenses. The standard WVI accounting system was inadequate for this program for several reasons. First, many program payments were made in cash, not by check. These included purchasing fuel and reimbursing program partners for program expenses. Second, there were no overhead expenses. World Vision did not charge the program for its management services. Third, the standard accounting system was not sophisticated enough to maintain records for World Vision's four bank accounts, so World Vision replaced the accounting system with a new one. World Vision keeps the following records.

1. Expense vouchers for each of the four accounts.
2. Project Cash Journal (for each account).
3. Bank reconciliations.
4. Monthly Financial Reports (this book states all figures in dollars, consolidates all banks accounts, and notes exchange rate fluctuations).
5. Petty Cash Book.
6. Journal Entry (which makes amendments, corrections, or justifies outstanding advances).

Four bank accounts were established by the project: 1) Lubumbashi Local Currency Account, 2) Lubumbashi U.S. Dollar Account, 3) Johannesburg Rand Account, and 4) Johannesburg U.S. Dollar Account. The first account supports local operating expenditures which average Z 10,000 a month. The Lubumbashi dollar account is used to pay local dollar expenditures, such as the office rent. The two South African accounts are maintained to pay for fuel, vehicles, and stipends for WVI employees.

The program accounts are complicated given the financial arrangement with Swift Exports, the WVI loan, and the four separate bank accounts. Simple cross checks were made by the evaluation team that indicate the books are accurate and up-to date. The evaluation team, however, is not qualified to state that program financial matters are in order. World Vision audited the program in April 1985; USAID is planning to audit the program through a local CPA firm in September 1985. Please refer to those audit reports for detailed financial information.

#### D. Phase-Out Strategy

There are two rail cars carrying over 85 tons of grain currently en route to Lubumbashi. This represents the last of the Shaba Title II grain. Part of the grain will be sold to Tarica Freres to cover remaining milling and bagging fees. The rest of the grain will be milled, bagged, and distributed by Tarica Freres to various distribution centers before September.

World Vision had originally intended to distribute all the corn by June 1984; however, at the end of July, 900 MT of corn flour remained. The schedule slipped because the miller had given other customers priority, neglecting the World Vision corn. This problem was resolved with the help of the Consul General; the miller has given World Vision's corn top priority until all shall have been milled.

The doctor, nutritionist, and the Peace Corps volunteer will terminate their contracts at the end of July. The Zairian staff will be paid until the official PACD, September 30, 1985. The logistics officer will leave for California in August to debrief the WVI director. WVI will send an accountant to Lubumbashi in August to close out the program books. The World Vision Chief of Party will submit unused program funds to the USAID/Kinshasa controller (estimated now to be near Z 6 million) in mid-September. This will mark the end of the program.

World Vision kept inventories on project assets and the fuel depot. World Vision has prepared a proposed disposition list for the program assets. The list, signed by the the Consul General in Lubumbashi and World Vision Chief of Party, awaits the USAID Director's approval. World Vision purchased fuel from South Africa and kept the barrels in the Lubumbashi Methodist depot. Spot checks and record keeping proved that this system was reliable; there were no losses or thefts.

IV ACCOUNT OF SHABA TITLE II CORN

The following table presents the total amount of corn received at Port Elisabeth per bill of lading and accounts for the quantity of corn distributed, en route, sold, and lost.

TABLE V  
ACCOUNT OF SHABA TITLE II EMERGENCY GRAIN

<u>Item</u>	<u>Kilograms</u>
A. Corn Received in Port Elisabeth (per B/L)	8,725.310
B. Utilization of Corn	
...Front-end Losses	269.550
...Sales	4,096.170
...Free Distribution	3,294.520
...To be distributed	903.350
...En route	85.680
...Discrepancy*	76,040
TOTAL	8,725,310
C. Variance between A and B	0

\*There is a discrepancy of 76,040 kilos (.87%) due to the SNCZ practice of rounding off 100-pound bags to 45 kilos; one hundred pounds equals 45.45 kilograms. Also the corn sacks often weighed more than 100 pounds. World Vision has exact weights from the South African port authorities.

A. RECEIVING

1. Port Elisabeth

Daniel F. Young, an American freight forwarder, supervised the transport of the Title II corn from Wisconsin to South Africa. The corn was shipped on four vessels, as shown below.

TABLE VI  
ARRIVAL OF TITLE II CORN  
IN PORT ELISABETH

<u>Vessel</u>	<u>Arrival Date in Port Elisabeth</u>	<u>Kilograms of Corn Unloaded</u>
MV Regina	19 August 1984 (on schedule)	2,489,500
MV Columbia Glory	7 October 1984 (on schedule)	2,508,542
Thalassini Mana	21 February 1985 (two months late)	1,857,413
Wendy	18 March 1985 (two months late)	<u>1,856,719</u>
TOTAL CORN RECEIVED IN PORT ELISABETH PER BILL OF LADING		8,712,254

At the U.S. port of departure and South African port of entry a Grain Inspection Certificate analyzing the Moisture Content (MC), Broken Corn and Foreign Material (BCFM), the Heat Damaged Kernels (HDK) and the Grade was issued by the port authorities. At the point of departure in the United States, the Title II corn was assessed at Grade 2. The corn aboard the first two ships was assessed at Grade 3; the corn aboard the Thalassini Mana and Wendy was assessed at Grade 5. The difference in grades was attributed to the heat and humidity aboard the ship and to South Africa's stricter grading standards.

## 2. Tarica Freres, Lubumbashi

Swift Exports, a freight forwarder based in Johannesburg, was contracted by World Vision to supervise overland transportation of the corn from Port Elisabeth to Lubumbashi. The first shipment was detained in the port because of a rail embargo on Zambia and Zaire (see Program History, Section II). The corn was loaded into warehouses maintained by the port to await resolution of the embargo.

In mid-September, with no resolution in sight, AID/W authorized the additional expense of transporting 500 MT (1/5 of the first shipment) partially by road to Lubumbashi<sup>5</sup>. The corn was sent by rail to Harare where it was loaded on trucks bound for Zaire. Sixteen tractor-trailer rigs delivered 520 MT of corn to Tarica Freres during October 1984<sup>6</sup>. Meanwhile the embargo was lifted and the corn began arriving by rail from South Africa directly to Lubumbashi on 23 October 1984.

Each country, through which the corn passed, issued a Letter of Transport identifying the quantity of corn in each rail car. AGETRAF was contracted by World Vision to expedite the corn through customs at Sakania on the Zaire/Zambian border where the corn was also inspected by "Societe de Chemins de Fer Zaire" (SNCZ). The railroad company then assumed responsibility for the cargo transport. Upon customs clearance Office des Douanes et Accises (OFIDA), issued an exoneration document and the corn was delivered to Tarica Freres. A representative from the mill, Office Zairois de Controle (OZAC) and World Vision were present to count the corn sacks as they were off-loaded from the train. OZAC inspected the corn for quality and quantity control.

World Vision received the original bills of lading from Swift Exports in advance so that the corn could be cleared and claimed by World Vision immediately after the corn had arrived. From the information on the bill of lading, World Vision prepared a "Cours de Route", identifying the car numbers or the license plates of the trucks. Copies of this document were sent to all parties concerned: OZAC, OFIDA, SNCZ, and Tarica Freres. Thus, the agencies were forewarned of projected arrival dates for the corn.

B. Loss

Before the program began World Vision estimated that corn loss would be 15% of the total corn shipped from the United States. Loss was divided into three categories: front-end, milling, and distribution. The actual total loss was less than what had been projected, as shown below.

TABLE VII  
TOTAL LOSS OF SHABA TITLE II CORN

<u>Description of Loss</u>	<u>Amount of Corn Lost in kilograms</u>
Front-end losses	269,550
Distribution losses	42,000
Milling losses	<u>252,000</u>
TOTAL LOSS OF TITLE II CORN	563,550

1. Front-end Loss

Front-end loss is loss incurred from when the commodity was purchased to when it reaches its final destination. It includes spoilage or theft aboard the ship, in the port, or during overland transportation. Total front-end loss was 3.1% of the corn received in South Africa, as shown below.

TABLE VIII  
FRONT-END LOSS

<u>Known Loss</u>	<u>Loss of 50 kilogram Bags</u>	<u>Loss in Kilograms</u>
a. Missing or landed empty at Port Elisabeth	251	11,295
b. Water-damaged on arrival at Port Elisabeth	2,249	101,205
c. Water-damaged at Port Elisabeth per survey	123	5,535
d. Water-damaged on arrival at Lubumbashi	1,625	73,125
e. Missing on arrival at Lubumbashi and presumed stolen.	1,742	78,390
<b>TOTAL FRONT-END LOSS</b>	<b>5,990</b>	<b>269,550</b>

TABLE IX  
FRONT-END LOSS OVER TOTAL CORN RECEIVED

A. Front-end Loss	269,550 kilograms
B. Total Corn Received in South Africa	8,725,310 kilograms
C. Percent Lost of Total Corn Received	3.089%

Water damage accounted for most of the front-end loss. The largest theft occurred when corn from the second vessel had to be loaded into open rail cars because closed cars were unavailable. The cars were covered with tarpaulins which made it easy to steal the corn on the way to Lubumbashi.

## 2. Distribution Loss

Distribution loss includes any loss from when the commodity leaves the mill to when it reaches the distribution site. World Vision reports distribution loss as below 1%. (The actual percentage is higher because of UNHCR's initially remiss monitoring system).

TABLE X  
DISTRIBUTION LOSS OVER TOTAL CORN DISTRIBUTED

A. Distribution Loss	42,000 kilograms
B. Total Corn Distributed	4,197,870 kilograms
C. Percentage Lost	.010 %

The low loss is a result of World Vision's strict controls and effective monitoring of the distribution component. The only known distribution loss was when a rail car transporting the Title II food broke down. The seal on the car was cut to transfer the corn to another car; in the process, 81 bags (of 600) were stolen.

NOTE: Distribution loss was subtracted from the distribution component and therefore does not appear in Table V.

### 3. Milling Losses

World Vision contracted Tarica Freres to store, mill, and bag 4200 MT of corn. To simplify accounting procedures, an overall 6% milling loss was agreed upon by Jacques Tarica, World Vision, and the Consul General. The corn bags were counted as they were off-loaded from the trains; this number was multiplied by 45 kilograms to determine total weight of the corn. (Whole kernel corn was shipped in 45 kilogram bags). Tarica agreed to provide 94% of this weight in flour. World Vision initially believed that 6% was too high but conceded once Tarica pointed out that corn grade was not as high as promised.

World Vision also initially objected to Tarica's accounting procedures, requesting Tarica to use South Africa's accurate weight measures instead of the number of sacks, to determine the quantity of corn. With the help of the Consul General a compromise was reached: The number of sacks would be used to determine the weight, however, Tarica would count the 837 torn sacks as whole sacks.

### 4. Claims

Claims against port and ocean carriers are filed through the Commodity Credit Corporation (CCC) of the USDA. One claim has been settled. The settlement, \$125, was mistakenly deposited in a World Vision account by the CCC, when it should have been deposited in the U.S. treasury. World Vision is now taking steps to correct the error.

To file claims for overland loss, World Vision must receive official tallies from OZAC for each rail car unloaded in Lubumbashi. OZAC is slow. It was not until July 1985, that tallies stating loss for the corn shipped in February were received. With these tallies, World Vision has filed claims for overland loss.

World Vision is responsible for taking further claims actions and following up all outstanding claims. Before his departure the Chief of Party will provide USAID/Kinshasa copies of outstanding claims. These copies will supply needed information in case follow-up action is required.

C. Sales

The Transfer Authorization permitted World Vision to sell up to 4500 metric tons of Title II grain. Monetizing a portion of Title II food to finance the free distribution of another portion, was a novel idea. Normally, Title II regulations do not envisage the sale of Title II commodities.

Tarica Freres agreed to purchase all of the corn designated for distribution at a below-market price. The price was set at Z 710 per 50 kilo sack of corn flour by World Vision, Tarica Freres, and the Consul General. (This includes the Z 180 milling fee.) The price for a sack of flour at this time was Z 800.

When the Title II corn finally arrived in Lubumbashi the market price for corn had dropped to Z 400. Southern Africa had recovered from the drought, and white, high quality corn was being exported illegally from Zambia. The Zambian government interdicts corn export but custom controls are weak. Zambia subsidizes its corn, therefore many merchants sell Zambian corn in Shaba where they can readily obtain a higher price.

Tarica Freres, bound by contract to pay World Vision Z 710 per sack of corn flour, had many difficulties finding buyers to purchase the yellow (less preferred) corn at the high price. Also at that time there were liquidity problems in Lubumbashi; the few buyers that Tarica found could not pay cash. Because of these circumstances, World Vision began to look for other buyers. UNHCR and Sodimiza were found. The quantity of corn they purchased and the price they paid are listed below.

TABLE XI  
CORN SALES TO UNHCR AND SODIMIZA

<u>Buyer</u>	<u>Kilograms Purchased</u>	<u>50 kilo sacks Purchased</u>	<u>Profit per sack*</u>	<u>Total Income</u>
UNHCR	822,000	16,440	430 Z	7,069.200 Z
Sodimiza	<u>616,320</u>	<u>10,272**</u>	420 Z	<u>4,314.240</u>
TOTAL	1,438,320	26,712		1,383,440 Z

\*Profit per sack is the price per sack (Z 610-Z 600) minus the Z180 milling fee.

\*\*The corn sold to Sodimiza was bagged in 60 kilogram sacks; all other corn was bagged in 50 kilo sacks.

During this negotiation period there was an unfortunate lack of communication between World Vision and Tarica Freres; consequently Tarica oversold World Vision's corn by 30,000 sacks. The error was somewhat alleviated when Sodimiza cancelled part of its original order. To provide the remainder of the corn, World Vision purchased 17,366 sacks of flour from Tarica Freres at a price of Z 418/sack. (This price did not include the milling fee.) It was more advantageous for World Vision to buy the corn than to have the miller simply replace what was oversold because UNHCR and Sodimiza agreed to pay higher prices than Tarica's current price (418). World Vision still suffered a loss, however.

Because market prices had dropped, World Vision was forced to accept a lower price from UNHCR (Z 430) and Sodimiza (Z 420) than Tarica's original price (Z 530). (These figures represent profit per sack.) The Consul General convinced Tarica to absorb some of this loss because, if Tarica had paid promptly, other buyers would not have been needed. Thus the loss that was suffered from negotiating with other clients, 3.8 million, was split evenly between Tarica Freres and World Vision. The program's income from Tarica Freres is the amount Tarica purchased from World Vision, minus the amount World Vision purchased from Tarica, as shown below.

TABLE XII  
TOTAL INCOME FROM CORN SALES

	Amount of Corn in <u>Kilograms</u>	No. of <u>Sacks</u>	Profit* <u>per sack</u>	Total <u>Profit</u>
Tarica Freres purchase	3,275,400	65,508	530	34,719,240
WVRO purchase back from Tarica	868,320	17,366	418.2	<u>7,262,316</u>
Total Tarica Freres	2,407,080	48,142		27,456,924
Total UNHCR and Sodimiza	1,438,520	26,712		11,383,440
TOTAL CORN SALES	3,845,600	74,854		38,840,364

\*Profit per sack equals price per sack minus Z 180 milling fee.

Note: The final figure in column I does not match the sales figure in Table V. The discrepancy is a result mixing projected sales figures with what was actual sold and paid for. These figures will be more exact in the September 1985 audit report.

Tarica financed the overland transport for the corn in Zaire. Tarica then invoiced World Vision for this payment. Tarica also handled interior distribution by rail for the corn flour. Over 50% of the corn was distributed by rail. Tarica charged Z180 per sack for milling, storing, and bagging the Title II corn. This was authorized in the Transfer Agreement. Tarica also paid AGETRAF for clearing the Title II corn through customs. The fees for these services are shown below.

TABLE XIII  
PROGRAM DEBT TO TARICA FREES

Service	Fee
Rail transport/corn	6,203,238
Rail transport/flour	1,033,145
Milling, Storage costs	13,076,100
Customs Clearance costs	<u>606,531</u>
TOTAL DEBT OWED TO TARICA	Z20,919,014

Tarica deducted these fees from the debt he owed World Vision for corn purchases. At present Tarica owes World Vision Z 4.5 million. These funds will cover milling and bagging costs of the remaining corn.

Tarica bought cotton sacks from Solbena to bag the corn flour. The price of the sacks was included in the Z180 milling fee. World Vision distributed the sacks to program partners for hospital bed linen and clothes for poor. World Vision also gave the synthetic sacks used to hold the corn grain to program partners. These sacks were used primarily for commercial purposes (i.e to bag agricultural produce). If the program had required additional funds to finance the free distribution, World Vision could have sold the sacks wholesale. The market price is Z 5 for the synthetic sacks.

D. FREE DISTRIBUTION

1. Program Partners

The Transfer Authorization signed by World Vision required that a minimum of 4200 MT of corn be distributed gratis. By July, World Vision had distributed 3,096.85 tons of corn flour (3,282.661 MT of corn grain) to the needy via religious and international organizations. The largest distributors or program partners included the Catholic Church, the Methodist Church, and the United Nations High Commissioner for Refugees (UNHCR). These intermediaries all have an infrastructure serving a large population at the parish or village level. The quantity of flour allotted to each organization appears below.

TABLE XIV  
CORN FLOUR DISTRIBUTED TO PROGRAM PARTNERS

Partner	Distribution Centers	Amount of corn flour (kilograms)	Beneficiaries (Approximate)
Methodist	43	1,314,450	70,000
Catholic	103	887,900	45,000
UNHCR	3	894,500	50,000
	<u>149</u>	<u>3,096,850</u>	<u>165,000</u>

The Catholic Church has concentrated its distribution in Lubumbashi, Kipushi, Kienge, and eastern Shaba. The Methodist Church, which also distributes to several independent churches such as the Anglicans, Garenganze, and the Seventh Day Adventists, has distribution centers scattered throughout rural Shaba as well as in Lubumbashi and Likasi. UNHCR is setting up three permanent camps in the Dilolo/Kisenge area for 60,000 Angolan refugees.

The Title II corn was expedited to more than 140 distribution centers. Nineteen hospitals, 35 dispensaries, and 27 boarding schools constitute some of these centers. Fifty Catholic parishes also received flour. Other distribution centers include homes for the handicapped, nutritional programs, and other social centers.

To determine the need at each distribution center World Vision made on-site inspections. Local officials at the distribution centers decided who the beneficiaries would be and the quantity of corn flour each would receive. The average ration per beneficiary was three kilos per month, although this varied according to individual need. The maximum quantity allowed to any beneficiary was 15 kilos. Most of the corn was eaten by the recipients, except in Dilolo area where the refugees, who are accustomed to eating cassava, often sold their corn.

## 2. Expedition

All of the Title II emergency grain was transported directly to Tarica Freres, one of the larger corn mills in Lubumbashi. Each month World Vision provided a schedule for the flour it would need. The schedule explained who would receive the flour and how much. Fifty-seven percent of the corn flour was transported by rail to Dilolo, Kazaji, Likasi, Luena, Kamina, and Songa.

World Vision purchased four 8-ton trucks to transport the corn from the railhead to the distribution center and to centers which were too far to service by rail. Also eight smaller trucks were purchased to assist local distributions and to enable World Vision staff to monitor distribution. Four new Chevrolet 8-ton trucks (donated by USAID) arrived the last week in June to help finish the final distribution phase. Six of the 8-ton trucks are stationed in Lubumbashi. Of these, four are used by the Catholics; two are used by the Methodists. The Methodists, also, use two 8-ton trucks in Kapanga and Luena.

The program finances all distribution costs. When World Vision vehicles are unavailable, program partners use their own vehicles and submit receipts to World Vision for reimbursement.

## 3. Control

### a. From the Mill to the Distribution Center

Tarica Freres secures the rail car carrying the corn by welding and sealing the car door closed. Only an official from the distribution center is allowed to break the seal. A Letter of Transport is sent with the car and copied to World Vision, documenting the day the car left the mill, the consigner, the quantity of sacks, and the car and seal numbers.

Program partners distributing corn by truck present a voucher signed by World Vision in triplicate to Tarica Freres. When Tarica releases the flour, a copy of the voucher is sent to World Vision. Tarica keeps the third copy. The voucher explains how much flour was released, to whom, and on what date. The corn flour is sent to the distribution centre where it is unloaded under the supervision of local officials.

All distribution is monitored through the use of two-way radios and monthly reports. World Vision informs program partners in advance of projected arrival dates for the corn by radio. Each distribution center must submit a monthly report to World Vision indicating how much corn it received, when, and in what condition.

### b. From the Distribution Center to the Beneficiary

It is difficult to monitor distribution at this level because the sacks of corn flour are open and because there are over 165,000 recipients.

To ensure that appropriate people are receiving the corn flour, World Vision does spot checks at the distribution centers. The centers have a list with the beneficiaries' names and signatures (usually a thumbprint) indicating that they have received the corn. Names are randomly selected from the list and the World Vision staff member verifies whether the beneficiary exists and whether he or she qualified for the program.

Overall, World Vision has laudably monitored the free distribution component of the Title II corn. The Catholic and Methodist churches also played a large monitoring role. They chose responsible church officials to select beneficiaries and to oversee distribution at the centers. When a center was discovered to be improperly distributing the corn flour its monthly quota was cut.

UNHCR distributed and monitored its own corn flour. Because of UNHCR's inadequate administrative and logistical support (i.e. no permanent supervisor in Dilolo, insufficient number of vehicles, etc.) the most serious monitoring problems in the Shaba Title II program developed in the refugee area.

Initially UNHCR was distributing food to refugees in 32 villages. Refugees were required to present their cards to receive the food. Rumors, describing how it was possible for hundreds of Zairians to purchase these cards and illegally receiving hand-outs, were rampant in the Dilolo area.

In March, World Vision placed a Peace Corps Volunteer in Dilolo to monitor the Title II corn. At that time UNHCR also started implementing stricter controls. First, food distribution was halted everywhere except in three refugee camps established away from the border. Second, a UNHCR staff member was placed permanently in the refugee area. And, third, UNHCR demanded that the Zairian government implement stricter controls on issuing identify cards. UNHCR has recently contracted Canadian University Services to implement its Shaba program. Four of the five expatriates on the CUS team are posted out in the refugee area. Hence the monitoring problem will be somewhat alleviated.

#### V. LESSONS LEARNED

1. The sales of Title II commodities to finance program implementation was an experiment that would have worked well had the corn arrived on schedule. But, by the time the corn arrived, the area had recovered from the drought, and local corn was inundating the markets. Therefore it became difficult to locate buyers who would pay cash for the more expensive, less preferred Title II food. This caused serious problems for World Vision in starting the short-term free distribution component. In future programs, using this format, the PVO implementing the project should be guaranteed adequate financing until program-generated finances become available.

2. The 1983 food crisis demonstrates Shaba's dependency on Zambia's illegal export of corn. Because of Zambian subsidies, merchants can sell their corn in Zaire at below-market prices. At present the corn is coming across the border by the truckloads. If the subsidy were eliminated, augmenting the Zambian corn price, or another drought occurred, the corn export would cease and Shaba could suffer another serious food shortage.

3. The distance between Kinshasa and Lubumbashi causes difficulties for effective program management. Unfeigned efforts from both parties, USAID/Kinshasa and the implementing agency, are required for good communication. The problem will be somewhat alleviated in the future as USAID has recently installed an office in Lubumbashi.

IV. FOOTNOTES

1. In this paper World Vision International refers to the organization's headquarters; World Vision or World Vision Lubumbashi refers to the Shaba team.
2. Refer to Dr. Holland's reports in the program files for more information.
3. Refer to Ms. Faris' report in World Vision's Third Quarter Report.
4. See Transfer Authorization.
5. See World Vision First Quarterly Report.
6. Ibid.

