PD-AAY-027

ISN-56927

AUDIT OF
MALAWI AGRICULTURAL RESEARCH
AND EXTENSION PROJECT NO. 612-0215

AUDIT REPORT NO. 3-612-88-16
JUNE 29, 1988

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

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June 29, 1988

MEMORANDUM FOR MISSION DIRECTOR, USAID/Malawi, John F. Hicks

FROM: RIG/A/Nairobi, Richard C. Thabet

SUBJECT: Audit of the Malawi Agricultural Research and Extension Project

The Office of the Regional Inspector General for Audit, Nairobi has completed an audit of the Malawi Agricultural Research and Extension Project. Five copies of the audit report are enclosed for your action.

The draft report was submitted for your comments and your comments are attached to the report as Appendix I. The report contains one recommendation. The recommendation is considered resolved but will not be closed until completion of planned or promised actions. Please advise me within 30 days of any additional actions taken to implement the report's recommendation.

I appreciate the cooperation and courtesy extended to my staff during the audit.

Background

A.I.D. approved the Malawi Agricultural Research and Extension (MARE) Project in July 1985. The project consisted of three components: agricultural research, training, and extension. Through these components, the project sought to improve the Ministry of Agriculture's (MOA's) institutional capacity to increase the productivity of traditional crops and to identify the best crops for diversifying smallholder1/ production.

The improvements were to be achieved by (i) establishing an institutionalized staff training program within the MOA, (ii) providing support for research activities producing appropriate technologies for smallholders, and (iii) strengthening the extension system in terms of its linkages with research and its ability to disseminate information. An important aspect was the scheduling of the technical assistance personnel's

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1/ Farm families cultivating less than five acres.

in-country work periods and the government counterpart's participant training periods. Effective scheduling was needed to ensure appropriate overlap and thus skill transfer. Technical assistance was provided through a contract with the Consortium for International Development.

The overall project cost was estimated at $82,757,000 over a five year period. A.I.D. was to contribute $14,000,000, the Government of Malawi $23,057,000, and the World Bank $35,700,000. Through May 1988, A.I.D. had expended about $2.2 million on the project. The project's completion date had been extended two years to September 1992. For a map of Malawi, see Exhibit 1.

Audit Objectives and Scope

The Office of the Regional Inspector General for Audit, Nairobi conducted a program results and economy and efficiency audit of the Malawi Agricultural Research and Extension Project. The audit objectives were to determine if the project:

- established an institutionalized staff training program within the MOA,
- provided effective support for research activities aimed at producing appropriate technologies for smallholders,
- strengthened the extension system in terms of its linkages with research and its ability to disseminate information, and
- achieved participant training targets, including ensuring that training was coordinated with the schedule for arrival and departure of technical assistance personnel.

The audit was conducted at the USAID/Malawi and MOA offices in Malawi during the period March to May 1988. USAID/Malawi and MOA officials were interviewed and project files and reports were reviewed. The audit covered about $2.2 million expended from July 1985 to May 1988 of $14 million obligated.

The audit did not cover counterpart contributions to the project, although the project's financial arrangement (who would pay directly for what) was reviewed to determine the likelihood of problems. The review of internal controls and compliance was limited to the finding reported. The audit was made in accordance with generally accepted government auditing standards.

Results of Audit

The project was making good progress in institutionalizing an MOA staff training program. Two technical assistance persons were involved. One was identifying training needs, establishing selection criteria for training candidates, and defining training policies, including MOA's relationship to other government training institutions. The other technical assistance person was developing training materials, creating training organization position descriptions, and generating a "trainer of trainers" cadre by training selected employees. Overall, these activities were likely to result in an institutionalized MOA staff training program.

The project also was effectively supporting research activities aimed at producing appropriate technologies for smallholders. Priorities for research in fruits and vegetables were well defined and an ambitious program was being pursued. Ground work had been laid for establishing additional adaptive research teams and an agro-forestry commodity research team. The project also was aiding the MOA's research data unit in its efforts to support individual researchers in establishing research designs, and in analyzing the distribution of ongoing and planned lines of research. Thus, the project's activities were effectively aligned to support research aimed at helping smallholders.

The project was making progress in strengthening the extension system's capacity to disseminate information helpful to farmers. Linkages were being forged with both researchers and farmers to identify information relevant to farmers in different localities. Attention was being devoted to packaging the information to make it interesting and to market testing it. The Women's Program had increased women's participation in agricultural programs and services. Some small grants already had been made to women's clubs to promote small scale activities such as egg production and vegetable plots.

Progress had been made on participant training targets. Long term offshore training progress was excellent with the 49 targeted participants accounted for by 36 participants in training, 2 participants returned from training, and 11 in process for training.

Although participant training targets were being achieved, training was not adequately coordinated with the schedules for arrival and departure of technical assistance personnel. Except for this problem, the project was making satisfactory progress on its major objectives.

To overcome the project's weakness in coordinating participant training with the technical assistance personnel's work periods, the report recommends that the Mission develop a plan to minimize the adverse impacts. The report also recommends that the Mission, for future projects, ensure participant training and technical assistance is adequately coordinated, and project time length is appropriate for practical project implementation.

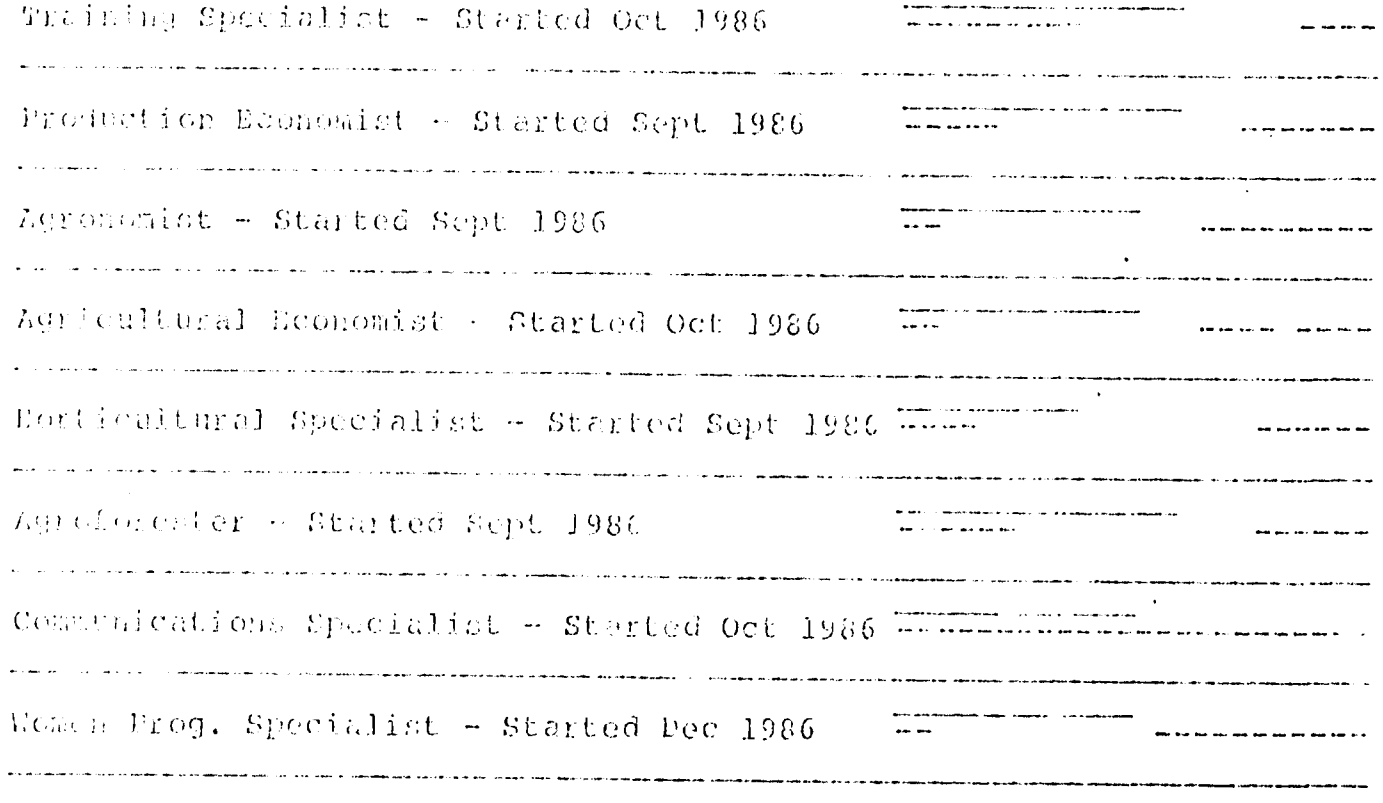
Lack of Overlaps Between Technical Assistance Personnel and Counterparts Reduced the Impact of the Investment in Technical Assistance - A.I.D. policy required participant training to be coordinated with the schedule for arrival and departure of project technical assistance personnel. In the MARE project, however, the required overlap was absent for seven of the project's nine technical assistance positions. This occurred because the need for overlaps was not adequately considered in the project design. As a result the benefits of the $6 million investment in technical assistance may be significantly reduced.

Discussion - A.I.D.'s Policy Determination No. 8 dated July 13, 1983 states that A.I.D.'s policy is to encourage the use of participant training to improve the government's internal training capabilities and to increase the availability of key project staff and professional counterparts. The policy determination further states: "Where trainees are expected to replace or to function as counterparts to technical assistance personnel (whether sponsored by A.I.D. or other donors), project design must ensure that training is phased appropriately and coordinated with the schedule for arrival and departure of such technical assistance personnel."

The MARE project had 9 technical assistance positions. The required technical assistance personnel-counterpart overlap was absent for 7 of the 9 position. This occurred because counterparts went for long-term training either just before or immediately after the arrival of technical assistance persons. In some cases, gap periods existed ranging from 6 months to 18 months, with neither technical assistance persons nor counterparts present. Further, overlap would not be achieved when the participants returned because the technical assistance personnel would have departed.

The following table depicts the overlap or lack of overlap for each of the 9 positions and shows the lack of transition from the technical assistance personnel to the counterparts returning from training.

Overlap Between Technical Assistance Personnel & Counterparts



Key:

_____ Technical assistance personnel in country

- - - - - - Counterparts in country

The lack of overlaps was a serious problem, according to the technical assistance personnel and the counterpart staff. The horticultural specialist, for example, expressed concern that the effectiveness of numerous field trials would be reduced because of the lack of overlap. Such trials normally required three years of systematic oversight to yield useful information, and the lack of overlap seriously jeopardized the required continuity of oversight.

Similarly, the production economist was concerned. He was providing two important inputs to the MOA operations. First, he provided analysis of ongoing and planned research activities for use in setting research priorities in the budget. Second, he provided reviews of researchers' data gathering and analysis techniques. These functions were important additions to the MOA's operations, but were new and needed repetition for full institutionalization. The time gap between departure of the production economist and the return from training of his counterpart would prevent directly passing the new functions to the counterpart. Accordingly, the institutionalization of the production economist's contributions would be seriously jeopardized.

The lack of overlap problem was due to inadequate attention in the project's design to the phasing of technical assistance personnel and counterparts. The project paper included no specific strategies or criteria to address the need to achieve overlap. Further, the project's designers were unrealistic in assigning the project a five year length of life.

Five years allowed little scheduling flexibility, given the typical 30-month contracts with technical assistance persons and the fact that participant training periods ranged from 18 months to 3 years. In fact, only 18 months after project authorization, the project was extended 2 years to allow time to complete the participant training. The early need for an extension showed the project designers had not thought through the implications of the planned training and technical assistance.

The MARE Project had obligated about $6 million for technical assistance. If the overlap problems are not overcome during the project's four remaining years, the benefits of the project's $6 million investment in technical assistance may be significantly reduced.

A July 1987 report prepared jointly by MOA, the contractor and USAID/Malawi identified lack of overlaps as an important project problem. Some corrective action was taken at the urging of USAID. However, additional action was needed in the form of a mission plan to minimize the impacts of the overlap problem.

Such a plan should identify each problem area and provide corrective action in the form of technical assistance short term contracts, contract extensions, revised counterpart assignments or adjustments to training schedules. The plan should be approved for action by the project's steering committee. The Mission also should avoid similar problems in future projects by carefully reviewing overlap phasing and project length of life during project designing.

Recommendation

We recommend that the Director, USAID/Malawi:

a. in concert with the Government of Malawi and the project steering committee, establish an approved plan for minimizing the adverse impacts of technical assistance personnel-counterpart phasing problems, and

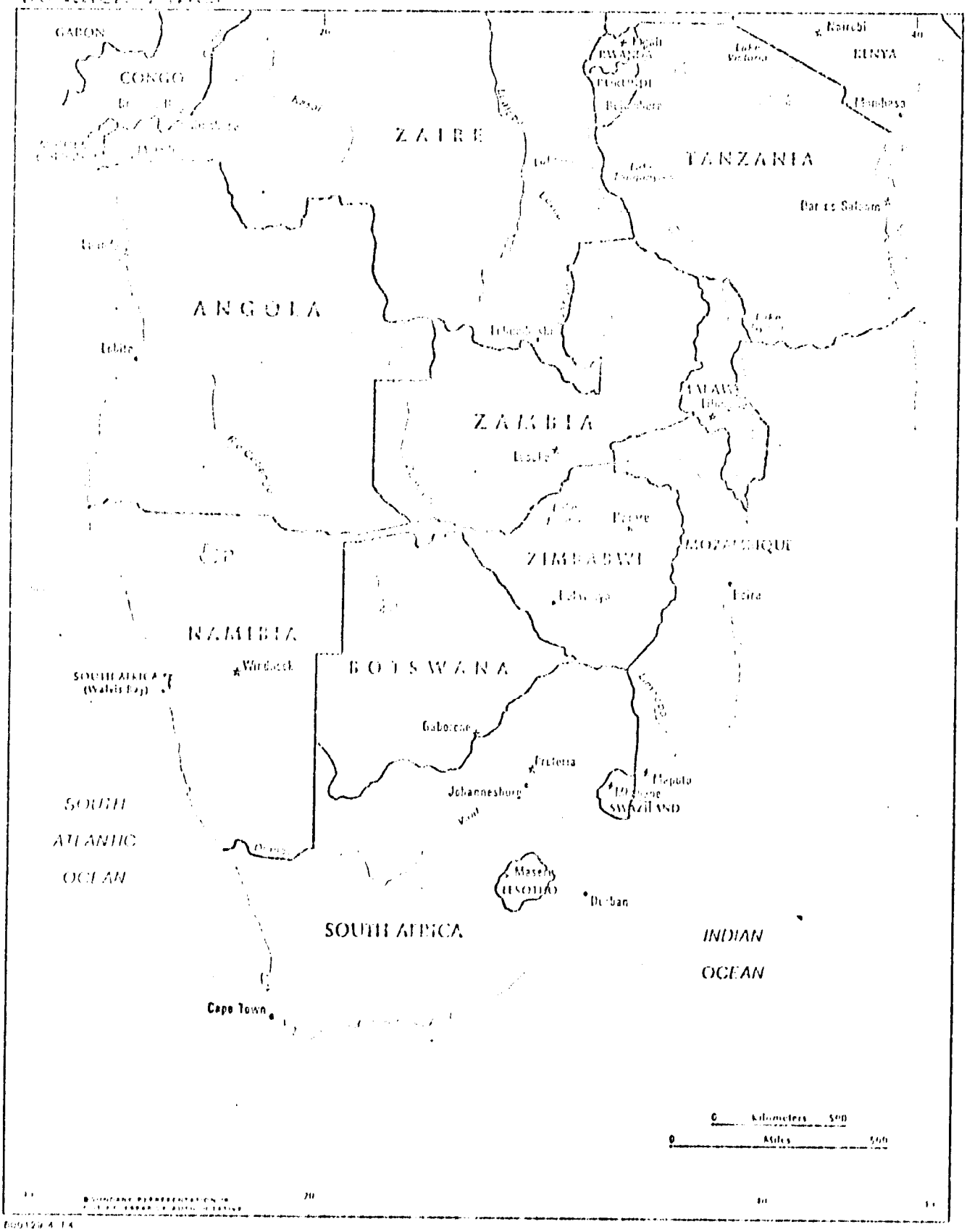
b. require for future projects that the project design officer review designs to ensure adequate technical assistance-counterpart phasing, and appropriate project time length for practical project implementation.

The Mission agreed to the report's finding and recommendation. The Mission emphasized in its comments to the draft report that the Mission had been aware of the problem and actions to address the problem were underway. All of the Mission's comments are attached to the report as appendix 1.

The Office of the Inspector General considers the recommendation resolved. The recommendation will be closed upon the Mission providing evidence that a plan to correct the problem has been established and procedures have been put in place to ensure adequate technical assistance - counterpart phasing for future projects.

EXHIBIT 1

Southern Africa



ACTION: AID-3 INFO: ECON RLO

VZCZCHA0699 27-JUN-88 TOR: 09:04
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DE RUEHLG #3432 1790904 CHRG: AID
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TO AMEMBASSY NAIROBI IMMEDIATE 5634
BT
UNCLAS LILONGWE 03432

AIDAC

FOR A/RIG/A/N CONNER
FROM ACTING MISSION DIRECTOR SHORTLIDGE

E.O. 12356: N/A
SUBJECT: AUDITS OF MARE PROJECT AND FLOW OF A.I.D. ASSISTANCE FUNDS THROUGH THE MOA

REF: THADET/RICKS MEMOS DATED 6/9/88

MISSION COMMENTS ON DRAFT REPORTS ON SUBJECT AUDITS AS FOLLOWS:

INSPECTOR GENERAL'S NOTE

The material deleted here refers to another audit report covering the flow of A.I.D. assistance funds to the MOA.

2. MALAWI AGRICULTURAL RESEARCH AND EXTENSION PROJECT (612-0215) AUDIT:
(A) COMMENTS ON PARAGRAPH LACK OF OVERLAPS BETWEEN TECHNICAL ASSISTANCE PERSONNEL AND COUNTERPARTS REDUCED THE IMPACT OF THE INVESTMENT IN TECHNICAL ASSISTANCE:

THE ISSUE OF OVERLAPPING OF TECHNICAL ASSISTANCE PERSONNEL AND MALAWIAN COUNTERPARTS IN NOT A NEW ISSUE. ON JULY 24, 1987 THE REPORT OF THE JOINT PANEL REVIEW TEAM COMPRISED OF REPRESENTATIVES OF THE GOM MINISTRY OF AGRICULTURE, USAID/MALAWI, C.I.D. AND USDA/PASA SUBMITTED TO THE SECRETARY FOR AGRICULTURE AND USAID/MALAWI CLEARLY IDENTIFIED AS A FINDING THE MANPOWER GAPS CREATED BY A VIGOROUS TRAINING PROGRAM WHICH WOULD CAUSE PROBLEMS OF OVERLAPPING BETWEEN TA'S

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AND COUNTERPARTS. AS A MATTER OF URGENCY THE TEAM RECOMMENDED TO THE MOA TO CONSIDER PROVIDING REPLACEMENT COUNTERPARTS TO UNITS THAT HAD OR WOULD LOSE KEY STAFF DUE TO TRAINING. BASICALLY THE MOA HAS FILLED SOME OF THESE KEY STAFF SLOTS WITH ACTING OFFICERS AND IN SOME CASES THE TA'S HAVE ASSUMED THE ROLE OF HEADS OF SECTIONS, BUT GIVEN JUNIOR OFFICERS TO SERVE AS COUNTERPARTS. EVEN THOUGH THE COUNTERPART OVERLAPPING HAS NOT BEEN FOLLOWED IN A CONVENTIONAL MANNER, (I.E. TA'S COMING IN AND OVERLAPPING WITH AN MOA OFFICER WHO HAS RECENTLY RETURNED FROM THE U.S. WITH EITHER AN MSC OR A PHD DEGREE), ALL OF THE TA'S HAD FROM NINE MONTHS TO ONE YEAR UP FRONT TO ESTABLISH WORK PLANS AND A PROGRAM FOR EACH SECTION PRIOR TO THE COUNTERPART DEPARTING FOR TRAINING. IN SEVERAL CASES THE MSC AND PHD CANDIDATES WILL RETURN TO MALAWI TO DO HIS OR HER RESEARCH IN COUNTRY AND AT THAT TIME WILL AGAIN HAVE THE OPPORTUNITY TO OVERLAP WITH HIS OR HER TA COUNTERPART. MOREOVER, WE HAVE INITIATED DISCUSSION WITH MOA AND CID TO EXTEND SOME OF THE T.A. POSITIONS. THE MISSION FEELS THAT AT THIS TIME THE STATEMENT MADE IN THE AUDIT REPORT, QUOTE AS A RESULT THE BENEFITS OF THE 6 MILLION DOLLARS INVESTMENT IN TECHNICAL ASSISTANCE MAY BE SIGNIFICANTLY REDUCED. UNQUOTE, IS A PREMATURE ASSUMPTION AND CANNOT BE JUDGED AT THIS TIME. THIS STATEMENT CAN ONLY BE MADE AT THE END OF THE PROJECT WHEN PROPERLY EVALUATED. IN RESPONSE TO SUBJECT AUDIT RECOMMENDATION (A). MISSION AND GOM WILL ESTABLISH A PLAN WHICH PROVIDES FOR T.A. EXTENSIONS AS WELL AS ALTERNATE COUNTERPARTS TO SERVE WHILE KEY COUNTERPARTS ARE OUT OF THE COUNTRY IN TRAINING. THIS WILL BE SUBJECT OF A PIL.

WITH INITIATION OF THE HUMAN RESOURCES AND INSTITUTIONAL DEVELOPMENT PROJECT, THE MISSION HAS INSTITUTED A SYSTEM REQUIRING PREPARATION OF STAFF TRAINING PLANS WHICH WILL ENSURE ADEQUATE TECHNICAL ASSISTANCE COUNTERPART PHASING. FURTHERMORE, THE REVISION OF DELEGATIONS OF AUTHORITY WHICH NOW PERMIT 10 YEAR PROJECTS (RATHER THAN 5 YEARS, AS WAS IN EFFECT AT THE TIME OF MARE) WILL ALLOW A LONGER TIME LENGTH TO ADEQUATELY ALLOW GOM COUNTERPARTS TO GO OFF FOR LONG TERM TRAINING AND RETURN TO MALAWI BEFORE TA'S ENTER INTO COUNTRY TO BEGIN ASSIGNMENTS. PLEASE REFER OUR COMMENTS ON THIS SUBJECT IN HICKS/HOLT MEMO OF MAY 5, 1988.1/

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1. INSPECTOR GENERAL NOTE: This refers to the mission's earlier comments on the preliminary finding provided at the end of the audit field work. Those comments were incorporated in the final audit report.

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APPENDIX 2

REPORT DISTRIBUTION

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M/SER/MO	1
REDSO/ESA	1
IG	1
DIG	1
IG/PPO	2
IG/LC	1
IG/ADM/C&R	12
AIG/I	1
RIG/I/N	1
IG/PSA	1
RIG/A/C	1
RIG/A/D	1
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