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5. Author(s)

- Benton R. Burkhalter
- Janet W. Lowenthal
- James M. Pines

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EVALUATION REPORT
THE SECTION 416 PROGRAM
IN MEXICO

Contract No.: PDC-1096-I-00-4165
Work Order No. 4
August 1987

By

Barton R. Burkhalter
Janet W. Lowenthal
James M. Pines

DEVELOPMENT ASSISTANCE CORPORATION
1415 11th Street, N.W.
Washington, D.C. 20001
Telephone: (202) 234-9231
Telex: 292027 DACUR

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ABBREVIATIONS

CONASUPO	National Government Subsidized Store Network
DESMI	Economic and Social Development of the Mexican Indians (A Mexican PVO)
DIF	National System for Integrated Development of the Family (A Mexican Government Agency)
FAS	Foundation for Social Support (A Mexican PVO)
FEMAP	Mexican Federation of Private Family Planning Organizations
FIOSCER	DIF Program of Food Assistance to Families of Sugar Workers
IPHD	International Partnership for Human Development (A U.S. PVO)
PAGA:	DIF Program for Providing Commodity Support to Institutions
PRONAL	National Food and Nutrition Program of Mexico
PASAF	Program for Social and Food Assistance to Families (A DIF Program)
PREPAN	DIF Program for Providing Food to Needy Children
SHARE	Self-Help and Resource Exchange

EXECUTIVE SUMMARY

In November 1982, acting under Section 416 of the Agricultural Act of 1949, the U.S. Department of Agriculture made government-owned surplus dairy commodities available to foreign governments and to PVOs assisting needy people outside the United States. The "416 Program" differed from Title II of PL 480 by a) supplying commodities owned by the Commodity Credit Corporation, not buying them with appropriated funds, b) requiring only that commodities be used to "feed the needy," c) being clearly "temporary," d) accepting applications from PVOs not registered with AID, and e) permitting a simpler application process. In October 1983 the Food For Peace Office of AID (FFP) assumed administration of the program from USDA.

In Mexico, where a serious economic crisis threatened to erode years of welfare gains, the national social welfare agency (DIF) and private voluntary organizations, aided by the USDA representative and later by a new AID Representative, built a program that, by FY1987, sought approval for 123,316 metric tons of commodities valued at more than \$58,000,000. Alarmed by this rapid growth, and by other aspects of Section 416 operations throughout the world, the Food for Peace Office of AID (FFP) commissioned a broad evaluation, including this assessment of the Mexico Program.

Building on the institutional structure, human resource base, and mobilization of private assets that make Mexico an Advanced Developing

Country (ADC), the Section 416 Program relies heavily on DIF, the Mexican Government's chosen instrument for helping poor people and for coordinating food distribution programs. DIF oversees semi-autonomous programs in 31 states and the Federal District (Mexico City).

Capable Mexican PVOs, including DESMI, FEMAP, the National Rotary Club and FAS manage the private 416 program, playing the role that U.S. PVOs do in other countries. They supervise distribution through 26 Roman Catholic dioceses, more than 600 Rotary clubs, and at least 50 other private groups and institutions. The Government-to-Government DIF project distributes food to about 3,000,000 beneficiaries at more than 2,000 sites, while the private activities reach over 1,000,000 recipients at over 1,500 distribution points. High governmental and private expenditures on the programs, along with small beneficiary contributions, cover non-food costs.

The International Partnership for Human Development (IPHD), SHARE, and St. Mary's Food Bank, serve as the required U.S. PVO channels for commodities, providing modest guidance and technical assistance to their Mexican counterparts. CARE, Inc. has recently begun a separate small project with the Ministry of Health, not included in this evaluation. Two other small U.S. PVO projects (MCCA and COA) were also omitted.

AID/M monitoring of the Section 416 program is limited to fulltime services of a Food Program Coordinator, whose primary tasks are to keep

AID/W informed and to monitor performance of the Mexican PVO sponsors. Before the Coordinator's appointment, part-time program management by AID/M appeared unsatisfactory to FFP. Although different from USAID management of food programs in other countries, a recent audit and this evaluation confirm effectiveness of the current AID/M approach.

Undue alarm and overreaction to allegations of mismanagement in the Mexico program, following a June 1986 field visit by the FFP Officer then in charge of all 416 programs, contributed to FFP and USDA lack of confidence in the AID/M Representative and the Program. Often unjustified and steadily increasing delays in Washington's approval of project proposals, and the abrupt termination of milk availability by USDA in February 1987, caused temporary suspensions of some Mexican food distribution projects and damaged program effectiveness.

Despite Washington's lack of confidence, and other obstacles arising from the limitations of Section 416 and AID/USDA administration of it, the Mexico 416 program exemplifies outstanding use of surplus commodities to alleviate the consequences of structural adjustment for poor people and to implement an ADC strategy. Generally well-targeted to poor families and oriented to self-help, the projects mitigate dependence, encourage local production, and provide incentives for use of family planning, health and other services. Although not required to by statute or agreement, the projects also include complementary activities that generate diverse development impacts, accelerated and reinforced by integration of the food incentive.

Developmental outcomes include an impressive mobilization of private funds and volunteers, the institutional rehabilitation of DIF into an effective leader of the national social development effort, and the linking of private and governmental activities in a joint effort to reach poor people and help them to help themselves. Participating Mexican PVOs have improved effectiveness, strengthened development programming, broadened coverage and volunteer activity, and mobilized new donors.

These impressive contributions to social and political stability have so far rested heavily on personal qualities of key individuals, particularly the Director of DIF, the AID Representative, and the leader of FEMAP. Eventual turnover of these leaders, plus the coming 1988 change in Mexico's national administration and the uncertainty of the country's economic situation, combined with the vagaries of Section 416, make the Programs's future unclear, though much current impact seems likely to endure.

The Mexican 416 experience illustrates the importance of stable commodity availability for achievement of development and foreign policy goals. Unless USDA can assure specific quantities on a multi-year basis, 416 projects are best limited to short-term budget or incentive support. Even with a minimum guarantee, projects relying exclusively on one commodity, such as milk in Mexico, involve unacceptable risks of irregular supply.

Mexico also confirms that, at least in ADCs, management oversight consistent with a limited staff presence can meet AID standards adequately. The Mexico program also supports the need for preparation and dissemination of clearer guidance to agencies responsible for administration of Section 416 projects, especially those in the receiving countries and U.S. PVOs without previous experience in administering food distribution programs abroad. Mexico and other countries would also benefit from conversion of the ineffective and long ad hoc project approval process into a single, rapid annual planning cycle for Section 416 programs. Improved program management requires much better communication and cooperation between USDA and FFP than now exists.

It is clear from review of the Mexico 416 program that even temporary projects involve commitments, expenditures and reliance on implied AID representations, by local government agencies and PVOs, that cannot be reversed quickly or easily. Consequently, there is a need for contingency phase-down planning by USDA, AID, and PVOs. Sponsors and beneficiaries need at least 18-24 months notice of termination, to avoid the dislocating effects of Section 416 cutoffs.

Conversion of Section 416 Mexico projects to Title II would institutionalize food aid in an ADC that, with resumption of economic growth, can probably do well without Title II requires more documentation and monitoring, both undesired in the Mexico program

and AID contexts. Though the increased assurance of multi-year commodity availability, especially for milk, favors conversion to Title II, recognition of a Mexican priority in Section 416 allocations can achieve the necessary stability. Now forewarned of and resigned to milk scarcity, Mexico will probably fare best by avoiding Title II.

For Mexico, and probably for other ADC programs as well, the Food for Peace Office needs a new approach. AID/M, DIF, and the Mexican PVOs merited a confidence that FFP frequently failed to give. The AID Representative responded with passive resistance to AID/W requests, delaying reports and aggravating the situation.

The Food for Peace Office can improve program effectiveness by becoming AID/M's advocate. The office should make clear to the AID Representative that, in exchange for strong support, he is responsible for maintaining program standards and for keeping AID/W well enough informed to avoid unwelcome surprises. With a good Food Program Coordinator at work in AID/M, and equally competent counterparts present in DIF and the PVOs, required reports will be delivered on schedule if FFP identifies specific information needs clearly and provides adequate guidance. USDA and DCC, too, will benefit from recognition that proposals from DIF, DESMI, and the other 416 sponsors in Mexico do not require, and should not be obliged to accept, the treatment accorded requests from less capable applicants.

I. INTRODUCTION AND APPROACH

This evaluation, initiated through a Work Order on AID's Indefinite Quantity Contract (PDC-1096-I-00-4165) with Development Assistance Corporation (DAC), forms part of a broader effort to assess the planning, approval process, implementation, and impact of the Section 416 commodity distribution program. Although it may be read separately as a review of the Mexico program, it complements a report on management of Section 416 projects prepared by Planning Assistance Corporation.

The evaluation team engaged by DAC included independent food program consultants James Pines and Janet Lowenthal, and Dr. Barton R. Burkhalter, an operations research specialist from Community Systems Foundation. Mr. Pines served as team leader and wrote much of the report. Ms. Lowenthal wrote the report chapters on the DIF and DESMI projects. Dr. Burkhalter prepared those on SHARE and St. Mary's Food Bank. These chapters may be read individually by those interested in particular projects. Judith W. Gilmore, Chief of LAC Food Programs in FVA/FFP, accompanied the team, participated extensively in the work and contributed important insights to conclusions and recommendations.

The evaluation deals primarily with the DIF and DESMI projects which, together, then accounted for over 70% of Section 416 food being distributed in Mexico. Smaller and more recent SHARE and St. Mary's Food Bank Projects are also discussed. By agreement with AID, the

evaluation did not include a) CARE project with the Ministry of Health, in which food had not yet been delivered, b) activities of Friends of Our Little Brothers, a U.S. PVO no longer handling Section 416 commodities in Mexico, and c) small programs of the Mexican Christian Children's Appeal (MCCA) and Christian Outreach Appeal (COA), U.S. PVOs also distributing 416 commodities.

After interviews and document review at AID/W, the team arrived in Mexico City on June 28, 1987, and following two days of orientation by AID/M and DIF, separated for field visits. Pines and Lowenthal reviewed DIF operations and administration in the states of Tabasco and Guanajuato, while the other two members went to the state of Chihuahua, where they concentrated on projects sponsored by SHARE and St. Mary's Food Bank, and saw some DIF work as well. Ms. Gilmore then joined Pines and Lowenthal in a visit to DESMI, the Mexican PVO assisted by International Partnership for Human Development, a U.S. voluntary agency. They spent time at DESMI headquarters and projects in the state of Hidalgo. Individual team members also interviewed PVO staff and visited projects in and around Mexico City.

The team enjoyed excellent cooperation from AID/M Representative Sam Taylor. The new AID/M Food Program Coordinator, Colebrook Jordan, arranged all visits with great efficiency and joined in most. Dr. Leobardo Ruiz, Director of DIF and Dr. David Anato, his personal assistant, also contributed heavily to success of the visit by their openness and cooperation. The hospitality and assistance provided by

all U.S. and Mexican groups interviewed allowed the team to acquire an enormous amount of information during the relatively brief field visit.

The Section 416 Program in Mexico includes a Government-to-Government project with DIF, the Federal District and 31 semi-autonomous state programs, four U.S. PVO projects that support work of five Mexican voluntary agencies, and the activities of hundreds of diverse groups assisted by the Mexican PVOs. The evaluation strategy gives primary attention to the programming practices, management systems, and key policy questions relevant to each agency. Conclusions are based on intensive discussions at program headquarters and on site visits, with and without advance notice, to selected projects of each agency. The activities observed are illustrative, though not necessarily representative, of the extremely diverse operations carried out by widespread, largely autonomous, field staffs and local communities. This approach enabled the team to assess the workings of "the system" as a whole, with its wide array of government and private participating agencies.

In accord with Section 416's sole requirement that distribution "feed needy people", the evaluation gives priority to determining whether there has been "reasonable use" of food. Because the Mexico projects often include complementary activities as well, ranging from an occasional "platica" (chat) to sophisticated development work, the evaluation also considers the developmental affects of selected activities. In particular, the field visit stimulated more intensive

review of institutional consequences. These appeared to be most interesting and important. The wide use of food as a temporary incentive encouraged attention to resulting behavioral changes.

The team also devoted some attention to systems for food delivery and accountability, although a recent and relatively favorable audit reduced the importance of reviewing logistical arrangements.

In addition to assessing the Mexico program in particular, this evaluation also forms part of a broader effort to assess and improve Section 416 programs worldwide. Where possible, therefore, the report generalizes from the Mexico experience to conclusions applicable to the entire Section 416 universe. Also, some issues with broader relevance (e.g. the "temporary" nature of Section 416 commodities) received more attention than they would have in a conventional country program study.

Finally, this evaluation is also distinguished by what some may consider excessive concern for the impact of Section 416 procedural mishaps on individual beneficiaries. This concern seems justified in a Mexican context that includes serious threats to social stability and to U.S.-Mexican relations. The evaluation approach apportions no guilt or blame, seeking only to strengthen Section 416 in the future. The Food for Peace office should receive the report in this spirit.

II. THE EVALUATION CONTEXT

A. MEXICO

Political, social and economic aspects of Mexican life influenced heavily the origins, functioning, and impact of the Section 416 program in the country. Rational decisions about future size and form of the program cannot be made without considering these and other aspects of the Mexican context.

Mexico and the United States share a "special relationship" flowing from history, proximity, economic interdependence, and population exchange. Although considerable ambivalence on both sides permeates the relationship, the underlying U.S. understanding that helping Mexico is sound foreign policy and, because of the large Mexican-American population, also effective domestic policy, affects use of Section 416 food. Political relationships have influenced the programs' form and magnitude; congressional interest in Mexican food aid far exceeds that shown for any other country. Absence of any concessionary AID program also heightens the importance of food aid.

Recent disastrous economic conditions also affect both current functioning of the 416 program and decisions about its future. Earthquake and drought aggravated fundamental economic problems that already qualified Mexico for structural adjustment food support. The World Bank estimates that the number of workers earning less than one minimum wage rose from 13% in 1982 to 38% in 1985.

As Alan Riding points out in Distant Neighbors (Vintage Books, 1986, Ch. VII), Mexican economic growth averaged over six per cent annually during the five years before 1982, though lower-income groups did not share equitably in the benefits. An extensive subsidy system protected them against the worst effects of poverty but, with the post-1982 economic crisis and resulting elimination of most subsidies, the poor have suffered dramatic deterioration in living standards. In 1982, Mexico had minus 0.2 percent growth and 100 percent inflation, while unemployment doubled to eight percent. In 1983, economic activity contracted by 4.7 percent and, though 1985 brought one percent growth, conditions have worsened since then. Mexican economic recovery depends on debt payments and structural adjustments that have worsened, and will further damage, the situation of poor people. Section 416 commodities assist a group that, poor to start with, has now been pushed to limits acknowledged widely to threaten political and social stability. With more than 81,000,000 people in Mexico, under the most conservative percentage assumption, the 416 program's target population exceeds 20,000,000. Many estimates far exceed this amount.

The National Institute of the Consumer and the National Institute of Nutrition have documented impact of the economic crisis on consumption patterns and nutrition status. At least 100,000 Mexican infants die annually from the interaction of malnutrition and infection. Both Institutes assert that, while there has been continued decline in total mortality, a slight increase in infant mortality has

occurred during the last few years. Mexican authorities estimate infant malnutrition at 60%. Even allowing for some exaggeration, and for influence of the country's skewed income distribution, this suggests that economic stress has worsened health and nutrition problems. Mexico is an "advanced developing country" fallen on hard times that threaten recent gains and make immediate development progress unlikely. The temporary Section 416 commodities, accompanied by no other requirement than to "feed needy people", respond to political and economic needs with serious implications for U.S. policy. With recent changes in immigration laws already aggravating Mexico's economic difficulties by reducing remittances and increasing the number of consumers, Mexico has understandably given priority attention, through DIF, to keeping the poor from slipping further.

The Mexican domestic political context also influences the Section 416 Program. The De la Madrid administration, which will end a six-year tenure in December, 1988, chose to propitiate unrest through DIF, naming the President's personal physician, Dr. Leobardo Ruiz, as Director. Acknowledged by all interviewed during the evaluation to be capable and honest, Ruiz launched a major program initiative that makes DIF a key actor in the Mexican context. Sam Taylor arrived as AID representative on October 1, 1983, at the same time as the first shipment of 416 commodities to DIF. Since then, though DIF has not come to depend on Section 416, it has placed reasonable reliance on the Program and inferred a corresponding implicit commitment that any reduction of support would be orderly and with adequate notice. Though

all Mexican government activity is "political" in some broad sense, and DIF's previous reputation was spotted with allegations of favoritism and corruption, current perceptions of the Agency, including state and municipal DIF offices, seem remarkably positive. How DIF fares under the next administration should influence 416 decisions.

The domestic political context also includes a church-state relationship that experts have difficulty explaining. For evaluation purposes, the relationship helps explain the existence and design of the DESMI program, as well as other aspects of 416 programming. Despite Mexico's anti-clerical tradition, attitudes toward the Church exhibit an ambivalence similar to that shown toward the United States.

Within the Mexican context, the high level of Section 416 activity affects any future program plans. Mexican institutions have invested their own resources in reasonable reliance that food would be available. Thousands of poor Mexicans have been protected from severe decline in living standards and they, though also not dependent, cannot be let down abruptly without serious political consequences for Mexico and for U.S. - Mexico relations.

Ideally, some modest improvement in economic conditions, and in U.S. PVO ability to contribute, will allow orderly phasedown of Section 416 support. Until then, as AID and USDA must or should have known, the current context, created in part by bringing the program to the present level, favors very careful review of consequences before even

modest reductions in Section 416 support.

B. WASHINGTON

The context for evaluation of the Section 416 program in Mexico also includes a sad Washington history. The inordinate and often unjustified delays in program approval, the abrupt cutoff of milk and failure to alleviate its serious consequences, and an excessive response to the 416 program officer's identification of possible problems, contributed to a program context that could easily have led to negative impact or catastrophe. USDA and AID difficulties in working out satisfactory administrative arrangements also hampered the Mexico program.

Absence of stable and adequate staffing in FFP, also part of the context, is less important than the complexity and inefficiency inherent in the multi-agency and AID procedures developed to administer the 416 program. The ad hoc approval process, encouraging political end runs by sponsors seeking more food and discouraging the orderly planning possible despite legislative limitations, also affected the Mexican experience.

The legislative mandate to "feed needy people", which omits reference to development goals or complementary services, must also be considered. This evaluation explores development impact only incidentally. The number of needy people receiving food is the best indicator of compliance with the legislation.

A separate management report by Planning Assistance, Incorporated delineates these aspects of the Washington context in more detail. Their implications for Mexico come close to explaining and justifying almost all the weaknesses found in the Program. That beneficiaries and sponsors received the evaluators with few complaints and extensive expressions of gratitude reflects more favorably on the Mexican character than on the way Section 416 has been handled by AID/W and USDA.

III. THE PROJECTS

A. DIF -- THE NATIONAL SYSTEM FOR INTEGRATED FAMILY DEVELOPMENT

1. DIF and Section 416 in Mexico: Background

DIF is the agency that runs GOM's social welfare programs, and has traditionally been under the control of the President's wife. However, when Miguel de la Madrid became President in 1982, he appointed his personal physician, Dr. Leobardo Ruiz, to head the agency. Ruiz then set about reorganizing DIF, appointing an unusually well-qualified top staff, and bringing the agency under the formal authority of the Secretary of Health. In 1986, DIF also became the official coordinator of all private as well as public social welfare programs.

DIF has nine categories of activities, with all five food programs clustered under the Food Assistance Program (Programa de Asistencia Social Alimentaria). The long-term food program goal is to make the country's poorest people more self-sufficient in food. The immediate goal is to improve the diet of this population, with special emphasis on pre-school children, pregnant and nursing women, the elderly, and handicapped.

DIF programs operate in all 31 states plus the Federal District (Mexico City). In reality, there are 32 semi-autonomous DIF organizations. National DIF provides overall administration, regulation and guidance, along with some resources (including Section

416 commodities), to the entire system, in addition to actually running all programs in Mexico City. The 31 State DIF's administer their own programs, under the formal authority of each State Governor's wife, and provide a substantial percentage of their own resources (as much as 80% in the wealthiest states). Two thousand municipalities also run their own DIF programs, using varying combinations of national, state and local resources.

Since 1929 DIF (or its predecessor agencies) has been engaged in milk-distribution and feeding programs. These were originally carried out with local food and, after World War II, a combination of local and donated food, until 1964. In that year, CARE was phased out and Mexico's food programs again relied exclusively on local food. As of 1982, DIF was running a school feeding program (Raciones Alimenticias) for 300,000 children, as well as an institutional feeding program (PAGAF).

DIF's reorganization in 1982-83 coincided with the initiation of Section 416. At that point, Section 416 enabled DIF to double its two existing food programs, and to create three additional ones: PASAF, PREPAN, and FIOSCER. DIF's Food Assistance Program now consists of these five food programs that, together, account for 42% of DIF's FY87 \$64 million budget (not including the value of Section 416 food). Section 416 commodities are used in each of the five, and account for about 65% of all food distributed by DIF. Tables 1 and 2 in Appendix B show the growth of the program.

2. Expectations and Objectives for Section 416

From the outset, Dr. Ruiz was more interested in the social implications of Section 416 than in its potential nutritional impacts. He sees 416 as creating "the basis for dialogue between DIF and the community" and providing DIF with a "tool for behavioral modification" in areas like family budget management, food preparation, and hygiene. In a broader sense, he believes that by enhancing DIF's credibility, the food programs enable this agency to address such sensitive topics as family planning and drug addiction. Finally, he sees 416 as a fungible resource that enables DIF to stretch all its other resources and activities, for a stronger community development impact.

3. History of DIF Participation in Section 416

DIF first learned about Section 416 through CONASUPO (GOM's agency that runs subsidized food stores), who had been informed of the new program by the Embassy's Agricultural Attaché. DIF understood that this was to be a two-year program. However, worried that it might not last that long, they devised a number of "support strategies" for supplementary food production by beneficiaries (e.g., family gardens, raising of small animals) and also identified priority needs (such as family planning) for DIF staff to work on in conjunction with the food distribution. At the same time, DIF began preparing voluminous materials and training personnel in selection of beneficiaries, program implementation and food monitoring.

The first shipment of 416 dairy products arrived in September 1983, under an agreement for 20,000 MT of NFDM, 4,000 MT of cheese and 6,460 MT of butter oil. DIF continued to request and to receive the same amount of milk, plus approximately the same amounts of cheese and butter oil, through FY85. In FY86, DIF requested a slight increase in milk to 22,000 MT; it received 11,000 during the program's transition to a twelve-month cycle.

In what had by then become a fairly routine process, in August 86, DIF submitted an FY87 proposal -- this time greatly increasing the requested amounts to 31,000 MT of NFDM, 7,120 of cheese and 6,960 of butter oil. The approval process following this request was marked by unexplained delays in Washington that caused extreme hardship for DIF and its program beneficiaries.

Despite AID/M's repeated inquiries about the status of DIF's proposal, the DCC didn't approve the request until Dec. 16, 1986. It accepted the increased level of commodities requested, but approved only 3/4 of the total amount because Section 416 programming had by then been put on an FY basis. DIF was told it could include the remaining quarter of its request as part of any FY 88 program. Following the DCC meeting, USDA advised AID/M that, because butter oil was in limited supply, DIF might wish to consider substituting additional NFDM or cheese. In other words, DIF at this point had no reason whatsoever to doubt the continued availability of milk.

It is unclear why the DIF agreement, having already been approved by the DCC, was still not signed by Feb. 7, 1987, when the U.S. Secretary of Agriculture announced that milk was no longer available under 416. AID/W then informed DIF that its approved but unsigned agreement would not be honored. In contrast, two recently signed agreements with two U.S./Mexican PVO teams were honored, although neither had yet begun to distribute food. ^{1/} Using signed agreements for two new agencies as the basis for milk allocation compounded the problem, rather than alleviating it.

Only after considerable pressure, including a March visit to Washington by Dr. Ruiz, did the DCC reinstate 10,000 of the 23,000 MT of NFDM. During this same visit, DIF learned that it was also eligible to substitute corn and wheat for the additional milk.

Although this was hardly its preferred outcome, DIF immediately requested 18,000 MT of grain and amended its proposal accordingly, for presentation to the April 14 DCC meeting. The request was timed to permit the previously-approved milk shipment, plus the grains, to be delivered together (as legally required under an amended agreement) in May, 1987. No milk shipment had been received in Mexico since December 1986.

Again unexplained delays and communication problems in AID/W nullified DIF planning and frustrated timely shipment. Despite clear

^{1/} SHARE - FAS & Rotary, and CARE - Ministry of Health

indication by AID/M that DIF was making appropriate adjustments for use of the corn, and the sense of urgency accompanying this representation, the FFP office failed to present the amended proposal to the DCC. Although AID/M and the U.S. Ambassador to Mexico had already obtained verbal approval for the commodity shift from all other members of the DCC (State, Treasury, USDA and OMB), the FFP office declined to submit the proposal to the April 14 meeting pending more details about how DIF would program the corn. The deteriorating relationship between AID/W and AID/M, and FFP's continued failure to recognize the urgency of DIF's need, delayed approval and signing of the agreement until June 9 and prevented shipment of both the corn and the milk until after that date. As of July 15, neither commodity had yet arrived.

Although reasonable people may differ about the critical nature of the information requested, and the clarity and timeliness of the requests, AID/W response under the circumstances seems unduly rigid and insensitive. Some more rapid and, if necessary, conditional approval was feasible and would have saved DIF considerable anguish. Now, having borrowed to the limit from another agency (LICONSA) to maintain program levels, DIF has solicited funds from an already embattled Mexican government to keep the program going.

When the FY87 shipment finally arrived in early August, DIF started using the corn (along with beans to be purchased with DIF funds) instead of milk, in two of its five programs. DIF had been preparing recipients for this shift, instructing them in preparing

alternative foods and reminding them that the milk distribution was never intended to go on forever. But neither DIF officials nor program beneficiaries could conceal their disappointment, repeatedly explaining how the children had grown accustomed to the milk, how essential milk was for child health, and how milk was now priced far beyond recipients' reach. The corn, while appreciated, is considered a far inferior substitute. Many families already grow their own corn or can more easily afford to buy it; moreover, rats present storage problems in some areas.

By permitting substantial expansion in the use of milk, Section 416 reinforced something approaching a "mystique of milk" among recipients, especially where young children are concerned. While Section 416 can hardly be blamed for contributing a product in such demand, it certainly highlights the dilemmas of accustoming people to foods they will not be able to afford on their own.

On the other hand, several State DIF officials insisted the real problem was not the indefinite nature of the program itself but, rather, stopping the milk after only six months when recipients had been told it would come for a year. In their view, with more lead time to prepare people and make alternative arrangements, the milk cut-off would have been far less traumatic to DIF officials and beneficiaries alike.

This sad history confirms the importance of placing confidence in

the local AID representative's judgments. Whatever DIF's perceived deficiencies may have been, the milk cut-off and related difficulties clearly entitled the Mexican government and DIF to special consideration by USDA, FFP and the ECC. If Section 416 is to work, recipients must have stable and assured commodity supplies. Procedural delays and abrupt termination of specific commodities, though sometimes unavoidable, call for special consideration and accommodation by those responsible or involved.

4. Description of DIF Feeding Programs

a. Feeding Program for Families (Programa de Asistencia Social Alimentaria a Familias) or PASAF

PASAF gives monthly food donations to low-income families in selected "marginal areas" who have either: more than two children under age five, a pregnant or nursing woman, a handicapped person, or family member over age 60. The program operates in all 31 states and Mexico City. Between June and December, 1987, PASAF will benefit 288,851 families.

This is one of the two programs forced to receive corn and beans instead of milk, and participants were very hard-hit by this commodity shift. (Some of the communities visited had already been without milk for over three months.) The new ration consists of 5 kilos of limed ("nixtamalizada") corn flour from Section 416, and 1 kilo of beans purchased locally with DIF funds. This revised ration has a market value of 1650 pesos, as compared with the original milk ration valued

at 2000 pesos. Because the ration is so small, it is viewed primarily as family budget support and a catalyst for other activities, rather than as a nutritional supplement.

PASAF has a number of educational and developmental activities to complement food distribution. All recipients attend required lectures on various topics, including nutrition, basic health care, family planning and family budgeting. The nutrition lectures observed during evaluation were less than captivating. The basic approach to nutrition education, and the educational materials themselves (prepared and distributed by National DIF) could be improved and modernized, though food preparation demonstrations are done well.

A number of other complementary activities observed during evaluation appeared innovative and effective. For example, using recipes and classes provided by DIF-Tabasco, a "Dessert Workshop" in one rural community was turning soy-beans (purchased locally) into desserts for sale to the adjacent DIF day-care center. With its guaranteed market, the workshop is now making a profit, while expanding use of nutritious and affordable local foods. A related project involved classes in preparing little-used traditional foods, such as chaya, a spinach-like vegetable. DIF distributes its printed recipes for each class.

Other common PASAF components include family planning, instruction and seeds for home gardens, and distribution of small animals (rabbits,

chickens, pigs) for home cultivation and consumption.

All officials emphasized the instrumental role of food in drawing people into their projects, but said participation remained generally high even after food had been cut off or shifted elsewhere. Many cited the retention of family planning acceptors as an especially successful example.

Because the range of PASAF activities varies widely among distribution sites, there is bound to be some unevenness within this large and dispersed program. However, the sampling seen during evaluation suggests that PASAF has a well-defined notion of community development, and is using food as a catalyst for developmental programs to reduce dependence on government feeding programs.

b. Assistance Program for the Family Budget (Programa de Ayuda al Gasto Familiar, or PAGAF)

PAGAF, the only other type of DIF project visited during the evaluation, is an institutional feeding program that serves selected orphanages, homes for the elderly, day-care centers and shelters in all 31 states and Mexico City. Under this program, 22.6 kilo sacks of NFDM are distributed to 894 participating institutions, according to the numbers and ages of beneficiaries. Each sack of milk is valued at \$23, and total beneficiaries are estimated at 46,579.

PAGAF appeared to be primarily a conventional budget-support

program. However, DIF does use the food as a vehicle for providing technical assistance on how to improve the administration of recipient institutions. The milk is also distributed in conjunction with lectures for beneficiaries and their families, on nutrition, family budgeting and preventive health care.

c. Special Children's Program (Programa Especial Para Niños, or PREPAN)

PREPAN operates in 704 of the poorest municipalities in 13 states, and is aimed at families with two or more members of the target population consisting of children under age 4, pregnant and nursing women, and nursing infants. Like PASAF, PREPAN has shifted from milk to corn and beans. The new monthly ration of 8 kilos of corn (from Section 416) and 2 kilos of beans (to be purchased locally with DIF funds) will be distributed to over 845,500 beneficiaries in 169,100 families. This ration has a market value of 2,800 pesos.

PREPAN encompasses three central program strategies: direct provision of food, encouragement of home food production (through family gardens, cultivation of small animals, etc.) to increase family consumption, and nutrition education. In addition, it includes three complementary activities: family planning, education in child-care, and prevention of alcoholism in women of child-bearing age. Time and travel limitations prevented direct evaluation of this program.

d. Food Rations (Raciones Alimenticias)

This program distributes 600,000 rations per day (265,000 during summer vacation) to pre-school children, students, elderly, handicapped and homeless persons whose family income falls below the minimum wage. The daily ration -- consisting of one pint reconstituted milk, one serving of fortified bread, and one nutritious dessert -- is distributed at Family Development Centers in 16 boroughs in and near Mexico City (the so-called "belts of misery"), and in three states. The combined ration is valued at 155 pesos, and is packaged in an appealing, hygienic form by national DIF's modern assembling equipment. The ration meets about 30 percent of school children's calorie and protein needs.

The program's goal is to raise the caloric intake of particularly needy individuals. Although the evaluation team did not observe this program in action, both the assembling process and food quality appear to exemplify DIF's high standards for its feeding programs.

e. DIF - FIOSCER - Azucar. S.A.

This program serves families of migrant sugar-cutters with children between ages 4-12. It operates in 15 states, providing a daily pint of reconstituted milk worth 100 pesos, to 5,880 beneficiaries during the harvest season. Teachers paid by the sugar company, and trained by DIF, accompany the milk distribution with classes in nutrition education.

5. Use of Section 416 Commodities in DIF Feeding Programs

Each of the five DIF feeding programs uses Section 416 commodities, either exclusively or in combination with locally-purchased foods.

Milk: Some of the NFDM is fortified with Vitamins A and D, and reconstituted into whole liquid milk for distribution in school feeding programs. Another portion of NFDM is used in making bread rolls, fortified cookies and fortified desserts. ^{2/} Yet another portion is repacked for distribution to institutions in one pound tin cans and 193 gram plastic-sealed bags.

Butteroil is used to reconstitute NFDM into whole milk, and in preparation of bread rolls and fortified cookies.

Corn: will be limed ("nixtamalizada") by MICONSA (part of CONASUPO) to increase its acceptability in regions where yellow corn is not consumed. To compensate for an expected loss of approximately 7% in the production of limed corn flour, DIF will have to purchase an additional 2,000 tons of local corn.

Cheese: is not processed, but is used in its original state, in various feeding programs. To increase its acceptability, many DIF programs include recipes and demonstrations for using Section 416 cheddar, which differs substantially from Mexican cheese.

^{2/} This NFDM was also used to make milk tablets, until the DIF factory that produced them was destroyed in the 1985 earthquake.

6. Targeting the Needy

Since 1982 DIF has devoted considerable attention to the criteria and methods for targeting its programs. First, it ran a computer analysis to rate the most impoverished areas, according to 19 social variables taken from census data and other national statistics. This analysis identified 995 rural municipalities with approximately 2,080,021 families, and 322 urban municipalities with approximately 10,450,082 families, as the neediest.

Second, after some trial and error, DIF decided that families would be eligible to receive food if they lived in one of the regions cited above, spent more than 60% of family income on food, and had no steady employment. (Those with regular employment are automatically included within Mexico's Social Security System).

Within this overall target population -- 40% of the total population, or 30 million in 1984 and an estimated 33 million in 1988-- DIF aims even more specifically to reach those families with children under age 4, pregnant or nursing women, elderly persons (over age 60), and invalids.

To assure universal and fair application of these standards, DIF then developed a family questionnaire for its social workers to use in selecting beneficiaries and assigning others to waiting lists. To spread the benefits as widely as possible, DIF shifts individual and

community recipients after one or two years.

Visits to selected sites at both state and municipal levels permit several positive observations:

- DIF social workers scrupulously record and maintain the socioeconomic information requested by the questionnaire;
- participants themselves appear to accept DIF's standards of eligibility as fair and reasonable;
- participants appear to believe in DIF's ability to apply these standards evenhandedly, even though there is seldom enough food to accommodate all eligible families.

In sum, DIF appears to be doing an outstanding job of targeting "the poorest of the poor" with inadequate resources and under potentially explosive economic conditions. Appendix C presents DIF forms relevant to targeting and accountability.

7. Transportation, Storage, Distribution and Accountability for Food

Observation confirms the findings of the recent audit that DIF is implementing these functions in accord with U.S. regulations. The severe impacts of delays and commodity changes overshadow the minor deficiencies mentioned by the auditors and noted during review of

national, state and municipal operations.

DIF's systems for maintaining accountability deserve particular mention. DIF issues annual program "membership" cards, which beneficiaries carefully guard. DIF social workers punch the cards each month as they distribute the food, to prevent diversion, duplication or deception. The system seems to work exceedingly well, as there have been surprisingly few reports of leakage to date.

Twenty supervisors from DIF headquarters monitor state performance regularly. In addition, 1500 DIF promoters who work for the states but are paid by Mexico City, play a similar role in relation to municipal programs. Over 1,000 other promoters in state and municipal DIF offices provide additional monitoring and supervision. Although performance of this impressive force (called the "Red Movil" or Moving Network) could receive only limited attention during evaluation, observation suggested existence of better than adequate program implementation, guidance and information collection.

8. Voluntary Contributions

After a misunderstanding with USDA auditors in 1984 about the legality of a 20 peso charge per ration, DIF and AID agreed that small voluntary contributions were permissible. Placing great emphasis on avoiding free distribution and moving away from the agency's former paternalism, DIF provides states and municipalities with specific guidance about charges permitted by each program. No beneficiary is

deprived of food because of inability to pay. The State DIF directors voted last year to make the voluntary contributions uniform throughout the country. The current charges, by program, are:

PASAF:	20 pesos
PREPAN:	250 pesos
RACIONES:	1 peso
FIOSCER:	None

Although the recent audit expressed some concern about local accounting for contributions, the auditors appeared satisfied with disposition of the proceeds. In the programs' early years, the State DIF's used to remit proceeds to National DIF. The states then negotiated authority to retain these funds, for use in accord with guidelines set by National DIF allotting 50% for food-related investment (such as vehicles or warehouses), 25% for recurring expenses of the food distribution itself (such as gas and salaries for personnel), and, on a one-year emergency basis, 25% for prevention of drug abuse.

9. Reporting

Reporting to AID has been the weakest aspect of DIF's performance. DIF submitted acceptable six-month reports during the program's first year (8/83 and 2/84), but has admittedly been lax in subsequent years. Acknowledging his agency's previous neglect of the reporting requirements, Dr. Ruiz told evaluators that he had fired the officials originally responsible for reporting, and had replaced them with new people. Following this change of personnel, a report was

submitted to AID in October 1986 and the next is now being prepared. Also encouraging is the fact that despite the earlier lack of 6-month reports to AID, the team review of internal DIF state and national documents showed that DIF has been regularly collecting all the required information, and more, for its own program management needs.

DIF headquarters puts heavy emphasis on obtaining information from State DIF's which are historically unaccustomed to meeting any national reporting requirements at all. In this context, with 31 semi-autonomous state agencies, significant staff turnover in some states, and an expanding program, some gaps in reporting still exist. But reporting formats have been simplified, most states regularly forward voluminous material to National DIF, and the entire multi-level system of collecting and integrating information continues to improve.

Earlier reporting deficiencies by DIF to AID appear to have resulted from communication problems between AID/M and DIF, on the one hand, and AID/W and AID/M on the other, rather than from inadequate recordkeeping by DIF. With the appointment of new DIF staff for reporting, and of a full-time 416 coordinator by AID/M, this problem should be readily resolved. During the evaluation, DIF designated an operating level staff person to coordinate directly with AID/M on reporting. This should improve delivery and relieve senior staff in the concerned agencies of unnecessary burdens.

10. Food Program Costs

Interviews with DIF staff elicited sophisticated explanations of their accounting and cost analysis procedures. The Table on page 31 illustrates the method used to calculate ration cost, including all processing. Those interviewed emphasized that packaging costs included in "materiales" amount to less than two (2) per cent of total cost, despite the relatively slick looking appearance, because of favorable pricing from PEMEX, the government oil monopoly that is the main source for plastic bags.

The table omits transport costs, a major factor in cost per beneficiary, because DIF considers them an aggregate operating expense that serves all programs. Constant efforts to reduce the overall transportation outlay are deemed more important than separate calculations of the costs of moving food, since shipments often include various supplies required by the states.

Accurate calculation of cost per beneficiary would include the real costs of social worker and promoter time spent on food programs, requiring difficult allocations since these workers are active on all DIF programs. Each state and municipality incurs different costs, too, making any average figure of little use. Food is an integral part of a broader program and DIF accounting treats it more instrumentally than is typically the case with more food-centered programs. State and municipal DIF offices pay other food-related charges, but make no separate calculation of food program cost per beneficiary.

About 5,000,000 beneficiaries receive food through various DIF distributions, including those using 416 commodities. National office records allowed estimates of the following expenses in connection with this service during 1986:

Internal Transportation (not including 50 Percent subsidy from national railway)	5,000,000,000 pesos
food purchases in addition to Section 416 food	17,000,000,000 pesos
processing costs	11,500,000,000 pesos
states' transportation costs	3,000,000,000 pesos
	<hr/>
	36,500,000,000 pesos

These costs omit tax exemption, warehouse depreciation, and a few small additions, but amount to 7,300 pesos per beneficiary. Exchange rates varied during the year, making dollar calculations difficult. At the recent 1300 pesos per dollar, DIF spent \$5.62 per beneficiary in addition to the Section 416 commodities. This figure means little in absolute or comparative terms, but is useful to illustrate DIF's substantial financial commitment to food distribution.

11. Development Impact

DIF and PVO programs use Section 416 Food as a "hook" or "magnet" for introducing beneficiary families to other services available. Unlike many other projects that purport to use food as an incentive, many DIF programs change beneficiaries annually and shift food to other communities, thereby increasing incentive effects while spreading benefits. The nature and magnitude of development impacts

OPERATIONS OFFICE
DEPARTMENT OF FOOD ASSISTANCE
DIVISION OF CONTROL AND PROCESSING

AVERAGE UNIT COST OF THE FOOD RATION
DURING THE MONTH OF MAY 1987

CATEGORY	TOTAL SPENT \$	COST PER UNIT \$
INGREDIENTS (a)	1,542,83,543.27	146.1586
MATERIALS & SPARE PARTS (a)	4,228,372.52	0.4006
LABOR (b)	49,250,772.00	4.6662
ELECTRICITY (b)	154,841.67	0.0147
WATER (b)	1,260,487.83	0.1194
COST PER RATION		151.3595

SOURCES:

- (a) Division of Control and Processing
- (b) Administration Office

Note: The itemized cost of materials was obtained from the 1987 Annual Needs Program.

vary with beneficiary response and the kinds of services offered in each project. Because beneficiaries are chosen from among the most needy, all PASAF food helps to protect poor people from the effects of Mexico's economic crisis, inflation, and structural adjustment. Nevertheless, widespread acknowledgement of increased community participation, and examples observed during field visits, suggest that use of food as incentive has produced significant additional development impact. Although there has been no systematic assessment of the consequences of terminating food distribution in communities, ample evidence suggests that many of those first attracted by the food remain active even after this tangible benefit disappears.

The most fundamental and promising impact occurs in community development activities, including home gardens, improved food conservation, construction of facilities without provision of food for work, raising of small animals, vocational training courses given at community centers, and even an occasional factory or other business. A promising cottage industry preparing soy-based desserts observed in Bellote (Centla, Tabasco), and a cement block plant visited near Guanajuato, represent especially impressive development impact achieved through food distribution incentives.

Although urban community development impact differs from rural, food distribution also contributes to it. Day care centers for children of employed mothers, numerous graduates of typing and other courses, and increased recourse to legal assistance, for example, typify urban development results. Though most centers have not yet begun income-generating projects, partly because current conditions discourage such efforts, food purchasing groups, cooperative

stores, and other activities that increase real income occur widely.

The development impact of Section 416 in Mexico appears primarily among women, since they participate more than men in food distribution and related activities. By providing increased real income that is controlled by women, the projects make them more independent and help assure that the food subsidies benefit children, instead of being dissipated.

The impact of food distribution on family planning merits special mention. Many who first learn of family planning as part of the education component seek services later. DIF social workers provide information and link beneficiaries with other agencies. While there are no separate records kept on acceptors who come to family planning via food distribution programs, family planning workers acknowledge the connection.

Food distribution is a "hook" that brings deprived families into service systems without the need for outreach. Health services, literacy classes and activities of the nine DIF programs, for example, encourage integration of these urban poor into their society and enable them to cope more effectively with it. DIF has evolved a promising approach that links food effectively to complementary activities. Though uneven, constantly changing and still in transition, the Program generates the enthusiasm that characterizes the best community development. This reduces dramatically the risks of creating dependency through food distribution. In sum, food distribution programs are contributing to development by motivating many of the neediest Mexicans to explore available services. They represent a small, though useful, part of a

multi-dimensional picture. At the same time, DIF itself has become much more development oriented than ever before. Its continuing transition from a paternalistic charitable agency to one emphasizing self help and productive activities has been facilitated by its participation in Section 416.

B. DESMI

DESMI is an acronym for a charitable organization called the Economic and Social Development of the Mexican Indian. Established in 1964 by Father Lino Gussoni, a wealthy Italian-born U.S. priest, DESMI operates primarily in rural areas, including some that are very remote, and works through the infrastructure of the Catholic church. The organization's name is deceiving, as DESMI's target population now includes low-income Mexicans of all origins.

Although primarily a development organization, DESMI has also been involved in food distribution. The organization managed a Title II program for 125,000 people in the mid-60's, and distributed powdered milk (purchased from the US and Canada at concessional prices) in the 70's during emergencies.

DESMI became involved in the Section 416 program in 1984, and originally intended to work in tandem with Catholic Relief Services as the US commodity recipient. When CRS chose not to become involved with DESMI, the AID/M representative brought in the International Partnership for Human Development (IPHD), directed by former CRS employee William Pruzensky, to replace CRS. Although the two organizations are closely related, since Father Gussoni and DESMI Chairman Horacio Paredes also serve on the IPHD Board, Pruzensky's knowledge of food distribution and AID reporting requirements helped DESMI move quickly and effectively into program operations.

Father Gussoni's top priorities since founding DESMI have been job creation and income generation. However, because living conditions had become so desperate, he reluctantly decided to become reinvolved in food distribution

when Section 416 commodities became available. From the outset he was aware of the potential to create dependence, but believed the program could create the pre-conditions for development by raising nutritional levels and promoting social stability. In short, DESMI saw Section 416 as a humanitarian emergency response to an emergency situation.

Father Gussoni insists he was never told that 416 was a temporary program. He says, on the contrary, that he relied on a USDA press release (which he later retrieved from his files) stating that the 416 commodities "will be available indefinitely". He later recalled Pruzensky's telling him the program would last at least three years, in a context of rapidly mounting dairy surpluses.

Acting on the assumption of continued food availability, DESMI proceeded to train social workers and to convert a former meat-packing plant into a refrigerated warehouse (with an estimated \$35,000 in DESMI funds) to store 416 dairy products. In light of these assumptions and the resulting program commitments, Father Gussoni was devastated by the milk cut-off of 1987.

He is still convinced of the need for emergency feeding programs in Mexico however, and is prepared to distribute any and all commodities DESMI can still get under Section 416. While acknowledging the potential problems of dependency on donated food, Father Gussoni expects it may take another 20 to 30 years before DESMI's target population can become self-sufficient.

1. History of Program

The first six-month agreement, for 1575 MT of NFDM, was submitted in March and signed in December 1984. In January-February 1985, DESMI began to distribute the milk to 300,000 recipients in 330 distribution centers in eight states. This first agreement was followed by a subsequent six-month shipment of 4725/MT of NFDM later that year.

With the backing of AID/M and the U.S. Ambassador, in September 1985 DESMI submitted a proposal for FY86, doubling the number of beneficiaries to 600,000 and requesting 1200 MT of cheese and 7200 MT of butter oil along with 14,727 MT of NFDM (over twice as much as the previous year). DESMI was expecting all paperwork to be completed by December, so that food deliveries could begin in early 1986. Instead, DESMI received no response from AID/W until November 1985, when the FFP office asked for additional information. By February 1986, with its proposal still not approved, and the Mexican Bishops and DESMI's Board extremely concerned about the program's discontinuity, Pruzensky wrote President Reagan urging prompt action on the FY86 proposal. Notwithstanding this unusual measure (which clearly angered the FFP office), it was May before the proposal was finally signed, and late June before the food was in DESMI's warehouses.

As a result of the unexplained delays in the approval process, apparently due to minor editorial changes and misplaced documents, DESMI's warehouses were bare from February to June 1986. During these months, DESMI was forced to renege on commitments to beneficiaries, fend off obscene phone calls and threats of violence, and placate irate participating bishops whose own

credibility was jeopardized along with DESMI's.

In September 1986, after the food was flowing once again, DESMI amended its original agreement to include corn and rice. The purpose was to add calories to the total family ration. The grains received (1,023 MT of corn and 409 MT of rice) were not enough for all recipients, however, and DESMI planned to request additional grain in FY87. In fact, DESMI's report for commodities received under the FY 86 agreement states that this food actually reached a total of 814,464 persons in 1,196 distribution centers.

In September 1986 DESMI submitted its request for a third year of program operation. Once again the approval process was substantially delayed, and the final agreement was not signed until April 1987. Because of the shortfall in dairy products, DESMI was granted only 5% of its NFDM request (427MT), an amount Father Gussoni declared to be practically worse than nothing. After pressure was brought in Washington, DESMI obtained an additional 500 MT of NFDM in July 1987.

When the evaluation team arrived at DESMI headquarters in Ixmiquilpan, a recent shipment of rice and corn had been professionally stacked in the warehouses and was just entering the distribution pipeline. The feeling of relief was palpable and the program manager even noted that this rice was higher quality than the previous batch. At the same time, it was clear that the program's lack of continuity has created tremendous problems of credibility for DESMI's dedicated staff, in addition to more tangible problems for the program's beneficiaries.

2. Project Description

Most of the projects seen during evaluation were essentially emergency feeding programs. Recipients are required to attend a lecture on nutrition education. Although many diocesan priests and some recipient organizations supplied by DESMI reportedly undertake complementary development activities, and DESMI itself has several major development projects about to begin (e.g. tomato processing plant, mobile well-drilling equipment), the distributions observed included no activities other than the education presentation. This is explained partly by the poor and remote nature of the communities served, where DESMI seeks primarily to build trust and credibility.

The evaluators also clarified for Father Gussoni that, under Section 416, food distribution can be accompanied by development activities. He appeared to have derived an impression from various sources that anything other than "feeding needy people" was proscribed. With this confusion clarified, DESMI's food-related developmental activities may increase.

With so many sites and sponsors included in the DESMI program, generalizations about complementary activities are difficult. While the program clearly distributes food effectively to needy people, the most that can be said about development activity is that it is uneven, though still a high priority on the DESMI agenda.

3. Program Administration

DESMI's food distribution operation has grown tremendously during the 2 1/2 years it has been receiving 416 commodities. The program now operates in

23 dioceses, spread among 13 states. State-level DESMI organizations are autonomous with regard to their administration, but are coordinated through the national DESMI organization. Father Gussoni works directly with the participating Mexican bishops and holds them fully responsible for their respective programs, but tries to rely on lay people for actual program implementation.

Each bishop designates a program director, who is trained by DESMI and who then continues to work under DESMI's general guidance. Three staff members from DESMI's Mexico City office make at least semi-annual visits to each program office. The diocese-based program directors, in turn, must find volunteers to run the food distribution operations. Father Gussoni estimates that about 3,000 volunteers assist in this effort, many of them recipients themselves.

DESMI has a paid staff of 27. Those who spent considerable time with the evaluation team, including the program manager, nutrition educator, accountant and agronomist in Ixmiquilpan, and the Director of Public Relations in Mexico City, were highly intelligent, competent and committed.

Under Section 416 DESMI now receives milk, cheese, butter oil, rice and corn. In FY86 DESMI made its first request for grains in addition to dairy products, in response to requests by many beneficiaries. DESMI and AID/M agreed that grains would increase caloric intake levels as well as the acceptability of the entire food aid package.

The basic family ration consists of: 2 kilos of milk, one 2 1/2 lb. slab of cheese, one 2 1/2 kilo can of butter oil (used in cooking, to replace more expensive local cooking oil), 2 kilos of rice and 3 kilos of corn. The ration increases with family size, though not proportionately. The average family has five members. The ration enables families to meet needs of the nutritionally vulnerable without jeopardizing intake of other family members.

4. Targeting

Reports and proposals suggest that at least half of DESMI's beneficiaries are pre-school children or pregnant and nursing women. These documents also state that DESMI staff conduct a census within communities to determine the neediest members. While Pruzensky confirms that this approach is used in many areas, all food distribution seen during evaluation was based on geographical targeting of very poor, remote rural communities, in which all families within an entire community received food on the basis of family size. DESMI had issued ration cards to all beneficiaries, with name and number of family members noted. At sites visited during evaluation, DESMI staff rigorously applied its rule requiring recipients to present this card before getting food, to thwart the occasional attempts to get double rations.

The DESMI Report for March 1, 1986 to March 31, 1987 includes the following breakdown of beneficiaries: 529,000 children, 24,500 elderly, and 260,964 needy adults. The Report further notes that "all recipients were living well below the poverty line" and this certainly seemed to be the case, judging by the appearance of recipients visited.

5. Voluntary Contributions

DESMI, like other 416 sponsors, collects a small voluntary contribution from beneficiaries. Beneficiaries are told the food is free of charge, but they are asked to contribute a small amount toward inland transportation costs. Father Gussoni reported that 30-40% of beneficiaries were too poor to pay anything at all, but were never denied the food. The voluntary contribution is: 50 pesos per kilo of milk, 100 pesos per 2 1/2 lb. piece of cheese, 50 pesos per kilo of butter oil; the contribution per kilo of rice and of corn has just been raised from 30 to 50 pesos.

6. Logistics of Transportation, Warehousing and Delivery

As in DIF's case, the evaluation confirmed that DESMI is receiving, warehousing, distributing and delivering 416 commodities in accord with U.S. requirements. DESMI uses seven warehouses, in three central locations. From there, DESMI's nine large vehicles, plus others rented on an as-needed basis, transport the food to distribution sites in selected dioceses for delivery to beneficiaries. The warehousing and transport facilities visited in Ixmiquilpan are of unusually high quality, and DESMI is clearly on top of this aspect of its operation.

7. Impacts of Program

At present, DESMI's food distribution programs serve primarily as emergency measures to protect poor people against the effects of drought and economic crisis. In longer-range terms, these programs also help DESMI to prepare communities for development, by providing effective entree to new communities, conferring credibility on DESMI as a source of technical

assistance, and enabling DESMI staff to win the confidence of local residents. This approach has worked on a more limited scale in the past. Once the economic crisis abates, DESMI should be well-positioned to follow up its feeding programs with development projects.

In the meantime, frequently distributing commodities in remote, drought-stricken areas, among closed communities with little cohesion and less motivation to risk innovation, DESMI emphasizes the importance of improving nutrition, building trust, and providing simple learning experiences.

DESMI involves beneficiaries widely and effectively in the weighing and distribution of commodities, the collection of voluntary contributions, and other aspects of food distribution. This community participation, coupled with constant reminders about using local resources and otherwise moving toward independence, are about as much development as DESMI can do at present in connection with its food distribution.

The program has created a demand for milk within remote communities of Otomi Indians who had never before used milk or milk products. Doctors and teachers who work in these communities report that, since the food programs got under way, they have been seeing a lower incidence of respiratory disease and improved learning in school.

Although many of DESMI's current distributions look like conventional doles, the DESMI Director nevertheless exhibited an unusual sense of the capital-building advantages of food distribution. He sees clearly that the

donated food represents a substantial subsidy to family income and often allows recipients to save without reducing living standards. Reporting that priests in some DESMI projects were already doing it, Father Gussoni expressed great interest in mobilizing these potential savings through formation of community credit unions. The DESMI field educator for Hidalgo acknowledged feasibility of the idea for some commodity distribution sites. She and Father Gussoni see clearly the links between capital creation and eventual elimination of donated food, but emphasize that the current drought limits immediate application of the idea.

At the same time, DESMI continues development activities that long pre-date its participation in Section 416 food programs. For example, the team observed an interesting and innovative effort to promote year-round production and sale of nopal cactus for local consumption and export to Japan. Diocesan development activities also abound in areas that receive Section 416 food, but the team could not determine how well they are linked with food distribution. In a broader sense, introduction of food almost inevitably strengthens other development efforts by enhancing the appeal of the distributing organization and stimulating response to its other services.

DESMI should be viewed primarily as an agency responsible for distributing and accounting for commodities. It is a development organization primarily in Hidalgo and, to a lesser extent, in a few other states where loosely connected groups operate with the same name. However, in 16 states with 26 dioceses, DESMI works almost exclusively through the Catholic bishops and organizations chosen by them. Through geographical targeting, and emphasis on support to

orphanages and related institutions, DESMI assures that the food goes to needy people.

DESMI is best understood when viewed as similar to CARITAS headquarters in other Latin American countries. As such, it compares favorably and performs important tasks effectively. The food distribution role clearly dilutes DESMI's earlier focus on development, since staff and money have been diverted to the emergency task. AID, IPHD, and DESMI need to think carefully about DESMI's return to being a more developmental and geographically limited organization, Father Gussoni's stated intention. But while the emergency continues, and for a transition period of at least 18 months thereafter, continued Section 416 support through DESMI offers an effective way to share surplus agricultural commodities with needy people and to lay a foundation for subsequent development activities.

Assessment of the DESMI program must consider the damage done by lack of continuity due to procedural delays in receiving approval of plans. For example, deliveries under the 1986 agreement ended in November and no 1987 agreement was signed until June 1987. As a result, DESMI had received no milk since January 1987. Warehouse stocks declined and, while a shipment of corn arrived during the evaluation visit, DESMI had already reduced rations and suspended distribution at many sites. The lack of continuity undermined credibility, crippled staff, and alienated beneficiaries.

Despite these difficulties, the impressive DESMI staff continue their zeal for continued access to Section 416 commodities. Their concern for victims of

drought and economic crisis, combined with their continued desire to bring backward communities into the mainstream of development, overcome their understandable resentment at inexplicable delays.

The DESMI experience emphasizes once again the importance of stable commodity supply to success of the Mexican Program. DIF and DESMI, the major actors, acted in reasonable reliance on what they correctly interpreted as representations that commodities, and especially milk, would be available and that agreements would be executed in time to maintain continuity of supply. Field evaluation, allowing opportunity to view consequences of suspended distribution at the grass roots level, highlights the need to shield recipient agencies and beneficiaries from the most severe consequences of disruptions in supply.

8. Program Costs

DESMI makes no routine calculations of cost per beneficiary, because this concept serves little useful management purpose as the program now operates. Each diocese, and many groups and institutions served, incur costs, such as the value of volunteer services, that would be prohibitively expensive to calculate. Because volunteers perform tasks that, in most other programs, are often done by paid staff, DESMI efficiency is probably comparable or lower than most similar activities in such areas.

DESMI records show 814,464 people assisted from March 1, 1986 through March 31, 1987, at a cost of 805,830,000 pesos, including 477,000,000 pesos worth of free transportation provided by the Mexican national railroad system. Since

many beneficiaries were not served for the entire period, a per beneficiary cost explains little, but the resulting figure of about 1,000 pesos per person (around US\$1) gives an idea of Mexican support.

Father Gussoni emphasizes that, without the railroad's contribution, DESMI could cover costs only by raising beneficiary contributions, despite his own contributions to the organization's funds from personal and family sources. Diocesan committee and beneficiary contributions amounted to more than 450,000,000 pesos, though DESMI exempts about 40 per cent of all beneficiaries from payments because of their extreme need.

9. Reporting

DESMI reports are a model of reporting, when it comes to figures and dates. Shipments to individual distribution sites, numbers of beneficiaries, contributions to transportation expenses from participating bishops, etc. are all meticulously recorded. The accompanying program descriptions are also helpful, explaining the setting and rationale for DESMI's activities. The narrative sometimes exaggerates program features (for example, DESMI is not the only agency to reach remote areas), and probably overstates the program's development impact as well. Nevertheless, these are minor flaws in an otherwise creditable picture of prompt and comprehensive reporting to AID.

C. SHARE

The projects reviewed below are smaller and more recent than those of DIF and DESMI. As the narrative indicates, some have not yet even begun food distribution. Evaluation therefore deals primarily with plans and proposed systems, rather than with management and effects.

1. Summary Description of SHARE and Its 416 Food Program

SHARE (Self-Help and Resource Exchange) began as a program of the Roman Catholic Diocese of San Diego, providing low cost food to needy families and individuals in the San Diego area who were willing to work in the program. The program grew and SHARE acquired expertise in food procurement and processing as well as national attention. Their warehouse and processing plant in San Diego is a large and busy place, with loading docks, semi-trailers, workers, food and equipment. The success of their program, in which needy volunteer workers are able to obtain a monthly food basket at about one-third the retail cost, has caused other communities to emulate the program with SHARE's help.

Meanwhile, SHARE decided to extend its operation to developing countries because of the great need. A separate, non-denominational, non-profit entity called WorldShare was incorporated to do this. WorldShare is operated out of the same offices and by the same people who run SHARE. (We use "SHARE" in this report, although strictly speaking, all 416 food programs in Mexico are operated through "WorldShare").

Initially SHARE focussed on Tijuana as a good place to begin a 416 food

program, because of its geographical proximity to San Diego. This was begun around 1983-84, and as SHARE's Executive Director said, "We didn't know very much about development at that time." A fairly complex history of events ensued, including some significant difficulties with AID which led to the non-renewal of their 416 food program for eight (8) months. SHARE's 416 program grew geographically during this period and is now nearly a national program in Mexico working through Mexican counterpart organizations, FAS and Gente Nueva. In addition SHARE has established a 416 food program in Guatemala. Moreover, the program has grown in its involvement and understanding of development in poor communities, and now has strong programs in education, training, and food-for-work, and is involved with many community development groups.

The program will distribute over 15,000 metric tons of 416 food (milk, cheese, butter oil, wheat, corn and rice) in the next year.

Monetization. SHARE is one of the few 416 programs that is monetizing. They believe strongly in the concept. They plan to use the money to pay for transport and to sponsor development activities, particularly their educational programs. They treat the process of monetizing as a strictly commercial activity - they sell in such a way as to maximize the financial return within the restrictions of the 416 food program. SHARE did not seem very concerned about potential image problems that might result from selling donated 416 food, as did some of the other private organizations.

Computerized Food Monitoring System. SHARE has purchased and is installing a computerized food monitoring system (called "Food Monitoring

System PFG.01") developed by Peter Goosens for USAID/Bolivia. The system tracks food quantities by commodity from initial shipment through customs and several levels of warehouses. A description of the system is attached in Appendix D.

SHARE has installed the system on an IBM-PC compatible computer with a 20-megabyte hard disk. The program requires 10 MB of hard disk. It is written in Data Flex, a commercial data base management language. The food monitoring program costs \$50.00, and Data Flex costs approximately \$500.00.

The program appears to be an effective way for an organization to monitor its food inventories. The logic of the system seems to be well conceived and comprehensive for the portion of the system it covers. It should be noted that it does not keep track of individual beneficiaries or of community inventories of food. It tracks food until it is dispensed to local institutions.

SHARE believes the system will be a great benefit to them. Although the input and output is quite basic (no pretty graphs), it would appear to provide what is needed. SHARE indicated they had found one or two "bugs" in the program, which they have corrected. Documentation is thorough, although not particularly user friendly, according to SHARE.

2. Investigation of SHARE, FAS, Gente Nueva

SHARE. Two meetings were held with the Executive Director, with the Director of Mexican Operations and with other staff members at SHARE headquarters in San Diego. Field visits were made to SHARE/FAS programs in

Tijuana and Mexico City with the SHARE Director of Mexican Operations. Documents were reviewed in AID offices in Washington, D.C. and discussions were held with AID staff in Mexico City.

FAS. Meetings were held with the Executive Director of FAS and with the General Manager of FAS in the Federal District on two different days, to discuss the national and state level operation. Field visits were made to the Federal District warehouse, to a community school program in Tijuana, and to three community programs near Mexico City (to Diakonia, to the brickmakers community in Ixtapaluca and to the FAS/FEMAP program in Chamapa). In the three Mexico City field visits, discussions were held with the leaders of the groups supporting the local program and with users of the program. Documents provided by FAS were also reviewed.

Gente Nueva. A two hour meeting was held with the Executive Director and founder of Gente Nueva at their headquarters in Mexico City. Their 416 Food Program has just been approved in the states of Chiapas and Oaxaca but not yet begun, and therefore no field visits were made.

3. FAS and Its 416 Food Program

a. Description of FAS

FAS (Fundacion de Apoyo Social) was formed about a year ago as a non-profit, non-denominational private organization specifically for the purpose of working with SHARE to implement a 416 food program in Mexico. Its leadership comes from influential and wealthy Mexican families. Its primary strategy is to establish relationships with local institutions and community

development groups that will implement the 416 food program and other FAS programs in the neediest communities, with the overall goal of building family and community self-sufficiency. The primary support program to the 416 food program is in education on such topics as hygiene, cooking and nutrition, sewing, self-care and development, family budgeting, and housing. SHARE and FAS have developed standard curricula and educational materials for many of these topics. Several other types of programs exist or are in the process of being developed, including home gardens, animal husbandry, water and sanitation projects, clinics, housing improvements, community clean-up committees, cottage industries, and community credit banks. In the area around Mexico City, FAS is currently working with 33 institutions and 21 community development groups.

The history leading to the founding of FAS is important to its understanding. SHARE was interested in developing a program in Mexico for several years, especially following the earthquake. It had established relationships with influential individuals close to the Catholic Church and the Knights of Malta. These early efforts encountered a variety of problems, especially with AID. The possibility of working with CRS in Mexico dissolved when CRS decided not to be involved in a program that required payments by beneficiaries. Finally, the founders of FAS, who were the people that had been attempting to develop a program with SHARE, decided to form FAS as an organization separate from the Catholic Church and dedicated to the development of self-sufficiency in the neediest families and communities.

Currently, FAS has programs operating in the states of Baja California, Norte and Sur, Aguas Calientes and the states around Mexico City.

b. The SHARE/FAS 416 Proposal Process

The recent SHARE/FAS proposal took eight (8) months to approve. The delay in this process apparently was due to a variety of reasons, some of which related to negative field reviews by AID/Washington and some of which were caused by AID/Mexico because they did not agree with the original proposal submitted by SHARE. According to AID/Mexico, several revisions were necessary before the SHARE proposal conformed to the principles for coordinating the activity of the various 416 programs in Mexico.

In addition to working with AID/Mexico and AID/Washington, SHARE held numerous discussions about its 416 proposal with representatives of the Department of Agriculture and with members of the U.S. Congress who had been previously involved with SHARE in the U.S. SHARE felt its discussions with representatives of the Department of Agriculture were particularly helpful in finally obtaining approval.

A full understanding of the history leading up to the submission of the proposal is probably necessary to understanding the proposal process itself. Difficulties developed around 416 food that was used for political purposes in Aguas Calientes and around SHARE's actions to provide food to earthquake victims and to extend its program throughout Mexico, actions that AID/Mexico felt were done without proper coordination with its office or with other 416 programs in Mexico. The history is complex and probably includes other issues as well.

At this point most of the issues appear to have been resolved. It is significant that even though AID/Mexico took a hard stand in its negotiations with SHARE, SHARE professes great admiration for the competence and integrity of AID/Mexico and its staff.

c. Description of 416 Food Program

The original agreement was revised, reducing the amount of milk, cheese and butter oil and grains to be delivered during the period July-September 1987 as follows:

<u>Commodity</u>	<u>Original Amount (MT)</u>	<u>Revised Amount (MT)</u>
Powdered Milk	750.	150. (80% red.)
Butter Oil	704.	352. (50% red.)
Processed Cheese	665.	333. (50% red.)
Wheat	6,673.	6,673. (No change)
Corn	2,646.	2,646. (No change)
Rice	<u>2,698.</u>	<u>2,698.</u> (No change)
	14,136	12,852

(1) Intake

Ports of entry are at Laredo, Texas and Calexico (Mexicali), California, from which the food is shipped directly to FAS warehouses in Tijuana, Mexico City and Aguas Calientes. Since the program is just beginning, there is little experience to date. For example, so far Mexico City has received one group of shipments in rail cars which all arrived on June 20, 1987, and included milk from Mexicali; butter oil from Laredo, and cheese from both Mexicali and Laredo. These shipments experienced about a 5-day delay clearing customs at the ports of entry, according to FAS. All milk shipments

were in 50 pound sacks, cheese shipments in 10 pound cans and butter oil in 10 pound cans.

In Mexico City, the FAS staff unloaded the commodities from the rail cars, and transported them the 5 kilometers to the FAS warehouse where they were stored using pallets and borrowed loading equipment. The warehouse is a commercial facility provided as a donation to FAS by a member of its Board of Directors, and appears to be an excellent facility.

FAS recorded the following losses from breakage and disappearance in the June 20 deliveries to Mexico City:

<u>Commodity</u>	<u>Port of Entry</u>	<u>Sacks Shipped</u>	<u>Sacks Missing</u>	<u>Sacks Broken</u>	<u>% Loss</u>
Milk	Mexicali	5,644	7	112	2.1
Cheese	Mexicali	7,488	9	0	0.1
Cheese	Laredo	2,497	17	0	0.7

Most of the broken milk sacks were probably damaged during unloading and storing in Mexico City. Additional sacks had small punctures.

No repackaging or processing is done at the regional warehouses.

(2) Quality Control

The Department of Health is suppose to come to the warehouse, take samples of the commodities, and run culture tests before the food is distributed. However, according to FAS, the Health Department had not yet taken samples of the food that arrived June 20 (two (2) weeks before my

visit).

(3) Distribution System (Mexico City)

The warehouse in Mexico City distributes to 54 different organizations -- 33 institutions and 21 community development organizations. These 54 in turn distribute the commodities to individuals and families. Each recipient organization is scheduled to pick up food at the warehouse once a month at a specific time. Except in a few cases they arrange their own transportation. Each organization must submit a control sheet showing the distribution of food to beneficiaries by name during the previous month in order to obtain food for the coming month. Signature of recipient and license plate of pickup vehicle are always recorded.

FAS engages in a careful process to identify distributing organizations. According to its rules, selected organizations must meet the following criteria:

- serve the poor;
- do not receive permanent assistance from other organizations like FAS;
- willing to collect the minimal co-payment from beneficiaries;
- will sign an agreement with FAS.

Further, community development groups must work in communities that are not serviced by other food distributing organizations and which are interested in improving services for health, water, sanitation and education. Food distributions are programmed to be made every 15 days to families.

FAS has prepared a fairly elaborate system of documentation and control which the distributing organizations are supposed to follow. The system appears to be well designed; but as yet there is little experience by which to judge it.

(4) Beneficiaries

To be eligible to receive 416 commodities, families living in communities served by participating community development groups should have the following characteristics:

- spend more than 60% of their income on food, and
- 2 or more family members under 15 years of age, and
- participate in the community development programs or training.

Within the group, priority will be given to families with pregnant or lactating women, with elderly, or with handicapped. Family questionnaires are supposed to be completed for each beneficiary family by trained staff of the community development group verifying need. In the three communities we visited, this was done. All participants in the institutional feeding programs are beneficiaries.

(5) Rations

Each month, beneficiary families receive a package of 416 food containing the following allotment:

Milk Powder	0.91 Kg
Cheese	1.57 Kg
Butter Oil	1.35 Kg
Rice	2.25 Kg
Wheat Flour	2.25 Kg
Corn	2.25 Kg

FAS estimates average family size at six (6) persons, which yields 5 grams of milk powder per person per day, or about one glass every five days.

(6) Co-payment by Beneficiaries

A small co-payment equal to approximately 1.5% of the retail price of the commodities will be required of each beneficiary, although the institutions and community development groups may choose to make the payments for especially poor families and individuals. The exact amount of payment is still being negotiated between FAS and SHARE. Each month participating organizations deposit the co-payment for the past month in a specially designated FAS bank account, and then present the deposit slip at the warehouse to obtain food for the coming month.

(7) Management and Staff

Each state office of FAS has its own staff, which is planned to include a general manager, a warehouse manager, director of education, and a social worker. There may be other staff as well, such as

warehouse workers and secretaries. The FAS staff we met in Mexico City appeared to be very competent.

d. Relation to Other Organizations

(1) FAS and Social Service Organizations

FAS has developed relationships with many Mexican social service organizations, with whom they have signed agreements for distribution of food in specific communities. Several are national in scope. For example, FAS has an agreement with FEMAP to distribute food in Chamapa, as noted above. Other such organizations mentioned in their proposal include Rotary International, Lions Clubs of Tecate and Ensenada, Social Service Departments of the Catholic Church, and the Mexican Association of the Sovereign Military Order of Malta. Thus, these relationships encompass both church related groups and totally non-denominational groups.

(2) FAS and SHARE

There is a very close working relationship between FAS and SHARE. Unlike many of the other collaborations between U.S. and Mexican private organizations, which are frequently initiated by AID/Mexico, SHARE had worked with the individuals who formed FAS for several years and in fact had played a significant role in the formation of FAS. The FAS/SHARE relationship is further enhanced by the physical proximity of SHARE's headquarters in San Diego to the FAS program in Tijuana, Mexico.

(3) FAS/SHARE and AID

This relationship has had several problems. Critical AID

reviews and difficulties during the proposal process with AID/Mexico have left their mark. Now that their program has been approved, SHARE and FAS have the opportunity to overcome the past problems in this relationship through good performance and open communication with AID. The SHARE staff in San Diego and FAS staff in Mexico appear both competent and committed, and the author sees no reason why the past problems will not be overcome.

(4) FAS and DIF

FAS and DIF appear to have established a good working relationship, which is important because to some extent the two groups represent different viewpoints: individuals in FAS have been more closely connected to the Catholic Church while DIF is connected to the government. FAS has supported DIF positions such as co-payments by beneficiaries whereas CRS did not. FAS has been successful in incorporating strongly Catholic communities into the program through both Church related and non-denominational institutions and community development groups. The team saw no signs of religious proselytizing during field visits.

e. Effects of 416 Food Program (FAS)

(1) Nutrition and Income Effects

As with the other programs, there are income and nutritional effects, but for the most part unmeasured. One important study of nutritional impact of a 416 food and education program was done by SHARE and DIF in Aguas Calientes in 1986. This 8-month study of 283 children aged 12-72 months collected weights, heights and various other relevant data, in a Before and After design for both an Experimental and Control group. The study found

the program had a positive and significant effect, with the nutritional status of the Experimental group increased after the program. This result generally held across age groups and both sexes. (Sabatini E. "To The Children of Aguas Calientes". WorldShare, San Diego, 1986.)

(2) Developmental Effects

SHARE and FAS have articulated a strong commitment to developing self-sufficiency in needy families. For this reason they have developed a strategy of education of the beneficiaries in a wide variety of topics that will lead to self-sufficiency, including personal health and hygiene, breastfeeding, nutrition, family budgeting, literacy, and various income producing skills such as sewing, haircutting, beautification and women's care. As one staff person commented, "Our approach is to feed and educate". As part of this strategy, FAS is distributing the books created by SHARE to teach these subjects in Mexico.

FAS is also strengthening and sometimes creating community development groups in Mexico, and is helping to involve some of Mexico's more influential families in this effort, -- a form of institutional development.

f. Four Field Visits: Examples of Local FAS Community Programs

Three FAS programs near Mexico City and One in Tijuana were visited.

(1) Ixtapaluca: The Brickmakers Community

This is a community of about 750 families living on the outskirts of Mexico City, in an area where the clay is especially suitable for making bricks. While brickmaking provides steady work for the family, the income is extremely low. We were told that a family of five (5) or six (6) can make 500 bricks a day, from which they can earn about 3,000 pesos (roughly \$2.20 U.S.), if all family members work. From this they must pay kiln drying fees, concession fees (agents of the government own the concessions for the land), and often house rents. Not much is left for food. Further, in the worst sections, the living conditions are startlingly poor: no sewage or piped water, no electricity, muddy, standing water and garbage. However, in the better section where a FAS community development group has been working for several years, conditions are much better.

The community development group which FAS is supporting with 416 food has moved to help the poorest section of the community this year. Most impressive are the classrooms which the mothers of the community constructed as part of the FAS educational program. In the poor section where the program recently started, 416 food is distributed in family packs to 150 families every 15 days, generally for a small co-payment. The community development group consisted of women, mostly mothers, who seemed to have strong personal ties to the women in the brickmakers community. "Alcohol is the problem with the men in the

community" was the comment heard. This project appeared to be a totally non-denominational activity.

(2) Diakonia

This is a larger community - 5,000 families. The people live in small shacks and houses on a tree-covered hill. There is no water but things look organized. Occasionally there is a larger home, fenced, with a good view. The problem is no employment, and many fathers are away. It is also an entry area for families moving to Mexico City from the countryside. There is 60% unemployment and 80% malnutrition.

A community development group called Diakonia Corporation was created several years ago to help this community. It appears to be closely associated with the Church and runs a variety of services, including a clinic, purchasing cooperatives, and now the 416 food program. They have 24 paid and volunteer workers. The warehouse where the 416 food is stored is clean, secure and well organized. The 416 food is distributed at educational classes following the SHARE approach. Diakonia organizers believe that last year when the 416 food stopped, roughly half the beneficiaries continued coming to the classes even though they received no food. With 416 food available again, attendance is growing.

(3) Chamapa (FAS/FEMAP)

Once a small village near Mexico City, Chamapa has grown to a 1.5 million person district of the city which is receiving newcomers at a rapid rate. FEMAP has opened a clinic and a program, modeled after the Juarez

FEMAP program, which is attempting to serve about one quarter of Chamapa at this time. FAS is providing 416 food to FEMAP in Chamapa. We were accompanied by the operations manager of the Chamapa FEMAP program and by the FAS social worker. Food distribution was handled in the same manner as in Juarez by FEMAP. The staff and volunteers from both programs appeared to be very competent and to have a good working relationship with the community and with each other.

(4) Cerro Colorado (Tijuana)

About a year ago, a flood of the Tijuana River caused death and destruction to the poor families living along its banks. Survivors moved to high ground, on Cerro Colorado, a rocky hill without sewage, water, electricity, streets or services of any kind. The FAS program in Tijuana has helped them to organize and build a better community. FAS found materials and the mothers built a small school, a playground and a community building and church.

About 250 mothers attend classes there during the week, and receive 416 food. Children come on Saturdays. The author attended a graduation ceremony, in which about 50 mothers displayed some of the results of their training, including various food dishes, clothes, and handicrafts. According to SHARE/FAS staff, when the 416 food stopped for eight (8) months, nearly all the mothers continued coming to the educational program on a regular basis for the entire eight months. A class on womanliness, women's health, the role of women, and beautification was especially popular.

g. Gente Nueva and Its 416 Food Program

Gente Nueva (Legal name: Juventud Mexicana, Inc.) was started about five years ago for the purpose of connecting Mexican youth to important social problems. The founders, themselves youths in their 20's, come from influential and wealthy Mexican families.

Gente Nueva has undertaken an impressive array of projects since their founding, including a sports development program in poor neighborhoods, music training for the poor, community development, a monthly newspaper and TV shows. They were especially active during the earthquake, organizing a food delivery service to needy in Mexico City. Currently, they have 2,000 active volunteers in Mexico, with an average age of about 19 years, 60% female, and generally from the upper class.

The potential of operating a 416 food program arose during the aftermath of the earthquake, when Gente Nueva encountered SHARE. Gente Nueva was especially interested in operating a 416 food program in the states of Chiapas and Oaxaca which are very underdeveloped with a large Indian population and near Guatemala. Initially, FAS and SHARE proposed that Gente Nueva become one of the local distributors under FAS, but Gente Nueva preferred to develop its own agreement with SHARE, due to the different objectives and personalities of FAS and Gente Nueva. (Note that there are strong family connections between FAS and Gente Nueva, but two different generations). In fact, a contract has been signed between SHARE and Gente Nueva, but not yet put into operation, which would deliver food to approximately 3,400 families in Chiapas and 3,300 families in Oaxaca. According to Gente Nueva, they want to use work

contributions for community development as the co-payments by beneficiaries, for example putting in such basics as water and drainage, bridges, electricity, and schools. Gente Nueva observed that it has been their experience that the Indian communities, especially, will contribute enormous efforts towards such projects once they get going.

Because the 416 food program has not yet started, and because the authors' review was limited to a two (2) hour meeting with the Executive Director, it was not possible to make an assessment of the overall capability of Gente Nueva to manage the program. However, the Executive Director is impressive. In addition to founding and building Gente Nueva, he is the President of a major cosmetics company in Mexico. His plans are to obtain technical assistance in food management and distribution from his family's corporation, Herdez, which apparently is Mexico's largest food processor and distributor. Independent inquiries with others confirmed his reputation as a very competent professional manager.

The Executive Director of Gente Nueva was aware of the temporary nature of 416 food. It was a major concern of his because an early cutoff will stop the organization from achieving its developmental goals in Chiapas and Oaxaca, which is its primary reason for establishing a 416 food program. He observed, "We want to help create developmental outcomes, not dependency". He thinks this will take about two years.

D. St. MARY'S FOOD BANK (FEMAP)

1. Summary Description of St. Mary's Food Bank and Its 416 Program

St. Mary's Food Bank of Phoenix, Arizona, a non-profit organization established in 1967, is the world's first food bank. St. Mary's gathers unwanted food from institutions in the Phoenix area and distributes the usable food to needy individuals and institutions in the area. St. Mary's has developed expertise in food processing and distribution as a consequence of its food bank program.

Originally, St. Mary's was associated with St. Mary's Roman Catholic Church, but it has been non-denominational for many years. Recently, the organization developed several complementary programs, including home gardens, the 416 food program and a Food Share program for the Phoenix area.

St. Mary's entry into the 416 program was motivated by a desire to assist the Mexican border town of Nogales. St. Mary's was aware of the USAID Food-for-Peace program, contacted the USAID office in Mexico City and was put in touch with FEMAP (Federation Mexicana de Asociaciones Privados de Planification Familiar) and with F.U.R. (Fundo Unido Rotario), both private non-profit Mexican organizations. St. Mary's now has established 416 food programs with both organizations. The 1987 FEMAP 416 Program plans to deliver 576 metric tons of powdered milk, which FEMAP will distribute through its programs in the Mexican states of Chihuahua and Sonora. The 1987 F.U.R. 416 Program plans to deliver 2,640 metric tons of powdered milk and 880 metric tons of processed cheese, which F.U.R. plans to distribute using 620 local organizations throughout Mexico. St. Mary's and F.U.R. have taken over and successfully

reprogrammed the distribution of food originally programmed for distribution by Brother-to-Brother, a U.S. private voluntary agency.

In the U.S., St. Mary's collects and distributes about 8.5 million pounds of food annually through its Phoenix food bank program. Their 1987 cash budget is \$2.2 million, about half of which comes from donations. None of the 416 food is being monetized, although St. Mary's indicated an interest in doing so in the future.

2. Conduct of Investigation of St. Mary's FEMAP and F.U.R.

FEMAP. The author spent two days at FEMAP headquarters in Juarez, reviewing both the national and local Juarez programs. This included field visits to the FEMAP clinic, to several Juarez neighborhoods being served by FEMAP, and the rural towns of Filla Ahumada and La Gartijas, about two hours south of Juarez. In each location, discussions were held with the local promotoras serving the area and with the beneficiaries of the program. In addition, discussions were held with the President and many of the national staff. The FEMAP/FAS program in Chamapa, in the northwest part of Mexico City was also visited.

F.U.R. One day was spent with the volunteer President and volunteer Administrator of the national F.U.R. 416 food program at their headquarters in Mexico City. During the day, field visits were made to two local institutions participating in the program: the "Centro de Asistencia Social" (a medical clinic and training school) and the "Comunidad de Santa Catalina Siena" (a cloister and school for novices).

3. FEMAP and Its 416 Program

a. Description of FEMAP

FEMAP has grown from a single family planning and maternal-child health clinic in Juarez to a federation of 27 affiliated programs in 34 Mexican cities. The Juarez program, begun in 1973, has been the model for the other programs.

The Juarez program currently has three medical clinics and an active outreach program staffed with 1,200 volunteer promotoras. The clinics provide pre- and postnatal care, birthing care (clinic #2 attended 2,500 of the 16,000 births in Juarez last year), immunizations, family planning services including tubal ligations, early cancer detection, and general primary health care to poor families in Juarez. The clinics have tried to keep costs low in order to becoming financially self-supporting through the user fees. Currently they indicate that user fees are covering 96% of the clinic operational costs.

The outreach program is carried out by promotoras, coordinators and social workers. In addition to the 1200 promotoras in Juarez, FEMAP has 60 coordinators and 12 social workers. The promotoras and coordinators are generally women volunteers (although coordinators' costs are paid) living in the neighborhoods they serve, and are selected for their natural leadership abilities. Promotoras are trained by FEMAP, especially in family planning and maternal care, and then recruit and provide health and family planning, education and supplies to women in their own neighborhoods. On the average, each promotora is in on-going contact with about 40 families. Each coordinator

supervises about 20 promotoras. Typically, coordinators are selected from among the most successful promotoras. Several of the coordinators are especially active and effective and are constantly recruiting new users of FEMAP services as well as new promotoras. These "super" coordinators appear to have a special relationship with the FEMAP paid staff and with the FEMAP President, Sra. Guadalupe de De la Vega, a relationship characterized by mutual respect, care and extremely open and frank communication.

The Juarez program has been very successful and has received international recognition, forming a model for other Mexican programs. An important success factor has been the personality, resources, ideas, and committed leadership of Sra. de De la Vega and the excellent people working with her. In discussing her efforts to reproduce the program in other cities, Sra. de De la Vega indicated that she and others in FEMAP try to find an influential woman from the upperclass who has the leadership, commitment and values to succeed, and also find the special coordinators who can work with her. Thus, some of the key elements in the Juarez model which are transferred include: (1) maternal/child health clinics, (2) family planning technology, (3) a network of trained volunteer promotoras, (4) an exceptional leader from the upper class, (5) several exceptional coordinators (generally from the lower class), and (6) a special relationship between the director and the most effective coordinators. All of these characteristics appeared to be present in the Chamapa FEMAP program which we visited.

The program is infused with a strong sense of social purpose. A primary goal is to help individuals, families and organizations achieve self-

sufficiency. The program is strongly committed to linking family planning with maternal/child health care and in fact has turned down a large grant to promote family planning that did not include maternal/child health care.

Even though FEMAP has 27 affiliates throughout Mexico, with some 6,000 promotoras serving about 240,000 families, the 416 food program is only being implemented by FEMAP in two states at this time: Chihuahua (Juarez) and Sonora (Nogales). FEMAP considers the programs in these two states to be pilot programs, and hopes to expand in the future.

b. The FEMAP 416 Proposal Process

USAID/Washington prepared a chronology of the FEMAP/St. Mary's proposal process attached as Appendix E. This chronology indicates that discussions between FEMAP and St. Mary's started in October 1985 and six months later (in early May 1986), a proposal was submitted by St. Mary's to AID requesting 5,088 metric tons of powdered milk under section 416. In the next four months, AID requested and received two revisions in the proposal from St. Mary's. The first revision related to clarification about warehouse facilities requested by USDA and was submitted by St. Mary's in early July, two months after the first proposal. Prior to this submission, representatives from AID/Washington visited Juarez, Nogales and El Paso to review warehouse facilities. Following this visit, a second revision reduced the food request from 5,088 MT to 576 MT because of "lack of firm warehousing" and "inability to obtain NFDM in 4 pound sacks." The second revision was submitted in early August. AID/Washington then made additional revisions at the request of USDA. Final agreement was reached in early September (4 months after the first

proposal submission), and signed on November 4, 1986 by AID (6 months after the first proposal submission).

c. Description of 416 Food Program in FEMAP

The FEMAP 416 food program calls for the distribution of 16 MT of powdered milk per month within the state of Sonora, through its affiliate in Nogales, and 32 MT per month within the state of Chihuahua, through its affiliate in Juarez. The Sonoran allotment is shipped through the port of Nogales, Arizona, and the Chihuahua allotment is shipped through El Paso, Texas. The information below describes the program in Chihuahua.

(1) Intake and Packaging

So far four shipments have arrived in El Paso: 32 MT in October 1986, 32 MT in December 1986, 46 MT in February 1987, and 46 MT in May 1987. This schedule is behind the original projected 32 MT per month beginning in November 1986. These shipments were imported to Mexico by FEMAP.

The FEMAP central warehouse packages all milk in 2 kg plastic sacks, and then puts them into 50 pound bags to prevent breakage and theft. This process is carried out by six persons who repackage and bag 1.3 MT per day. According to FEMAP, losses are very low during this processing, being approximately 1% (mostly due to the sealing process). They estimate the cost of packaging to be 240 pesos (about 20 U.S. cents) per 2 kg sack. Transport costs run about 100 pesos per 2 kg sack in Juarez. The warehouse is a well-managed operation as confirmed by our visit there.

(2) Quality Control

The Health Department is notified when shipments arrive and sends a representative to the warehouse to collect samples which are then analyzed. No problems with approval by the Health Department have been encountered.

(3) Distribution System

FEMAP has 15 major centers of distribution throughout the State of Chihuahua. Deliveries are made from the Juarez central warehouse to the distribution centers on a monthly basis, except to the three (3) clinics in Juarez where deliveries are made twice a week to the largest clinic and twice a month to the two small clinics.

Two different systems are used to distribute milk to families from the centers -- one system in rural areas and another in the urban areas and larger towns. For the urban areas and larger towns, FEMAP promotoras identify needy families and sign them into the program. Every 15 days, the promotoras issue a voucher to the family who present it to the distribution center for a 15 day milk ration. The center maintains records on each beneficiary family which are reviewed and updated when the milk is given out. In the rural areas, FEMAP coordinators deliver a supply of milk to each promotora monthly sufficient to meet the needs of families enrolled in the program. The beneficiary families collect their ration from the home of the promotora who keeps records on each family and delivers them monthly through the coordinators to the FEMAP office.

There are two centers in the Tarahumara region. Distribution tends to be

less regular there due to the cultural isolation of the population, their extreme poverty and the very rugged terrain. Promotoras are not in contact as frequently or closely with the Tarahumara population because of cultural differences and travel that is arduous at best.

(4) Beneficiaries

To be eligible to receive the 416 milk, a family must meet the following criteria: (1) have family per-capita income less than 2500 pesos (\$1.85) per day, and (2) family composition must include a child under 5 years, a member over 65, or a pregnant or lactating woman. These criteria apply to the entire FEMAP 416 food program, not just the state of Chihuahua. A data sheet showing that the family meets the above criteria is completed by the promotoras when enrollment of the family is made. A copy of this family data sheet is kept at the distribution center. When there are more eligible families than milk available, the promotora must decide which families will receive the milk. Various criteria appear to be used to make the selection: Families with pregnant women have high priority. Some promotoras tend to select families that are especially poor or have had a lot of sickness, while others may tend to select families to whom they provide other service and are in frequent contact. In Juarez, where there is a large transient population, some promotoras use the milk as a way of making contact with newcomers to their area.

(5) Rations

The ration is based on a supply of 500 ml of milk per person per day. On the average, FEMAP is providing 2.5 two kg bags of milk per

family per month. The family ration is calculated by the dispensing clerk at each distribution center, and is made large enough to cover all members of the beneficiary family. In rural areas, the promotoras make this calculation.

(6) Co-Payment by Beneficiaries

Beneficiaries are required to pay 400 pesos for a 2 kg bag of milk powder, or about 25 pesos per liter of milk. The current retail price of milk is 350 pesos per liter in Juarez and roughly 450 pesos per liter in rural areas. Thus the co-payment is about 7% of the retail price. The co-payment approximately covers the costs of repackaging and transport.

There are several exceptions to this policy. Families who do not have the cash when they come to receive milk the first time (about 15%) are not required to pay anything; but after that, they are required to pay. Families in extreme financial hardship can be exempted from payments if prior approval is obtained. The Tarahumara are not required to pay, in recognition of the fact that most have little or no money.

d. Relation to Other Organizations

(1) FEMAP and St. Mary's

It was interesting to observe the first visit by Mr. Cullison, Executive Director of St. Mary's Food Bank, to the FEMAP program in Juarez and the beginning of what appears to be a very positive relationship. For example, during the visit, St. Mary's agreed to provide FEMAP with technical assistance from their expert on hot weather seeds, in order to help the FEMAP home gardens program.

(2) FEMAP and DIF

There appears to be a good working relation here. FEMAP was positive about the coordinating meeting that had been organized by USAID/Mexico and DIF. We met with the DIF program in Juarez and found little overlap in responsibilities and a cordial relationship with FEMAP.

(3) FEMAP and FAS

The FEMAP program in Chamapa, near Mexico City, which is not part of the FEMAP 416 program, is acting as the Chamapa 416 distributor for FAS, which does have a 416 food program in the Mexico City area. We visited the Chamapa FAS/FEMAP program and found the two organizations very enthusiastic about their working relationship. This is especially interesting because FEMAP incorporates an aggressive family planning program as one of its components, while FAS has especially avoided artificial family planning methods in its program.

(4) FEMAP and AID

There appears to be excellent communication between FEMAP and AID/Mexico. For example, FEMAP was well aware of the temporary nature of the 416 program, and the likelihood of a reduction or elimination of dairy products under the 416 in the coming year.

e. Effect of 416 Food Program (FEMAP)

(1) Nutrition and Income

More than 8,000 families (about 40,000 people) have

received 416 milk through the FEMAP program. While studies estimating the nutrition and income effects are not available, the groups most impacted are probably the single mother families with large numbers of children, and the Tarahumara Indians.

(2) Developmental Effects

FEMAP has used the 416 milk to attract hard to reach people to their program, and in so doing provide them with other services, such as the clinic and family planning education. This milk has been especially effective in attracting the transient population in Juarez. Newcomers to the city are not easily identified by the promotoras and the milk has helped to make contact with them, according to the promotoras. The introduction of the 416 milk has had a dramatic effect on the success of the Tarahumara program. FEMAP worked for two years and had contacted only 800 Tarahumara families, but within 3 months of the start of the 416 program more than 2,000 Tarahumara families had made contact with FEMAP, motivated by the availability of the milk, to walk in over the rugged terrain.

f. Other Observations on FEMAP

(1) FEMAP is characterized by a high level of competence at all levels. In the opinion of the author, they are capable of offering technical assistance in many areas.

(2) The reporting and control system for the 416 food is well designed and administered. The food flow to the beneficiaries and the money flow back is documented and controlled at every step.

(3) Promotoras have some flexibility in selecting among many potential legitimate beneficiaries. This provides the opportunity to fine tune the delivery system at the most local level so that those most in need receive the food, especially if the promotoras are knowledgeable, which they appear to be, but it also makes documentation of the reasons for each selection much more difficult.

(4) Milk was thought to be the most desired of all foods by promotoras and beneficiaries alike. For this reason, and the fact that the high price of milk puts it beyond the means of most poor families, the 416 program was especially appreciated.

(5) In the Juarez area, people do not eat corn flour; they eat wheat flour. Therefore, donated corn may not be accepted in this area.

(6) The promotoras indicated that very few mothers breastfeed. We observed that the promotoras appeared much less confident and forceful in encouraging and assisting mothers in breastfeeding than in family planning. If this indication is in fact correct, then FEMAP and other 416 distributors have a real opportunity to promote breastfeeding.

(7) It was reported that one doctor in a rural area was recommending that mothers switch from formula to 416 milk, based on a study he had done. This should be explored further.

4. F.U.R. and Its 416 Food Program

a. Description of F.U.R.

F.U.R. (Fondo Unido Rotario) is the non-profit subsidiary of Rotary International of Mexico that is responsible for the administration of Rotary's national social programs in Mexico. Currently it has three such programs:

(1) Earthquake reconstructions, with funds from Rotary Clubs throughout the world;

(2) Medical services for indigent, including cataract and harelip operations and support of various hospital programs, and ;

(3) The 416 food distribution program.

Rotary International is divided into nine districts in Mexico, and each district contains numerous clubs consisting of local members from different professions. There are a total of 530 local Rotary Clubs in Mexico. Each district has a full-time volunteer Governor and a small office. The clubs support a wide variety of local projects, and in addition support the national F.U.R. operated programs with funds and volunteer effort.

b. The F.U.R. 416 Proposal Process

F.U.R. was contacted by AID/Mexico about taking over the 416 program that was being operated by Brother-to-Brother and Nuestra Pequeños Hermanos (BTB/NPH). Apparently problems had developed with this program, and although we are not clear about the reasons for its discontinuation, the precipitating event appears to be the decision to require all organizations distributing 416 food in Mexico to collect some amount of payment from the beneficiaries. BTB/NPH refused to accept this decision and dropped out in October 1986.

F.U.R. developed a proposal with St. Mary's to take over the BTB/NPH operation, moved into the NPH office in mid-January with a volunteer staff, and received a signed agreement in late March 1987. A great deal of work was done by F.U.R. between January and March, including contacting all local Rotary Clubs and all the local distributing organizations that had worked with BTB/NPH, designing record keeping and control systems, and hiring staff.

Two difficult issues were confronted: In order to get agreement from the Mexican government to provide free transportation of the 416 food from ports of entry to various distribution centers throughout Mexico, St. Mary's asked a U.S. Congressional delegation to make a request to the President of Mexico. The request was made and as a result free transport was provided by the government owned railway. Second, the U.S. and Mexico agreed that the remaining 416 shipments under the BTB/NPH agreement could be imported to F.U.R. under the BTB/NPH importation license and in this way the program could resume before F.U.R.'s importation license was approved. Thus, the BTB/NPH local

inventories ran out in November and December, 1986; F.U.R. received the last shipment under the BTB/NPH agreement in April 1987; and continuing shipments under the F.U.R. agreement await approval of F.U.R.'s importation license, which is expected shortly.

c. Description of the 416 Food Program in F.U.R.

The agreement calls for 2,640 MT of powdered milk and 880 MT of processed cheese to be delivered to Laredo, Texas, between April and September, 1987. Only the April shipment has arrived, for the reason noted above.

Since the F.U.R. program is just beginning, the description presented here is necessarily a mixture of what is planned and to some extent what happened in the BTB/NPH program in the past. We will attempt to make clear which is which.

(1) Intake

The milk is scheduled to arrive in 50 pound sacks and the cheese in 10 pound cans in rail cars at customs in Laredo. After clearing customs they are to be shipped directly in the rail cars to 17 regional warehouses throughout Mexico. No repackaging is planned at the regional warehouses.

F.U.R. received one shipment in April under the current contract and the BTB/NPH importation license, as noted above. In Mexico City, the unloading report indicated milk losses of about 0.2%, most due to one rail care load which had been transferred from a broken car to a new one in Laredo.

(2) Quality Control

In Mexico City, food is unloaded from the rail cars and transported directly to the warehouse, where it is held until the health inspector arrives. At all other regional warehouses, the plan is that the rail cars remain unopened until the health inspector arrives. Samples are drawn by the health department, and food is not distributed further until the health department has given approval.

(3) Distribution System

The distribution system includes transport from the Port of Entry at Laredo to the regional warehouses, and then further distribution to local community organizations who in turn distribute to needy individuals and families. Thus there are three levels: Regional warehouse (currently 17), local organizations (currently 620), and individuals and families (currently estimated to reach 530,000 individuals).

Rail transport from Laredo to the regional warehouses is donated by the Mexican government and is estimated to be worth \$70,000, U.S. for the year. Ten of the 17 warehouses have cool areas suitable for storing cheese. More warehouse locations are planned. Warehouses are rented and managed by district Rotary Offices. In the F.U.R. budget, co-payments by the beneficiaries cover the cost of the warehouse rental (about \$130,000).

From the regional warehouses, food is distributed to community organizations which are described as having "experienced social service personnel on their staffs." Currently there are 620 such organizations, many

of whom participated in the BTB/NPH 416 food program in previous years. Most of these organizations (about 85%) are institutions with a well defined beneficiary population, such as orphanages, old folks homes or schools. Others (about 15%) serve the community on an outreach basis, such as family planning organizations or parishes. F.U.R. calls these two types "closed" organizations and "open" organizations. Each of these organizations is sponsored by a local Rotary Club, which helps to find the community organization and then to prepare proposals for the food, raise funds to assist the program (for example to assist especially poor families to make co-payments), and to monitor the program. Each Rotary Club appoints a volunteer director from among its members who is suppose to oversee the project over its life.

Each community organization makes a proposal to F.U.R. for food for a specific number of individuals. After investigation and approval, this determines the allotment to each organization. The organizations are then responsible to pick up their food from the regional warehouse, once or twice a month at scheduled times. This pick-up system has not been fully tested. The community organizations then repackage the food in individual or family portions.

F.U.R. has developed an extensive system of accounting for the flow of food from the port of entry to the final user, including unloading and distribution reports at each point, and unannounced visits by St. Mary's and F.U.R. staff at warehouses and community organizations. In order to investigate the proposals from the community organizations, F.U.R. hired six full-time social workers to visit all projects and the proposed recipients.

The volunteer President of the F.U.R. 416 food program is a certified accountant who owns his own accounting firm, and this background is reflected in the reporting system.

(4) Beneficiaries

Apparently a wide variety of criteria were used to select beneficiaries under the BTB/NPH program. F.U.R. is working to establish more uniform criteria, but at the same time be responsive to the conditions faced by each program. Presently they have established that families having less than two times the minimum wage are eligible, and that rations are provided only for the following family members: children 10 years or under, women who are pregnant or lactating, and elderly or handicapped.

The F.U.R./St. Mary's proposal reported the number of beneficiaries of different types served by the 1986 BTB/NPH 416 program: children (154,000), young people (34,000), elderly (27,000), sick (13,000), religious (2,000), and poor families (10,000). The total was about 240,000 individuals, serviced through 442 community organizations.

(5) Rations

The ration is 55 grams of milk powder per person per day, and 40 grams of cheese per person per day. This produces two (2) glasses of milk per day.

(6) Co-payment by Beneficiaries

F.U.R. requires a co-payment of 50 pesos per kg of milk and cheese. This is about six (6) pesos per liter of milk. Since the retail price of milk is about 400 pesos per liter and cheese is about 4,000 pesos per kg, the co-payment is 1.5% of the retail price for milk and 1.25% for cheese. F.U.R. believes the co-payment will cover the costs of regional warehousing. They also expressed the strong belief that small co-payments by beneficiaries increase significantly the value which the beneficiaries place on the food.

F.U.R. requires each community organization to make this co-payment when it picks up the milk and cheese at the regional warehouse. Each community organization arranges its own collection of co-payments. It is not clear how many of the organizations are actually collecting the co-payments from the individuals receiving the food. Clearly it is more feasible to do so in some situations than in others (e.g., it is more reasonable that a community development group collect a co-payment from families than an orphanage collect from its orphans).

(7) Management and Coordination

F.U.R. has inherited a far-flung and diverse collection of organizations as distributors of the 416 food. Rotary itself is a federation of clubs, grouped into districts, over which F.U.R. has no direct authority. The hope is that the particular characteristics of Rotary, which include professionalism and commitment to local community, will enable F.U.R. to use the local Rotary Clubs to coordinate and control this diverse collection so that the food is delivered efficiently to those who need it most.

While it is too early to tell if this strategy will work, early manifestations suggest it has a good chance. The professional capacity of the directors of the F.U.R. program at the national level was apparent. The high quality design of the reporting system was previously mentioned. A meeting of all nine Rotary Districts was held on June 5, 1987 to work through the details of the program, resulting in common records in all areas and in a clever use of photographs to document all projects. In addition to the short-term hiring of six social workers to visit institutions and families to verify eligibility, F.U.R. has two full-time social workers who constantly visit recipient organizations in the Mexico City area.

d. Relation to Other Organizations

(1) F.U.R. and St. Mary's

This is a new relationship, specifically developed for the 416 food program. The international director of St. Mary's has visited F.U.R. in Mexico City three times. F.U.R. believes the relationship has been helpful and positive, and that St. Mary's has done their part -- explaining requirements, taking care of required documentation at the port of entry, and assisting in obtaining free rail transport within Mexico.

(2) F.U.R. and DIF

F.U.R. was very pleased with the coordination meeting, and believes DIF has adopted a very supportive position towards the private agencies.

(3) F.U.R. and AID

F.U.R. has a high opinion of AID/Mexico.

e. Effect of 416 Food Program (F.U.R.)

(1) Nutrition and Income

While no studies are available, the preponderance of children among the beneficiaries (154,000 children out of 240,000 beneficiaries) suggest significant nutritional effects are possible.

(2) Developmental

F.U.R. wants to use the 416 food program to change the local rotary Clubs; to get them more involved in community development and in the creation of self-sufficiency of poor people. At present, the clubs are not much involved in changing the structure or processes of their communities; instead they often buy needed equipment or contribute to isolated events. F.U.R. believes that the 416 food program will put the local clubs in closer contact with the poor, with the result that more important projects will be done.

f. Two Field Visits: Examples of Local F.U.R. Institutional Programs.

In order to obtain a sense of the types of institutions that distribute 416 food for F.U.R., two participating institutions in Mexico City were visited.

(1) Centro de Asistencia Social

This organization operates a medical and dental clinic and a job-training school in a poor neighborhood. Begun 20 years ago with funds from Germany, it is a well-equipped and apparently well managed organization. The training school has 30 students from the area and gives one and two year diplomas in such areas as auxiliary nursing, tailoring, beautician, and secretarial skills. The school and clinic are financed by fees and donations.

Families with severe economic problems are identified from the clinic and school records, and they are given the milk. Currently 52 families of patients and students are receiving the milk ration, but no cheese. No co-payment from the beneficiaries is required because the Center was not allowed to request payment under the previous arrangement with BTB/NPH. Careful records were kept on the eligibility of beneficiaries and delivery of milk to them. The milk was kept in a secure area. This institution thought the objective of the program was to feed the poorest families, not to undertake development.

(2) Comunidad de Santa Catalina de Siena

This is a monastery for cloistered nuns and a school for novices. Currently in residence are 24 nuns and 26 novices, who are sent to the school by other monasteries throughout Mexico. This group supports themselves by gardening and by making and selling embroidered goods.

They receive enough 416 milk to have two glasses a day. They were unaware that the 416 milk program was temporary, but thought that other food donations instead of milk, such as flour, would be very helpful since their food budget

is very low. Milk has been delivered to them about every other month. F.U.R. indicated that the Rotary Club sponsoring this organization is very large and active, and sponsors several other organizations as well.

g. Other Observations on F.U.R.

(1) F.U.R. is aware of the possibility of monetization, but thinks it would create a bad public image to monetize, especially milk. It would be less negative to monetize grains because grain is not easily identified.

(2) F.U.R. did not appear to be clearly aware of the temporary nature of the 416 food. They believe stability is important for them to accomplish their development objectives. They believe they can plan their way through reductions and changes in types of food as long as they have sufficient warning. Without sufficient warning, the program might do more harm than good in their opinion. Upon being informed that the milk might be stopped next year, the President of the program immediately began thinking of contingency plans that would effect a more gradual phase out of the milk and focus on the priority beneficiaries.

(3) When the program was first being considered, some Rotarians thought it might hurt their businesses by reducing the sale of milk. According to F.U.R., this has not been a problem and the original doubters are now strong supporters of the program.

(4) The delivery of food stopped for 5-6 months, following

cancellation of the BTB/NPH program in late 1986. No systematic data were obtained on the effect of this stoppage in terms of beneficiary attitudes and consumption behavior. In one of the two sites visited (Centro de Asistencia Social) other donations were obtained to buy milk and maintain the milk program during the stoppage, while in the other (Comunidad de Santa Catalina de Siena) milk consumption was stopped altogether. F.U.R. believes that in most institutions and communities, milk consumption was stopped altogether during cancellation.

IV. PROGRAM EFFECTS

A. Economic and Political Effects

The Mexico Section 416 Program constitutes a limited, though effective, vehicle for compensating those most affected by economic crisis and structural adjustment. Exact composition of the target group for compensatory support, and magnitude of past and prospective damage to them, depend on assumptions about an appropriate poverty standard, the events for which compensation is intended, and other variables. Nevertheless, the World Bank and others acknowledge that the economic crisis that began in 1982, along with the consequences of a 1985 earthquake and persistent droughts in areas throughout the country, has produced steady deterioration of both purchasing power and nutrition status among poor people in Mexico. Since the crisis will either continue, or will be reversed by structural adjustments likely to bring further temporary deterioration, the Mexican poor do not enjoy promising prospects.

Because the economic crisis and related adjustments limit governmental response to needs of the poor, Section 416 support plays a key role both economically and politically. The donated commodities had a value in 1986 of \$47,645,800 and rose in 1987 to \$ 58,684,800.

These amounts are less than \$2 annually per person if a conservative estimate of 33,000,000 poor is used. Nevertheless, they have allowed DIF and private agencies to "show the flag" of both Mexico and the United States among groups who are suffering most economically and are potentially active politically. DIF emphasizes the importance of tangible economic benefits to

build governmental credibility and has used food to help build an impressive support system for the society's most deprived people.

Though the Mexican government often claims self-sufficiency in corn and wheat, it is currently scrambling to pay for 100,000 additional tons of imported wheat to meet current needs. The welcome contribution of Section 416 is, in macroeconomic terms, modest support in a country of 81,000,000 people that is in the midst of economic crisis.

Although DIF resolutely resists putting clasped hands, or any other symbol of U.S. origin, on Section 416 commodities, and other agencies comply with the regulations unevenly, Mexico's 416 program seems to be having an impressive positive political impact. Insistence on tangible evidence of U.S. origin can add little to this impact, since it may alienate as many higher officials as it reminds already friendly beneficiaries. Anyone interviewing DIF and Mexican PVO staff involved with the 416 Program notes immediately both their appreciation for American help and their concern that heavy-handed reminders not reduce its policy impact. In the Mexican context, given the ambivalence about U.S. motives, DIF perceives correctly the political damage, to both countries, of reminding proud Mexicans that their country finds it necessary to accept food donated by the United States. DIF and the PRI may be "seeking the credit", as some AID people allege, but the Section 416 program is unquestionably supporting the long-term U.S. interest in Mexican political stability.

If Section 416 food is to have maximum economic and political impact,

stability of supply becomes crucial. Sudden cut-offs of commodities, whether because of unexpectedly low supplies or procedural delays, destroy much of the positive impact achieved through initial deliveries. Many staff and beneficiaries interviewed, who had experienced temporary suspensions, clearly resented what they perceived as U.S. insensitivity.

B. The Uneasy Alliance: DIF and PVOs

The Section 416 Program has helped Mexico bring public and private agencies together in a coordinated, remarkably non-political, effort to alleviate what is called "el problema social" (the social problem). Although this refers to the outcome of many different political, economic, and historical causes, and means different things to different people, shared concern for the present condition of Mexico, and especially poor Mexicans, unites a diverse group in activities addressed to improving the situation.

In less than five years, DIF has taken dramatic steps toward building a national self-help mystique that, to many observers, may be the difference between chaos and reasonably democratic order in Mexico. Networks of private voluntary agencies, ranging from (e.g.) Catholic groups through Rotary Clubs, to private Peace Corps type organizations, have joined with DIF for the first time in an uneasy alliance that has demonstrably energized private participation in social and economic development. Section 416 food has, only partly by design, accelerated and strengthened the process.

DIF coordinates much of the work with keen awareness of its own limitations and the complex political currents flowing among the private

groups. All food-related services must be approved by it, giving DIF the leverage to influence food distribution and complementary activities. Occasional overlap of services, as with a DESMI distribution and DIF breakfast program found by the evaluators in a small community, fosters competition and healthy informal policing among the agencies.

The voluntary agencies criticize DIF, but also exhibit a grudging respect for current accomplishments. For example, Father Lino Gussoni, head of DESMI, complains but accepts that "DIF gives us the hardest places" while acknowledging that the national agency is honest, well-intentioned, and often effective. FEMAP, FAS and other Mexican agencies receiving 416 food also accept, though not without argument, DIF guidance on approaches to family planning, distribution sites, beneficiary contributions, and related questions. Though coordination remains loose and encourages wide diversity among agencies, the underlying common concern emerges through a remarkable explosion of innovative and useful activity. Political differences are, at least temporarily, submerged.

How long all this will last is hard to predict. The change of administration in 1988 may dull momentum. If the current AID/M Representative is replaced, the U.S. contribution, as much through "getting things done" as from giving food, may diminish. Continued Mexican economic crisis may frustrate present volunteers to abandon current approaches for more political ones. Nevertheless, much that is now being institutionalized seems likely to survive and the contribution of Section 416 merits recognition.

Although criticized by some in Washington for "having no strategy" in the program, Sam Taylor's emphasis on "choosing winners" -- meaning local sponsors with management ability, honesty, and a development vision -- produced a de facto strategy rarely found in PL 480 programs. Starting with DIF, keystone of the movement, he has used 416 food to encourage collaboration, hard work and innovation among Mexicans seeking equitable development. The approach involves risk, makes occasional failures inherent, and gives more conventional FFP officials discomfort. Nevertheless, it falls well within all legislation and guidelines, gives high and successful priority to good management, and, most important, it works.

C. Evaluation Systems

The diversity of activities supported by Section 416 commodities is reflected in evaluation systems of differing sophistication and implementation status. FEMAP, for example, has already done effective work in assessing impact of food distribution on participation in and response to family planning activities, including the consequences of terminating food support. At the other extreme, DESMI knows little about the effects of food distribution beyond the magnitude of income subsidies received by beneficiaries. In agricultural and other development work, DESMI evaluates carefully, so the lack of evaluation in the food program reflects the emergency nature and limited goals of the activity. DIF programs in many states (e.g., Tabasco and Guanajuato) do useful evaluation studies.

DIF-assisted programs show considerable awareness of the need to monitor nutrition status and most do it reasonably well. Arm circumference measurement

to screen beneficiaries and assess progress has been used frequently as a simpler and lower-cost alternative to growth monitoring. PRONAL, Mexico's national food program, is coordinating a major effort to broaden and standardize growth surveillance. DIF participates in PRONAL.

Agencies assess informally the impact of food distribution on their other activities. Since most claim to use food as temporary incentive, it would be useful for them to review more systematically the consequences of terminating food distribution in a community, particularly in cases like DIF community development distributions (PASAF), where shifting food to other communities can increase incentive effects.

The temporary nature of Section 416 support discourages development of evaluation systems related to it. Until AID can provide reasonable guarantees of multi-year commodity availability, Section 416 projects, in Mexico and elsewhere, offer little promise for improving evaluation capability.

V. ISSUES

A. AID/Mexico Program Management

AID/Washington expressed concern on numerous occasions that the Mexico program's size, complexity, and rapid growth exceeded management capacity of the small AID/M Office. The extensive field monitoring customary in other countries, irregular sponsor reporting in Mexico, and various allegations of commodity diversion added to the impression of inadequate management. However, the recent audit and this evaluation visit confirmed the AID Representative's frequent assertion that the sophisticated Mexican sponsors require less supervision than food distribution agencies elsewhere and that, as a result, the AID/M management role had been performed adequately.

All sponsor agencies visited and the individual offices through which they distribute commodities have far better logistic systems, recipient records, and trained staff than are common in most other AID-assisted food programs in the world. DIF municipal offices and DESMI distribution sites, for example, presented extensive records of shipments, inventory, attendance and other details useful for management.

AID/M's major contribution to management appears to have been selecting U.S. and local agencies clearly competent to operate food programs well, after receiving initial guidance. Conscious of his office's staff limitations, the AID Representative uses the best Mexican PVOs to assist and monitor others. DESMI and FAS, for example, oversee distribution by many other groups. Taylor has not hesitated to reject applications from some American PVOs and helped FFP

to make SHARE, a U.S. PVO without previous overseas food distribution experience, into an acceptable program sponsor.

Mexican management sophistication, at least in DIF, so far exceeds less developed country examples that typical USAID monitoring practices do not apply. While poor communication among DIF, AID/M, and FFP led to irregular reporting, DIF boasts a computerized information system that matches anything found among major U.S. PVO sponsors. More important, many DIF state, municipal and community employees understand the system, collect data regularly, and forward it promptly. Execution remains uneven, but far ahead of most similar efforts.

The Mexican PVOs have an easier management task than in other countries, because they have less difficulty finding local volunteers or employees with enough business background to keep adequate records. Using the principal local sponsors in the way that most AID Missions rely on CARE or CRS, AID/M can then look to the U.S. PVOs for the kind of oversight usually performed by Food for Peace officers.

With the hiring of Brook Jordan as a full-time Food Program Coordinator in March, AID/Mexico improved already adequate management significantly. Young but well qualified, Jordan has already reduced the management burden of the busy AID Representative and offset departure of Program Assistant Sandy del Prado, who had monitored the food programs well despite other heavy responsibilities. Her preparation of a complete site list left Jordan with a

useful management tool.

Jordan resigned unexpectedly shortly after the evaluation visit. Prompt hiring of a replacement is essential for continued effective program management.

Some simple changes in DIF and AID/Washington can improve management even more. The Food for Peace Office should designate a full-time employee, below the level of Division Chief, who will be available to the AID/Mexico coordinator for discussion of routine Section 416 matters. Although the Program does not require full-time attention, it is important that Washington respond as needed. AID/Mexico complains of difficulty in reaching people, and excessive FFP concern to discuss all questions with the Representative.

DIF has had similar problems adjusting to the junior full-time Coordinator. Routine matters escalate and senior staff expect to deal with the AID Representative. During the visit, DIF designated a readily available and competent person to deal directly with Jordan or his successor, so that only important policy questions will require attention of the AID Representative and his counterparts in DIF and FFP. As their trust, confidence and knowledge increase, the two program monitors should have little difficulty meeting Washington's needs. They will, for example, soon improve DIF reporting since information is already available.

FFP can relax and acknowledge that, as Sam Taylor has insisted from the start, DIF and the private Mexican agencies do not require the attention given

by Food for Peace Officers in most other countries. A program visit by an FFP officer produced allegations of infractions and diversion that escalated to panic response, created an unduly pessimistic view of AID/M management. The Mexico Program exhibits no more than the typical level of abuses. All observations and interviews during the evaluation suggested that AID/M and the sponsors detect and remedy deficiencies promptly.

B. AID/W Program Management

FFP monitoring of the Mexico program still bears the marks of recent history. The FFP program officer's visit and report contributed to a mistrust of AID/M and DIF that led to excessive concern and response. Even assuming that the officer's conclusions were true, though their validity remains unclear, the recent audit and this evaluation visit confirm that AID/W will risk little by relying on the AID/M office and DIF to manage the entire program effectively. This new approach should convert FFP from constant questioner and doubter into the Washington advocate and expediter for the Program.

If FFP will substitute advocacy for mistrust in managing Mexico's 416 program, inordinate delays in project approval should diminish. The Office can convey to USDA and to the DCC a better sense of Mexican competence, making most approvals rapid and routine. Unless AID/W is prepared generally to accept the Mexico program as presented by the agencies and the AID Representative, following allocation of an annual commodity availability, there will be continued management problems. The current ad hoc nit-picking, bickering, and political maneuvering delay approvals, discourage rational planning, alienate an important neighboring country, and waste staff time. AID/W, USDA and AID/M

can easily work out a better arrangement.

C. Ration Size and Composition

The dominance of milk in the Mexican food distribution program presents the major ration issue. Education efforts that emphasize importance of milk in infant feeding and earlier Mexican promotion of dairy products, including subsidized prices in CONASUPO stores, have made the commodity a symbol of parental concern. Milk is unfortunately also a symbol of low-income group aspirations toward middle class consumption patterns, since only those above poverty can now afford it. The 416 program, by spreading milk consumption more widely among the poor, encourages practices that may be difficult to sustain when food aid stops.

Project sponsors nevertheless want as much as they can get, while simultaneously educating the poor about alternatives. Milk is a high-cost nutrient source in Mexico, though cost-benefit calculations are less clear when the cost of introducing or encouraging consumption of anything else is included. Regardless of cost, and of the likelihood of future commercial purchases by low-income groups, inclusion of milk in the 416 program played a distinctive and favorable role, showing beneficiaries that Mexico wants the best for them and giving U.S. donations special appeal. If the Mexican economy recovers, both the national dairy industry and U.S. producers will benefit from the market development supported by Section 416.

Commodities other than milk serve primarily to maintain income or as incentive for participation in development activities. FAS, about to start

urban food distribution, will offer a monthly family ration estimated to be worth US \$34 at current prices. DIF and DESMI rural rations offer far less, with DIF giving a monthly ration of corn and beans worth only 1650 pesos (about \$1.25) in one program, and a slightly larger ration worth 2,800 pesos in another, where the minimum daily wage is 4500 pesos. Partly because many recipients earn less than the minimum wage, even this modest subsidy seems to attract beneficiaries to participate in complementary activities.

Since the minimum daily wage of 4500 pesos (about \$3.50) amounts to approximately \$70 per month, and is inadequate to support the average family of more than five members, the FAS subsidy will not spoil the newly unemployed, who are among the targets for the food distribution. The two FAS sites visited during the evaluation were in extremely poor neighborhoods in which the subsidy, though generous, seemed unlikely to discourage productive activities. Though not provided as food for work, food distribution encouraged community self-help efforts, attendance at training courses, and other developmental response.

Because there is little communication between urban and rural beneficiaries, and their situations differ so dramatically, the disparity in rations has not caused difficulties so far. The new FAS project, with a ration of unusually high value, should be watched carefully and be accompanied by encouragement of saving. Otherwise, when food aid ends, beneficiaries are likely to suffer a disheartening and substantial decline to previous income levels.

The sponsors try to provide rations that are nutritionally appropriate in quantity and quality, though economic deterioration makes it hard to estimate what is adequate. All try, with varying degrees of effectiveness, to help beneficiaries learn to prepare the commodities correctly and to complement them in nutritionally effective ways.

D. Monetization

DIF and DESMI show little zeal for monetization and, though SHARE and CARE have approval to sell some commodities, the monetization issue seems much less important in Mexico than elsewhere. SHARE will sell 3975 MT of wheat for about \$457,000 and CARE will monetize 1500MT of NFDM for \$1,200,000.

Although DIF could certainly use the money, Dr. Ruiz rejects the idea of selling commodities. Father Gussoni of DESMI shares this view, both seeing increased danger of corruption and diversion when food is sold. DESMI would monetize to help pay transport costs, if its railroad subsidy diminished, and would also sell commodities to get funds for development activities, if pressed by AID, but exhibited nothing like the desire to monetize shown by U.S. PVOs generally.

The impressive Mexican mobilization of private resources makes monetization unnecessary and undesirable. It would dilute private efforts. Without it, ample funds exist for transportation and ancillary services, the usual costs covered by sales proceeds. Additional management complexity, and the risks of letting inexperienced PVOs sell in the Mexican market, also favor discouragement of monetization. The AID Representative emphasizes that Section

416 donations have, on several occasions, eased the way to substantial commercial sales. The modest advantages of monetization in the Mexican context do not justify jeopardizing this important impact.

Monetization may make more sense in other 416 projects, especially in less advanced countries. Temporary infusion of 416 commodities, where countries are already hard pressed to fund existing food program commitments, make sales almost inevitable, to cover minimum distribution expenses. But in the more advanced countries, encouraging monetization of Section 416 commodities relieves PVOs from seeking other funding sources, a feasible task in these countries though rarely possible elsewhere.

E. Dependency and Disincentive Issues

Section 416 projects, including those in Mexico, present considerable risk of creating dependency. Because the legislative mandate requires only that needy people receive the food, recipients can easily become accustomed to the subsidy. They are worse off than ever when it terminates unless sponsors take offsetting steps, because initial diets and living standards no longer appear inevitable. The agencies can also become dependent on donated food, since continued use, as incentive for example, allows them to avoid testing whether their services will be accepted without it. Although the Mexico program remains vulnerable to the dangers of dependency, the 416 projects generally use the commodities in ways that reduce likelihood of long term problems. Many of their practices can serve other 416 programs well.

All of the agencies acknowledge, and remind beneficiaries with various

degrees of vigor, that the Section 416 Program is temporary. Although some agencies and recipients had begun to view it as almost permanent, the recent cutoff of milk made them sadder but wiser. The Director of DESMI, for example, showed the evaluators a USDA publicity release of November 18, 1982, stating that 416 commodities would be "available indefinitely", and asked for clarification. He, the Director of DIF, and the head of Gente Nueva, a new local PVO distributor, emphasized the need for stable supply and at least two years notice of termination. All accepted, however, the possibility that such notice may come at any time.

The agencies avoid dependence by using food as a temporary incentive for becoming self-sufficient, as an inducement to use existing services, and as short-term compensation for the ravages of structural adjustment. FEMAP, for example, added commodity distribution to an existing family planning program and enjoyed the impetus to participation, while emphasizing that the project does not depend on food and will continue without it. Individual Rotary clubs, about to start distribution, view food as a welcome new service, but ask only that they be given adequate notice if it is to end. Although SHARE and DESMI see continued need for food during the economic emergency and will press to keep it flowing, they both assert a desire that it not be permanent.

The agencies also reduce their own and beneficiary dependence by emphasizing self-sufficiency and including program activities that contribute to it. Home gardens are an important DIF activity, FAS and DESMI give high priority to income generation and credit cooperatives, and DIF teaches people to prepare and consume soybeans.

These examples and many others abound in the food distribution projects. Although emphasis and success vary widely, program orientation to self-help, to seeking ways to reduce future need for donated commodities, and to reminding beneficiaries constantly that the food will end, exceed that of most 416 and Title II programs.

Nevertheless, the agencies know that many of the communities, families, and institutions they support cannot achieve self-sufficiency at any acceptable level in the near future. This creates tremendous ambivalence about food distribution. Poignant discussions during field visits revealed the tension between desire to avoid dependence and recognition that without it many people will suffer.

This dilemma forces attention to some difficult questions affecting administration of Section 416. Although the Mexico program acts effectively to resist dependence on 416 commodities, local agencies insist correctly that, though independent, they need at least two years to adapt, and to help their beneficiaries adjust, to termination. Unless USDA and AID can accommodate to this need, Section 416 projects had best be limited to "one shot" commodity injections clearly identified as such.

Anyone receiving the anguished pleas of individual beneficiaries cut off with little notice in Mexico, as the evaluators did, will be likely to avoid easy generalizations about "creating dependence". Caught in drought, economic crisis, and other more routine calamities not of their own making, most of the

beneficiaries appeared to accept with gratitude whatever Section 416 commodities reached them. There was no evidence that they worked less or felt "entitled" to the benefits. Nevertheless, their conduct made clear the trauma involved in disappointed expectations when food mysteriously stops. In aggregate terms, stability of delivery is more important than quantity or quality of commodities. Increased recognition of this in the Section 416 Program will do much to alleviate dependence, however defined, in Mexico and elsewhere. Frequent reminders that the program is "temporary", and development of contingency plans for orderly termination, will also help.

Because all of the Section 416 projects emphasize self-help and, where feasible, encourage home gardens, increased agricultural production, and other productive activities, recipients appear to maintain or improve incentives for self-sufficiency. In some DESMI projects, where systematic complementary activities do not accompany food distribution, the ration is low enough to avoid disincentive effects. DESMI emphasizes the temporary nature of Section 416 distribution and the need to prepare for post-drought production, which also helps to avoid damaging effects. In both urban and rural projects, the ration serves generally to maintain beneficiary living standards, not to improve them. This small ration size helps to maintain incentives, because working less would mean reduced well-being.

Section 416, as temporary assistance, seems especially appropriate for compensating poor people during short-term economic emergencies. Risks of disincentives to local production are likely to be confined to macroeconomic price effects and, because most of the commodities go to people who could not

have bought them, are negligible. The DIF program will buy 2,000 tons of beans locally during 1987, to complement Section 416 corn, thereby encouraging production.

F. The Advanced Developing Country (ADC) Strategy

The latest draft criteria for Advanced Developing Country Programs available to the evaluation team, prepared by the LAC Bureau and dated June 10, 1987, justify use of section 416 food to "establish long term developmental linkages between U.S. PVOs and host country institutions". The draft also permits use of surplus food in ADCs "under specific conditions", without defining them. If Mexico's current economic situation, structural adjustment pressures, earthquake damage, and widespread drought do not qualify the country for 416, it is difficult to imagine what would. Regardless of specific conditions, the developmental linkages achieved through use of 416 commodities, the brokering process followed in programming them, and the results achieved make the Mexico program a model for using surplus food disposal as a tool for implementing an ADC strategy.

SHARE, St. Mary's Food Bank, International Rotary and International Partnership for Human Development are among the U.S. PVOs now linked with Mexican counterparts in promoting developmental initiatives assisted by the Program. The food has been used to provide temporary incentives for increased participation in family planning and other developmental activities, with simultaneous mobilization of private resources sufficient to sustain longer term relationships with non-governmental support. By brokering involvement of U.S. PVOs in Mexican programs, and helping DIF make the transition from

charitable social welfare agency to a government organization concerned primarily with building self-sufficiency, AID/M has used Section 416 food in exactly the ways contemplated by the ADC draft policy. The high priority given family planning in DIF and other 416-assisted activities also follows the policy guidelines.

The successful Mexican experience suggests that Advanced Developing Countries offer the most appropriate setting for Section 416 projects. While few ADCs can match Mexico's institutional framework, human resources, and private capital, all can integrate the temporary commodities into existing programs more effectively than less developed countries. Termination of commodity support brings less shock and institutional deterioration in ADCs. The absence of complementary funding makes little difference to them, and the lack of Food for Peace Officers presents negligible risk compared with less sophisticated areas. In Mexico, and perhaps elsewhere as well, the relatively modest concessionary resource transfer of 416 food generates political, social, and commercial benefits that offset concern about helping more prosperous countries.

If structural adjustment restores Mexico to the excellent pre-crisis rates of economic growth, and current threats to political and social stability subside, the case for 416 support may diminish. Until then, the high payoff, modest management burden, and general consistency with ADC strategy, along with the commitment implicit in the history of the program, give continuation of Section 416 in Mexico high priority under ADC criteria and in relation to the key U.S. foreign policy objectives identified in the draft policy.

G. Section 416 and Title II

Because Section 416 provides for disposition of the residual surplus remaining after commercial sales and transfers of commodities under all other laws, the kind and volume of food available is inherently uncertain. The milk debacle stemming from Chernobyl illustrated dramatically the instability of the legislative mandate. Title II programs are less variable because commodities are bought with budget funds. Conversion of programs from Section 416 to Title II therefore offers advantages and has been proposed for Mexico and elsewhere. However, conversion also involves disadvantages. A shift to Title II would reduce flexibility in programming, and would require more elaborate documentation to show development impact, a requirement absent for 416. Title II regulations would also complicate monitoring and evaluation, imposing heavy burdens on already overtaxed AID/M, FFP, and DIF staffs.

Rather than recommending that all or part of the Mexico 416 program become Title II, this report presents considerations affecting both options and leaves resolution to AID. For example, Title II makes desirable multi-year planning feasible, but institutionalizes food programs and makes phasing out more difficult. If Mexican structural adjustment succeeds, food aid should diminish rapidly. Proposals for Title II in Mexico will compete with those for other countries given higher priority by the LAC Bureau.

The key role given milk in the Mexico programs favors conversion since Title II offers more assured supply. One solution would be to convert enough 416 projects to provide Title II stability of milk supply for the Mexican

projects that give high priority to milk for infants. Remaining well-established 416 projects deserve continued high priority in allocation of commodities and this would regularize supply almost as well as conversion to Title II.

If feasible, AID/M should receive an annual allotment under Section 416, with later conversion of individual projects to Title II left dependent on such considerations as milk availability, AID's need to program more Title II PVO projects, and likelihood of future food aid being required in Mexico. This is clearly preferable to jeopardizing the current Mexico food distribution program by placing it in a Title II competition that may be lost or, if won, may lead to later rejection because of increased AID/M staffing requirements inconsistent with ADC strategy or LAC personnel availability.

VII. LESSONS LEARNED

Although the Section 416 Mexico program differs greatly from 416 projects in other countries, especially those less developed, some useful lessons for all programming and administration of Section 416 emerged from the evaluation. They concern primarily a) the need for simple and widely disseminated guidance; b) the risks of commodity-specific projects, c) the need for stable commodity supply and multi-year notice of termination; d) the advantages of programming in ADCs, e) the feasibility of limited AID monitoring; and f) the distinctive development approach compatible with the program.

A. Management and the Need for Guidance

The "Mexico 416 Program" is not a conventional food distribution program and this complicates evaluation. Unlike a typical MCH or school feeding activity, this program includes a major national governmental agency, thirty-one relatively autonomous state programs, and over seven hundred municipal administrations, many of which are so large and different as to be considered separate programs.

Accompanying this huge governmental effort is a parallel private food distribution program, involving four U.S. PVOs working with five local groups that, in turn, monitor and assist hundreds of local food distribution agencies. The local groups may be affiliated, as with the 624 Rotary Clubs who will be guided by the national Rotary organization, or independent, the case of 21 service sites to be coordinated by FAS. The DESMI program, operating through 26 Catholic dioceses in 16 states, resembles the traditional CARITAS programs

elsewhere in Latin America, but includes no standard package of required complementary activities. All dioceses manage food the same way, but accompany distribution with quite different ancillary services.

SHARE, St. Mary's Food Bank and IPHD, the principal U.S. PVOs involved in the Mexico programs, provide some guidance and technical assistance, but serve primarily as channels for getting food to the Mexican agencies. These agencies "run" the program, supervising and monitoring food distribution by local groups that retain autonomy in their other activities. Only by recognizing that Mexican programming and management capability far exceeds that found elsewhere in the region can an observer assess management responsibilities of AID/Washington and AID/Mexico.

AID/Mexico properly looks to the Mexican PVOs as other Missions look to their (e.g.) CARE and CRS sponsors, for program monitoring and supervision. AID/Washington relies on participating U.S. PVOs for documentation, coordination, and other services that the Mexican agencies cannot provide. There has emerged a set of management relations that, though different from typical PL480 arrangements, meets all reasonable requirements for effective program supervision and control.

As the recent audit and this evaluation confirm, the systems work reasonably well, where they fail to, lack of guidance and not lack of capacity explains most deficiencies. The Mexican and the U.S. PVOs do not need training and technical assistance as generally understood, but they need to know the "rules of the game" for food distribution. Before they can provide adequate

guidance to their counterparts, the U.S. PVOs must be familiar with the special requirements of Section 416. AID/M's Food Program Coordinator, a key actor in the management picture, needs similar orientation. As new sites open, somebody should set up the books in a way that will give AID and others what they need.

This, of course, assumes that some simple, stable systems and requirements exist. They must then be communicated to all levels. Management aspects of Section 416 are the subject of a separate related report, being prepared by Planning Assistance Corporation. It should clarify the content of guidance to be given US PVOs, the AID/M Coordinator, and the Mexican PVOs. Assuring communication of that guidance throughout the Mexican system should receive prompt attention at all management levels, beginning with AID/W.

The Mexico Section 416 Program needs no other training and technical assistance from AID, even assuming that it could be provided easily. The program involves Mexican projects, to which food is temporarily added. The Mexican agencies know a lot about development and, when they don't, have access to well-qualified people in their own country. They exchange ideas with American PVO counterparts to mutual advantage and innovations, such as the food bank idea, are being transferred. Scores of U.S agencies not involved with food operate in the country. It is no exaggeration to say that Mexico is now a "development laboratory" in which a wide variety of ends and means receive scrutiny. Provision of Section 416 food encourages experimentation by freeing resources and reducing risks. Conversations during the evaluation made clear that any technical assistance that might be helpful can best be provided informally as at present, with initiation coming from recipient organizations.

Indeed, DIF and FEMAP, for example, can give useful technical help to agencies in other countries.

B. Stable Supply and Commodity-Specific Programs

Irregular supply of individual commodities is inherent in the residual surplus concept of Section 416. As Mexico's experience with the abrupt termination of NFDM demonstrates, sudden scarcity causes serious problems for sponsors and considerable confusion for beneficiaries.

Until the U.S. Department of Agriculture can provide reasonable assurance about availability of commodities, especially milk, projects depending on individual items involve unacceptable risk. In Mexico, where milk carries almost mystical qualities, the accident of Section 416 initiation as a dairy program created expectations that USDA and AID could not meet. Mexican consumers, some of them newly educated to drink milk, found themselves suddenly without it and unable to buy it even with savings afforded by substitute 416 commodities. DIF had to change program emphasis, adjust rations, and make other adjustments when the milk stopped. PVOs explored political avenues and pressured Washington for bigger shares of the newly scarce commodity.

If Section 416 annual availability remains uncertain, projects can only be short-term and not tied to specific commodities, most likely involving the simple insertion of food as budget support or temporary incentive into existing activities. The short time horizon also implies projects involving minimal commitment to added expense by U.S. and local PVOs, with simple proposals and approval procedures. More elaborate requirements and approval delays

discourage interest.

Section 416 can be serious business only with some multi-year guarantee of food availability. Programming a guaranteed amount, if possible, while retaining contingent proposals for implementation when surplus commodities increase, should improve impact of the inherently uncertain commodity supply. No matter how projects are approved, receiving countries need better warning of the risks they are taking and should be discouraged strongly from attachment to particular products.

C. Section 416 and Development

The goals of feeding needy people and achieving development impact sometimes compete, since the most needy often receive least development attention. Concern for increased development activity can easily divert attention from the statutory priority of feeding the needy and the useful role of Section 416 in compensating for structural adjustment. Injecting 416 commodities into sophisticated development activities is not always preferable to using it as DESMI does, in welfare programs administered with appropriate emphasis on self-help. Since development impact also includes strengthening institutions, as the Mexican experience illustrates, initial use of commodities in what appear to be less developmental activities may also be justified. FAS in Mexico, about to initiate food distribution, is still far from being a development institution, but Section 416 support, with related help from SHARE and others, promises to bring a new group of volunteers into the development orbit.

The AID/Mexico approach deserves imitation. The AID Representative backed a lot of organizations with diverse views of development, provided they could articulate some constructive vision and were prepared to subordinate political and religious views while involved in the 416 Program. He encouraged innovation, healthy competition, and minimum reliance on food. There emerged a variety of Mexican programs consistent with Mexican development views and sufficient mobilization of Mexican resources to make the 416 investment worthwhile. Section 416 fits this style well, but is far less amenable to the typical "adding complementary development activities" approach possible in Title II programs. Helping Mexican organizations take care of poor people more effectively, in an environment that now emphasizes self-help, may also be considered development and Section 416 offers opportunity to combine this accomplishment with the primary welfare objective. If multi-year commodity stability can be assured, and programming made more orderly, development impact can be promoted as it now is in Title II programs.

VIII. THE FUTURE

The Mexico Section 416 program offers an outstanding opportunity for continued effective use of surplus commodities. Limitations of 416, such as its temporary nature and the absence of funding for transport and complementary activities, make Mexico a better recipient country than less developed nations. DIF and the PVOs will continue to maintain their activities independently and, with sufficient notice, can accommodate to termination of 416 support, but maintenance of the program will serve important economic, political, and institution-building purposes.

All evidence and forecasts suggest that Mexico's economic difficulties are far from over. Structural adjustment continues, the absolute and relative positions of the poor are still declining, and food given through DIF and private organizations will remain a vital need for many years. Although the change in national administration due in December, 1988, creates some uncertainty about DIF's future directions and efficiency, the present positive momentum seems likely to continue. Any new Mexican administration will eliminate DIF's present contribution to social and political stability at its peril.

Maximizing the value of 416 to Mexico and the United States requires a clear political decision about the magnitude of support and a related minimum guarantee of commodity availability, to be provided over several years. The present approach leaves DIF and others uncertain, anxious, and unable to plan effectively. Once the political decision has been taken,

Mexico's capacity to plan, implement, and report on Section 416 projects, including improving and extending activities that already use commodities, will absorb well whatever is made available.

IX. RECOMMENDATIONS

The Mexico Program

1. AID/W and DIF should support and work through the AID/M coordinator of Food Programs, who should be able to reach someone in FFP readily during business hours and should have convenient direct access to the individual, named by DIF during the evaluation visit, responsible for all technical matters and reports related to the DIF program.
2. The Food Program Coordinator should clarify for DIF all Section 416 reporting requirements and help it to develop the necessary reports from information available routinely.
3. AID/Mexico should present an annual program plan for use of Section 416 commodities, based on conservative estimates of available supplies and on agreement reached by DIF's food program coordination group.
4. The national office of DIF should provide more feedback to state offices about use made of reports from the states.
5. IPHD should encourage DESMI to integrate formation of savings cooperatives with food distribution activities where appropriate.
6. DIF and the PVOs should give more attention, during and outside coordination meetings, to facilitating systematic exchange of information about food-related development projects initiated by their implementing

groups.

AID/W, USDA and the DCC

7. The Food for Peace Office should serve as advocate for the Mexico 416 Program, taking all possible steps to expedite necessary approvals and advising AID/M promptly of any obstacles.

8. The Food for Peace Office should take prompt steps to orient the AID/M Food Program Coordinator well enough to enable him to communicate and monitor planning, reporting and other requirements expected of agencies receiving Section 416 commodities.

9. FFP should orient more effectively than in the past any new U.S. PVOs initiating Section 416 activities in Mexico.

10. Monitoring and supervision of the Mexico 416 program by FFP should be confined to assuring prompt receipt of reports and responding to problems identified therein.

11. FFP and USDA should accept AID/M's assumption of full responsibility for all Section 416 activities, making clear that the AID Representative will be held accountable for all management deficiencies and for any embarrassment to FFP caused by failure to receive adequate information about program deficiencies.

12. FFP and USDA should assess management of the Mexico 416 program

by looking at the speed with which deficiencies are detected and corrected, not primarily by the number of them.

13. FFP and AID/M should view DIF and FEMAP as technical assistance resources for improving food distribution and related development activities in other countries.

14. To the maximum permissible extent, future 416 agreements with DIF should waive all requirements for labelling that identifies commodity origin.

15. FFP should communicate more effectively to the DCC the very serious burden imposed on Mexican sponsors and beneficiaries by the sudden termination of milk or other commodities, to encourage earlier notice of changes in commodity availability and more substantial efforts to maintain supplies when such changes occur.

16. Because conversion of Mexico 416 projects to Title II would institutionalize food aid more permanently, complicate documentation and approvals, and require supervision beyond likely AID/M staff capacity, FFP should discourage Title II proposals and instead seek high priority for Mexico in Section 416 allocations, thereby assuring stable commodity supply.

17. FFP and USDA should take immediate steps to improve the Section 416 approval process, by:

a) more prompt and regular communication about changes in commodity

availability;

- b) more rapid joint resolution of substantive issues, by agreeing on specific decision deadlines and meeting them through improved communication and cooperation;
- c) monitoring staff performance to prevent editorial considerations and inattention from interfering with the approval process.

The Worldwide Section 416 Program

18. The DCC should not approve Section 416 projects that depend excessively on use and continued stable supply of one commodity.

19. The DCC should acknowledge, and consider in planning, that most AID/M and other projects require at least a two year commitment, to justify related initial investment and to achieve significant impact.

20. The DCC should give immediate partial or conditional project approval of Section 416 projects, when procedural delays threaten continuity of commodity supply.

21. The DCC should place Mexico and all other substantial 416 programs on an annual programming cycle with a single plan and supporting proposals, notifying each country of firm commodity availability estimated conservatively.

22. Unless stable commodity supply can be assured for at least two years, Section 416 projects should be confined to budget and temporary

incentive support, with minimal documentation required.

23. Section 416 projects should be reduced or ended only after 18-24 months notice of such intent has been given.

24. The DCC and FFP should consider that successive approvals of the same 416 project create a reasonable expectation of continued support, despite statutory language and reiterated statements about the temporary nature of Section 416.

25. FFP, USDA and the DCC should expedite approval when presented with a project proposal substantially similar to one approved previously, unless the sponsor has received early notice of new issues or problems.

APPENDICES

Appendix A

PARTIAL LIST OF PERSONS INTERVIEWED AND PLACES VISITED

CARE Mexico

Joseph Kessler, Director

Ronald Burkhardt, Outgoing Director

FAS

Julieta Hegewisch, Director

Oskar Sekeres-P, Administrator, Federal District

Marco Antonio Perez

Elizabeth Muñoz, Social Worker, Federal District

Antonieta Beltran, Mexico Coordinator, SHARE

Anita Ramirez, Social Worker

AID

Samuel Taylor, AID/M Representative

Sandy Del Prado, Program Assistant (through 7/11/87)

Brook Jordan, Section 416 Program Coordinator

DIF - National Office

Dr. Leobardo Ruiz, Director

David Amato, Advisor to Dr. Ruiz

Jorge Luis Martinez, Coordinator of Food Shipments

DESMI

Father Lino Gussoni, Director
Rose Pelleschi, Program Manager
Alicia A. Davila, Nutrition Educator
César Mata Arawo, Finance Director
Horacio Paredes, Chairman of Board of Directors
Community Members, Zequeteje, State of Hidalgo
Community Members, Elalberto, State of Hidalgo
Community Members, Salitrera, State of Hidalgo
Juan Cortés, Director of Railroad Station, Huilicapa
Guillerma Ruggierr, Private Businessman
Agronomist
Estelle Carota, Christian Brigade Volunteer, Villa del Carbon, State of
Mexico
Dr. Alejandro Cid, Health Volunteer, Villa del Carbon
María Theresa Garcinava, Director of Public Relations, Mexico City
Office

St. Mary's Food Bank, Phoenix, Arizona

Tim Cullison, Executive Director

FEMAP, Juarez, Chihuahua, Mexico

Sra. Guadalupe A. de De La Vega, President
Dr. Enrique Suarez-T, Executive Director of Education & Training
Lic. Gabriela Durozo, Executive Director
Lic. Umberto Lona

Prof. Evangelina Martinez

Fondo Unido Rotario, Mexico City

C.P. Fernando Gonzales-R, President, Food Program

Manuel Fernandez-P, Administrator, Food Program

Gente Nueva

Jose Ignacio Avalos-H, Director

SHARE

Carl Shelton, Executive Director

Lic. Antonieta B. de Beltran, Director, Mexican Program

Soco Fuentes

Nuevo Centro de Desarrollo Humano (FEMAP affiliate in Chamapa)

Lic. Susana R. de Farias, Administrator

TABLE 1: GROWTH OF SECTION 416 IN MEXICO
1983-1987

	FY 83		FY 84		FY 85		FY 86		FY 87	
	MT's	Beneficiaries	MT's	Beneficiaries	MT's	Beneficiaries	MT's	Beneficiaries	MT's	Beneficiaries
DIF	19,700	NA	10,760	NA	30,660	1,355,160	20,040	NA	34,000	2,942,214
CRS	943.5	NA	3,773.5	NA						
MCCA	24.5	NA	25.4	NA	39.2	NA	22.0		32.8	NA
FOLB	344.8	55,247	1,079.6	119,918	3,575	NA	2,475	240,000		
COA					2,268	32,000				NA
IPHD					6,399	300,000	24,559	600,000	11,941 (pending)	814,464
SHARE			126.3		2,699.6	NA	4,930.5	NA	14,136	NA
ST. MARY'S FOOD BANK							48	NA	6,688	570,000
CARE									23,700	NA
TOTAL, METRIC TONS	21,012.8		15,764.2		45,541.8		52,074.5		125,847.8	

* Metric tonnage based on delivery dates in agreements, by fiscal year.

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TABLE 2: COMMODITY BREAKDOWN *

	BUTTER	UHT	NFDM	CHEESE	BUTTER/OIL	CORN	RICE	WHEAT	TOTAL METRIC TONS
DIF									
1983			13,000	2,500	3,900				
1984			7,000	12,000	12,500				19,700
1985			4,000	4,000	6,500				14,700
1986			11,000	5,000	2,200				18,200
1987			1,000	3,500	3,000	12,000			20,500
Catholic Relief Service									
1983			273.5	1,500	225.0				498.5
1984			1,697.5	15,000	3,900.0				20,797.5
1985									
1986									
1987									
MCCA									
1983			1,000	500					1,500
1984	1.0		1,000	500					2,500
1985	2.4		2,000	1,000					3,400
1986	1.4		1,000	700					2,100
1987			15.0	1,000	500				1,515
Friends of Our Little Brothers									
1983			2,000	2,000					4,000
1984			2,000	2,000					4,000
1985			2,000	2,000					4,000
1986			2,000	2,000					4,000
1987			1,000	2,000					3,000
Christian Outreach Appeal									
1983									
1984									
1985									
1986			750.0	750.0	750.0				2,250.0
1987						2,331	4,000	5,609	(pending) 11,940
TPHU									
1983									
1984									
1985									
1986			14,727	1,000	7,200	1,025			24,952
1987			900	1,000	700	12,600	13,416		26,606
SHARE									
1983									
1984	7.6		25.0	91.3	40.0				163.9
1985	103.3	451.1	225.0	1,100.0	301.0				2,180.4
1986	250.7	1,000.0	250.0	1,450.0	1,001.0				4,951.7
1987			750.0	250.0	700.0				1,700.0
St. Mary's Food Bank									
1983									
1984									
1985									
1986			40						40.0
1987			1,100						1,100.0
CARE									
1983									
1984									
1985									
1986									
1987			1,200	1,700		8,700			11,600

* by Fiscal Year, based on delivery dates in agreements

** Includes 2,640 MT of NFDM and 850 MT of cheese formerly allocated to FOLB

ECONOMIA

PADRE	INGRESO MENSUAL \$	_____	ALIMENTACION \$	_____
MADRE	INGRESO MENSUAL \$	_____	RENTA	\$ _____
HIJOS	INGRESO MENSUAL \$	_____	AGUA	\$ _____
TOTAL	\$	_____	LUZ	\$ _____

EVENTUAL	P	<input type="checkbox"/>	M	<input type="checkbox"/>	H	<input type="checkbox"/>	OTROS	\$ _____
							TOTAL	\$ _____

INGRESOS P.C. _____ % ALIMENTACION _____

ALIMENTACION

CUANTOS DIAS POR SEMANA

TORTILLAS	<input type="checkbox"/>	LECHEE	<input type="checkbox"/>	CARNE	<input type="checkbox"/>
PAN	<input type="checkbox"/>	HUEVO	<input type="checkbox"/>	PESCADO	<input type="checkbox"/>

CARACTERISTICAS DE LA VIVIENDA

PROPIA	<input type="checkbox"/>	LA CUIDAN	<input type="checkbox"/>	RENTADA	<input type="checkbox"/>
--------	--------------------------	-----------	--------------------------	---------	--------------------------

OTROS _____

NUMERO DE CUARTOS	OCUPANTE	POR CUARTO	COCINA
-------------------	----------	------------	--------

SANITARIOS	<input type="checkbox"/>	BAÑO	<input type="checkbox"/>
------------	--------------------------	------	--------------------------

OTROS _____

AGUA INTRADOMICILIARIA	<input type="checkbox"/>	HIDRANTATE PUBLICO	<input type="checkbox"/>	PIPA	<input type="checkbox"/>
------------------------	--------------------------	--------------------	--------------------------	------	--------------------------

OTROS _____

B³

Drenaje Drenaje Provisional Fecalismo

Otros _____

Luz Eléctrica Vela

Otros _____

Tratamiento de basura _____

Fauna Doméstica _____

SERVICIOS PUBLICOS

Calle Pavimentada Alumbrado Público Transporte

Mercado Escuela Teléfono

Areas Verdes Agencia de Telégrafos

MEDIO AMBIENTE

INFORME MENSUAL DEL PROGRAMA DE ASISTENCIA SOCIAL ALIMENTARIA A FAMILIAS
(P A S A F)

UNIDAD CONTROLADORA _____ CORRESPONDIENTE AL MES _____ AÑO _____ FECHA _____

POBLACION BENEFICIARIA					SESIONES EDUCATIVAS	RACIONES				
FAMILIAS	PERSONAS	BENEFICIARIOS		MUJERES EMBARAZADAS	ANCIANOS Y MINUSVALIDOS	No. DE SESIONES	EXISTENCIA ANTERIOR	No. RACIONES RECIBIDAS	No. RACIONES ENTREG. A FAM.	EXIST. TOTAL
		14 AÑOS	6 AÑOS DESNUTRIDOS							

OBSERVACIONES: _____

 TITULAR DE LA UNIDAD CONTROLADORA

PROGRAMA DE ASISTENCIA SOCIAL ALIMENTARIA A FAMILIAS
 CONTROL DE ENTREGA DE DOTACIONES

UNIDAD CONTROLADORA: _____ GRUPO: _____

TIPO DE USUARIO: _____
 (Padre) (Madre) (Procesador) (Cocinero)
 (Cuidador) (Niño) (Hermano) (Abuelo)

FAMILIA: _____
 Apellido Paterno _____ apellido materno _____ nombre (s) _____

DOMICILIO: _____

COLONIA: _____

 Firma Beneficiario

 Firma autorizada y nombre

 Firma autorizada y nombre

RECEPCION DOTACION PASAF											
											FIRMA
											FIRMA
											FIRMA
											FIRMA
											FIRMA

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SUBDIRECCION DE OPERACION
DIRECCION DE DESARROLLO SOCIAL
SUBDIRECCION DE DESARROLLO SOCIAL
DEPARTAMENTO DE CENTROS FAMILIARES
OFICINA DE TRABAJO SOCIAL COMUNITARIO

CEDULA DE SUPERVISION PARA EL PROGRAMA P. A . S A. F.

Centro Familiar _____ Fecha de aplicacion _____

1.- No. de raciones asignadas _____

2.- Dias asignados para la distribucion a beneficiarios _____

3.- No. de Grupos _____ Integrantes por Grupo _____

4.- Total de Beneficiarios _____

5.- Tarjetas de Control en existencia _____

6.- Tarjetas completas _____ Incompletas _____

7.- Control de Platicas si _____ no _____ frecuencia _____

8.- Las Platicas correspondia al temario si _____ no _____

9.- Ultimo tema impartido _____ -----Fecha _____

10.- Observaciones:

T.S. _____ Coordinadora _____

Supervisora _____

APPENDIX D

FOOD MONITORING SYSTEM PFG. 01

**A Computerized Monitoring and Information System
for the Management of Title II Commodities**

Peter Goossens
Contractor for
Health and Human Resources
USAID/BOLIVIA
La Paz - Bolivia

II. GENERAL DESCRIPTION

A. OVERVIEW

The Food Monitoring System tracks the flow of food commodities from their ports of origin to their eventual delivery to beneficiary communities.

The best way to visualize the system is to consider it as a close simulation of reality. Just as ports and warehouses exist in the real world, they also exist in the computer. And just as it is possible to visit a warehouse to verify its inventory, a warehouse in the computer can be viewed on the screen. Through this mechanism, it is possible to follow what happens with a given shipment of food-- whether it has arrived in port or is in transit between warehouses, whether losses or damages have occurred, or whether it has been delivered to the recipient community. Furthermore, the user can immediately see how much of a given commodity is available in warehouses and ports.

Data may only be entered into the system based on certain documents generated by the actual movement of food commodities. These forms, such as the Bill of Lading, Truckway Bill, or special forms filled at the warehouse, are thus the vital link between the actual commodities and their records in the computer. If in reality a shipment of food arrives at port and the appropriate form is sent to the computer operator, upon entry of the respective data in the system, the commodity can then be seen in port in the Food Monitoring System. Likewise, viewing the computer screen, the user can "see" food commodities in transit, in warehouses, or delivered to communities for given program applications.

B. THE JOURNEY OF A COMMODITY

The flow of commodities from the port of origin to the beneficiary community consists of two parts-- the supply side and the distribution side. On the supply side, commodities are transported to the warehouses of the cooperating sponsors. On the distribution side, they are delivered to beneficiary organizations. The Food Monitoring System records this movement of commodities as described below:

1) When a shipment of food commodities leaves the United States a Bill of Lading is processed and forwarded to the cooperating sponsor in the host country. When the cooperating sponsor receives the bill, data concerning that shipment are entered in the Food Monitoring System and the commodity is expected in port. When the vessel arrives and the operator enters the date of arrival of the vessel into the computer, the commodity is considered available stock in port.

2) The receiving agent at the port of entry accepts the commodities and processes a Survey Report, which registers the content and condition of the shipment and establishes ocean freight losses. Upon receipt of the Survey Report, the cooperating sponsor enters the appropriate data into the computer. The Food Monitoring System replaces its record of what should have arrived with what actually arrived according

to the Survey Report and records ocean freight losses.

3) A Truckway Bill is completed when goods leave the port, destined for a cooperating sponsor's warehouse or transit warehouse (an intermediate warehouse used, due to long distances or poor climatic conditions for storage at the commodities' final destination). When the cooperating sponsor processes the Truckway Bill, the commodity is removed from available stock in port.

4) Two forms must be completed at each warehouse or intermediate warehouse. The Warehouse Reception Form records commodities received, transport losses, and losses incurred through rebagging and reweighing. The Warehouse Ledger records all entries and dispatches for the warehouse. When these figures are entered into the system, they must conform to one another. If they do not agree, a symbol will appear on the computer screen to indicate the discrepancy. This double control mechanism will help promote accuracy by pointing out any inconsistencies in the data.

5) Finally, goods are dispatched to another warehouse or to a "beneficiary institution" (local community organization participating in Title II programs). A double control mechanism is at work here as well; a Dispatch Order/Receipt is signed by a representative of the receiving warehouse or the beneficiary institution while the Warehouse Ledger should also indicate the dispatch of food inventories. When the computer operator receives these forms and enters the respective data in the computer, the figures should agree. In turn, the commodity can be seen having arrived in the corresponding "Beneficiary Register" or another warehouse.

6) The Food Monitoring System also tracks loans of commodities between cooperating sponsors. To record the extension or repayment of a loan, Special Dispatch or Special Entry forms are used.

7) Losses may also be declared and recorded through the use of Loss Declaration Forms. The same forms can be filled and furnished to the computer operator if losses are recovered and stocks will be immediately adjusted.

All entries made by the computer operator, including corrections and deletions, are automatically recorded in eight "log files." These log files are most useful for troubleshooting or tracking errors, as they provide a register of exactly what the operator did. Because they record all entries by date, they can also be used to gather data concerning commodity movements during any particular period. In addition, the Food Monitoring System draws upon the log files to provide cumulative records of commodities in warehouses, ports, and beneficiary registers. Finally, because the log files can be stored on a separate disk, they provide a means for records to be

recovered should data on the original disks be lost or destroyed.

C. COMMODITY CODE NUMBERS

Each commodity that is tracked by the Food Monitoring System must be identified by a code number. The code number must be defined before any data concerning that

commodity is inputted and includes such information as the weight and type of food being monitored. Likewise, all ports, warehouses, and beneficiary institutions are defined by individual codes, including such information as their capacity (for warehouses) or location. These code numbers serve to identify an entity, provide information, and control inputs into the system.

D. THREE FUNCTIONS OF THE SYSTEM: DATA ENTRY, MONITORING, AND REPORTING.

There are three main functions available to the user of the Food Monitoring System:

1) Data Entry: Putting Information Into The System. Data are supplied to the computer operator via eleven preestablished, standardized forms. The movement of commodities within the Food Monitoring System may be executed only by reference to these eleven forms, which are listed in the following section and included in the appendix of this document. The advantage of using these particular forms as a data source is that they ensure permanent control over data entry in the system, as there is a reference document available for every movement and no movements can be arbitrarily initiated.

The Operator enters data into the computer by transcribing these forms into corresponding screens on the computer ("data entry screens"). Then he stores the data, instantly updating all files in the system. For example, after commodities are released to a beneficiary community, a copy of the Dispatch Order is sent to the agency's computer operator. The operator transcribes and stores the appropriate data in the corresponding data entry screen, and all related files are automatically updated. In the corresponding warehouse, the released commodities are registered "dispatched" and the beneficiary community is credited for the same commodities. The operation is also recorded in two log files.

2) Monitoring: Maintaining Surveillance On Commodities From Port To Community. Monitoring is the simple process of calling up selected screens on the computer to check the condition or location of food commodities. Assuming that data are entered into the system in a timely manner, a user may "go and see" the commodities in a given port or warehouse simply by viewing the appropriate screen. He or she may also verify that food commodities have been delivered to a community organization or determine the amount of commodities received by the community over a period of time.

Monitoring may also be achieved by printing out the desired information. Thus ports, warehouses, and beneficiary registers may be viewed on the screen or printed on paper.

3) Reporting: Generating Printed Material For Reporting Purposes. The Food Monitoring System prints reports to meet the cooperating sponsors' standard information and reporting needs, including reports required by USAID. Reports produced by the system include:

- Commodity and Recipient Status Report
- Condition of Arrival Report
- Distribution Data
- Inventory Control List

The latter is a unique report which alerts managers if warehouse inventories fall short of the amounts needed to cover future program obligations. This report projects not only commodity shortages, but the over-stocking of warehouses, indicating whether inventories have exceeded the maximum desirable level given projected needs.

E. REQUIRED FORMS

Bill of Lading: The document that accompanies the commodity during its shipment to the host country. A copy is also sent to the cooperating sponsor that will receive the commodities. It states the type and quantity of food that has been shipped from the port of origin.

Survey Report: A statement of what actually arrives in the port of entry.

Truckway Bill: A document that accompanies the commodity as it is transported from the port of entry to a warehouse or transit warehouse.

Internal Truckway Bill: A document that accompanies the commodity as it is transported from a transit warehouse to another warehouse or transit warehouse.

Warehouse Reception Form: A form used to receive commodities in warehouses and transit warehouses, stating exactly what has arrived in a given shipment.

Warehouse Ledger: A ledger kept by the warehouse-keeper to record all entries and dispatches of a particular commodity.

Dispatch Order: A receipt signed by the beneficiary organization or by a representative of another receiving warehouse. It is also often used as an order form based upon which the warehouse-keeper dispatches commodities.

Loss Declaration Form: Two complimentary forms are used to process losses. The first announces the detection of a loss and the second resolves it for administrative purposes by indicating that the loss has been recovered or by declaring it a "definite" loss. When only the first form has been processed, the computer maintains a balance of unresolved losses.

Special Entries/Dispatches: Two forms are used to record special movements of commodities such as loans of food stocks, returned loans, exchanges, etc.

APPENDIX E

CHRONOLOGY-St Mary's Food Bank (FY 1986 & 1987) Proposals

- 17 October 1985 - AID/Mexico inquires re possibility of Section 416 program with St Mary's Food Bank of Phoenix, Az.
- 20 October - Colloabroative discussions begun by St Mary's with FEMAP [Family Planning Program of Northern Mexico].
- 6 January - AID/Mexico advises that program proposal being developed.
- 8 February 1986 - AID/Mexico investiating St Mary's FEMAT collaboration.
- 6 May - St Mary's Food Bank forwarded proposal to FFP via AID/Mexico.
- 10 May - AID/Mexico advises concurrence.
- 16 May - Program proposal circulated to DCC.
- 4 June - DCC reviews proposal and suggests revisions. Among revisions included are warehouse facilities in Nogales, elagoration and/or clarification of pts 3,5,6,.9,11, and 13 of POO.DCC approval in principle given.
- 6 June - USDA asks for clarification of wardhouse capacities in Nogales, El Paso and Juarez.
- 8 June - Harrell discusses POO and needed revisions with St Mary's Food Bank in Phoenix. Also visits Nogales for verification of warehouse space.
- 11 June - AID/Mexico reviews proposed revised program.
- 13 June - AID/Mexico requests clarification re facilities in Ciudad Juarez.
- 27-30 June - Harrell and officials of FEMAT and St Mary's tour proposed project sites in Ciudad Juarex and Chihuahua.
- 3 July - Revised proposal with POO presented AID/Mexico.
- 5 July - AID/Mexico concurs in revised proposal.
- 31 July - Due to lack of firm warehousing in Nogales and Chihuahua, as well as inability to obtain NFDM in 4 pound sacks, SMFB presents a revised proposal and justification reducing NFDM from original 5,088 MT/year to 576 MT/year.

- 1 August - DCC contacted and approval given for reduced program.
- 8 August - Agreement for FY 1986 forwarded to USDA.
- 12 August - Revisions suggested by USDA.
- 13 August - Returned with revisions.
- 15 August - Additional revisions in POO requested by USDA.
- 25 August - Returned with revisions.
- 3 September - USDA advises agreement and POO "being intensively reviewed. Suggests that entire POO needs extensive revision so as to delineate SMFB/FEMAT relationship.
- 3 September - USDA "discovers additional" documents submitted with POO in May. The elaboration on the relationship of SMFB/FEMAT may not be necessary after all.
- 4 September - USDA "discovers additional" documents submitted with POO in May. The elaboration on the relationship of SMFB/FEMAT may not be necessary after all.
- 5 September - Agreement signed by USDA.
- 11 September Agreement signed by Cooperating sponsor.
- 15 September Agreement signed by FVA/FFP

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