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Regional Inspector General for Audit
Nairobi, Kenya

Audit of USAID/Ethiopia's Management of P. L. 480 Title II Regular Programs

Report No. 3-663-94-006
March 18, 1994

USAID

U.S. Agency For
International
Development

Regional
Inspector General
for Audit/Nairobi

March 18, 1994

MEMORANDUM

To: Mission Director, USAID/Ethiopia, Margaret P. Bonner

From: RIG/A/Nairobi, Everette B. Orr Everette B. Orr

Subject: Audit of USAID/Ethiopia's Management of P. L. 480 Title II Regular Programs

Attached are five copies of our report, "Audit of USAID/Ethiopia's Management of P. L. 480 Title II Regular Programs", Report No. 3-663-94-006, dated March 18, 1994. We reviewed your comments on a draft of this report and have included them as Appendix II.

The report contains six recommendations, some with multiple parts, addressed to you. Based on documentation provided with your comments to the draft report, we consider Recommendations No. 1.2, 2, 3.2, and 6 to be closed upon issuance of this report. Recommendations No. 1.3, 3,1, 5.1, 5.2, and 5.3 are considered to be resolved and will be closed upon our receipt of documentation showing that planned actions have been implemented. Recommendations No. 1.1 and 4 are considered unresolved.

Please advise me within 30 days of any actions planned or taken to implement the recommendations which have not been closed.

I wish to again express my appreciation for the cooperation and many courtesies extended to the audit team during this audit. I also appreciate your exceptionally prompt action in implementing so many of the recommendations contained in our draft report.

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EXECUTIVE SUMMARY

Background

Title II of Public Law 480 (P. L. 480), as amended, authorizes the U.S. Agency for International Development (USAID) to transfer agricultural commodities and dollar grants to address famine or other relief requirements; combat malnutrition; carry out activities to alleviate the causes of hunger, mortality, and morbidity; promote economic and community development; promote sound environmental practices; and carry out feeding programs. The commodities provided under this title may be used for direct distribution, sale, barter, or other appropriate disposition. USAID may provide agricultural commodities to eligible organizations that have agreed to use such commodities in accordance with this title.

Title II programs in Ethiopia are administered by USAID/Ethiopia's Office of Food and Humanitarian Assistance. Currently, six nongovernmental organizations, called cooperating sponsors, have agreements with USAID/Ethiopia to use title II assistance for non-emergency programs. For the 3-year period, fiscal years 1992 - 1994, the U.S. Government approved the transfer of over 126,000 metric tons of commodities, costing about $52 million, for these programs. In addition, cash grants totalling $4.46 million were approved under title II, section 202e. (See page 1.)

Audit Objectives

The audit was designed to answer the following questions:

(1) Did USAID/Ethiopia approve multi-year and annual operational plans submitted by cooperating sponsors which met the requirements of P. L. 480 title II?

(2) Did USAID/Ethiopia monitor title II regular programs in accordance with Agency policies and procedures to ensure that these programs met their planned objectives?

(3) Did USAID/Ethiopia ensure that audits and evaluations of title II regular programs were conducted in accordance with USAID Regulation 11 and Agency policies and procedures?

(4) What did the title II regular program achieve in fiscal year 1992?

We conducted our field work in Ethiopia between August 23 and November 18, 1993. We reviewed USAID/Ethiopia's management of title II activities, visited a selection of project sites and warehouses, and reviewed the management of a local commodity sales program. A complete description of the scope and methodology of the audit can be found in Appendix I.

Summary of Audit Findings and Recommendations

Because of the increasing volume and cost of regular programs, USAID/Ethiopia recently focused more attention on these programs and took steps to correct the management weaknesses noted during our review. However, additional action is needed to improve the monitoring of future activities and to ensure adequate oversight of program commodities and funds. The most significant findings and recommendations are summarized below.

USAID/Ethiopia Has Taken Action
To Correct Weaknesses in Planning

USAID/Ethiopia reviews multi-year operational plans submitted by cooperating sponsors to ensure their compliance with P. L. 480, as described in USAID Regulation 11. We found that, although USAID/Ethiopia frequently required cooperating sponsors to make changes, sometimes significant, to their plans and budgets, the final plans did not always meet all requirements of the USAID regulation. The mission reported that, until recently, it had been unable to focus sufficient attention on regular programs but believes that it is now able to give them adequate attention. In this regard, we noted that plans approved for fiscal year 1994 had fewer deficiencies than plans approved in earlier years. Additionally, USAID/Ethiopia recently conducted a workshop on planning attended by current and potential sponsors. Because the mission's recent actions appeared adequate, we did not recommend further corrective action. (See pages 3 to 4.)

USAID/Ethiopia Should Determine
Whether Windfall Profits And
Interest Earned by CARE Are Recoverable

One cooperating sponsor, CARE, managed a commodity sales program on behalf of all participating sponsors. USAID Regulation 11 limits the use of local currency sales proceeds to approved program expenses. Contrary to this regulation, CARE consistently used sales proceeds to pay its own, non-program, local currency expenses. As a result, CARE was able to defer the conversion of its own hard currency to Ethiopian birr. After a major devaluation of the birr in October 1992, CARE needed fewer dollars to replace the local currency it had used for non-program expenses and, as a result, realized windfall exchange rate savings of $734,251 and interest savings estimated to total $156,512.

Beneficiaries of a Missionaries of Charity welfare program receive weekly rations in Addis Ababa, Ethiopia, September 1993.

Growth is monitored at maternal-child health program sponsored by Catholic Relief Services, Walkite, Ethiopia, November 1993.

A farmer demonstrates new crops and techniques recommended by World Vision extension agents in Antsokia I, Ethiopia, November 1993.

CARE was able to pursue this practice because USAID/Ethiopia did not review CARE's bank account statements which would have shown that program funds were not fully deposited. Because it did not monitor these funds, the mission had less assurance than required by Regulation 11 that sales proceeds would be available when needed to meet program objectives. Among other actions, we recommend that USAID/Ethiopia consult with the Agency's Office of General Counsel to determine appropriate resolution of the windfall profits and other funds CARE earned while managing monetization funds. (See pages 5 to 9.)

USAID/Ethiopia Should Program All Surplus Local Currency Sales Proceeds And Reduce Fiscal Year 1994 Outlays

When authorized, cooperating sponsors may sell title II commodities to generate local currency to pay local expenses. USAID procedures recognize that surplus local currency may accumulate and, therefore, require cooperating sponsors to take surpluses into account when requesting additional commodities for sale. USAID/Ethiopia did not require sponsors to budget surplus local currency sales proceeds and pooled the surpluses to meet contingencies. The mission food aid officer believed that maintenance of a mission-managed reserve was allowable because he found no regulation specifically prohibiting such a practice. Because the surplus funds were not budgeted for several years, the U.S. Government unnecessarily purchased commodities for sale when surplus local currencies were already available.

In November 1993, USAID/Ethiopia estimated that the local currency equivalent of $3.4 million, accumulated from fiscal years 1989 through 1993, had not been programmed and was available to meet fiscal year 1994 local currency needs. During our audit, USAID/Ethiopia took action to program an amount equal to only $1.5 million and asked to keep a balance equal to $1.9 million in reserve to meet unspecified future needs. We believe that maintenance of a mission-managed reserve of unprogrammed funds is inappropriate and recommend that USAID/Ethiopia program the reserve of $3.4 million and make appropriate reductions in fiscal year 1994 shipping requirements. (See pages 9 to 12.)

USAID/Ethiopia Should Develop Procedures For Site Visits

Contrary to USAID guidance, USAID/Ethiopia staff made virtually no visits to project sites before the mission hired a food monitor in fiscal year 1993. Although the food monitor made numerous site visits during his one-year contract, the mission did not have a system to ensure that appropriate data were collected or that plans for correction of any problems noted were developed and tracked. Without such a system, timely information may not be collected and agreed upon corrective action may not take place. Mission officials stated that the mission has not had sufficient staff to develop a system for the documentation and follow-up of site visits. Among other actions, we recommend that USAID/Ethiopia establish such a system. (See pages 17 to 20.)

USAID/Ethiopia Took Steps To Improve
Monitoring Of Audits and Evaluations

Because it found the criteria in USAID Regulation 11 and Agency guidance to be unclear, USAID/Ethiopia did not have systems in place to ensure that audits and evaluations of title II programs were conducted in accordance with applicable standards. However, the mission did schedule a workshop on evaluation requirements. In addition, at our suggestion, the mission took action to ensure that it would monitor audits of title II activities arranged by foreign cooperating sponsors. Further, the mission has agreed to issue additional guidance on evaluation requirements to all sponsors. (See pages 21 to 23.)

Fiscal Year 1992 Accomplishments

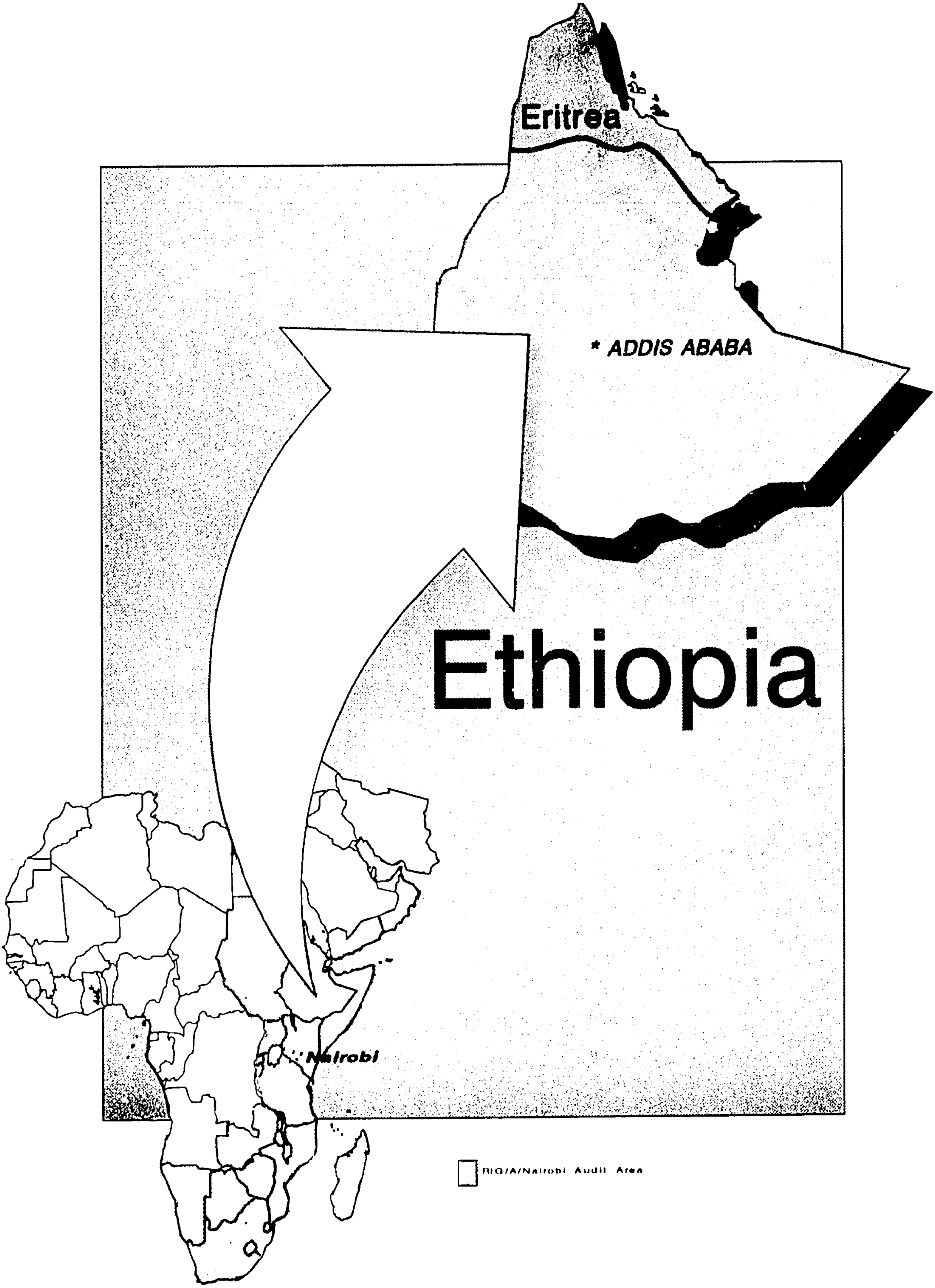
Annual reports submitted by cooperating sponsors for fiscal year 1992, the most recent year for which such reports were prepared, describe significant accomplishments in areas such as water and soil conservation, primary health care, and general welfare and relief. Fiscal year 1992 accomplishments were achieved despite the violence of ethnic clashes, inadequate rain in some areas, and change in government and government policies. Examples of accomplishments reported by the six cooperating sponsors which submitted progress reports are described on pages 24 to 27. It should be noted that we did not verify the accuracy of any information reported.

Management Comments and Our Evaluation

The mission found the audit findings to be reasonable and helpful and took exceptionally prompt action to address the deficiencies noted during the audit. As a result, Recommendations No. 1.2, 2, 3.2, and 6 were closed upon issuance of the report and Recommendations No. 1.3, 3,1, 5.1, 5.2, and 5.3 were considered to be resolved. Recommendations No. 1.1 and 4 were considered unresolved only because action plans were not sufficiently precise. The mission comments to specific recommendations are discussed where appropriate throughout the report and are included in their entirety in Appendix II.

Office of the Inspector General

Office of the Inspector General
March 18, 1994



Eritrea
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RIG/A/Nairobi Audit Area.

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INTRODUCTION

Background

Title II of Public Law 480 (P. L. 480), as amended, authorizes the U.S. Agency for International Development (USAID) to transfer agricultural commodities and dollar grants to address famine or other urgent or extraordinary relief requirements; combat malnutrition; carry out activities that attempt to alleviate the causes of hunger, mortality and morbidity; promote economic and community development; promote sound environmental practices; and carry out feeding programs. The commodities provided under this title may be used for direct distribution, sale, barter, or other appropriate disposition. USAID may provide agricultural commodities for non-emergency assistance under this title to eligible organizations, including private voluntary organizations, that have agreed to use such commodities in accordance with this title.

Title II programs in Ethiopia are administered by USAID/Ethiopia's Office of Food and Humanitarian Assistance. For fiscal years 1992 through 1994, USAID approved the transfer of 106,167 metric tons of commodities, costing $38.12 million for direct distribution through non-emergency programs in Ethiopia. USAID approved the transfer of an additional 20,228 metric tons of commodities, costing $13.95 million, for sale in Ethiopia to generate local currency needed by the cooperating sponsors to support their feeding programs, food for work activities, or development projects. Six cooperating sponsors currently receive title II assistance: CARE, Catholic Relief Services (CRS), Ethiopian Orthodox Church (EOC), Food for the Hungry International, Save the Children Federation, and World Vision. A seventh organization withdrew from the program in fiscal year 1992. Five sponsors received cash grants totalling $4.46 million under title II, section 202e[1].

Audit Objectives

As part of its fiscal year 1994 audit plan, the office of the Regional Inspector General, Nairobi, initiated this audit to determine whether USAID/Ethiopia has

[1]Section 202e of title II states that not less than $10 million and not more than $13.5 million of funding made available in each fiscal year for title II assistance shall be made available as grant funding to assist cooperating sponsors for such activities as establishing new programs and meeting specific administrative, management, personnel, and internal transportation and distribution costs for carrying out programs in foreign countries.

managed P. L. 480 title II regular (non-emergency) programs in accordance with applicable laws, regulations, policies, and procedures and to review program accomplishments in fiscal year 1992, the most recent year for which cooperating sponsors had prepared and submitted annual progress reports. Specifically, the audit was designed to answer the following questions.

(1) Did USAID/Ethiopia approve multi-year and annual operational plans submitted by cooperating sponsors which met the requirements of P. L. 480 title II?

(2) Did USAID/Ethiopia monitor title II regular programs in accordance with Agency policies and procedures to ensure that these programs met their planned objectives?

(3) Did USAID/Ethiopia ensure that audits and evaluations of title II regular programs were conducted in accordance with USAID Regulation 11 and Agency policies and procedures?

(4) What did the title II regular program achieve in fiscal year 1992?

Appendix I contains a complete discussion of the scope and methodology for this audit.

REPORT OF AUDIT FINDINGS

Did USAID/Ethiopia approve multi-year and annual operational plans submitted by cooperating sponsors which met the requirements of P. L. 480 title II?

Although USAID/Ethiopia reviewed the multi-year operational plans and annual updates submitted by cooperating sponsors and, when considered necessary, required the sponsors to make changes to their plans and budgets, the final plans which USAID/Ethiopia approved did not always meet all requirements of P. L. 480, as described in USAID Regulation 11. However, we noted that plans approved for fiscal year 1994 had fewer deficiencies than plans approved in earlier years.

According to mission officials, USAID/Ethiopia approved non-conforming plans because it was understaffed and gave higher priority to emergency programs. In addition, the food aid officer said that, because of his inexperience during the early period covered by our audit, he relied on the cooperating sponsors to submit operational plans that met Regulation 11 requirements. However, like the mission, the sponsors were also understaffed and gave higher priority to emergency programs.

Without well-written plans, USAID/Ethiopia had less assurance than required by USAID Handbook 9 that cooperating sponsors would use title II resources as efficiently and effectively as possible and in conformance with Regulation 11 requirements.

USAID/Ethiopia acknowledged that cooperating sponsors had submitted and mission officials had approved operational plans which did not meet all the requirements of USAID Regulation 11 and took actions to correct this weakness. Two examples follow.

- In November 1993, USAID/Ethiopia conducted a two-day workshop attended by about 30 representatives from current and potential cooperating sponsors. Based on our attendance at the workshop and interviews with mission officials, we believe that (1) the mission and cooperating sponsors are ready and able to focus more attention on their expanding non-emergency programs; (2) the mission will insist that cooperating sponsors submit operational plans which meet the requirements of Regulation 11, are consistent with the mission's development strategies, and include evaluation strategies to collect the data needed to measure and assess the impact of title II assistance; and (3) the mission is ready to provide funds for consultants and studies to help cooperating sponsors improve their planning and evaluation processes.

- In September 1993, the mission hired a U.S. consultant to work with officials from the Ethiopian Orthodox Church (EOC), which had submitted an unacceptable operational plan for fiscal year 1994. The consultant was expected to (1) help EOC design the management systems it needed to meet Regulation 11 requirements, (2) train EOC staff, and (3) help prepare a revised operational plan for fiscal year 1994.

As a result of these actions and the mission's positive attitude toward correcting the weakness we noted in planning, we are not making a recommendation related to this audit objective.

Did USAID/Ethiopia monitor title II regular programs in accordance with Agency policies and procedures to ensure that these programs met their planned objectives?

Although USAID/Ethiopia did monitor title II regular programs, its efforts were not sufficient to ensure that these programs met their planned objectives or that cooperating sponsors complied with the requirements of USAID Regulation 11. As a result of inadequate monitoring, the mission

- was not aware that CARE International in Ethiopia (CARE) had used monetization program funds to pay its own, non-program, expenses and, as a result, had earned and retained windfall exchange rate savings of $734,251 and interest savings estimated to total $156,512;

- had not programmed surplus local currency sales proceeds that could have been used to reduce U.S. expenditures for title II activities in Ethiopia;

- did not have reasonable assurance that sponsors established and pursued claims against third parties responsible for the loss of title II commodities;

- was unaware that, for three years, a cooperating sponsor had without authorization sold commodities intended for food for work projects and, after discovering the sales, did not establish a claim against the sponsor for the value of the commodities in question; and

- did not consistently follow-up on problems noted by mission staff during field trips to project sites and, therefore, was not certain whether two USAID-vehicles were being used for approved purposes.

Although mission monitoring was not adequate, monitoring did take place. Mission officials received and reviewed quarterly commodity and recipient status reports and annual progress reports, met frequently with government and cooperating sponsors officials, made some site visits, monitored requests for commodity shipments, and monitored the shipment and arrival of commodities.

The most significant problem areas noted during our audit are discussed below.

USAID/Ethiopia Should Determine Whether Windfall Profits and Interest Earned By CARE are Recoverable

Contrary to Regulation 11, CARE did not keep local currencies generated from the authorized sale (monetization) of title II commodities fully deposited but used the sales proceeds entrusted to it to pay its own, non-program, expenses. As a result, CARE was able to defer converting its own hard currency to birr. Following a major devaluation of Ethiopian currency in October 1992, CARE needed fewer dollars to replace the monetization program local currency that it had used without authorization and realized windfall exchange rate savings of $734,251 and interest savings estimated to total $156,512.

CARE was able to pursue this practice because USAID/Ethiopia did not request and review bank account statements which would have shown that monetization program funds were not fully deposited and because the mission had not executed a management agreement detailing CARE's responsibilities in managing monetization funds. As a result, the mission did not have reasonable assurance that monetization program funds would be available when needed. In fact, on at least one occasion, monetization funds were not available for a disbursement authorized by the mission.

Recommendation No. 1: We recommend that USAID/Ethiopia:

1.1 consult with the USAID/Washington Office of General Counsel to determine the recoverability of windfall profits and interest, totalling $890,763, earned by CARE through its management of the joint monetization program;

1.2 require CARE International in Ethiopia to include a copy of the bank statement for the separate account opened for the monetization program with its monthly monetization report; and

1.3 execute an agreement with CARE International in Ethiopia which outlines in detail CARE's responsibilities for managing the joint monetization program.

Section 203 of P. L. 480 title II, authorizes cooperating sponsors to sell title II commodities to generate local currency needed to support approved project activities. USAID Regulation 11, section 211.5(j), requires cooperating sponsors to fully deposit all sales proceeds into special interest-bearing accounts established for the proceeds. Section 211.5(k) states that monetization funds may be used by cooperating sponsors only for purposes described in their operational plans or otherwise approved by USAID. Under the terms of its food aid agreement with USAID, CARE agreed to comply with USAID Regulation 11, unless waivers of any requirements were requested from and approved by USAID. No such waivers were requested.

Since 1989, CARE has managed an umbrella commodity sales program on behalf of all cooperating sponsors in Ethiopia, including itself. Each year, cooperating sponsors submit to USAID/Ethiopia a budget of the local currency costs they wish to be covered with funds generated through the sale of title II commodities. Using these budgets, USAID/Ethiopia calculates the cumulative volume of commodities that must be sold to generate the amount of local currency needed for all approved monetization budgets and adds this tonnage to CARE's annual estimate of commodity requirements. CARE receives and sells the cumulative tonnage on behalf of all cooperating sponsors, deposits all local currency sales proceeds into a local account, and disburses funds to cooperating sponsors, including itself, when instructed to do so by USAID/Ethiopia. CARE is reimbursed for the expenses it incurs in performing these activities.

Contrary to Regulation 11, CARE did not open a separate account for local currency sales proceeds until September 1993, when it was specifically instructed to do so by USAID/Ethiopia. Prior to that time, CARE deposited all sales proceeds into the same, non-interest bearing, checking account that it used to pay its own, non-program, local expenses. Also contrary to Regulation 11, CARE did not keep the sales proceeds fully deposited. Instead, it consistently used the monetization program's funds to pay its own, non-program, local currency expenses.

In a letter describing why it had used title II sales proceeds to pay its own expenses, CARE's country director wrote that, in anticipation of a major devaluation of the Ethiopian birr, CARE chose the fiscal strategy of deferring the conversion of its own hard currency into birr. CARE was able to defer the purchase of birr needed to pay its own expenses, and to retain a corresponding amount in dollars in the United States, because it used the monetization program's local currency to pay its own local currency requirements.

As a result of this practice, when a major devaluation did occur on October 1, 1992, CARE had fewer birr in its commingled local account than the balance it owed the joint monetization program. After the devaluation, CARE needed fewer dollars to replace the monetization program's local currency; thereby realizing a windfall profit of $733,576. By October 18, 1993, following several upward and downward adjustments in exchange rates, CARE had realized net savings of $734,251 on monetization funds which it had not fully redeposited in Ethiopia.

As a result of our audit, CARE agreed to remit to USAID/Ethiopia the interest that it had received from CARE headquarters on the dollars that CARE headquarters had not needed to convert to birr. CARE had not calculated the amount it intended to remit before the end of our field work in mid-November 1993. In the absence of information from CARE as to the amount of interest that it intends to remit, we calculated that, if CARE had borrowed the funds in question at the prime rates in effect during the period, it would have paid interest in the amount of $156,512.[2]

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[2]The prime lending rates, as reported by the International Monetary Fund, for calendar years 1989, 1990, 1991, 1992, and 1993 were 10.92 percent, 10.01 percent, 8.46 percent, 6.25 percent, and 6.0 percent respectively.

Although CARE readily agreed to remit interest, it has not agreed to pass on the windfall savings that it earned because of the same practice. CARE officials told us that, with approval of CARE headquarters, they have developed plans to use the windfall to expand CARE's activities in Ethiopia.

USAID/Ethiopia first became aware of CARE's cash management practices and policy in August 1993 when CARE was unable to make a disbursement to another sponsor when instructed to do so by USAID/Ethiopia because it had used the monetization program's local currency for other purposes and had insufficient funds in the commingled account to make the payment. At that time, USAID/Ethiopia asked CARE for an explanation of the delayed payment. USAID/Ethiopia asked CARE to open a separate account for sales proceeds, but took no action to ensure that the missing funds were fully deposited or to require CARE to remit any windfall or interest earned. Nor did it execute a management agreement with CARE to resolve and preclude recurrence of the management problems that were surfacing.

USAID/Ethiopia was unaware of CARE's cash management policies and practices prior to August 1993 because it did not monitor the local currency account into which CARE had deposited the monetization program's funds. Specifically, it did not obtain and review CARE's bank account statements or reconciliations–even though this action had been recommended by USAID/Kenya controller's office which had performed a management review of CARE at USAID/Ethiopia's request in February 1992.

Because it had not executed a management agreement with CARE detailing CARE's various responsibilities for managing commodity sales and the deposit and disbursement of sales proceeds, and because it did not monitor CARE's management of program funds or require that funds be fully deposited in a separate account, the mission had less assurance than required by P. L. 480 and USAID Regulation 11 that monetization program funds would be available when needed to meet program objectives.

The problems associated with CARE's use of monetization funds and retention of windfall savings and interest need to be addressed and we are recommending that USAID/Ethiopia consult with the Agency's Office of General Counsel to decide upon appropriate resolution of these issues. To preclude similar problems from recurring in the future, we are also recommending that USAID/Ethiopia execute an agreement with CARE detailing its responsibilities for managing commodity sales and sales proceeds.

Management Comments and Our Evaluation

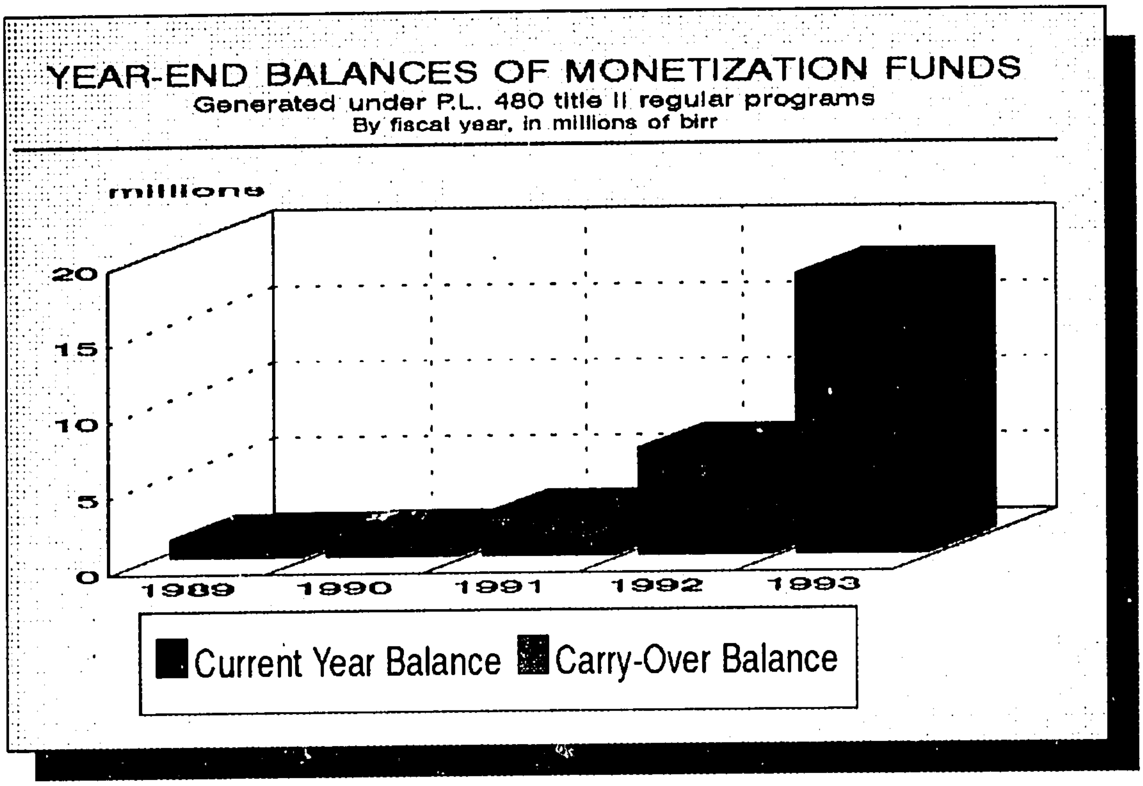
The mission concurred with all parts of this recommendation. With respect to Recommendation No. 1.1, the mission states that it consulted with USAID/W Office of General Counsel which is collaborating with Bureau of Humanitarian Response and IG/Legal Counsel to resolve the problems identified during the audit. The mission plans to send a memorandum to General Counsel formally requesting that it initiate action on this matter. We will consider Recommendation No. 1.1 to be resolved upon receipt of a copy of the mission's letter to the Agency Office of General Counsel, outlining its concerns and specifying the amount of any claims it believes should be pursued. We will close the recommendation when we have received documentation showing that the General Counsel and the mission have agreed upon and initiated a course of action with respect to the issues involved.

With respect to Recommendation No. 1.2, the mission provided copies of bank statements which CARE is now submitting with its monthly monetization reports. As a result, we consider this recommendation to be closed upon issuance of this report. The mission also provided a plan of action and timetable for implementing Recommendation 1.3, therefore we consider this recommendation to be resolved. We will close the recommendation upon receipt of a final agreement signed by CARE and USAID/Ethiopia.

USAID/Ethiopia Should Program All Surplus Local Currency Sales Proceeds <u>And Reduce Fiscal Year 1994 Outlays</u>

Although USAID guidance states that cooperating sponsors should take surplus local currency into account when requesting additional commodities which will be sold to generate local currencies, USAID/Ethiopia did not require sponsors to use their surplus funds to meet future monetization budget requirements. Instead, the mission kept these funds in reserve for contingencies. The mission food aid officer believed that maintenance of mission-managed pool of surplus funds was allowable because he found no regulation specifically prohibiting such practice. Because the mission did not program surplus funds, the U.S. Government unnecessarily purchased commodities for sale when surplus local currencies were already available.

In November 1993, USAID/Ethiopia estimated that the local currency equivalent of $3.4 million dollars accumulated over five fiscal years was available to meet fiscal year 1994's local currency needs. USAID/Ethiopia took action to program $1.5 million of this amount against fiscal year 1994 requirements but asked to keep a balance equal to $1.9 million in reserve to meet unspecified future needs. We believe that maintenance of a mission-managed reserve of unprogrammed funds is inappropriate and not contemplated by USAID policies and procedures.



Note: The balances shown on this chart were audited.

Recommendation No. 2: We recommend that USAID/Ethiopia program all surplus monetization funds (the local currency equivalent of $3.4 million at current exchange rate) to meet approved monetization budgets and make appropriate reduction in the tonnage requested for monetization in fiscal year 1994.

USAID procedures recognize that once monetization programs are implemented surplus funding may occasionally develop. Section III G(2) of the USAID Monetization Field Manual for P. L. 480 title II programs states that, when unforeseen surpluses occur during the implementation of the monetization program, such as might result if the final negotiated sales price is higher than that projected, the surplus funds should be taken into account by the sponsor when submitting follow-on plans. If the sponsor does not intend to submit a follow-on plan, the funds may be used as mutually agreed by USAID and the sponsor.

As shown on the above chart, USAID/Ethiopia allowed surplus sales proceeds to accumulate unbudgeted at the end of fiscal years 1989 through 1993. These funds could have been used to reduce the amount of commodities that the U.S. Government was required to purchase to meet approved monetization budget requirements. Furthermore, when a major devaluation of the Ethiopian birr occurred in October 1992,[3] the dollar value of the local currency balance on hand at that time declined significantly.

Mission staff said the surpluses resulted from the following unplanned events.

- Proceeds from the sale of U.S.-donated commodities were higher than expected and the excess proceeds were never budgeted.

- Cooperating sponsors did not need all the funds budgeted for them.

- One sponsor left the program before requesting the funds budgeted for it.

The food aid officer stated that annual carryovers were not programmed to meet approved fiscal year 1992 or 1993 monetization budgets because the mission wanted excess local currency on hand in the event of any of several predicted events. Each of these events was expected to increase the local costs which sponsors would pay with monetization funds. The uncertainties facing the mission included:

- the impact of Eritrea's independence on port charges,

- the impact of trucking deregulation on transportation charges, and

- the impact of a devaluation of the local currency on the cost of imported petroleum.

The mission believes that having a reserve of unprogrammed funds was prudent and necessary given the unsettled conditions in Ethiopia at the time in question. The food aid officer said that maintenance of the reserve avoided any need to request USAID/W approval for additional commodities and possible interruption of program activities while waiting for the arrival of the commodities. As it happened, no significant increase in monetization budgets was required. The food aid officer believed that he had authority to maintain an unbudgeted reserve because he found no USAID regulation that specifically prohibited such a practice.

Following our field work, the mission advised USAID/W that a reserve of birr 18,356,823 (approximately $3.4 million[4]) was available to meet approved fiscal year 1994 budgets. However, the mission asked for approval to maintain birr 10 million (approximately $1.9 million) of this amount as a reserve

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[3]On October 1, 1992, the Ethiopian birr devalued from approximately 2 birr = $1 to approximately 5 birr = $1.

[4]As of November 14, 1993, birr 5.37 was equal to $1.00.

"...to meet contingencies and avoid program interruptions in the first quarter of fiscal year 1995 due to delayed [multi-year operational plan] approvals or a hold up in first quarter calls forward. In the past, the unplanned accumulation of reserve funds ... has enabled the program to bridge the awkward transition between fiscal years."

In our opinion, maintenance of a mission-managed reserve is inappropriate and not authorized by USAID policies or procedures. Delays in commodity shipments or approvals by USAID/W do not justify the mission's maintenance of a such a reserve. As result, we are recommending that USAID/Ethiopia program the entire reserve of $3.4 million and make appropriate reductions in fiscal year 1994 shipping requirements.

Management Comments and Our Evaluation

With its comments to the draft report, USAID/Ethiopia submitted a copy of a cable from USAID/W, dated February 1, 1994. The cable stated that retention of an "unnecessarily large carryover of idle monetization funds reduces the amount of title II resources available for programming in other countries." It warned that such a policy was inappropriate, not only in inflationary environments but also when the local currency is overvalued. The cable noted that, following the October 1992 devaluation of the birr, the dollar value of monetization proceeds carried forward by USAID/Ethiopia since 1989 decreased by 140 percent.

USAID/W stated that monetization funds are intended to support programs designed and implemented by cooperating sponsors and not to create a fund that the mission may direct to perceived targets of opportunity. Accordingly, it rejected the mission's request to keep birr 10 million for unspecified contingencies but agreed that sponsors could revise their budgets to retain carryover funds for the first two months of fiscal year 1995 based on two months' of their fiscal year 1994 budgets (a total of approximately $1.6 million). By doing so, carryover funds became clearly identifiable with the approved programs of individual sponsors for a specific period of time. The remaining surplus, birr 9.5 million (approximately $1.8 million), was applied against fiscal year 1994 shipping requirements.

Although we objected to a mission-managed carryover of funds for unspecified contingencies, we do not object to plan in which carryover funds are built into the approved budgets of individual sponsors. Our primary objection to the reserve was that no particular purpose or timetable for use was established for these funds. We made minor changes to focus the final report and Recommendation No. 2 on this concern. Because the entire reserve (approximately $3.4 million) has now been programmed and an appropriate reduction has been made in fiscal year 1994 shipping requirements, we consider Recommendation No. 2 to be closed upon issuance of this report.

USAID/Ethiopia Should Monitor
Commodity Losses and Claims

USAID/Ethiopia does not have a system to track the status of loss reports filed by cooperating sponsors and the claims that the sponsors have established against liable third parties, which is required by USAID Handbook 9. According to the Food and Humanitarian Assistance Officer, his office has not had the staff capacity to allocate adequate staff time to this function. Because it did not thoroughly review the loss reports it received, the mission had no assurance that cooperating sponsors were diligently establishing and pursuing claims against third parties responsible for the loss or misuse of U.S.-donated commodities. One example of the type of problems that USAID/Ethiopia might have uncovered if it had thoroughly reviewed reports filed by sponsors was one cooperating sponsor's failure to establish claims against a third party liable for commodity losses of almost $3,000.

> Recommendation No.3: **We recommend that USAID/Ethiopia:**
>
> **3.1 develop an action plan to correct the internal control weakness that it has identified with respect to monitoring loss reports and claims; and**
>
> **3.2 review Catholic Relief Services loss reports 93/352 through 93/384 to ensure that appropriate action has been taken to establish and pursue claims against liable third parties.**

According to USAID Handbook 9, section 8C2, mission food aid offices are responsible for reviewing reports of loss, damage, and improper distribution submitted by cooperating sponsors to assure that the information presented is adequate and determine whether the facts on first appearance justify a claim. The office's comments should be recorded and eventually furnished to the mission's fiscal management office for determination of appropriate administrative or collection actions. The Agency's "Reference Guide for Food Aid Managers" recommends that missions maintain a ledger system for tracking loss reports and hold regularly scheduled meetings with cooperating sponsors to review the status of losses and claims.

Regulation 11 requires cooperating sponsors to

- report to the USAID any loss, damage, or misuse of commodities;
- provide detailed information on all losses exceeding $500, including the action taken by the sponsor to recover or dispose of the lost or damaged commodities;

- provide a copy of any claim made against a third party during the reporting period;

- request instructions from the USAID as to whether legal action should be pursued when all reasonable attempts to collect a claim are exhausted; and

- assign any claims that are not pursued by legal action to the USAID.

During our first field visit in August 1993, we found that USAID/Ethiopia did not maintain ledgers or otherwise track the status of loss reports and claims filed by cooperating sponsors. Mission staff did not know how many reports had been submitted, the value of outstanding claims, the third parties involved in the claims, and could not easily determine the location or status of any specific report. By the time of our second visit in November 1993, the mission had prepared a simple list of all claims received in fiscal year 1993 with information on the status of claims.

According to the mission, the cause of its inadequate monitoring of loss reports has been inadequate staff in the food aid program office. Generally, only two professional staff members have been assigned responsibilities for managing title II regular programs. The two officials also oversee emergency food and non-food programs, assistance to orphans, prosthetics programs, and the mission's famine early warning system. These staff members were supplemented in fiscal year 1993 by a food monitor, whose contract expired at year end. The office secretary, who is currently responsible for monitoring loss reports, believes that she does not have the time or training to properly perform this function.

Because it did not thoroughly review the loss reports filed by cooperating sponsors, the mission did not, for example, discover that Catholic Relief Services (CRS) had erroneously not filed claims against the liable third party for 28 small losses. Regulation 11, section 211.9e(3), states that multiple losses related to a single contract should be grouped together on one loss report. We found that CRS had kept separate 28 small losses which should have been grouped by contract operations number. Because each of the 28 small losses was less than $500, CRS did not file claims against the liable third party for the small amounts involved. However, if these losses had been correctly grouped by contract number, CRS would have been required to file claims totaling almost $3,000 against the liable party. Because USAID/Ethiopia allowed CRS to close its files on these losses, no collection action was taken and no recovery was made.

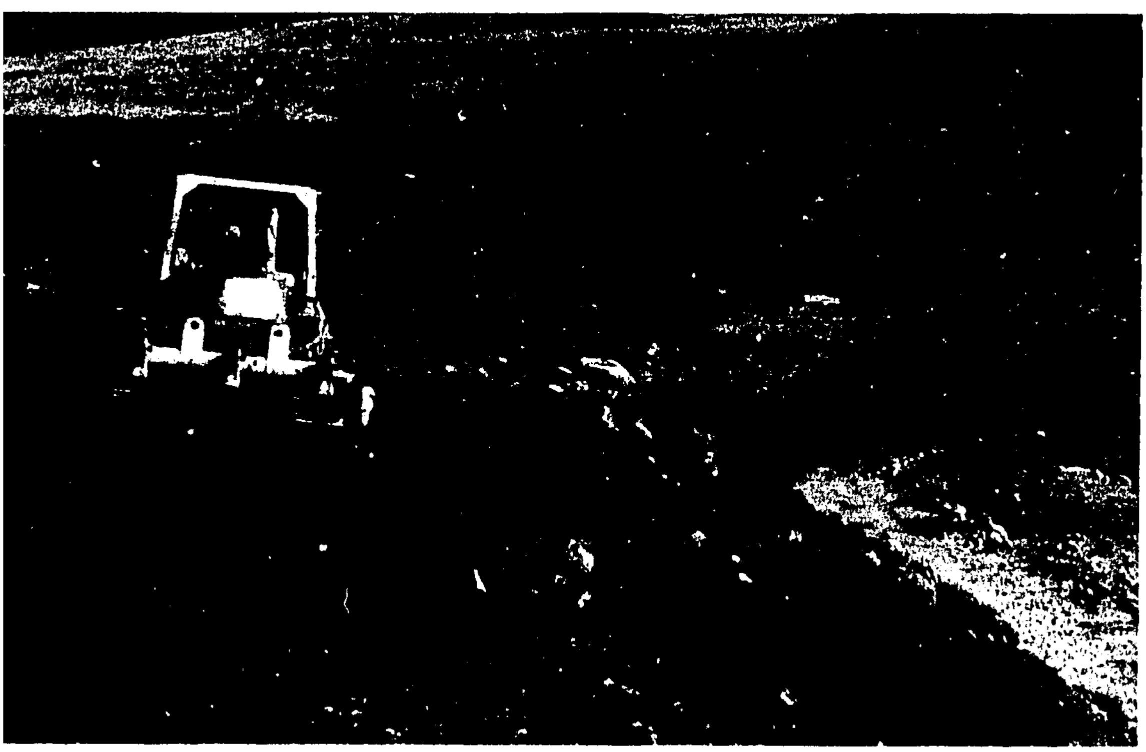
To correct the problems we noted, we are recommending that USAID/Ethiopia not only develop an action plan to correct the internal control weakness that it has identified with respect to monitoring loss reports and claims but also review the loss reports discussed above and ensure that CRS has pursued appropriate claims actions.

Management Comments and Our Evaluation

The mission concurred with Recommendation No. 3.1 and stated that, by June 1994, it expects to have developed an action plan to correct its internal control weakness with respect to monitoring loss reports and claims. USAID/Ethiopia also stated that it will seek assistance from the Bureau for Humanitarian Response and the Regional Food for Peace Office to ensure that its systems produces accurate, timely, and useful information. As a result, we consider Recommendation No. 3.1 to be resolved. We will close the recommendation when we receive evidence that the planned actions have been completed. Regarding Recommendation No. 3.2, the mission stated that it had reviewed the loss reports in question and confirmed its earlier decision that no claims should be made for these losses. Therefore, we consider Recommendation No. 3.2 to be closed.

USAID/Ethiopia Should Collect Value of Commodities Sold Without Authorization

Without authorization from USAID, the Ethiopian Orthodox Church (EOC) sold commodities which it requested and received from USAID for distribution through two food for work projects. Contrary to USAID procedures, upon learning about these sales, USAID/Ethiopia took no action to determine the quantity of the commodities which were sold or to request EOC to make restitution. Mission officials said their lack of action was based on a perception that a claim against EOC



Commodities intended for food for work project were sold to pay for machine-built road near Ginager, Ethiopia, November 1993.

would be uncollectible. As a result, USAID has not recovered approximately $114,109, the value of the commodities which were sold.

Recommendation No.4: We recommend that USAID/Ethiopia recover birr 612,764 (approximately $114,109, at the November 1993 exchange rate) from the Ethiopian Orthodox Church, or obtain approval from USAID/Washington to terminate collection action.

USAID Regulation 11 requires cooperating sponsors to replace or reimburse USAID for any commodities which are used for unauthorized purposes. According to USAID Handbook 9, 8B2b, missions are responsible for instituting and pursuing claims against cooperating sponsors for losses, damage, or improper distribution of commodities caused by the sponsor. Missions should decide whether to

- issue bills for collection in any amount;
- cancel or reduce bills for collection found to be invalid or inappropriate;
- compromise claims which do not exceed $20,000;
- suspend or terminate collection of claims which do not exceed $10,000; or
- transfer claims that exceed the mission's authority to USAID/W.

USAID/Ethiopia did not institute and pursue a claim against EOC after learning that EOC had, without USAID authorization, sold commodities in fiscal years 1991, 1992, and 1993 at two project sites. At our request, EOC advised us in writing that a total of 407 metric tons of wheat and 25 metric tons of vegetable oil had been sold at the two sites. EOC reported it had received birr 612,764 for these sales ($114,109 at the exchange rate in effect on November 14, 1993).

According to EOC managers at the two project sites, the food for work participants at these sites had tried to build roads with only human labor, but the roads had not held up during the rainy season or were impossible to build with human labor because of the terrain. EOC officials told us that, after the participants decided that they needed a well-built road more than they needed the commodities, the project managers at the sites sold the commodities to pay contractors to build the roads with machinery.

The mission first became aware that commodities intended for distribution through food for work projects had been sold when the mission's food aid monitor visited one site in March 1993 and the second site in July 1993. By the time of our first field trip, USAID/Ethiopia staff had discussed the sales with EOC. However, the mission had not asked EOC to provide information as to the quantity or value of the commodities involved, nor had it instituted or pursued a claim against EOC for the value of the commodities.

The mission may have had an opportunity prior to March and July 1993 to discover that commodities were being sold, if it had pursued comments made in EOC's original fiscal year 1992 progress report. In that report, EOC noted that the roads at the two sites were being built by machinery rather than human labor. The mission, however, overlooked this information when it reviewed the report because the report was so overwhelmingly deficient in content and format that the mission rejected it out of hand. Unfortunately, EOC's revised report did not repeat the information about the machine-built roads.

Mission officials stated that they did not institute a claim against EOC for the value of the commodities which were sold (about $114,109) because they were not sure what action they wanted to take. The mission believes that EOC will be unable to replace or pay for the commodities. In addition, the mission wants EOC, the only indigenous cooperating sponsor, to continue in the program if its management of food aid programs can be improved. Further, the mission feels indebted to EOC for its critical role in distributing commodities through emergency programs in past years.

Because the value of the claim against EOC exceeds the mission's authority for termination of collection action, we believe that USAID/Ethiopia must either issue a bill for collection for the value of the commodities which were sold without authorization or obtain approval from USAID/W to terminate collection action.

Management Comments and Our Evaluation

USAID/Ethiopia reviewed the circumstances of this case and decided that it would seek approval from the Bureau of Humanitarian Response to forego pursuing a claim against EOC, as permitted by USAID Regulations. We will consider this recommendation to be resolved when we receive a copy of the mission's request to USAID/W detailing the amount and circumstances of the claim and the mission's reasons for seeking approval to forego collection action. We will close the recommendation upon receipt of documentation indicating the action taken by USAID/W and evidence that USAID/Ethiopia has complied with any instructions.

USAID/Ethiopia Should Develop Procedures for Site Visits

Contrary to guidance in USAID Handbook 9, the mission conducted virtually no site visits prior to fiscal year 1993. Although a food aid monitor hired in fiscal year 1993 made numerous site visits, the mission did not have a system to ensure that appropriate data was collected during site visits or that problems noted during the field trips and the status of planned actions were tracked. Mission officials stated that the mission has not had sufficient staff to systematically follow-up on problems noted by the field monitor. The audit found that, despite the field monitor's discovery that EOC was not using two USAID-funded vehicles (costing $17,607 each) for approved purposes and the mission's subsequent efforts to correct this problem, EOC still had not delivered at least one of the vehicles to its intended destination.

<u>Recommendation No 5</u>: **We recommend that USAID/Ethiopia:**

5.1 develop procedures to ensure that data needed for program decisions are collected during site visits and that necessary corrective actions for identified problems are planned and tracked;

5.2 analyze the monitoring requirements for current and projected title II regular programs to determine whether the mission has sufficient staff to adequately monitor these programs and, if not, develop plans to correct the imbalance between staffing and workload requirements;

5.3 visit Ethiopian Orthodox Church project sites in Midre Kedb and Ginager to determine if USAID-funded vehicles have been delivered to those sites, and, if not, collect from the Ethiopian Orthodox Church the amount of $17,607 for each undelivered vehicle.

USAID Handbook 9, section 7M2, states that missions shall monitor food aid projects to assure that they are operating satisfactorily. This includes periodic administrative reviews of field operations by mission food aid officers. The Agency's "Reference Guide for Food Aid Managers" states that USAID oversight and monitoring procedures are essential to good food aid management. Such oversight should include regularly scheduled visits to warehouses, distribution centers, and ports. The guide concludes that lack of such visits can result in delayed discovery of U.S. resource losses which might have been avoided had weaknesses in monitoring and overall program control mechanisms been identified earlier.

Because cooperating sponsors are required to report on their progress against agreed upon objectives only once each year, periodic checking provides the mission with opportunities to identify and correct problems that might exist more quickly than if it waited to receive the sponsors' annual reports. This type of information is useful, for example, in determining whether food for work projects are being completed on schedule and are properly/efficiently managed.

The mission conducted virtually no field trips prior to fiscal year 1993. However, a food aid monitor hired in fiscal year 1993 made and documented at least 20 field trips to project sites in fiscal year 1993. Representatives of two current cooperating sponsors told us that suggestions made by the monitor during his field trips had prompted numerous improvements in their operations. However, we noted from the monitor's trip reports that he rarely attempted to compare progress against objectives at the project sites he visited and, therefore, missed opportunities to identify potential problems.

We also noted that the mission did not have a system to ensure that significant problems noted by the monitor were addressed and that appropriate corrective action was taken. In addition, even when the mission did follow-up on problems noted by the food aid monitor, the cooperating sponsor did not always implement promised corrective actions--suggesting that further follow-up was necessary. For example, the food aid monitor noted that EOC had not delivered vehicles purchased by USAID/Ethiopia to project sites in Midre Kedb and Ginager, for which they had been purchased. Although the mission followed-up and received assurances from EOC that the vehicles would be delivered, we found, during our field visits, that at least one of the vehicles had still not been delivered. The cost of each vehicle and related spare parts was $17,607. Following our audit, EOC assured USAID/Ethiopia that the vehicles had been delivered. However, given the fact that similar assurances have been given in the past, we believe the mission should independently verify that the vehicles have, in fact, been delivered. If the mission finds that vehicles have not been delivered and are not being used for approved purposes, it should recover the cost of the vehicles from EOC.

Site visits would help mission staff uncover other problems such as the one we discovered during our visits to several maternal-child health projects. As part of maternal-child health programs, mothers receive supplemental food for themselves and their young children in addition to health training. Although voluntary contributions may be solicited, Regulation 11 states that food cannot be withheld from beneficiaries who do not make a contribution. We visited three centers: at two centers, managed by two different local counterparts, participating mothers told us that they were not given commodities unless they paid a mandatory fee. Managers at the first center confirmed that beneficiaries who did not pay the fee were not given the supplemental rations, managers at the second center were unwilling to discuss the issue. USAID/Ethiopia and the cooperating sponsor were unaware that the two local counterparts were requiring mandatory payments.

Mission staff said that, although the food monitor was expected to be replaced in late 1993, the mission would still not have sufficient staff to develop a system to track problems noted by the food monitor. In the meantime, the mission is not conducting on-site visits.

Because it did not have a system to collect data on the progress of project activities or to track problems noted during field trips, the mission was not able to consistently ensure that problems were identified or that appropriate corrective action was planned and implemented. Performance monitoring is a critical management function and, therefore, we are recommending that USAID/Ethiopia establish an adequate food monitoring system.

Management Comments and Our Evaluation

USAID/Ethiopia concurred with all parts of Recommendation No. 5. With respect to Recommendation No. 5.1, the mission furnished us a copy of a draft mission order on site visits and reports that would cover visits to food aid project sites. We consider this action sufficient to resolve Recommendation No. 5.1. We will close the recommendation upon receipt of the final mission order.

With respect to Recommendation No. 5.2, the mission states that it analyzed monitoring requirements of title II programs and obtained approval for two additional staff members which would correct the imbalance between staffing and workload requirements. The incumbent of first position is in training. Recruitment for the second is expected to begin shortly. As a result of these actions, we consider Recommendation No. 5.2 to be resolved. We will close the recommendation upon receipt of evidence that the second position has been filled. With respect to Recommendation No. 5.3, the mission agreed to visit EOC project sites in March 1994 to verify that USAID-funded vehicles were delivered and are being used properly. As a result, we consider this recommendation to be resolved. It will be closed when we receive copies of site visit reports documenting whether the vehicles have been delivered to the appropriate sites and, if applicable, action plans to correct any deficiencies noted.

Did USAID/Ethiopia ensure that audits and evaluations of title II regular programs were conducted in accordance with USAID Regulation 11 and Agency policies and procedures?

USAID/Ethiopia did not ensure that operational plans for title II programs included audit or evaluation plans as required by USAID Regulation 11. We also found that Agency guidance is unclear as to USAID/Ethiopia's responsibilities for tracking audits of non-U.S., nongovernmental cooperating sponsors and believe that further guidance on the issue is needed.

Mission Responsibilities for Monitoring Audits

The Agency's guidance for audit management and resolution gives USAID/W responsibility for monitoring audits of USAID/W grants to U.S. organizations but is silent as to whether USAID/W or another office (or mission) should monitor audits of USAID/W grants to non-U.S. grantees. Perhaps as a result of this oversight, we found no evidence that USAID/W or USAID/Ethiopia had monitored audits of title II assistance to the Ethiopian Orthodox Church, the only non-U.S. cooperating sponsor, to ensure its compliance with appropriate standards.

In the absence of appropriate Agency guidance, we suggested that USAID/Ethiopia include P. L. 480 title II agreements with foreign cooperating sponsors in its audit tracking system and the IG's recipient-contracted audit program. Because the mission complied with this suggestion, we are not making a recommendation related to this issue.

Mission Responsibilities for Monitoring Evaluations

Although missions are responsible for reviewing multi-year operational plans to ensure that evaluation plans are included, none of the operational plans we reviewed included evaluation plans, except that three plans included a schedule of planned evaluations but provided no details for the planned evaluations. Two cooperating sponsors had conducted no evaluations or assessments of their title II programs, while the other four had conducted some studies on an *ad hoc* basis. Mission officials stated that they had not enforced the evaluation requirements of Regulation 11 because they found the requirements to be ambiguous and because they lacked staff to perform this function. Because evaluations were not planned or conducted in accordance with USAID procedures, USAID/Ethiopia did not have reasonable assurance that pertinent and sufficient data would be collected and available when needed to make informed program decisions.

<u>Recommendation No. 6</u>. We recommend that USAID/Ethiopia provide written guidance to each cooperating sponsor describing the requirements of Regulation 11 with respect to evaluation planning.

According to USAID Regulation 11, the local USAID mission is responsible for ensuring that the operational plans submitted by cooperating sponsors include evaluation plans. Evaluation plans should describe the cooperating sponsor's

(1) evaluation plan, including information to be collected for purposes of assessing program operations and impact;

(2) monitoring system for collection, analysis and use of information; and

(3) schedule for carrying out the evaluation.

Regulation 11 suggests that evaluations be conducted after the cooperating sponsors' activities have become fully operational, between three and five years after initiation, which is the normal time frame of a multi-year operational plan.

USAID Handbook 9, Chapter 13C2, describes the value of evaluations, which can provide information to (1) make informed program decisions, (2) measure performance against expectations agreed upon and final objectives, (3) confirm the validity of program objectives at both the implementation and impact levels, and (4) recommend changes in program direction or implementation which would increase its benefits. A country-wide evaluation can contribute to discussion of the best title II strategies or designs, given specific circumstances, and the appropriate level of resource or best means available for managing title II programs. This handbook does not suggest a schedule for such evaluations.

The mission did not ensure that operational plans included evaluation plans that complied with Regulation 11. Only one of the three cooperating sponsors, whose operational plans we reviewed, included a schedule of planned evaluations but without any discussion of their scope or methodology.

Local office staff of all six cooperating sponsors said they had made no plans for conducting comprehensive evaluations of their activities, nor were they aware of any plans for evaluations which might have been developed by their headquarters.

Staff of two of the six cooperating sponsors told us that no evaluations or assessments of their title II programs had ever been conducted. Staff of the other four sponsors said that evaluations had been conducted on an *ad hoc* basis and that, on at least two occasions, the studies had been funded by USAID/W.

USAID/Ethiopia was not always aware of and did not routinely receive copies of all studies or reviews of title II activities prepared by or for the current cooperating sponsors.

Mission officials stated that they had not enforced the evaluation requirements of Regulation 11 because they found the requirements to be ambiguous. In addition, because its resources were focused on more pressing priorities, the mission did not have the staffing capacity to ensure that evaluations were being planned and conducted. Local officials of the six current cooperating sponsors told us that they were not certain of Regulation 11 requirements and, therefore, had never prepared action plans to conduct comprehensive evaluations.

Because the mission did not ensure that evaluations were conducted in accordance with USAID policies and did not always receive copies of the few studies that were done, it had less assurance than otherwise that pertinent and sufficient data would be collected and available to (1) make informed program decisions, (2) measure performance against expectations agreed upon and final objectives, (3) confirm the validity of program objectives at both the implementation and impact levels, and (4) recommend changes in program direction or implementation which would increase its benefits.

Mission Is Taking Steps to Improve Evaluation of Title II Programs

Because there was confusion about Regulation 11 requirements for program evaluations among mission and sponsor staff, the mission decided to hold a workshop for cooperating sponsors on evaluation requirements and methodology and invited current and potential sponsors. Mission officials advised us that written guidance on the possible approaches that can be employed for evaluations was provided at the workshop.

We are recommending that USAID/Ethiopia provide additional written guidance to each cooperating sponsor describing the requirements of Regulation 11 with respect to evaluation planning.

Management Comments and Our Evaluation

The mission provided us with a copy of its cover letter transmitting fiscal year 1995 guidance for preparing operational plans. In it, the mission drew attention to expanded guidance for evaluations and audits. This supplemental guidance, together with the mission's recent workshop on evaluations, adequately addressed our concerns and we consider Recommendation No. 6 to be closed.

What did the title II regular program achieve in fiscal year 1992?

In fiscal year 1992, cooperating sponsors participating in the title II regular program implemented direct feeding programs and other projects in Ethiopia designed to combat malnutrition and promote economic and community development and sound environmental practices.[5] Most commodities were distributed directly to targeted beneficiaries, the remaining commodities were sold to generate local currency used to enhance the distribution and use of commodities and to implement development projects. In fiscal year 1992, the total value of title II assistance approved for regular programs in Ethiopia was $12.9 million.

The following table illustrates the variety of activities undertaken by the six cooperating sponsors which submitted fiscal year 1992 reports.

Types of Activities Undertaken by Cooperating Sponsors in Fiscal Year 1992

Cooperating Sponsor	Food for Work	Maternal -Child Health	Other Child Feeding	General Welfare	Development Projects (no commodities)
CARE	yes	no	no	no	no
Catholic Relief Services	yes	yes	yes	yes	no
Ethiopian Orthodox Church	yes	no	no	no	no
Food for the Hungry	yes	no	no	no	no
Save the Children Federation	no	no	no	no	yes
World Vision	yes	no	no	no	no

Despite their significant achievements, the six cooperating sponsors reported achieving less than had been planned in fiscal year 1992 because of the negative impact of ethnic clashes, change in government, and dissolution of village leadership on planned activities. Violence limited mobility and prevented the mobilization of workers in some areas, seedlings could not be planted during the appropriate season in some areas, and in other areas, distribution centers had to be closed. As a result, less food was distributed and less work was accomplished than had been planned.

[5] Six of the seven organizations submitted progress reports covering their fiscal year 1992 programs. The seventh organization did not receive commodities or monetization funds in fiscal year 1992 and withdrew from the program without submitting a progress report for fiscal year 1992.

Although we analyzed annual progress reports, commodity status reports, and recipient status reports submitted to USAID/Ethiopia and asked the sponsors to describe their procedures for collecting the data that appeared in these reports, we did not attempt to independently verify the accuracy of any of the information presented therein.

Food for Work

The goal of food for work projects is the achievement of needed agriculture, economic, and community improvements by providing commodities to support the labor of unemployed and underemployed local workers. In Ethiopia, rural food for work opportunities are planned for periods when farm labor is not required. Desirable improvements include construction of water control projects (well, dams, reservoirs); construction of roads, streets, and small bridges; improvement of land through reforestation; and construction of schools, shelters, and feeding centers. Examples of food for work project activities are shown in the following table.

Examples of Achievements of Food For Work Projects in Fiscal Year 1992

Cooperating Sponsor	Examples of Accomplishments
CARE	Constructed and maintained roads and ponds, constructed hillside terraces, soil and rock bunds, established nurseries, and closed areas of degraded land.
Catholic Relief Services	Produced 1.46 million seedlings for planting on individual homesteads or communal lands. Constructed 166 kilometers of checkdams, 5 kilometers of cut-off drains, and 80 kilometers of access road.
Ethiopian Orthodox Church	Constructed 220 kilometers of hillside terracing, 60 kilometers of stone bunds, and 490 kilometers of soil bunds. Produced 1.3 million seedlings.
Food for the Hungry	Produced 2.7 million tree seedlings, constructed or maintained nearly 300 kilometers of roads, and built and maintained 720 kilometers of conservation structures.
World Vision	Constructed 96 kilometers of hillside and farmland terracing, 53 kilometers of checkdams, 29 kilometers of cut-off drains, 130 kilometers of access roads, and 11 community nurseries. Produced more than 5 million seedlings.

The five cooperating sponsors reported distributing a total of 9,246 metric tons of commodities to about 119,300 food for work beneficiaries. The exact number of individuals who worked on these projects is not known because two sponsors did not submit complete information and another only tracked the number of persons days of work accomplished rather than the number of individual workers who participated. Because most sponsors used a standard food for work daily ration, we are able to estimate that 2.96 million days of paid employment was provided in fiscal year 1992.

Maternal-Child Health

Only Catholic Relief Services (CRS) implemented maternal-child health projects in fiscal year 1992. CRS' projects were implemented by five local counterparts. Maternal-child health projects are a small but significant component of project food aid worldwide and provide an important intervention for malnourished or poor women of child bearing age and their infants and young children. Through these projects, the children's growth is monitored and mothers also receive education in nutrition, child care, breast feeding practices, and the preparation and use of oral rehydration salt.

CRS distributed a total of 4,154 metric tons of commodities, consisting of 1,709 metric tons of wheat, 1,483 metric tons of corn soy blend and 962 metric tons of vegetable oil to 213,430 mothers and children during fiscal year 1992.

Other Child Feeding

Other child feeding programs are intended to provide commodities to undernourished children who are institutionalized or in organized feeding programs. CRS was the only cooperating sponsor with such programs. Working through 37 local humanitarian organizations, CRS distributed a total of 408 metric tons of food: 257 metric tons of wheat, 97 metric tons of corn soy blend and 54 metric tons of vegetable oil to targeted beneficiaries. According to CRS' recipient status reports, 13,499 beneficiaries received commodities in the first half of the year. No information was reported for the second half of the year.

General Relief and Welfare

Only CRS implemented general relief activities in fiscal year 1992. The largest projects were implemented through the Missionaries of Charity. The Missionaries of Charity provided daily or weekly rations directly to targeted beneficiaries in attendance at feeding centers in Addis Ababa or the organization's nine homes for orphans, mentally retarded children and adults, and the ill and dying.

According to CRS' annual progress report for fiscal year 1992, it transferred 2,468 metric tons of food to Missionaries of Charity centers, of which 1,622 metric tons of bulgur wheat, 304 metric tons of corn soy blend, 178 metric tons of rice, 148 metric tons of vegetable oil and 156 metric tons of beans was distributed to beneficiaries.

CRS was unable to report the number of beneficiaries reached because the Missionaries of Charity did not establish control systems to collect this information.

Community and Economic Development

Only one cooperating sponsor, Save the Children Federation, chose to implement title II activities supported entirely with monetization funds. In fiscal year 1992, Save the Children Federation received birr 616,200 (the 1992 equivalent of $300,000) for developmental activities. Projects included primary health care, agriculture and water development programs. Under the first component, two primary health care posts were completed and 24 traditional birth attendants were trained. Agriculture programs focussed on the provision of extension services and inputs: 194,462 seedlings were grown and distributed; 1,052 quintals of improved seed were distributed to 12,032 farmers, and 1,959 farmers received hand tools. Through Save the Children's water program, wells and washing basins were developed and pumps were repaired.

Other sponsors also used monetization funds to support or initiate developmental activities. For example, World Vision used monetization funds to purchase and distribute livestock through revolving loan schemes. In addition, World Vision used monetization funds to support an extensive array of extension services.

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APPENDICES

SCOPE AND METHODOLOGY

Scope

We audited USAID/Ethiopia's management of P. L. 480 title II regular (non-emergency) programs in accordance with generally accepted government auditing standards.

Our audit covered planning, monitoring, implementation, audit, and evaluation of fiscal year 1992 and fiscal year 1993 programs and planning for fiscal year 1994 programs. We also reviewed accomplishments reported by six cooperating sponsors participating in the program in fiscal year 1992. A seventh sponsor withdrew from the program during fiscal year 1992. Because this sponsor did not report its progress against fiscal year 1992 objectives and did not participate in the program in fiscal years 1993 and 1994, we did not include it in our audit universe. This sponsor did not receive either commodities or monetization funds in fiscal year 1992.

Our audit was conducted from August 23, 1993, through November 18, 1993. The table on the following page summarizes the universe of the commodity programs approved by USAID for six cooperating participating in fiscal years 1992, 1993, and 1994. We did not include cash grants awarded under title II, section 202e in our audit because USAID/Ethiopia had limited responsibility for awarding, monitoring, or disbursing these grants and because the local offices of the five sponsors which received these grants had limited responsibility and documentation for expenditures of grant funds.

The audit coverage and amounts tested are described under the methodology for each audit objective. (See Methodology section.) We conducted our field work primarily at the offices of USAID/Ethiopia in Addis Ababa, Ethiopia, and at the offices of cooperating sponsors participating in the P. L. 480 title II program. The audit evidence gathered included oral explanations and documentation provided by USAID/Ethiopia and cooperating sponsors. This evidence is discussed in detail under the methodology section for each audit objective. In addition, we visited a number of warehouses, development projects, and food for work, maternal-child health, and direct feeding sites for three of the six sponsors reviewed.

Type of Assistance Provided		Fiscal Year 1992	1993	1994	Total
Commodities Approved For Direct Distribution					
Tonnage	(in metric tons)	26,575	29,192	50,400	106,167
Commodity and ocean freight cost	(in $000)	7,819	9,601	20,700	38,120
Commodities Approved for Monetization					
Tonnage	(in metric tons)	4,737	7,991	7,500	20,228
Commodity and ocean freight cost	(in $000)	3,970	5,148	4,835	13,953
Title II Section 202e Cash Grants	(in $000)	1,159	1,753	1,553	4,465

In addition, we reviewed two reports of similar IG audits conducted at other missions. We also reviewed USAID/Ethiopia's fiscal year 1993 Internal Control Assessment to determine whether it disclosed any material weaknesses in the management of regular food aid programs. We did not test the reliability of computer-generated data used in the report because: (1) the validity of the data was not crucial to accomplishing the audit objectives and (2) computer-generated data has been used only to a limited extent for background and informational purposes.

We negotiated with USAID/Ethiopia and obtained written representations for all essential assertions relating to our audit objectives.

Methodology

The methodology for each objective follows.

Audit Objective One

The purpose of the first objective was to determine whether USAID/Ethiopia approved multi-year and annual operational plans submitted by cooperating sponsors to ensure that these plans met the requirements of P. L. 480 title II, as described in USAID Regulation 11. To answer this objective, we evaluated USAID/Ethiopia's controls for reviewing multi-year and annual operational plans.

We reviewed nine operational plans submitted by three of six cooperating sponsors for fiscal years 1992, 1993, and 1994. The sponsors selected included (1) the sponsor with the largest program in terms of commodities received and distributed, (2) the sponsor with the program considered by USAID/Ethiopia to be the most ambitious, and (3) the only indigenous sponsor. We used the criteria established in P. L. 480 title II and USAID Regulation 11 in determining whether, among other things, the plans described: (1) the problems to be addressed and how the food assistance would be used to address those problems; (2) measurable objectives achievable within a specified period of time; (3) target populations in sufficient detail to permit a determination of eligibility; (4) the sponsor's capability to use and account for monetized sales proceeds; (5) audit and evaluation plans; and (6) methods to be used to supervise, monitor, and account for the distribution of commodities.

We reviewed documentation in USAID/Ethiopia files regarding the review and approval of operating plans by USAID/Ethiopia and USAID/W. We also interviewed USAID/Ethiopia staff to obtain information on the procedures they followed to review and comment upon operational plans.

<u>Audit Objective Two</u>

The purpose of the second objective was to determine whether USAID/Ethiopia monitored title II regular programs in accordance with Agency policies and procedures to ensure that they met their planned objectives. To answer this objective, we used criteria established in USAID Regulation 11, the USAID Monetization Field Manual, and USAID Handbook 9.

We selected three of six cooperating sponsors participating in title II regular programs in fiscal years 1992 and 1993 for review. The sponsors selected included (1) the sponsor with the largest program in terms of commodities received and distributed, (2) the sponsor with the program considered by USAID/Ethiopia to be the most ambitious, and (3) the only indigenous sponsor. Projects implemented by these sponsors included food for work, maternal-child health, and general welfare activities. The commodity levels approved for these three sponsors totalled 39,063 metric tons, costing $11.9 million, representing 70.0 percent of the total tonnage and 68.4 percent of the total value of commodities approved for transfer to cooperating sponsors in fiscal years 1992 and 1993.

In addition, we tested USAID/Ethiopia's monitoring of another cooperating sponsor's management of a joint monetization program. This sponsor has managed the receipt and sale of commodities and the deposit and distribution of sales proceeds for all sponsors since 1989. As of October 18, 1993, this sponsor had received a total of birr 57,480,363 (approximately $10.7 million at the exchange rate of birr 5.37 = $1) from commodity sales and had disbursed birr 45,912,690 to participating cooperating sponsors over the five-year period.

We reviewed documentation in USAID/Ethiopia files related to its monitoring of project activities. This included site visit reports and letters to cooperating sponsors prepared by USAID/Ethiopia officials. We also interviewed officials from USAID/Ethiopia and the cooperating sponsors to determine their procedures for monitoring project activities. We made visits to warehouses, food for work, maternal-child health, and general welfare food distribution sites.

Audit Objective Three

The purpose of the third objective was to determine whether USAID/Ethiopia ensured that audits and evaluations of title II programs were conducted in accordance with Regulation 11 and Agency policies and procedures. To accomplish this, we tested USAID/Ethiopia's monitoring of audits and evaluations arranged for by the six current cooperating sponsors for their title II regular programs.

To the extent they were appropriate for title II programs, we used the criteria established in USAID Regulation 11, the Agency's Audit Management and Resolution Program, and USAID Handbook 9. We reviewed documentation in USAID/Ethiopia files and interviewed USAID/Ethiopia and cooperating sponsor officials to determine whether controls were in place to ensure that required audits and evaluations were conducted.

Audit Objective Four

The purpose of the fourth objective was to determine what the title II regular programs in Ethiopia achieved in fiscal year 1992.

To accomplish this, we reviewed quarterly commodity and recipient status reports and annual progress reports submitted by the six sponsors for fiscal year 1992. We also interviewed the sponsors' officials on their achievements and the methods they used to collect the data presented in their reports. Although we analyzed the reports submitted by cooperating sponsors, we did not attempt to independently verify the accuracy of the information presented therein. To review some of the reported accomplishments, we also visited a selection of projects and activities implemented by the same three sponsors selected for review under audit objective one.

USAID/ETHIOPIA

MEMORANDUM

Date	:	March 09, 1994
To	:	Everette B. Orr, RIG/A/Nairobi
From	:	Walter North, Acting Director, USAID/Ethiopia
Subject	:	MISSION COMMENTS ON DRAFT AUDIT OF USAID/ETHIOPIA'S MANAGEMENT OF PL 480 TITLE II PROGRAM
Ref	:	**Draft Audit Report Received February 15, 1994**

This memorandum provides USAID/Ethiopia's comments to your draft audit report of the Mission's management of its Title II program. Overall, we believe your audit findings are reasonable and helpful, and hope our comments will assist your preparation of the final report.

The report recommends that USAID/Ethiopia:

Recommendation No. 1.1:

consult with the USAID/Washington Office of General Counsel to determine the recoverability of windfall profits and interest, totalling $890,763, earned by CARE through its management of the joint monetization program; (page 9)

Comment:

Mission concurs and has consulted with USAID/Washington, Office of General Counsel (GC) on this issue. GC informs Mission that it will collaborate with Bureau of Humanitarian Response, Office of Food for Peace and Inspector General/Legal Counsel to resolve the problems identified in the audit report. Mission will draft and finalize this month a memorandum to GC formally requesting that it initiate action on this matter.

Recommendation No. 1.2:

require CARE International in Ethiopia to include a copy of the bank statement for the separate account opened for the monetization program with its monthly monetization report; and (page 9)

Comment:

Mission requested CARE International in Ethiopia to provide a copy of the bank statement for the separate account for the monetization program with its monthly monetization reports in October 1993. Since November 1993, the Mission has been receiving the bank statements on a monthly basis. (See attached copies). Mission believes it has complied with the intent of this finding and requests that this draft recommendation be deleted from the final audit report.

Recommendation No. 1.3:

execute an agreement with CARE International in Ethiopia which outlines in detail CARE's responsibilities for managing the joint monetization program. (page 9)

Comment:

Mission concurs with the recommendation. A draft agreement prepared by CARE International in Ethiopia was submitted to USAID on March 3. Mission will review the agreement with CARE International in Ethiopia to ensure it outlines in detail CARE's responsibilities in managing the joint monetization account. Mission review will be guided by recent consultations with USAID/W GC which suggest the Mission's current involvement in authorizing disbursements from the account may not be appropriate. This being the case, it will be necessary to substantially recast the manner in which the monetization account is managed. Appropriate clearances from USAID/W will be obtained before the agreement between CARE and the USAID Mission is executed. The established timetable for finalizing this agreement is July 1994.

Recommendation No. 2:

program all surplus monetization funds (the local currency equivalent of $3.4 million at current exchange rate) to meet approved fiscal year 1994 monetization budgets and make appropriate reduction in the tonnage requested for monetization in fiscal year 1994. (Page 12)

Comment:

Mission requested guidance from BHR/FFP (Addis 07809, dated November 30, 1993). BHR/FFP and GC responded per STATE 25382, dated February 1, 1994 and authorized revised PVO monetization budgets and allowed individual PVOs/NGOs to retain a carryover for the first two months of FY 1995. The carryover will equal two months of programming needs for each of the six PVO/NGO recipients of regular Title II proceeds. Per Addis 07809

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the revised total internal transport storage and handling and project costs for FY 1994 were calculated as Birr 52,898,674. Based on this figure, two months of programming amounts to Birr 8,816,445 (2/12 of the total). The proportional allocations by PVO/NGO are:

	Allowable Reserve in Birr
Food for the Hungry International	1,259,763
World Vision Relief Development	1,371,024
Catholic Relief Services	3,068,204
Save the Children Federation	888,836
CARE/Ethiopia	1,874,321
Ethiopian Orthodox Church	354,297
Total	8,816,445

Per Addis 07809, Mission estimated a total accrued reserve fund of Birr 18,356,823. BHR/FFP in its response deducted the allowable carryover level of Birr 8,816,445 leaving an excess of Birr 9,540,378. Assuming an expected vegetable oil sales price of USD 1,220 per metric ton at the Birr/USD exchange rate of 5.5, BHR/FFP computed the following revised metric ton requirement for vegetable oil:

FY 1994 Budget	Birr 52,898,674	7,884 mt vegoil
Less: Carryover (Reserve of 18,356,823 less allowable carryover of 8,816,445)	Birr 9,540,377	1,422 mt vegoil
FY Budget Need	Birr 43,358,296	6,460* mt vegoil

*Rounded from 6,462 to the nearest unit of 10 mt according to USDA guidelines on procurement.

Based on determination by BHR/FFP (STATE 25382) that permits Mission to revise PVO monetization budgets and allow individual PVO/NGOs to retain a carryover for the first two months of FY 1995, Mission has programmed the allowable carryover (8,816,445) as shown above to the appropriate PVO/NGO. In recognition of the broader issues raised by this recommendation, Mission will consult with cooperating sponsors to refine the design of the monetization program in such a manner as will allow appropriate reserves to be explicitly built into the program budgets of individual PVOs/NGOs, while continuing to use an umbrella mechanism for commodity sales. Mission will be aided by recent guidance from and consultations with GC and BHR/FFP. Mission believes it has complied with

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the intent of the recommendation and requests that the draft recommendation be deleted from the final audit report.

Recommendation No. 3.1:

develop an action plan to correct the internal control weakness that it has identified with respect to monitoring loss reports and claims. (page 15)

Comment:

Mission concurs and has established the timetable of June 1994 for developing the action plan required to correct the internal control weakness with respect to monitoring loss reports and claims. Specialized assistance in developing the ledger system will be sought from BHR/FFP and the REDSO/Regional Food for Peace Office to ensure that information is accurate, timely and responds to management requirements.

Recommendation No. 3.2:

review Catholic Relief Services loss reports 93/352 through 93/384 to ensure that appropriate action has been taken to establish and pursue claims against liable third parties. (Page 15)

Comment:

As noted in our discussions with RIG/A, the language in the Regulation giving instructions and procedures for filing loss reports is unclear on the specific point raised in the audit report. Nonetheless, the Mission appreciates RIG/A's clarification of the requirements and concurs with the recommendation. On March 7, 1994, the Mission advised Catholic Relief Services (CRS) of the requirements contained in Section 211.9(e)(3) of Regulation 11, noting that in the future in instances where CRS (the cooperating sponsor) has a contract with a carrier to transport commodities, and losses occur during a single shipment of commodities from point A to B, the cooperating sponsor has one claim against the carrier, which will be based on the total value of the commodities lost during the shipment from A to B even though some of the loss might have occurred on each of several trucks or by subcontractors used by the carrier to satisfy its contract responsibility to transport the commodities. (NOTE: The Mission will issue a letter clearly detailing this requirement to all of the Mission's cooperating sponsors to ensure conformity in reporting.)

However, we have determined that for the purposes of the loss reports contained in CRS' letter dated June 3 1993, No. LOG/500.10/308/93, the claims remain approved by the Mission with the exception of claim No.

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354/93, for which CRS has collected Birr 275 from the truck driver. This collection was retained by CRS per Regulation 11, Section 211.9 (e) (2) which allows cooperating sponsors to keep the first $150 of any claims collected. (Copy of CRS listing of collections and deposit receipt attached.)

Mission would suggest that the final audit report clarify that the 28 losses if grouped by contract numbers do not total almost $3,000. Instead, the respective contract amounts are as follows:

CC# 3084-03 $1,369.73
CC# 3040-01 $1,582.45
CC# 3085-03 $ 180.52
CC# 2225-01 $ 75.89

Based on the above actions, the Mission believes it has complied with the intent of this finding and recom-mendation and requests that this draft recommendation be deleted from the final audit report.

Recommendation No. 4:

recover birr 612,764 (approximately $114,109, at the November 1993 exchange rate) from the Ethiopian Orthodox Church, or obtain approval from USAID/Washington to terminate collection action. (page 16)

Comment:

Mission concurs and based on our understanding on the circumstances of this case will seek appropriate approval from BHR/FFP to forego pursuing a claim against the Ethiopian Orthodox Church, which is permitted by USAID HB9, Chapter 8, Sections B.2, B.3 and D.6.

Recommendation No. 5.1

develop procedures to ensure that data needed for program decision are collected during site visits and that necessary corrective actions for identified problems are planned and tracked; (page 19)

Comment:

Mission concurs and has drafted a Mission Order on Site Visits and Reports for clearance (see attached copy) to ensure that data needed for program decisions are collected during site visits and that necessary corrective actions for identified problems are planned and tracked. Mission believes preparation of this Mission Order fully complies with the intent of this finding and requests that this draft recommendation be deleted from the final audit report.

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Recommendation No. 5.2:

analyze the monitoring requirements for current and projected Title II regular programs to determine whether the mission has sufficient staff to adequately monitor these programs and, if not, develop plans to correct the imbalance between staffing the workload requirements; (page 19)

Comment:

Mission concurs and has analyzed monitoring requirements and, based upon the current size (volume and number of cooperating sponsors) of the Title II Program, obtained approval for two additional staff, to correct imbalance between staffing and workload requirements. Recruitment is completed and the incumbent is in training for the food program assistant position. The second additional position, i.e., the food program monitor, will be filled sometime in April 1994. The position has been classified, will be advertized over the next three weeks with selection to be completed in April. Based on these corrective actions, Mission requests that the draft recommendation be deleted from the final audit report.

Recommendation No. 5.3:

visit Ethiopian Orthodox Church project sites in Midre Kebd and Ginager to determine if USAID-funded vehicles have been delivered to those sites, and, if not, collect from the Ethiopian Orthodox Church the amount of $17,607 for each undelivered vehicle. (Page 19)

Comment:

Mission concurs and USAID/FHA staff will visit Ethiopian Orthodox Church project sites in March 1994 in Midre Kebd and Ginager to verify that USAID-funded vehicles were delivered and are being used properly. A site visit report will be prepared by FHA staff to document the disposition of these items in conformance with USAID's newly instituted procedures. Based on these actions Mission requests that the draft recommendation be deleted from the final audit report.

Recommendation No. 6:

provide written guidance to each cooperating sponsor describing the requirements of Regulation 11 with respect to evaluation planning. (Page 24)

Comment:

Mission concurs and has provided cooperating sponsors with the newly issued draft guidance from USAID/W for the preparation of FY95 Multi-Year

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Operation Plan submissions and up-dates. In its cover letter transmitting the FY95 guidance, Mission drew attention to the expanded guidance provided for evaluations and audits. (See sample letter attached, dated 2/23/94.) Based on this action, along with recent workshops by Mission to inform cooperating sponsors of MYOP, Annual Progress Report and evaluation framework requirements, Mission believes it has complied with the intent of the recommendation and requests that this draft recommendation be deleted from the final audit report.

Attachments:

1. Copies of CARE's bank statements
2. ADDIS 07809
3. STATE 25382
4. Copy of letter sent to CRS concerning loss report procedures/requirements, March 7, 1994
5. Copy of CRS Listing of Collections and deposit receipt
6. Draft Mission Order on Site Visits and Reports
7. Mission Guidance to Cooperating Sponsors (Letter)
8. Draft CARE International Joint Monetization Agreement

CC: Stephen Tisa, GC/CP

American Ambassador to Ethiopia	1
Mission Director, USAID/Ethiopia	5
FDC/FHA	1
LPA/XA/PR	1
LPA/LEG	1
GC	1
AA/AFR	1
AA/M	1
AA/OPS	1
M/FA/FM	1
M/FA/MCS	2
M/FA/FM/FPS	2
AA/G	1
REDSO/ESA	1
REDSO/RFMC	1
REDSO/Library	1
PPC/POL/CDIE/DI	1
IG	1
AIG/A	1
D/AIG/A	3
IG/LC	1
IG/RM	12
AIG/I&S	1
IG/I/NFO	1
IG/A/PSA	1
IG/A/FA	1
RIG/A/C	1
RIG/A/D	1
RIG/A/S	1
RIG/A/SJ	1
RIG/A/B	1
RIG/A/EUR/W	1