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AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D.C. 20523

OFFICE OF THE AUDITOR GENERAL
AREA AUDITOR GENERAL - AFRICA (EAST)

REPORT ON EXAMINATION
OF THE
AID PROGRAM IN SOUTHERN AFRICA

Period: As of September 30, 1972
Audit Report No. 3-690-73-19
Date Report Issued: December 21, 1972

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December 21, 1972.

To : Mr. Charles Ward, RDO, OSARAC
From : *Ray D. Cramer*
Ray D. Cramer, Acting Area Auditor General, Africa (East)
Subject: Report on Examination of the AID Program in Southern Africa
as of September 30, 1972.
Audit Report No. 3-690-73-19, dated December 21, 1972.

The subject report is attached for your information and action. The more important findings are summarized on pages three through five; and additional findings are presented in the body of the report.

The report contains eleven recommendations, four of which are addressed to OSARAC. Within thirty days after receipt of this report, please provide this office with a statement of the action taken on those recommendations addressed to OSARAC.

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Report on Examination
of the
AID Program in Southern Africa
As of September 30, 1972

SCOPE OF EXAMINATION

We have examined the AID program in the five southern African countries of Botswana, Lesotho, Swaziland, Malawi and Zambia. The Office of Southern Africa Regional Activities Coordination (OSARAC) in Swaziland is responsible for most of the programs; however, the U.S. embassies in each country administer self-help activities, for which separate reports have been issued. The Regional Economic Development Services Office of East Africa (REDSO/EA) in Kenya monitors AID capital assistance activities in Southern Africa, and assists OSARAC in the development of new capital projects for the area.

The objectives of the examination were to (a) determine the status and effectiveness of implementation of the program, (b) verify compliance with applicable laws, and Agency policies and regulations, and (c) identify and report on any problem areas. In this examination we also reviewed the organizational arrangements, the staffing and the management methods used for the AID programs in Southern Africa.

We reviewed pertinent records in OSARAC headquarters in Mbabane, Swaziland and in the U.S. Embassies in Malawi, Zambia, Lesotho, Botswana, Swaziland and South Africa. We discussed the programs with officials of OSARAC, U.S. Embassies, AID contractors and host governments. Prior to our review in Southern Africa we talked with officials of the Africa Bureau and the Office of the Controller in AID/Washington, and examined pertinent records.

Our examination covered the period from the cut-off dates of our last audits of the projects and activities reviewed through September 30, 1972. AID expenditures during this period totaled \$14.3 million.

BACKGROUND INFORMATION

AID and predecessor agency assistance to Southern Africa from inception through September 1972 totaled approximately \$89 million. The assistance provided by AID represents only a relatively small part of total foreign aid to Southern Africa countries. Other donors include the United Kingdom, Canada, Sweden, various agencies of the UN, and the World Bank group. The UK is the largest donor.

In Southern Africa, U.S. policy is to assist the multi-racial governments of Southern Africa to develop economically toward the achievement of self sustained growth. Although some assistance is being given to Zambia and Malawi, the current emphasis is on aid to the three southernmost independent countries of Botswana, Lesotho and Swaziland (BLS countries). The Office of Southern Africa Regional Activities Coordination (OSARAC) was established in July 1968 to develop regional and multi-donor programs to assist in the economic development of countries in Southern Africa. OSARAC was originally located in Lusaka, Zambia, but in February 1971 was relocated to Mbabane, Swaziland.

Most of the major new projects planned by OSARAC are related to substantial resource inputs by other donors, and each project has a direct relationship to stated host country priorities. Emphasis generally is placed on improvement of educational or agricultural development. In Botswana, however, there have been large inputs for road construction and development of mining.

Agriculture is of prime importance to countries in the OSARAC region. Although from 85 to 90 percent of the working population of the region is engaged in agriculture, each country imports staple grains as well as general food commodities to meet domestic consumption requirements. A main objective of the OSARAC agricultural projects, therefore, is to move the countries toward self-sufficiency in food by increasing agricultural production.

Educational services in the region have lagged behind developments elsewhere in Africa. The poor performance of the school systems has been due to poorly trained teachers, inadequate curricula and a shortage of basic teaching aids. Consequently, AID educational programs in Southern Africa emphasize staff development along with the improvement of curricula and better school facilities.

FOLLOW-UP ON PRIOR EXAMINATIONS

There were no uncleared recommendations of prior audits.

SUMMARY OF FINDINGS

United States assistance administered by OSARAC, the AID/Washington Africa Bureau, and REDSO/EA has been generally well received by the five Southern Africa countries. The OSARAC and REDSO/EA inputs have been coordinated and reasonably well managed. We noted, however, that the Africa Regional projects administered by AID/W were not coordinated with the field. The following paragraphs summarize our findings for the program in Southern Africa by activity sector.

Education

The original contractor under the University of Botswana, Lesotho and Swaziland (UBLS) project, Cal Poly, was not provided counterparts and was not satisfied with the strictly teaching role imposed on them by the AID contract. As a result of Cal Poly's problems, their contract was not renewed. A new contractor, Trans Century Corporation, had not provided teachers in a timely manner. In addition, project commodity arrivals were delayed under both the Cal Poly contract and the current purchasing arrangement with the Afro-American Purchasing Center. The commodities were a minor part of the assistance but were vital to the development of the University (pages 6 to 9).

In the Regional Testing Resource and Training Center (RTRTC) project there were excessive costs per contract man year as compared to other contractors. The costs were over twice that of other current OSARAC contractors for OPEX personnel. The contractor did not maintain, in his field office, adequate property records for project commodities. Also, AID/W decided to use this project as a vehicle for starting a new pilot activity with separation contemplated at a later date if the activity continues beyond the exploratory phase. This provides more than one unit of management in a single project (pages 9 to 11)

Agriculture

In the agriculture sector we found that recruitment of personnel was a major problem. Trans Century Corporation was not providing recruitment on a timely basis for the Swaziland Rural Development project and was partially responsible for recruitment delays on the Bunda Agriculture College project. In addition the Peace Corps had agreed to provide four technicians for the Swaziland Rural Development project, but none of these personnel had yet arrived. The Swaziland Rural Development project was generally behind schedule, but no adverse effects have been experienced to date because of the delays; however,

the imminent arrival of commodities make it necessary for arrival of personnel in the near future (pages 13 to 17).

Transportation

In the transportation sector, emphasis during our audit period was centered on the Lake Shore Road project. On this project there was a cost overrun which the U.S. was helping to cover by granting an amendment to the loan of \$1.2 million (pages 17 and 18).

Population

In the Population sector there were two projects -- an Africa Regional project and a bilateral project with Botswana. The Africa Regional project was not coordinated with the OSARAC staff, and OSARAC had no responsibilities under the project. We found that this lack of assigned responsibility hampered project progress; e.g., the project technician was asked to vacate an AID built house because of internal Government of Lesotho problems, and OSARAC was not in a position to offer assistance in correcting the situation (pages 21 and 22).

Credit Development

In the credit field, the one Africa Regional project was not coordinated with OSARAC. In fact the OSARAC people had only limited awareness of the projects activities in two of the three countries in which OSARAC people lived and worked (pages 22 and 23).

Public Law 480 Title II Commodities

There were two active voluntary agency P.L. 480 Title II programs in the OSARAC region. Catholic Relief Services administered the program in Lesotho, and Church World Service through the Christian Service Council (CSC) administered the program in Malawi. We found that in Lesotho there were warehousing procedures and practices which needed to be corrected; and in Malawi the CSC was not receiving the needed internal reports from their distribution centers (pages 23 to 26).

Trust Fund

In Zambia a Trust Fund, generated from prior AID projects, had a balance of approximately \$105,000 as of December 31, 1971. In October 1972, neither OSARAC nor the U.S. Embassy in Zambia knew the precise

balance of the fund. As written, the Trust Fund agreement precluded expenditures for any current U.S. AID activities in Zambia (pages 26 and 27).

Participants

In the participant training area, the current participants were adequately controlled; however, there was little follow-up by OSARAC; and little guidance from AID/W as to the follow-up required on participants trained under former AID programs in Zambia and Malawi (page 27).

Administration

We found in our review of OSARAC operations that the Administrative support expected by OSARAC from the U.S. Embassies in the B.L.S. countries was not forthcoming. We also found that there was no agreement between AID and State which specified which services were to be provided. There were also problems in (a) the centralized Controller operations, and (b) the U.S. Embassy in Malawi still retained about \$9,000 of AID nonexpendable property (pages 28 and 29).

PROGRAM OPERATIONS

Education

Since the inception of the AID program in the five Southern Africa countries now managed by OSARAC, AID has provided approximately \$14.0 million toward improving education. Recent AID activities in education in the OSARAC area were primarily directed toward improving secondary and college institutions. Our current review covered four active and five completed education projects, which had expenditures of \$2,412,000.

The projects were contributing to needs in the educational area by providing facilities and teachers for the development of trained manpower needed in these countries. In addition, the Regional Testing Resource and Training Center project was providing an introduction to objective testing and evaluation of students for entrance into higher levels of educational training.

University of Botswana, Lesotho and Swaziland

The project to assist the University of Botswana, Lesotho and Swaziland (UBLS) began in March 1969. The objective of the project was to help develop a regional university that would be capable of providing high and middle level manpower required to meet the social and economic needs of the three countries involved. The main UBLS campus is located in Roma, Lesotho; and additional campuses have been established in Botswana and Swaziland. Canada and the United Kingdom were also making substantial contributions to UBLS. Total obligations and expenditures as of September 30, 1972 were \$1,708,000 and \$751,000, respectively.

In September 1969, six technician/teachers were provided to the UBLS under a two year contract between AID and the California State Polytechnic College (Cal Poly). The six teachers specialized in primary education, audio-visual aids, English, animal husbandry, soil conservation and irrigation. Cal Poly officials were not pleased with the terms of the AID contract and the situation whereby the duties of some team members were limited to university lecturer roles. They felt that the influence of Cal Poly should transcend the classroom level to curriculum development, policy-making, and administrative levels. Cal Poly team members also indicated it was unfortunate that they had an inadequate number of local counterparts to train as eventual replacements. At the mutual consent of AID and Cal Poly, their contract was not renewed. The contract was extended, however from September 1971 until December 31, 1971 to provide continuity of staff between Cal Poly and the new educators to be employed by another contractor.

In July 1971, when it became apparent that the Cal Poly contract would not be renewed, AID issued a task order under its blanket contract with Trans Century Corporation (TC). TC was to recruit ten teachers who were to arrive in Southern Africa by the time the Cal Poly staff left in December 1971. Recruitment of personnel by TC has been extremely slow. At the end of December 1971, only one TC employee was on-board in Southern Africa; and at the end of September 1972, only seven teachers employed by TC were on board. One of the teachers stated there had been a four month lag between his first contact with TC and his subsequent contract, and it took TC approximately seven months to contract with two men who were already on site under other arrangements.

In our discussions, the TC instructors and AID personnel indicated that TC appeared to be under-staffed to handle the current volume of recruiting for AID-financed positions -- in addition to the positions for UBLs, TC is recruiting for seven other positions in OSARAC; we were told TC is recruiting for 40-50 positions in Ethiopia; and there are undoubtedly other positions TC must fill under its blanket contract. Unless these type of positions are promptly filled, the related AID projects must suffer delays.

Recommendation No. 1.

AID/W, Africa Bureau Contracting Officer should (a) determine the amount of (and the reasons for) delays in recruitment by Trans Century Corporation, and (b) take appropriate action to ensure that qualified contract personnel are brought on-board more promptly.

We discussed with OSARAC personnel what the AID contractor's role should be, and asked what would be expected of the instructors who were recruited for UBLs by the Trans Century Corporation. We were advised that the intent of the TC contract was to provide instructors in those fields which were considered to be high priority areas by the UBLs -- education, mathematics, science and agriculture. The instructors are to be employees of the University with salary supplements provided by AID through TC, with the basic responsibility to serve as university lecturers in the subjects in which they are qualified. We were concerned that this approach would perpetuate the need for expatriate instructors. OSARAC personnel stated that there were no African instructors who were sufficiently trained to immediately become understudies to the instructors, but that the project was providing participant training to provide Africans who could become counterparts or replacements for the U.S. staff. We found that at the time of our review six participants had gone to the U.S., two of which had returned and were working at the University. An additional three participants had been identified and were being processed, and two more potential participants were under consideration.

Agency directives require that periodically an evaluation be made of the performance of contractors to assist the Contracting Officer in determining if subsequent contracts should be awarded to current contractors. During the audit an evaluation was made of the Cal Poly contract, but an evaluation of the Trans Century Corporation

contract had not been prepared even though the Task Order had been in effect for fourteen months. An AID/W Circular Airgram issued in December 1972 stated that procedures covering (a) the methodology for evaluating intermediary contractors (e.g., Trans Century), would soon be formalized, and (b) who should prepare the evaluations.

Recommendation No. 2.

AID/W, Africa Bureau should determine who is responsible for evaluating the performance of Trans Century Corporation, and assure that the evaluation is made.

Of the total obligations of \$1,708,000, \$400,000 is earmarked for capital improvements at the Swaziland and Botswana campuses of UBLs. An additional \$2,000,000 of capital improvements is to be financed by the United Kingdom and Canada. The funds from all three donors are being pooled for this construction, therefore normal AID contracting and segregation of costs has been waived by AID/W. One condition precedent had not been fully satisfied; therefore, none of the \$400,000 had been expended at the time of our review.

Commodities procured by Cal Poly did not arrive in Southern Africa on a timely basis. A second group of commodities was to be purchased through the Afro-American Purchasing Center (AAPC), and was expected to be in use during the current school term. Due to delays by UBLs, AID/W and AAPC, only a portion of the commodities have arrived. The property records maintained by UBLs for equipment procured through Cal Poly were adequate.

During our review at the main campus of UBLs in Lesotho, the Registrar and Bursar questioned the lack of AID's payments for rental of houses on the campus. We reviewed the OSARAC documentation and it was not clear exactly how much AID had agreed to contribute, nor the time period to be covered. It appears that AID had already contributed \$15,000 toward rentals; but it was not clear if this was an advance to be liquidated by subsequent rents due, or if it was a cash grant. OSARAC was pursuing the problem prior to our arrival, and assured us they would make a determination, in conjunction with UBLs, of AID's liability for rental payments.

We concluded that the stated objective of helping to develop a regional university in Southern Africa which would be capable of providing high and middle level manpower was being accomplished with

the assistance of the United States, the United Kingdom, Canada, and other nations. The campuses in Botswana and Swaziland were under construction, and had accepted their first year students to make UBLS a truly regional university. Student enrollments increased since AID's entrance into the project from 348 to 482. The local academic staff from the BLS countries numbers only 23 out of 150, but the university had an Africanization plan which they were following to screen and select future local staff.

Regional Testing Resource and Training Center

The Regional Testing Resource and Training Center (RTRTC) project began in June 1969. The Project Agreement provided for establishment of a Regional Center to meet the testing needs of Malawi, Botswana, Lesotho and Swaziland. The headquarters office of the Center is located in Blantyre, Malawi, with branch offices in Gaborone, Botswana, and Mbabane, Swaziland. The major objectives of the Center were to (a) develop a system of tests designed to select pupils qualified for secondary schools, (b) advise the ministries of education and the universities within the region on the development and use of testing programs for their educational systems, and (c) develop and implement a system of testing to supplement existing public and private selection procedures. Total obligations and expenditures as of September 30, 1972 were \$933,000 and \$674,000, respectively.

The Center is administered by an International Board (Board) of fifteen members representing the four cooperating governments of Malawi, Botswana, Lesotho and Swaziland. The Board meets semi-annually with AID financing the cost of the meetings -- including reimbursement for travel and lodging of Board members. AID is trying to get the four countries to pay part of the costs of these meetings, with the countries assuming a greater share of the expenses with each meeting, so that when AID phases out its assistance the countries will have assumed all expenses of the meetings.

A cost plus fixed fee contract was awarded to the American Institute for Research (AIR) in December 1969 to implement this project. Three specialists arrived at their respective posts in Malawi and Botswana in late December 1969, and a fourth specialist arrived in Malawi in June 1972, and then moved to his permanent station in Swaziland in August 1972. We noted that the annual cost per man year of this contract was \$69,000. We understand that the men

provided are highly qualified and competent individuals; however, in the OSARAC region the next highest contract cost per man year was \$45,000, while the cost per man year of other OSARAC contracts for OPEX personnel was below \$30,000. Our discussions with AIR personnel disclosed that their salaries were similar to salaries paid to other contract technicians. Therefore, the bulk of the extra costs must be in overhead and home office support. We have requested that the Contract Audit Division of the Auditor General Office in AID/Washington review the costs charged to this contract by AIR to determine the propriety of those costs.

Satisfactory records for non-expendable property purchased by AIR with project funds had not been established at the RTRTC site. A firm of public accountants employed by the RTRTC, in their audit as of March 31, 1972, indicated fixed assets of Kwacha 11,620 (\$15,100) contributed by AID. Our review of the accountants documentation disclosed that property donated by AID valued at approximately Kwacha 4,000 was supported by a transfer document. The remaining value consisted of a schedule of items which the accountants were told had been contributed by AID from project funds. During the audit, the Chief of Party requested the AIR home office to forward copies of invoices for commodities purchased with project funds and shipped to Africa, so that the accountants could establish complete property control records.

The current training plans call for the training of eight participants to replace the AIR contract staff by the time the project is completed. Six people are to be trained to the Masters Degree level, and two people trained to the Ph.D. level. Through the date of our audit, six participants had been selected and sent to the United States for Masters Degree training. As of September 30, 1972, three had returned and were working in the RTRTC headquarters facility in Malawi.

The RTRTC has been instrumental in developing (a) objective tests which are used in conjunction with traditional tests to determine those qualified to attend secondary school, and (b) other examinations to determine the qualifications of those who do not complete primary school. They have also been in contact with the ministries of education of the four countries and the universities in the area, to help them with their testing needs.

The last formal evaluation of the project was prepared in February 1971, at which time OSARAC reported that excellent progress was being made toward project objectives. Although a Project Appraisal Report (PAR) was due during the first part of calendar year 1972, OSARAC decided not to prepare that PAR because an evaluation was scheduled by a contract team from the American Technical Assistance Corporation (ATAC). ATAC was to (a) assess if the project purpose and design had continuing validity, (b) evaluate the Center's activities, accomplishments and effectiveness, (c) determine if an adequate foundation was established for support of a regional program of this nature, and (d) if the project was still valid, identify steps to be taken in the future. The ATAC contract team arrived in September 1972, and their report was to be submitted to AID/W in November 1972.

OSARAC had also proposed a regional project of Curriculum Development to be implemented in Lesotho and Swaziland. Just before the signing of the agreements, Lesotho decided not to be a party to the project. AID/W then decided that they did not want the project with just Swaziland; but after two months of discussions and a PROP revision, AID/W approved a two year pilot activity for Curriculum Development to be implemented in Swaziland. Although AID guidelines encourage that separate projects be established for each separate unit of management, AID/W insisted that the Curriculum Development project be made a sub-activity under the RTRTC project, with a split out at a later date if the activity continued beyond the exploratory phase.

Recommendation No. 3.

AID/W, Africa Bureau should review their decision to implement the Curriculum Development project as a part of RTRTC project, and consider assigning Curriculum Development as a separate project.

Southern Africa Refugee Education - Nkumbi College

The objective of this Africa Regional project, which was initiated in 1962, was "to provide educational opportunities for refugees from the Portuguese territories, Rhodesia, South Africa and South West Africa in order to enable them to acquire sufficient training to earn a livelihood, and to help develop a reservoir of trained manpower for possible future leadership positions in Africa." The project was administered by the African American Institute (AAI) under AID-financed contracts. Two schools were constructed with project funds -- Kurasini

College, Tanzania, and Nkumbi College, Zambia. At the end of 1969, Kurasini College was turned over to the Tanzania Government.

From an academic viewpoint, the original objectives for Nkumbi College were to "develop trained manpower for possible future leadership positions in Africa." The curriculum of the school was English, Mathematics, Geography, History, Biology, English Literature, Economics and French; and the purpose of the project stated as late as 1971 was "to enable Southern African Refugees attain the necessary credentials for university entrance, pass secondary training and obtain gainful employment."

It is reasonably clear that the goal expected from this interpretation of the objectives of the project has not been attained. The reasons for this appear to be numerous; e.g., (a) the lack of clearly stated objectives to the contractor, (b) the contractor's intermediate goals for attaining his interpretation of the original objectives of the project, (c) the ineffectiveness of some of the contractor's personnel, and (d) in the later years, the remoteness of AID personnel from contact with implementation of the project and selection of qualified students.

After lengthy negotiations, an agreement between the United States and the Zambian Government (GRZ) was signed in January 1971, under which Nkumbi College was turned over to the GRZ. The GRZ assumed sole ownership of the school plant and facilities and agreed to assume, during CY 1971, full financial and administrative responsibility for operating the school. The administration of the school was placed under the Commission of Technical and Vocational Education Training, thus moving away from purely academically oriented education. The reasoning for the change was probably justified by the results of General Education Certificate (GEC) test scores in June of 1970, which indicated a failure rate of 82.3 percent. However, a school has been established and is functioning, and the Zambian Government has continued a policy of keeping the doors open to refugees of other African countries. While the school may not have achieved a major objective of training an academic elite, the change in emphasis to technical and vocational education has a broader application which may prove to be more useful to Africa.

Under the FY 1971 agreement, the U.S. continued to furnish support to Nkumbi College in the form of scholarships (bursaries) for each AID sponsored student. The amount of the bursaries were to

be based on operating costs of the school. The current bursary charge to AID is the same as that charged other foreign sponsored students.

With the signing of an FY 1972 agreement, the name of the project changed to Southern African Refugee Education, the source of funding changed from Technical Assistance to Supporting Assistance, and the scope of the objectives was reduced to be more in line with the new administration by the Zambian Government. AID has provided funding through the end of FY 1973, but in accordance with the organizational structure and philosophy of program responsibility of AID and the Department of State, it has been proposed that the project be transferred to the Office of Refugee and Migration Affairs of the Department of State.

Zomba University Dormitory Construction

In August 1972, an AID loan of \$1.2 million was granted to assist in the construction of dormitories at Zomba, where the University of Malawi is located. Proceeds of the AID loan are to be used to finance all of the foreign exchange requirements (estimated at \$600,000) and approximately 70 percent of local currency requirements (\$660,000). The AID loan supplements a loan from the United Kingdom of \$2.6 million, which is to provide funds for design work, supervisory engineering services, and construction of classroom facilities. As the conditions precedent on the AID loan had not yet been satisfied, there were no disbursements at the time of our review.

Agriculture

Through August 1972, AID has made \$7.0 million available toward development of agriculture in the OSARAC countries. During this audit period the agricultural projects pertained to agricultural education, rural development, and an abattoir feasibility study. Expenditures during the audit period totaled \$2,827,000.

The agricultural education project provided a working, expanding agriculture college in Malawi. The other agricultural projects are new and their impact cannot yet be assessed; however, implementation of the Swaziland Rural Development project has lagged behind the scheduled time frame.

Agriculture Development - Malawi (Bunda Agricultural College)

The Agricultural Development project in Malawi began in 1966, with the objective of intensifying agricultural extension and training activities. The project objectives were to be met by construction of the Bunda Agricultural College, by providing a basic teaching staff for the college, and training of Malawians. AID assistance provided through this project ended in September 1970, with total obligations and expenditures of \$2,440,000.

Bunda College was constructed at a cost of approximately \$1.5 million. We found that the physical plant was being utilized and enrollment of students growing rapidly. A contract was let to the University of Massachusetts to provide instructors. The University of Massachusetts provided a total of eleven instructors over a four year period, developed the agriculture curriculum for the school, and established a national farm credit system for Malawi. Over 50 Malawians were trained in the agriculture extension field, but only a few participants were trained to replace the University of Massachusetts staff. There are still many expatriate instructors on the Bunda staff.

In October 1971, AID agreed to provide \$125,000 for additional assistance to Bunda College. Two teachers were to be provided on a topping-up basis, four participants were to be trained to replace the teachers, and a limited amount of teaching aids were to be provided. Through September 30, 1972, \$5,000 of these additional funds had been expended.

Trans Century Corporation (TC) was awarded the contract for procuring the services of the two technicians on September 30, 1971. At the time of our review in October 1972, no technicians had been provided by TC. Initially the Dean of Bunda College was very selective about which instructors he would accept. In early 1972 an instructor was identified by the Dean, but TC has been slow in reacting to the Colleges' and AID's wishes. This is another instance similar to that previously noted on the UBLS project (page 6), when recruitment by Trans Century Corporation has not been timely.

Three of the four participants to be trained to replace expatriate instructors have been selected and are currently being processed. One is expected to depart for training in January 1973, and two in September 1973.

Rural Development - Swaziland

AID is attempting, in coordination with the United Kingdom and other donors, to fill the gaps in resources needed to accomplish the plans which Swaziland has for development of their rural areas. In October 1971, AID made a loan of \$2.2 million to Swaziland to provide commodities and funds for a credit program to small farmers. After the loan was signed, it was determined that technical expertise would also be needed to accomplish the desired results; therefore, in May, 1972 a technical assistance project was initiated to provide U.S. technicians to assist Swaziland with their development plans. At the time of our review, disbursements from loan funds and the grant project totaled \$250,000 and \$80,000, respectively.

Proceeds from the loan were to enable Swaziland to have the resources necessary to carry out the physical transformation of presently underutilized pasture and arable land through the construction of dams, access roads, rural water supplies, village and cooperative centers, and erosion control schemes. As of September 30, 1972, equipment contracts valued at \$1.6 million had been awarded, and the initial shipment of equipment was expected to arrive in December 1972 and the remainder of the equipment prior to March 1, 1973. Loan funds totaling \$250,000 were disbursed to the Swaziland Credit and Savings Bank (Bank) to reimburse them for loans made to farmer and development groups. The funds were loaned to the Bank on soft terms while the Bank reloaned on hard terms, with the difference in rates to be used by the Bank to finance additional extension personnel who advise small farmers on credit availability.

It was originally anticipated that the \$250,000 loaned to the Bank would be used by the Bank to make loans to small farmers who did not previously qualify for loans, and thereby increase the amount of money loaned by the Bank. However, the scale on which small farmers operate require them to purchase only locally available commodities, which primarily had their source and origin in South Africa and were not eligible for AID financing; therefore, loans could not be made directly to small farmers. Although the loans made by the Bank (approved by AID) were to large cooperatives and farmers associations, it appears that the real intent of the loan has been achieved. Most of the original funds have been reloaned to small farmers by the cooperative and farmer organizations.

Under the Technical Assistance project, which is scheduled to continue for approximately six years, AID has agreed to provide one direct hire project manager and six contract technicians, training for Africans to replace the U.S. technicians, commodities for a demonstration ranch to be purchased by the United Kingdom, and supplies for a rural literacy program. At the time of our review, one man under a personal services contract was on board, but none of the five contract technicians to be provided by Trans Century Corporation was on board. This is another example of delays in recruitment by Trans Century, similar to those delays previously mentioned on pages 6 and 14. Delays have also been encountered in the recruitment of four Peace Corps Volunteers to advise the heavy equipment crews. Other aspects of the project are progressing as planned -- housing for the U.S. technicians is expected to be completed in November, two participants were selected, and \$40,000 of supplies was provided to the rural literacy program. Slippages to date have been across the board so no one area has suffered because another was behind schedule. However, with the arrival of equipment expected in the near future, the U.S. technicians and advisors will be needed soon. We suggest that Trans Century Corporation and the Peace Corps be asked to expedite recruitment.

Botswana Abattoir Feasibility Study

The Botswana Abattoir feasibility study was made to determine the technical and economic feasibility of establishing additional meat processing facilities in Botswana. Obligations and expenditures as of September 30, 1972 were \$51,000 and \$43,000, respectively.

The Abattoir feasibility study was conducted by Experience Incorporated (EI) during January and February 1972. The results of the EI study called for establishment of an abattoir in Motopi, with the capacity of processing approximately 150 head of cattle daily and provisions for a 50 percent expansion at a later date. A draft report was submitted by EI to the Government of Botswana in March 1972.

In August 1972 the Ministry of Finance and Development Planning officially commented on the draft report to AID, and raised several questions not answered in the draft report. As a result, EI has been requested to send two men back to Botswana to update and provide more detail on certain aspects of the study. REDSO/EA and OSARAC personnel told us that the new work required of EI was additional, and not just an oversight of the first study.

Agriculture Survey - Lesotho

An Agriculture Survey in Lesotho was authorized by AID in February 1972 to evaluate the feasibility of initiating a Lesotho wide erosion control program. The survey was made by a soil conservationist from the U.S. Department of Agriculture (USDA) in March 1972. As a result of this and other surveys, a joint IBRD-AID project for erosion control, reforestation, and rural development is in the planning stages. Total cost of the survey was \$9,000.

Transportation

During the period covered by our review, three projects to improve transportation in the OSARAC area were either in process or initiated with a total value of \$22.0 million. Additional transportation surveys and possible road loans are being considered for next year. The roads being constructed will open areas of Malawi and Botswana where accessibility previously has been limited. Other foreign donors as well as the United States are planning future development in the areas recently opened, and these programs should have a beneficial impact on the economies of the countries in the OSARAC area.

Lake Shore Road - Malawi

In July 1969, AID agreed to loan the Government of Malawi (GOM) up to \$7.0 million to assist in financing the construction costs of 126 miles of secondary road in Central Malawi. The loan was made to provide funds for financing the foreign exchange costs of procurement of materials and services in the United States, and a portion of the local costs required for construction. The road is expected to open a large area of Malawi for agricultural development, and will provide a road link between the southern and the northern areas of Lake Malawi. In August 1972, the loan was amended to provide an additional \$1.2 million. The total cost of the road is expected to be \$9.9 million, with \$8.2 million provided from the AID loan and \$1.7 million by the GOM. Total AID disbursements as of August 31, 1972 were \$5,951,000.

Technical supervision for construction was provided by Tippetts-Abbett-McCarthy-Stratton (TAMS) Engineers and Architects. The actual construction work was done by employees of the Government of Malawi, using loan financed equipment and commodities. The GOM employees were supervised by U.S. supervisory construction personnel under a contract between the GOM and Nello Teer Co. The schedule called for completion of the road by November 15, 1972; and except for application of a

bituminous rock seal coat to the surface of the road, construction was completed by the scheduled date. It has been decided that the GOM work crews are capable of applying the seal coat without U.S. supervision; therefore, the U.S. contractors were able to demobilize prior to application of the seal coat. The GOM is expected to apply all or a great portion of the seal coat in the next dry season -- between March and November 1973. Although there were at times differences of opinion between TAMS, Nello Teer, and the GOM as to responsibilities in managing personnel who were GOM civil servants but actively working for the U.S. firms, a side benefit from this construction project has been the training of a cadre of GOM construction workers.

It was recently determined that the cost of completing the project would exceed the financing available from the AID loan and GOM resources; therefore, in August 1972 the original loan was amended to provide an additional \$1.2 million. Some of the more important reasons for the requirement of additional funding were (a) underestimate of costs for construction of the camp site, (b) rental costs for equipment because the Government of Malawi did not have equipment available, (c) increased labor costs for idle time waiting for equipment to arrive from the U.S. and become available, (d) underestimates of costs of materials and petroleum products, (e) underestimates of labor force required, and (f) overbuilding of embankments by Nello Teer. There would be an even greater cost overrun if the TAMS and Nello Teer contract personnel remained in Malawi to supervise the application of the bituminous seal coat on the roadway.

Botswana-Zambia (BotZam) Transportation Survey and Loan

A study of the economic and technical feasibility of a road linking the middle of Botswana with Zambia was authorized by AID. The study was made by URS Research Co., and their report which was submitted in July 1970 confirmed that the road was technically feasible and economically viable. AID subsequently authorized an additional grant to the Government of Botswana (GOB) to finance an engineering and design contract for the road. The GOB awarded this contract to Tippets, Abbott, McCarthy and Stratton (TAMS) in June 1971. At the time of our review, TAMS had (a) completed the engineering and design work, (b) prequalified bidders, and (c) virtually completed the Invitation for Bid documents. As of September 30, 1972, disbursements under the grant portion of the project totaled \$688,000.

As a result of the above survey and design work, in August 1972 AID made a loan to the GOB for construction of a road from Northeast Botswana to connect with roads in Zambia which connect with other roads leading to East Africa. The loan provided up to \$12.6 million, of which not more than \$4.3 million may be used to finance local currency costs of the project.

A delay in issuing the IFB package was experienced because it was first necessary for the GOB to obtain clearance from the United Nations Security Council for a contractor to mobilize through Rhodesia. The most direct and cheapest route for transporting needed equipment and commodities for the project would be across Mozambique and Rhodesia. Because of the United Nations sanctions against Rhodesia, Botswana was required to gain a consensus of the U.N. Security Council favoring transportation across Rhodesia. The consensus of the Security Council was obtained in early October 1972. The IFB package was provided to the prequalified bidders on October 31, 1972, with bids to be opened on January 10, 1973.

Lower Shire Road Surveys - Malawi

AID agreed to finance two surveys for investigation of road realignment and improvement on both the east and west sides of the Lower Shire River in Malawi. The Lower Shire River Valley is a rich agricultural area being developed by other donors. The first of the two surveys was completed in May 1972, at a cost of \$6,000; however, at the time of our review the Government of Malawi had not yet received the Contractor's final report. The second survey was scheduled to begin in mid October 1972, and was expected to cost approximately \$50,000.

Industry

During our review period one project was initiated in the OSARAC area to assist in further developing industry -- Shashi Mining Development. The project has just started and its impact cannot yet be assessed.

Shashi Mining Development

This project consists of the construction of infrastructure facilities to support a proposed cooper/nickel mining development in Northeastern Botswana. The total cost of this project is estimated at \$70.0 million, and involves plans for a new mining town, and the construction of electric power, water, transportation, and medical facilities. The International Bank for Reconstruction and Development (IBRD) and Canada are the prime donors toward development of this mining complex, with additional assistance being provided by Denmark and the United States. AID has made a loan of \$6.5 million to the GOB to finance the procurement and installation of water pipe, valves, fittings and related commodities. Feasibility studies and supervisory engineering of the project were financed by IBRD and conducted by Sir Alexander Gibb and Partners, Consulting Engineers of London.

Originally, the AID loan was made solely to finance the procurement of the commodities. The low bidder for providing the commodities was Interpace Corporation, who bid \$4.2 million. As the amount made available under the AID loan exceeded the amount required for the commodities, and the funds made available by IBRD were not sufficient to lay the pipe, AID agreed to provide the excess, about \$2.2 million, for laying of the pipe. The AID loan was amended in February 1972 to provide for the installation of the pipe as a financeable cost, and a second contract was let to Interpace for approximately \$2.2 million to cover these costs.

The project manager, employed by the GOB and financed by the IBRD, stated that there was a possibility of a cost overrun above available loan funds for the second Interpace contract. This is because of the unknown amount of rock which will have to be extracted from the pipe trench. Rock excavation has a higher unit price than soil excavation, so if more rock is found than the engineers estimated, reimbursement to Interpace will exceed the \$2.2 million.

The required fittings and valves have arrived at the site, and the pipe is being made on site. As of August 31, 1972, Interpace was two weeks early in digging trenches, two weeks late on blasting, and two weeks behind schedule in pipe laying and back filling. The project manager was pleased by the progress through that date and with Interpace's cooperation. He stated that he believes Interpace had the capacity to catch up on work if time became a factor.

Population

Within the past year, two projects related to population have been initiated in Southern Africa. One is an Africa Regional project, and the other a bilateral project in Botswana.

Maternal and Child Health - Lesotho

An Africa Regional Maternal and Child Health project has one of its implementing centers in Lesotho, and two other centers in Gambia and Dahomey. The basic objective of the project is to initially demonstrate ways of working within the host governments resources to improve and extend maternal child health services -- including the medical concept of the use of child spacing for high risk mothers. The regional project is being implemented through a contract with the University of California Extension Service. Detailed financial information on the cost of this project was not available in Southern Africa.

Two University of California contract technicians were working in Lesotho since March 1972 on this project. The initial inputs for the Lesotho portion of the project have been personnel (one public health nurse, one health educator, and part-time services of the project director), three vehicles, teaching aids, and limited medical supplies. In addition to the contract expenses, through special population funds AID has provided \$12,300 to assist in the "self-help" construction of a clinic and house for the public health nurse and her counterpart.

We were told by OSARAC officials that AID/W had told them to leave the project alone -- that management and coordination would be taken care of by AID/W and the regional population officer in West Africa. The only contact OSARAC personnel had with this project occurred when contract personnel contacted either the U.S. Embassy or the OSARAC Food and Agriculture Officer in Maseru. We believe that certain aspects of the project could be more effectively managed from Southern Africa than from 8,000 miles away in Washington. For example, during our review the contract public health nurse was asked to vacate her AID-constructed quarters because the Ministry of Public Works had not officially released the quarters to the Ministry of Health, and did not expect to release them until November 1, 1972. The house and clinic in question were 80 miles from Maseru, Lesotho and the eviction made it necessary to close the clinic and move the nurse to Maseru.

The Charge d'Affaires of the U.S. Embassy in Maseru was contacted and stated he would try to keep the nurse from wasting 1½ months of her time, but AID had no one on the spot in a position to intercede with the host government.

Recommendation No. 4.

AID/W Africa Bureau should consider assigning official responsibility to OSARAC for those aspects of the Maternal and Child Health project which could be more effectively managed from Southern Africa.

Maternal and Child Health/Family Planning Training - Botswana

A Maternal and Child Health/Family Planning project began in Botswana in July 1972. The goals of the project were to (a) train staff for rural health facilities, (b) prepare a curriculum to be used in a basic nurses training school, (c) train tutors to teach at the nurses training school, (d) help establish a national health unit, and (e) establish post-natal family planning services in three government training hospitals. AID expects to spend approximately \$1.9 million over the life of this new project.

Credit Development

In the OSARAC area, AID is co-sponsoring one project in the credit development field. The project has assisted in the establishment and continuance of an organization which serves 15 African nations in savings and cooperative credit, and has provided training for people from five of these countries. The organization is still at least three to five years from being self sufficient, but needed training and orientation are being given.

Regional Organizations Development - Africa-Cooperative Savings and Credit Association (ACOSCA)

The purpose of this African Regional project, which started in FY 1970, was to provide technical services to ACOSCA, headquartered in Nairobi. ACOSCA is a regional organization which was established in 1968 by representatives of 15 African nations to provide advisors to assist in developing credit unions and cooperatives in the 15 countries. AID has provided \$295,000 through a Grant Agreement with CUNA International, for (a) the services of a professional credit

union expert to serve in Nairobi as an advisor to ACOSCA's Managing Director (an African) and the ACOSCA Board of Directors, (b) a CUNA advisor based in Maseru, Lesotho for ACOSCA's Southern Africa operations, and (c) training sessions for officials from the five countries served by the ACOSCA office in Lesotho.

A three month in-residence course was conducted for twenty representatives from the five countries served by the ACOSCA Lesotho office -- Lesotho, Botswana, Swaziland, Malawi and Mauritius. After the course was completed, seminars were conducted in each of the countries as a reinforcing device for those persons trained, and as an introduction to other cooperative and credit union members.

During our review we discussed operations of ACOSCA with the OSARAC personnel in Botswana, Lesotho and Swaziland. In OSARAC headquarters office (Mbabane) and in Botswana, the staff had limited awareness of ACOSCA activities which had occurred in their country. It seems reasonable to expect that OSARAC should have monitoring and coordinating responsibilities for that portion of the AID-sponsored project in their geographic area.

Recommendation No. 5.

AID/W, Africa Bureau should define the responsibilities of OSARAC in connection with ACOSCA.

Public Law 480 Title II Programs

In the OSARAC area there are currently four programs which utilize P.L. 480 Title II commodities. These programs are the World Food Programs in Malawi and Lesotho, the Church World Services (CWS) program in Malawi, and the Catholic Relief Services (CRS) program in Lesotho. The programs of CWS and CRS were generally adequately managed; however, during our review there were many references to the effect that the World Food Program should be better controlled. The size of the CWS and CRS P.L. 480 program in FY 1972 was about \$1.5 million, and the U.S. portion of the World Food Program in Southern Africa was about \$1.0 million. Prior year programs have totaled about \$3.5 in FY 1970 and FY 1971.

Catholic Relief Services - Lesotho

The Catholic Relief Services (CRS) program in Lesotho utilized \$1.7 million of P.L. 480 Title II commodities in FY 1971, \$1.4 million in FY 1972, and expects to utilize \$1.4 million in FY 1973. The program is divided into two segments -- the pre-school age child feeding program, and the food for work program. Commodities brought in for these programs are non-fat dry milk, flour, cornmeal, bulgur wheat and vegetable oil. CRS and the Government of Lesotho (GOL) have a five year working agreement, dated January 8, 1971. All food donation programs in Lesotho are coordinated through the Food Aid Office of the GOL. It has been estimated that the food assistance programs of CRS and the World Food Program (which are comparable in size) provide food assistance to one quarter of the population of Lesotho.

During our review we found that the operating procedures, internal and external reporting of CRS seemed adequate. The latest CRS internal audit was conducted in May 1972. The official report had not been issued by the New York office at the time of our review, but the field office did have a draft copy of the report which we reviewed. The CRS auditor found no major problems.

We visited one of the nine major warehouses during our review, and noted the following:

1. Flour and bulgur were stacked directly on the concrete floor without benefit of pallets (pallets were stacked in one corner of the warehouse).
2. All commodities were stacked against the wall, even though within the last year a large amount of bulgur was ruined from water damage because it had been stacked against the wall.
3. There were sacks of bulgur which had been condemned as "unfit for human consumption" still in the warehouse. In looking at the contents of the bags it appeared that not only had the bulgur been water damaged, but that it was weevil infested. If this weevil infestation spreads to the good flour and bulgur stored in the warehouse there could be sizeable losses.

Recommendation No. 6.

OSARAC, Food and Agriculture Officer, Lesotho should (a) follow-up with the CRS warehouse and commodity supervisor to ensure that the above problems are corrected, and (b) visit the other warehouses to ascertain if similar conditions exist, and take such action as is appropriate.

Church World Service - Malawi

A P.L. 480 Title II food distribution program in Malawi is administered by the Church World Service (CWS) through its affiliate the Christian Service Committee (CSC) of the Churches of Malawi. The U.S. Embassy in Blantyre, Malawi performs required administrative functions such as processing of the Annual Estimate of Requirements. The values of the FY 1972 and FY 1973 programs were \$72,500 and \$49,500 respectively. Commodities requested by CWS/CSC and shipped to Malawi were non-fat dry milk, corn soya milk, vegetable oil and rolled oats. The categories of recipients were mothers, pre-school age children, and other child feeding and institutional health cases. Our examination disclosed that CSC has exercised reasonable care in the distribution and control of P.L. 480, Title II commodities.

A prior AID audit report issued in February 1971 recommended that the American Embassy, Malawi request CWS/CSC to make required annual audits. Since the release of that report, the CSC has instituted a system of end-use checks and periodic country-wide reviews. In addition the CSC has stated in a letter to the American Embassy dated April 28, 1972, that they have requested assistance from CWS in the performance of annual comprehensive audits, and that the matter was under consideration by CWS.

CSC requires quarterly reports indicating number of recipients, amounts distributed, and balances on hand from its distributors. The reports are necessary to CSC for planning and control. However, the response from the distributors to this requirement has been poor, with approximately 20 percent responding. During discussions with the CSC staff it was suggested that distributors be notified that if they failed to submit quarterly reports, distribution of commodities to them would be stopped.

Recommendation No. 7.

OSARAC should, in conjunction with the U.S. Embassy in Malawi, advise the CWS/CSC staff in Malawi to take more persuasive measures to obtain the quarterly reports from distributors.

Other

Trust Fund - Zambia

In May 1966, a trust fund agreement was signed between AID and the Government of the Republic of Zambia (GRZ). The GRZ agreed to deposit payments into the Trust Fund for the basic local salary each operational persons provided by AID would have earned, a gratuity upon the termination of the technicians services, and tourist air fare from Zambia to Washington, D.C. Disbursements from the Trust Fund were to "be made by AID at its entire discretion" for support costs of American personnel (both direct hire and contract), salaries and other expenses of program personnel not of U.S. nationality, overhead costs of U.S. assistance programs, and local currency required in connection with participants, contracts, procurement, and other miscellaneous project costs. The agreement also provided that any balances remaining in the Trust Fund upon termination of the agreement or of United States assistance programs in Zambia, whichever was earlier, should be returned to the GRZ.

At the time of our review in October 1972, neither the U.S. Embassy in Lusaka nor OSARAC knew precisely how much money was currently available in the Trust Fund. The official accounting records for OSARAC are maintained in AID/Washington, and the latest report on the balance of the Zambia Trust Fund (U-106 Report) was for December 31, 1971, at which time the balance was Kwacha 74,868 (U.S. \$104,815). The U-106 Report is issued quarterly and should be transmitted to OSARAC for their use.

Recommendation No. 8.

AID/W. Controller (SER/FM/FSD) should transmit the U-106 reports to OSARAC on a quarterly basis.

Currently there are only two AID programs in Zambia -- the Southern Africa Refugee Education project (which terminates in June 1973), and a Special Self Help Development project administered by the U.S. Embassy. Neither of these projects incur costs which are eligible for payment from the Trust Fund. Several proposals for the use of the balance of the Trust Fund had been discussed between OSARAC and the U.S. Embassy, but at the time of our review they had not agreed on how the remaining funds should be used. During the past year separate agreements were negotiated between the U.S. Embassy and the GRZ to use Trust Fund money to pay part of the costs incurred by U.S. technicians in Zambia. Recently, the U.S. Embassy corresponded with the GRZ on other proposed uses of Trust Fund money, but each case requires a separate agreement.

Recommendation No. 9.

OSARAC, in conjunction with the U.S. Embassy in Lusaka, should negotiate with the GRZ to amend the Trust Fund agreement to use the remaining balance to support any U.S. assistance activities in Zambia.

Participant Programs

During our visit to OSARAC headquarters in Mbabane, we found that the Assistant Program Officer in charge of participant training was thoroughly knowledgeable about current AID activities in the training field. He maintained records on current participants, and recently prepared the annual U-418 Report (Returned Participants Follow-up Activities) and submitted it to AID/W, Office of International Training.

For the participants trained under prior bilateral AID assistance to Malawi and Zambia, we found that little information was available in either OSARAC or the U.S. Embassies of the two countries. AID Manual Orders are not clear as to who is responsible for follow-up on returned participants where there is no longer an AID Mission in the country, or the extent of follow-up required. This should be clarified.

Recommendation No. 10.

AID/W Africa Bureau should in conjunction with the Office of International Training (a) determine the degree of follow-up required for AID participants trained under prior bilateral assistance to Malawi and Zambia, (b) decide which element of U.S. representation in the applicable countries could best carry out the required follow-up activities, and (c) advise OSARAC and/or the U.S. Embassies of their determination.

ORGANIZATION AND MANAGEMENT

Personnel

At the time of our review the OSARAC staff consisted of seven U.S. direct hire officers, one U.S. direct hire secretary, one third country national accountant, and five local employees for a total staff of fourteen. In addition there were fifteen AID financed contractors assigned to projects within OSARAC's area of responsibility.

Administrative and Financial Support

Part of AID's purpose when the OSARAC office was established was to determine if a limited number of AID technicians would be able to manage a regional AID program in five countries, if the technicians obtained administrative and financial support from other U.S. government agencies in the area or from AID/Washington.

During our visits to the countries in the OSARAC area, we noted that AID personnel were not completely clear as to their responsibilities or the degree of coordination between AID and the Embassies for support functions. For example, accounting for AID owned non-expendable property was not being done by either OSARAC or the U.S. Embassies. During discussions with the U.S. Embassy Administrative Officer for the three BLS countries, we were told that the Embassies were not accountable for AID property and would not be preparing the required AID reports. During our review the Embassy Administrative Officer stated that the AID and Embassy were not operating under a Consolidated Administrative Management Organization (CAMO) or a Joint Administrative Organization (JAO). He further stated that there were no written instructions or guidelines from the U.S. Embassy in Pretoria or from Washington.

relating to the services to be provided. In December 1972, a representative of the Field Services Division (FSD) of the AID/W Controller's Office told us that a general agreement had just been made between AID and the Embassy Administrative Officer for procedures on property, housing and support for AID operations.

Effective January 1971, the Controller functions for OSARAC which had been carried out by the OSARAC Controller in Lusaka, were transferred to AID/W. The maintenance of allotment accounts for the five countries, the recording of obligations, expenditures and related financial transactions, and the preparation of financial reports were assumed by the AID/W Controller's office. We found that there was a lack of timely financial information in OSARAC, and that interaction between OSARAC and the AID/W Controller was slow and cumbersome. We also found, as noted in the Trust Fund Section of this report, that AID/W was not transmitting all of the accounting reports to the field.

Prior to the issuance of our report, we discussed the administrative and financial problems of OSARAC with the Chief of FSD. He told us that his office was aware of some of these problems, and that they were presently considering assigning an additional man to the OSARAC staff to serve as Controller/Executive Officer.

We also reviewed available records at the U.S. Embassies in Zambia and Malawi for residual non-expendable AID property from the former bi-lateral AID program in those two countries. All AID property in Zambia had been properly disposed of or transferred. As of September 30, 1972, property valued at \$9,420 was still located at the Embassy in Malawi. Approximately \$8,500 of this property was in use by the Embassy and USIS, and the remainder stored in a warehouse. Much of the property was over ten years old; and as the cost of transportation to other posts would probably be excessive, it appeared unlikely that AID would have future use for it.

Recommendation No. 11.

OSARAC, in conjunction with the U.S. Embassy in Malawi, should arrange for the prompt disposition of the residual AID non-expendable property in Malawi.

Financial Status of the
AID Program in Southern Africa
As of September 30, 1972

(In Thousands)

<u>Project Title and Number</u>	<u>Obligations</u>	<u>Expenditures</u>	<u>Unliquidated Obligations</u>
<u>EDUCATION SECTOR</u>			
University of Botswana, Lesotho and Swaziland 690-11-660-004	\$1,708	\$ 751	\$ 957
Regional Testing Resources 690-11-680-005	933	674	259
Southern Africa Refugee Education (Nkumbi College) 698-11-690-635	1/ 6,695	6,501	194
690-11-690-034	300	-	300
Zomba University Dormitory 612-H-003	1,200	-	1,200
<u>AGRICULTURE SECTOR</u>			
Agriculture Development 612-11-110-134	2,440	2,440	-
Bunda Agricultural College 690-11-110-026	125	5	120
Agriculture Sector Loan Swaziland 698-H-010	2/ 2,200	250	1,950
Swaziland Rural Development 690-11-110-024	642	80	562
Botswana Abattoir Feasibility Study 690-12-150-027	51	43	8
Agricultural Surveys 690-11-120-029	9	9	-

Financial Status of the
AID Program in Southern Africa
As of September 30, 1972

<u>Project Title and Number</u>	<u>(In Thousands)</u>		
	<u>Obligations</u>	<u>Expenditures</u>	<u>Unliquidated Obligations</u>
<u>TRANSPORTATION SECTOR</u>			
Lake Shore Road			
612-H-002	2/ \$ 7,000	\$5,951	\$1,049
612-H-002A	1,200	-	1,200
Botswana-Zambia Transport Survey			
690-12-311-006	978	688	290
Botswana-Zambia Road Loan			
690-H-001	2/ 12,600	-	12,600
Malawi Lower Shire Roads			
690-12-310-028	10	6	4
<u>INDUSTRIAL SECTOR</u>			
Shashi Project Loan			
698-H-009	2/ 6,500	646	5,854
<u>POPULATION SECTOR</u>			
Maternal and Child Health/Family Planning Training			
690-11-540-032	510	-	510
<u>PUBLIC LAW 480 TITLE II</u>			
Lesotho - Catholic Relief Services (1971 Program \$1.7 million; 1972 Program \$1.4 million)	N/A	N/A	N/A
Malawi - Church World Services (1971 Program \$80,700; 1972 Program \$72,500)	N/A	N/A	N/A
Technical Support - OSARAC			
690-11-999-000	1,070	1,052	18
Total Active Projects	\$46,171	\$19,096	\$27,075

Financial Status of the
AID Program in Southern Africa
As of September 30, 1972

<u>Project Title and Number</u>	(In Thousands)		<u>Unliquidated Obligations</u>
	<u>Obligations</u>	<u>Expenditures</u>	
<u>Terminating and Completed Projects</u>			
<u>MALAWI</u>			
Operation Manpower Development 612-11-790-158	\$ 304	\$ 304	\$ -
Community Development 612-11-810-132	229	229	-
Mass Communications 612-11-960-149	1,051	1,050	1
Pre-Investment Survey 612-11-930-159	10	10	-
Rural Transportation Development 612-11-390-141	431	431	-
Malawi Polytechnic School 612-11-610-137	3,070	3,070	-
Statistical Development 612-11-780-139	911	899	12
Technical Support 612-11-999-000	580	580	-
<u>OSARAC</u>			
Francistown Teacher Training College 690-11-610-003	61	61	-
Regional Technician Training 690-11-620-008	49	48	1

Financial Status of the
AID Program in Southern Africa
As of September 30, 1972

<u>Project Title and Number</u>	(In Thousands)		<u>Unliquidated Obligations</u>
	<u>Obligations</u>	<u>Expenditures</u>	
<u>OSARAC (Cont.)</u>			
Improved Curriculum & Instruction 690-11-650-009	\$ 35	\$ 35	\$ -
Surveys & Feasibility Studies 690-15-995-011	40	40	-
<u>ZAMBIA</u>			
Agriculture Development 611-11-110-135	1,383	1,383	-
Key Personnel Training 611-11-610-147	267	267	-
Operational Personnel for GRZ 611-11-995-153	989	989	-
Technical Support 611-11-999-000	468	468	-
Total Terminated & Completed Projects	<u>\$ 9,878</u>	<u>\$ 9,864</u>	<u>\$ 14</u>
Total	<u>\$56,049</u>	<u>\$28,960</u>	<u>\$27,089</u>
Prior Audit Coverage		<u>14,676</u>	<u></u>
Current Audit Coverage		<u>\$14,284</u>	

- 1/ Latest Information Available in Nairobi March 30, 1972 W-203
2/ Latest Information Available in Nairobi August 31, 1972 W 743/1

AID Program in Southern Africa
Dollar Expenditures by Cost Category
Covered by Current Audit as of September 30, 1972

<u>Project Title and Number</u>	(In Thousands U.S. \$)				<u>Total Expenditures</u>
	<u>Personnel</u>	<u>Commodities</u>	<u>Parti- cipants</u>	<u>Other Costs</u>	
<u>EDUCATION SECTOR</u>					
University of Botswana, Lesotho and Swaziland 690-11-660-004	\$ 635 1/2	\$ 9 23 1/2	\$ 14 21 1/2	\$ 29	\$ 731
Regional Testing Resources 690-11-660-005	523 1/2	39 1/2	28 1/2	24 1/2	614
Southern Africa Refugee Education 698-11-690-635	666 1/2				666
<u>AGRICULTURE SECTOR</u>					
Agriculture Development 612-11-110-134	2 2/2 92 1/2 740	520 74 1/2	59 1/2 597	346 1/2 10	2,440
Bunda Agricultural College 690-11-110-026	5 1/2				5
Agriculture Sector Loan - Swaziland 698-H-010				250	250
Swaziland Rural Development 690-11-110-024	15 1/2 43	6	2	14	80

AID Program in Southern Africa
Dollar Expenditures by Cost Category
Covered by Current Audit as of September 30, 1972

<u>Project Title and Number</u>	(In Thousands U.S. \$)					<u>Total Expenditures</u>
	<u>Personnel</u>	<u>Commodities</u>	<u>Parti- cipants</u>	<u>Other Costs</u>		
<u>AGRICULTURE SECTOR (Cont.)</u>						
Botswana Abattoir Feasibility Study 690-12-150-027	\$ 43 <u>1/</u>	\$	\$	\$	\$	43
Agricultural Surveys 690-11-120-029	2 <u>2/</u> 7 <u>1/</u>					9
<u>TRANSPORTATION SECTOR</u>						
Lake Shore Road Loan 612-H-002	1,050 <u>1/</u>	3,529 <u>1/</u>				4,579
Botswana-Zambia Transportation Survey 690-12-311-006	688 <u>1/</u>					688
Malawi Lower Shire Road Survey 690-12-310-028	6 <u>1/</u>					6
<u>INDUSTRIAL SECTOR</u>						
Shashi Project Loan 698-H-009	-	-	-	646 <u>1/</u>		646

AID Program in Southern Africa
Dollar Expenditures by Cost Category
Covered by Current Audit as of September 30, 1972

<u>Project Title and Number</u>	(In Thousands U.S. \$)				<u>Total Expenditures</u>
	<u>Personnel</u>	<u>Commodities</u>	<u>Parti- cipants</u>	<u>Other Costs</u>	
<u>OTHER</u>					
Technical Support 690-11-999-000	\$ 7 2/ 20 1/ 403	\$ 35	\$ -	\$ 192	\$ 657
Total Active Projects	<u>\$4,947</u>	<u>\$ 4,235</u>	<u>\$ 721</u>	<u>\$1,511</u>	<u>\$11,414</u>
<u>Terminating and Completed Projects*</u>					
<u>MALAWI</u>					
Operation Manpower Development 612-11-790-158	\$ 30 1/ 14	\$	\$ 91	\$	\$ 135
Community Development 612-11-810-132	44	18	58		120
Mass Communication 612-11-960-149	20 347 1/	199 6 1/	122	31 1/	725
Pre Investment Survey 612-11-930-159	10 1/				10
Rural Transportation Development 612-11-390-141	106 1/	,	60	31 1/	197

AID Program in Southern Africa
Dollar Expenditures by Cost Category
Covered by Current Audit as of September 30, 1972

<u>Project Title and Number</u>	(In Thousands U.S. \$)					<u>Total Expenditures</u>
	<u>Personnel</u>	<u>Commodities</u>	<u>Parti- cipants</u>	<u>Other Costs</u>		
<u>MALAWI (Cont.)</u>						
Malawi Polytechnic School 612-11-610-137	\$ 141 1/2	\$ 2	\$ 168	\$	\$	\$ 311
Statistical Development 612-11-780-139	1 1/2 192 2/35	11	110	8		357
Technical Support 612-11-999-000	7 1/2 433	30		110		580
<u>OSARAC</u>						
Francistown Teacher Training College 690-11-610-003				3 1/2		3
Regional Technician Training 690-11-620-008	42		6			48
Improved Curriculum & Instruction 690-11-650-009	35 1/2					35
Surveys and Feasibility Studies 690-15-995-011	40 2/3					40

AID Program in Southern Africa
Dollar Expenditures by Cost Category
Covered by Current Audit as of September 30, 1972

<u>Project Title and Number</u>	(In Thousands U.S. \$)				
	<u>Personnel</u>	<u>Commodities</u>	<u>Parti- cipants</u>	<u>Other Costs</u>	<u>Total Expenditures</u>
<u>ZAMBIA</u>					
Key Personnel Training 611-11-610-147	\$	\$	\$ 4	\$	\$ 4
Operational Personnel for GRZ 611-11-995-153	<u>305 1/8 2/</u>	<u> </u>	<u> </u>	<u> </u>	<u>305</u>
Total Terminating and Completed	<u>\$1,802</u>	<u>\$ 266</u>	<u>\$ 619</u>	<u>\$ 183</u>	<u>\$ 2,870</u>
Total	<u>\$6,749</u>	<u>\$4,501</u>	<u>\$1,340</u>	<u>\$1,694</u>	<u>\$14,284</u>

1/ Contract Reimbursements

2/ PASA Reimbursements

No Notation - Direct AID Reimbursements

* Examination Limited to Review of Necessity of the
Unliquidated Obligation Balance

AID PROGRAM IN SOUTHERN AFRICA
AID Financed Contractor Personnel
As of September 30, 1972

<u>Name</u>	<u>Position</u>	<u>Date of</u>	
		<u>Arrival</u>	<u>Departure</u>
<u>University of Botswana, Lesotho and Swaziland</u>			
<u>Project No. 690-11-660-004</u>			
<u>California State Polytechnic College</u>			
<u>Contract No. AID/afr-615 - Cost Reimbursement</u>			
J. Langford	Chief of Party (Gaborone)	9- 9-69	4- 2-71
M. Wilson	Short Course Ctr. (Gaborone)	9- 9-69	12-11-71
R. Collins	Media Specialist (Roma)	9- 9-69	9----71
J. Clines	English as a Second Language (Roma)	9- 8-69	9----71
L. De Bucy	Animal Husbandry (Luyengo)	9- 8-69	8-30-71
J. Crews	Soil Conservation & Irrig. (Luyengo)	10-22-69	4----72
<u>Trans Century Corporation</u>			
<u>Contract No. AID/afr-771 Task Order No. 5 - Cost Reimbursement</u>			
L. Hudson	(Mbabane)	1-26-72	*
G. Rohrman	Biology (Mbabane)	7-14-71	*
D. Gilles	Primary School Headmasters Course (Francistown)	1- 6-72	*
L. Poretta	" "	1- 6-72	*
P. Lardner	Biology (Gaborone)	7- 1-71	✓ *
T. Connell	Mathematics (Roma)	1-14-72	*
B. Mackenzie	Media Specialist (Roma)	9- 4-72	*
<u>Regional Testing Resource and Training Center</u>			
<u>-Project No. 690-11-680-005</u>			
<u>American Institute for Research</u>			
<u>Contract No. AID/afr-668 - Cost Reimbursement</u>			
E. Wright	Chief of Party	10-21-69	7-15-72
P. Cook	Educational Psychologist	12-12-69	4-15-72
		5-15-72	*
R. Johnson	Educational Psychologist - Computer Specialist	12-17-69	12-17-71
J. Snider	Chief of Party	5-10-72	*
C. Snyder	Psychometric Specialist - Research	6- 1-72	*
J. Collins	Computer Specialist	12-12-71	*

AID PROGRAM IN SOUTHERN AFRICA
AID Financed Contractor Personnel
As of September 30, 1972

<u>Name</u>	<u>Position</u>	<u>Date of</u>	
		<u>Arrival</u>	<u>Departure</u>
<u>American Technical Assistance Corporation</u> <u>Contract No. AID/afr- - Cost Reimbursement</u>			
C. Thompson	Project Evaluator	9-11-72	*
R. Sharp	Project Evaluator	9-11-72	*

Regional Education Training - Nkumbi College
Project No. 698-11-690-635

African American Institute
Contract No. AID/afr-28, 225 & 538 Task Order No. 3 - Cost Reimbursement

J. Allen		7-69	8-26-71
A. Brickerhoff		7-69	7----71
U. Bell		7-68	7----70
G. Campbell		7-69	6-30-71
M. Campbell		7-69	6-30-71
W. De Vere		4-68	6-30-71
P. Freund		3-69	4----70
L. Ferreira		7-69	7----71
N. Grayson		7-69	4----70
M. Harlow		7-69	7----70
S. Kalt		7-69	7----71
D. Lemons		5-69	4----71
J. Williams		11-65	6-30-70
R. Harmon		8-69	6----71
F. Nowlin		8-69	7-31-71
M. Nowlin		8-69	7----70

Swaziland Rural Development
Project No. 690-11-110-024

Personal Services Contract

C. Zwart	Equipment Shop Foreman	5-15-72	*
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AID PROGRAM IN SOUTHERN AFRICA
AID Financed Contractor Personnel
As of September 30, 1972

<u>Name</u>	<u>Position</u>	<u>Date of</u>	
		<u>Arrival</u>	<u>Departure</u>
<u>Botswana Abattoir Feasibility Survey</u> <u>Project No. 690-12-150-027</u>			
<u>Experience Incorporated</u> <u>Contract No. AID/afr-829 - Cost Reimbursement</u>			
M. Conn	Project Coordinator and Marketing Specialist	1- 6-72	2- 8-72
L. Murphy	Abattoir Operations Specialist	1-13-72	2- 8-72
P. Speer	Abattoir Design Specialist	1-13-72	2- 8-72
R. Anderson	Livestock Production Specialist	1- 6-72	2- 8-72
P. Hasbargen	Livestock Economist	1-24-72	2- 9-72
<u>Lower Shire Road Surveys</u> <u>Project No. 690-12-310-028</u>			
<u>Personal Services Contract</u> <u>AID/afr-842</u>			
P. Banner	Economist	4- 2-72	5- 1-72
<u>AID/afr-840</u>			
C. Joyce	Road Engineer	4- 1-72	5- 1-72
<u>Maternal and Child Health - Lesotho</u> <u>Project No. 698-11-580-358</u>			
<u>University of California</u> <u>Contract No. AID/afr-799 - Cost Reimbursement</u>			
P. Goodale	Public Health Nurse	3- 1-72	*
S. Fong	Public Health Educator	3- 1-72	*

AID PROGRAM IN SOUTHERN AFRICA
AID Financed Contractor Personnel
As of September 30, 1972

<u>Name</u>	<u>Position</u>	<u>Date of</u>	
		<u>Arrival</u>	<u>Departure</u>
<u>Regional Organizations Development -</u> <u>Africa Cooperative Savings and Credit Association</u> <u>Project No. 698-11-995-154</u>			
<u>Credit Union National Association, Inc.</u> <u>Contract No. AID/afr-712 - Cost Reimbursement</u>			
R. Lowe		9-71	*
D. Moriarty		12-70	*

* On Board as of September 30, 1972.

1/ Previously in Country, date employed on AID contract

EXHIBIT D

Distribution of Audit Report

	<u>Copies</u>
RDO, OSARAC	3
Director, REDSO/EA	2
U.S. Ambassador to Botswana, Lesotho and Swaziland	1
U.S. Ambassador to Malawi	1
U.S. Ambassador to Zambia	1
OSARAC Desk	1
PMCA/AFR	2
SER/MO/OO	1
TA/POP	1
SER/FM/FSD	2
SER/IT	1
Contracting Officer/AFR	1
AFR/CDF	1
IGA/W	1
AG/AUD	4
AG/IIS/Tunis	1
PMCA/FFP	5