



# EVALUATION LIMITED EXCESS PROPERTY PROGRAM

**April 2011**

This publication was produced for review by the Office of the United States Agency for International Development. It was prepared by Lowell E. Lynch, Consultant-Evaluator

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Number AID-OAA-O-10-00007  
Implemented by A + Government Solutions,  
1900 N Beauregard St # 105 Alexandria, VA 22311-1736  
Phone: +1 (703) 379-7772  
Fax: +1 (703) 379-7807  
[www.aplusgov.com](http://www.aplusgov.com)

FINAL REPORT

# EVALUATION, LIMITED EXCESS PROPERTY PROGRAM

April 2011

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The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

# ACRONYMS

DCHA	USAID's Bureau for Democracy, Conflict, and Humanitarian Assistance
FAA	Foreign Assistance Act of 1961 (as amended)
GSA	General Services Administration of the United States Government
LEPP	Limited Excess Property Program
NGO	Non-governmental organization
OAA	USAID's Office of Acquisition and Assistance in the Management Bureau
ODP	USAID's Office of Development Partners
OFR	Ocean Freight Reimbursement program
PVC	USAID's Private and Voluntary Cooperation Division of ODP
SO	Strategic Objective
SOW	Scope of Work
TDY	Temporary Duty trip
USAID	United States Agency for International Development
USG	United States Government

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# EXECUTIVE SUMMARY

USAID's Limited Excess Property Program (LEPP), which was authorized by the Foreign Assistance Act of 1961, as amended (FAA), has had considerable success in donating useful property to millions of needy people in developing countries, creating goodwill for the donors, strengthening USAID-PVO partnerships, and helping to usefully dispose of surplus USG property worth hundreds of millions of dollars. These benefits have far outstripped the costs

In August 2009 the Office of Development Partners (ODP) assumed responsibility for LEPP. Nine months later the contract for managing the program ended and ODP took over the full management of it. This began a "trial period for LEPP.

In June 2009, ODP solicited applications for a new round of LEPP. Fifteen new PVOs joined the 15 others who were grandfathered in. All will have to reapply for participation at the end of the trial period in March 2012.

During the trial period, ODP is assessing whether to contract out again for management of LEPP. The Office is also looking for other improvements to the program. The present evaluation will help inform senior management's decision-making on those two concerns.

The purpose of the evaluation is twofold: to inform decision-making about the future design and management of LEPP and to identify specific improvements that will better serve overall USAID policies, strategies, and programs. The scope of work for the evaluation calls for it to address seven sets of questions about LEPP:

1. To what extent are LEPP achievements consistent with FAA sections 607 and 608; why and how did any shortcomings occur, and what should be done to fix them; and what design changes, if any, should be made related to the specific goals of LEPP?
2. Do current monitoring and evaluation procedures provide sufficient accountability, and if not, what can USAID/Missions, PVO Partners, and USAID/W do to strengthen the procedures; and does the process of setting monetary ceilings for PVO partners need to be adjusted?
3. Does LEPP support USAID development objectives and initiatives and, if not, what should be done?
4. To what extent are current knowledge and perspectives about LEPP satisfactory within USAID/W, missions, GSA, and partner-PVOs?

5. How should the current LEPP management arrangements be changed, if at all?
6. Do the benefits of LEPP outweigh its management costs?
7. Where should responsibility be located within USAID?

The methodology for the evaluation called for it to be carried out in five weeks ending on April 18, 2011. It involved: collection, review, and analysis of documentation; telephone interviews, in-person meetings, and other consultations with individual PVOs, USAID staff, GSA and DOD personnel, and contacts with other individuals and organizations involved LEPP.

The evaluation found that, while LEPP has been largely successful overall in achieving the objectives stemming from FAA sections 607 and 608, there have been several shortcomings in the program. The main one, at least in recent years, is the program's failure to take full advantage of the forty-five million dollars worth of property statutorily available annually. To reverse LEPP'S decline in size, it is necessary to expand participation in the program by bringing in more partner-PVOs. One impediment to increasing the annual dollar value of the program is the difficulty PVOs have in finding and accessing the property they need quickly and efficiently. Several other problems in the system, including delays in accessing and moving property, meeting paperwork and procedural requirements, and finding help with shipping costs, have slowed progress.

**Recommendation 1:** ODP should continue its effort to bring additional PVOs into the LEPP fold by opening up the application process and publicizing the program within the PVO community; it should also keep paperwork and procedures streamlined; ODP should further take steps to ensure that partner-PVOs utilize their full LEPP allocations.

Another reason for the recent decline in property transferred is the introduction of additional, more rigorous requirements into the process of requesting LEPP property and getting approval for it. Some evaluation interviewees argued that the new application development, review, and approval process slowed down the transfer of property in the short term. However, the evaluation found that regularizing the process will be beneficial even in the short term. Most of the partner-PVO representatives agreed with putting the application process on a regular schedule, as long as the requirements remain reasonable and simple. Several interviewees raised questions about the emphasis on competition in the recent solicitation of applications.

**Recommendation 2:** ODP should establish a regular schedule for the approval process, with program approvals granted on a multi-year basis; the

documentation requirements should be kept simple and straightforward; and there should be no competition until the program gets to the \$45 million ceiling.

Another LEPP shortcoming has been lax monitoring and accountability; procedural and documentation requirements have not always been followed. There has been no evidence of serious waste, fraud, or abuse in the program. Any shortcuts around the regulations seemed to be judicious, expeditious and effective. Also, responsibility for the monitoring and accountability shortcoming seems to have been shared by all parties to LEPP.

**Recommendation 3:** The Agency should regularize and clarify LEPP policy, procedures, and documentation requirement; USAID should also issue an ADS chapter or a General Notice, or both, that clearly specifies roles and responsibilities.

A particularly important shortcoming in LEPP has been the failure to ensure that the FAA section 607(c) determination is properly made for every country to which PVOs intend to provide LEPP property. USAID's General Counsel (GC) has been working closely with ODP staff, to remedy this shortcoming. Some interviewees have proposed that USAID/W be responsible for the 607(c) determination, instead of the missions. The evaluation's findings do not support this proposal.

**Recommendation 4:** ODP should take the evaluation interviewees into account in continuing its effort to reform the 607(c) determination process. ODP should give serious consideration to revising the 607(c) process, possibly having the Office get more involved in the determination, along the lines suggested by several of the evaluation interviewees.

The evaluation found that dollar ceilings for individual PVOs have largely been arbitrary but relatively easy to get raised. Interviewees tended to agree that establishing annual, but flexible, ceilings – or, better, “allocations” – was useful. Ceilings will not become problematic until the program reaches its \$45 million dollar program limit.

**Recommendation 5:** ODP should establish a modest allocation, of say a million dollars, for new partner-PVOs, and at least two million dollars for established partner-PVOs. Higher levels should be granted on the basis of performance.

The evaluation found that LEPP is not a suitable development tool for USAID, and it would be unwise to attempt to turn it into one. The unreliability of the supply of the property renders LEPP unsuitable as a development instrument. Another finding of the evaluation in this regard is that encouraging partner-PVOs and missions to take do-no-harm concerns into account in LEPP operations would be worthwhile. The evaluation also concluded that LEPP and its accomplishments should be better publicized.

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**Recommendation 6:** The Agency should promote LEPP as a tool for providing humanitarian aid, rather than development assistance, and not try to force it into USAID development strategies and initiatives. The Agency should encourage capitalizing on the benefits humanitarian aid programs can offer, through fostering partnerships and creating goodwill for USAID, the USG, and the PVOs. The PVOs should be asked to include media events and possibly branding in their LEPP activities, in order to publicize the program.

The evaluation found that there is a current lack of awareness about LEPP within USAID and the State Department and little knowledge of it in the PVO community at large. Much of the knowledge that does exist has to do with logistics, procedures and processes, rather than programmatic substance.

**Recommendation 7:** ODP should undertake an effort to raise awareness of LEPP, particularly within USAID, but also among State, the PVO community, and the American public. It should advise missions of the possibility of directly using LEPP property for both their humanitarian and development assistance activities.

Another finding of the evaluation is that the Agency should contract out again for the day-to-day management of LEPP. The former contract was one of the key reasons for the program's success. For USAID to attempt to provide the same level of services in-house would be neither cost-effective nor a good use of low personnel ceilings.

**Recommendation 8:** USAID should again outsource the day-to-day management of LEPP through a contract.

LEPP has yielded considerable benefits, through the humanitarian assistance it has provided, the positive effects it has had on the image of USAID, the U.S., and the partner-PVOs, the partnerships it has strengthened, and the amount of excess property it has helped dispose of usefully. Those benefits have far outweighed LEPP's modest costs to USAID.

**Recommendation 9:** Since the benefits of USAID's Limited Excess Property Program greatly exceed its cost, the program should continue.

A reorganization involving ODP that is underway has prevented this evaluation from coming to a firm conclusion about where management responsibility for LEPP should be located within USAID. However, the evaluation has found that transferring the program to ODP and housing it there made sense, at least as an interim arrangement, and there are several other compelling arguments for keeping LEPP in that Office.

**Recommendation 10:** Depending on the outcome of the ongoing reorganization involving ODP, responsibility for managing LEPP should remain with ODP.

# 1. INTRODUCTION

The Limited Excess Property Program (LEPP, or “the program”) of the United States Agency for International Development (USAID, or “the Agency”) began operating in its current form in 1987. LEPP’s legislative authority stems from the Foreign Assistance Act of 1961, as amended. Sections 607 and 608 of that legislation, as translated into action, authorize USAID to provide private voluntary organizations (PVOs) access to excess property of the Federal government for their programs of international humanitarian and development assistance. In its early years, the program operated as a revolving fund that purchased and renovated excess property for a fee. The Agency changed it in 1987 to a no-fee program in which USAID transfers as-is, where-is property to PVOs for use in their programs and projects overseas after any necessary reconditioning. Since this change took place, the program has transferred between fifteen and 35 million dollars’ worth of excess USG property annually. LEPP is, however, authorized to transfer up to \$45 million worth of excess property per year.

The General Services Administration (GSA) is statutorily constrained to transferring excess property only to other United States Government (USG) agencies. USAID is the federal agency authorized to transfer USG excess property to private entities. It exercises that authority through LEPP.

# 2. BACKGROUND

In August of 2009, the Agency moved responsibility for the Limited Excess Property Program from the Management Bureau’s Office of Acquisition and Assistance (OAA) to the Private Voluntary Cooperation division of the Office of Development Partners (ODP/PVC). In May of 2010, USAID began performing the day-to-day management of the program in-house, rather than through outsourcing, in order to conduct an internal evaluation of LEPP procedures and to ensure that it was being effectively run. Thus began the so-called “trial period” for the program.

A key part of the trial period was USAID’s June 2010 solicitation of applications from PVOs requesting approval to participate in LEPP. The solicitation required that the application contain fuller explanation of the PVO’s proposed program, including details about uses of the property and linkages to larger development objectives. As a result of this process of soliciting, reviewing, and approving applications for participating in LEPP, fifteen new organizations were able to join the program, bringing the overall number of participating PVOs to thirty. All previous partner-PVOs were grandfathered into the program, with the stipulation that they will have to re-apply at the end of the trial period, currently slated for March 2012.

Review of the program during its trial period has led to a streamlining of LEPP paperwork and procedures, along with a tightening of management and oversight

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processes, including those by which the USAID in-country offices (“missions”) overseas meet the program certification requirement in the authorizing legislation. ODP senior management is actively considering contracting program administration out again to an 8A small business by the summer of 2011 and mandating other changes to improve the management and implementation of LEPP. This evaluation is to further inform that decision.

## 3. PURPOSE, SCOPE, AND METHODOLOGY

The present evaluation stems from the interest of USAID, and particularly its Office of Development Partners, in determining whether the Limited Excess Property Program’s current management arrangements, program design and performance, policies and procedures, and relationship to Agency priorities are optimum for achieving the LEPP goals. ODP intends for that determination to inform its decisions about improvements to make in connection with the program’s “trial period” results.

### PURPOSE

The express purpose of this evaluation of the Limited Excess Property Program is twofold: first, to inform decision-making about the future design and management of the program; and, second, to identify such specific improvements as will better serve overall USAID policies, strategies, and programs. The scope of work for the evaluation specifies that it should lead to recommended changes in program policy, strategy, objectives, and methods.

### SCOPE

Specifically, the evaluation is to answer the following SOW questions, with particular reference to the Foreign Assistance Act of 1961, as amended (the acronym for which is FAA), which is the foundational document for LEPP:

1. Are LEPP achievements consistent with the objectives reflected in sections 607 and 608 of the FAA?
  - If achievements fall short or are inconsistent with any of the Act, have any of the shortcomings or inconsistencies negatively or positively impacted LEPP effectiveness? If so, how and why have these impacts occurred?
  - If achievements have fallen short or are inconsistent with any of the requirements in the FAA, have any steps been taken to correct these inconsistencies? If so, what steps? If not, what steps need to be taken?
  - Would different RFA goals, objectives, and emphases lead to more appropriate and significant achievements in the context of the FAA? If so,

what changes should be made in the design of the program moving forward?

2. Through the time of the evaluation, have program procedures mirrored all the steps set out in the FAA and provided sufficient accountability for USAID, PVO, and other USG partners?
  - Do current monitoring and evaluation procedures provide sufficient accountability as to the need, use, maintenance, and residual value of USG property, ensuring that it does not reflect unfavorably on the image of the United States? If not, what are some recommendations for strengthening said procedures for USAID/W, PVO partners, and USAID missions?
  - Do current monetary ceilings for PVO partners accurately reflect an emphasis on Agency objectives and support the efficiency and effectiveness of the program? If not, what adjustments should be made?
3. To what extent does the LEPP program support overall USAID and USG development objectives abroad? Are there recommendations on ways in which the program can be designed to better support Agency objectives?
4. To what extent do current knowledge and perspectives concerning LEPP, particularly within USAID/W, missions, GSA, and partner-PVOs, accord with the objectives set forth in FAA sections 607 and 608?
5. Assess ODP's management of LEPP and examine whether the benefits received by in-sourcing the program are commensurate with the costs incurred.
  - Provide cost-effectiveness data to inform senior management's decision on whether ODP should continue directly managing the program or contract with an outside source.
6. FAA sections 607 and 608 authorize USAID to operate the Limited Excess Property Program but do not mandate that the Agency do so; therefore, assess whether the program's benefits, both to recipient organizations and to the Agency, justify its costs.
7. Based on the nature of the program, provide a recommendation on the appropriate location within USAID for the management of LEPP.
  - Analyze the current situation within ODP/PVC, as well as the M/OAA/Transportation Division currently managing the Ocean Freight Reimbursement and Denton Programs, and any other pertinent USAID divisions

## **METHODOLOGY**

The scope of work stipulated that the evaluation was to be carried out by one consultant-evaluator in 28 working days during the period of March 7 to approximately April 18, 2011. The design and methodology, as specified in the scope of work, called for the evaluation to be conducted in three “approach phases.”

**Phase One—Preparation and Document Research.** This first phase included review of the basic documents for LEPP, individual applications, and agreement letters. It also entailed collection of specific data, documents, and other material from individual partner-PVOs, USAID/W offices, and missions, and initial review of the documentation collected. This first phase further involved the formulation of a work plan for the evaluation and the preparatory development of plans, schedules, and arrangements for meetings, conference calls, and telephone interviews, and for the overseas field work.

**Phase Two—Domestic Research.** This phase consisted of telephone interviews, in-person meetings, and other consultations with individual PVOs, USAID staff, GSA and DOD personnel, and contacts with other individuals and organizations directly associated with LEPP or knowledgeable about it. The collection and review of documentation that began in phase one continued during this second phase, as did the preparations for the two-country TDY.

**Phase Three—Overseas Field Work.** During this phase of the evaluation, the consultant-evaluator visited two select countries, Guatemala and Nicaragua, to assess LEPP implementation activities. Appendix A of this report contains the schedules for the visits to the two countries. The visits included meetings and telephone conversations with PVO staff, USAID mission officers, and other individuals and organizations with contributions about LEPP to offer for the evaluation. In-country travel to sites that have received LEPP property was also a part of the visits. The results of the first two phases of the evaluation helped to inform the selection of the two countries and the in-county sites to be visited.

**Phase Four—Analysis and Final Documentation.** The final phase of the evaluation involved the completion of the analysis of the findings from the data and other information gathered from the documentation reviews, interviews, meetings, consultations, and visits, and the formulation of the evaluation’s conclusions and recommendations. Phase four also included the preparation and presentation of the final report by the consultant-evaluator.

# 5. OVERALL FINDINGS AND CONCLUSIONS

The organization of this section of the evaluation report follows the order of the seven questions specified in the scope or work and laid out in section III-A above. It should be noted that this section may appear to deal only with LEPP in countries that have USAID missions. In general, however, the findings, conclusions, and recommendations also apply to cases where LEPP is active in countries that have no mission and where, therefore, the U. S. embassy is responsible for performing the in-country program functions.

## **ACHIEVEMENTS AND SHORTCOMINGS**

The Limited Excess Property Program has been largely successful overall in achieving the objectives stemming from its authorizing legislation, sections 607 and 608 of the Foreign Assistance Act of 1961, as amended. The benefits it has yielded include: providing upwards of a half billion dollars of useful property to millions of needy people in developing countries since 1987; improving the image abroad of USAID, the US government, and the PVOs; strengthening partnerships between USAID, more than forty PVOs, and countless community-based organizations in developing countries; and helping to usefully dispose of tens of millions of dollars' worth of surplus USG property annually that otherwise might well have been scrapped or sold for cents on the dollar. These programmatic benefits of LEPP have far outweighed the costs, as is discussed in section IV-F below.

This evaluation found that LEPP's main shortcoming, at least in recent years, in relation to FAA objectives is the fact that the program has failed to take full advantage of the forty-five million dollars' worth of property statutorily available annually. In fiscal year 2009, the value of the excess property transferred to both PVO partners and USAID missions through LEPP totaled \$25.7 million. Last fiscal year (2010), the amount of LEPP property transferred fell to \$15.9 million. In earlier years, the value of the program has seldom exceeded \$35 million. The impact of this shortcoming is that LEPP has not delivered all the benefit it could have, and that the FAA seemed to anticipate, as the program's impact is so heavily dependent on the amount of property delivered.

The first and foremost corrective step necessary to reverse LEPP'S decline in size is to expand participation in the program. One way to achieve the expansion of LEPP is to bring more partner-PVOs into the program. Only seven PVOs participated in the program in FY 2009. The number increased by one in FY 2010. ODP, to its credit, has made a good start at increasing participation, by soliciting and approving 15 new entrants' applications in 2010. However, more could - and should - be done to promote

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LEPP within the PVO community at large, among missions, and with the State Department and its embassies in developing countries, so that both new and existing participants will request and deliver more property. For another means of expanding LEPP is to do everything possible to induce the program's participants to reach their individual dollar ceilings each year.

One impediment to increasing the annual dollar value of the program, which most of the partner-PVOs interviewed as part of the evaluation process cited, is the difficulty inherent in the system for PVOs to find and access the property they need quickly and efficiently. ODP has introduced improvements designed to address this set of difficulties, including automating key parts of the system and providing training for PVOs, both experienced and not, on procedures and processes. Some partner-PVO representatives interviewed felt that the problem is somewhat outside USAID's control, having to do with communications between and within other agencies involved. Those interviewees said that closer coordination among everyone involved with LEPP might help address that part of the problem.

Several interviewees observed that many of the problems in the system, including delays in accessing and moving property, meeting paperwork and procedural requirements, and finding help with shipping costs, could be solved, or at least alleviated, if USAID were to again contract out for the day-to-day management of LEPP, as recommended in section IV-E below. Others pointed to the need for better oversight and direction of the program.

### **Recommendation 1**

ODP should continue its effort to bring additional PVOs into the LEPP fold by opening up the application process and publicizing the program within the PVO community. ODP should also take steps to ensure that partner-PVOs, both longtime participants and new entrants, utilize their full LEPP allocations (their dollar-value ceilings) annually, by: encouraging partner-PVOs to implement their individual programs promptly and fully, providing them help (preferably through outsourcing again) in finding and transferring the property they need, ensuring that paperwork and procedures are kept streamlined, and assisting the partner-PVOs in lining up financial help with shipping costs, to the extent possible.

Several PVO representatives interviewed as part of this evaluation speculated that one of the reasons for the recent decline in property transferred is the introduction of additional, more rigorous requirements into the process of requesting LEPP property and getting approval for it. One example cited is the solicitation of applications exercise that ODP conducted in the summer of 2010. Whereas the ultimate results of that exercise are likely to be that, once the new partner-PVOs brought into the program become fully operational, the amount of LEPP commodities transferred will increase significantly, some of the interviewees argued, the application development, review, and approval process slowed down the transfer of property in the short term.

Based on interviews with a wider range of people involved in LEPP, however, the evaluation found that regularizing the process will pay dividends even in the short run, yielding improvements in management, accountability, and program quality, without necessarily slowing down implementation. To prevent adverse effects on program size, at least in the short term, it will be important, as several interviewees pointed out, to keep the process simple and the requirements reasonable. There is a danger, they argued, that the Agency will pile on too many requirements, particularly regarding descriptions of how the partner-PVO's proposed LEPP project relates to USAID's initiatives and strategies, which this report discusses more fully in section IV-C below. These interviewees expressed fears that the process might unjustifiably become too much like that of the Ocean Freight Reimbursement (OFR) program, or even that for development assistance.

A few interviewees cited the prospect that the management burden of the LEPP program might outweigh its benefits. One partner-PVO representative raised this concern in relation to the fact that the cost of reconditioning and transporting LEPP property can sometimes threaten to exceed their value. If other costs of managing the program, such as additional staff time, become too high, they can tip the balance toward rendering the program no longer worth it to the PVO. Similar concerns about increased management costs versus static benefits face many missions, particularly those where USAID is focusing on building the technical expertise and capacity of the host governments so that they can address the development issues on their own, and where the bilateral relations are being transformed from that of a donor-recipient relationship to a peer-to-peer relationship. This is particularly true for LEPP activities involving a large number of geographically dispersed end-users that the mission has no contact with in the normal course of its regular program implementation.

Most of the partner-PVO representatives interviewed did not have any objection to putting the application submission, review, and approval process on a regular schedule, as long as the requirements remain reasonable and simple. Many interviewees felt that such a change would be an improvement over the sort of rolling, ad hoc process followed until recently, although some argued that there should be exceptions allowing emergency and possibly other urgent requests for LEPP commodities to be approved mid-cycle.

Several interviewees raised questions about the emphasis on competition in the recent solicitation of applications. The evaluation found that there is no need for a competitive application process until annual levels of the program begin to reach the \$45 million ceiling. Once that happens, the Agency might even want to seek legislative relief from Congress for a higher ceiling.

## **Recommendation 2**

ODP should establish a regular schedule for submission, review, and approval of LEPP applications. Approvals should be granted on a multi-year basis, for a

specific period of time, perhaps two or three years. The documentation requirements should be kept simple and straightforward, concentrating on: the needs to be served; the specific plans for meeting those needs; the PVO's capacity to implement its LEPP project, logistically, managerially, and technically; and the proposed arrangements for monitoring performance and reporting on it, along with a brief description of how the PVO will ensure that the property does no harm (see section IV-C below). The competitive element of the application process should be deemphasized until the program begins to reach the \$45 million ceiling.

A recent development that evaluation interviewees cited as a potential cause of the drop in LEPP levels is the additional attention ODP is paying to the FAA 607(c) certification. This report's next section (IV-B below) discusses that issue in detail.

### **MONITORING AND ACCOUNTABILITY – SECTION 607(C)**

Another LEPP shortcoming this evaluation found to be significant is that, before ODP took over management of the program, monitoring and accountability policies and practices were not satisfactory; procedural and documentation requirements have not always been followed to the letter of the law and regulations. There does not appear to have been any flouting of the procedural and documenting regulations. The two country visits revealed anecdotal indications of only a couple of minor irregularities.

In one case, a mission staff member visiting an end-user site reportedly observed some computer equipment lying on the floor collecting dust. The partner-PVO representative replied to the mission staffer's inquiry about it by saying the equipment was not in working condition when it arrived and was useless. The representative gave no indication that he intended to report the problem or take any other action. In another case, an end-user reportedly diverted a school bus from its intended purpose and used it instead as commercial transport, although it was not clear whether the diversion took place after the PVO's one-year accountability date had passed.

What was most surprising was that this evaluation did not uncover, in a single document or interview, any evidence of serious waste, fraud, or abuse in the program, let alone any kind of public scandal. It rather seems that any shortcuts around the regulations were taken judiciously with the best of intentions, to ensure that LEPP implementation was expeditious and effective without incident.

Also, responsibility for the monitoring and accountability shortcoming seems to have rested with not just one party to LEPP, but with the contractor, USAID, and the partner-PVOs equally. The evaluation found that USAID/W has not given adequate policy and regulatory direction to the other parties, the contractor was not sufficiently attentive to the requirements, the missions have been unclear about their oversight obligations or (somewhat understandably) have not been aggressively carrying them out, and the PVOs have also either not been sure about their responsibilities in this area or not disposed to meet them. A common interview comment was that it would be easier for

missions trying to support LEPP if ODP itself were to give specific instructions to the participating PVOs regarding FAA section 607(c) documentation requirements.

### **Recommendation 3**

The Agency should regularize and clarify LEPP policy, procedures, and documentation requirements. ODP has commendably already started to do so, by developing a reformed process, including a new form, for the FAA section 607(c) determination and by announcing the office's intention to issue an ADS chapter on LEPP. The LEPP program, including the process for 607(c) determinations, needs to be well defined through the The guidance needs to deal clearly and explicitly with required host government approvals, customs clearances, tax exemption, local transport and storage, monitoring, publicity, dispute resolution, and other implementation details.

A particularly important aspect of this shortcoming in the program's recent performance has been the failure to ensure that the determination required by FAA section 607(c) is properly made for every country to which PVOs intend to provide LEPP property. The so-called 607(c) certification process (actually, what is required of the mission is a determination, rather than a certification) has become an increasing issue, now that ODP has begun trying to improve the document and procedure. Several missions have raised questions and expressed concerns about the prospective improvements. One such issue they have raised is the challenge of determining that the property the LEPP partner-PVO hopes to provide will meet the third 607(c) criterion ("that the residual value, serviceability, and appearance of such property would not reflect unfavorably on the image of the United States and would justify the costs of packing, crating, handling, transportation, and other accessorial costs, and that the residual value at least equals the total of these costs") before the actual property is available. A lawyer from USAID's Office of the General Counsel (GC) has been working closely with ODP staff, along with several missions, in an effort to ensure that the certification process satisfies the legal requirements and promotes effective program oversight without overburdening the missions or any other party involved with LEPP.

One mission observed that all requests for 607(c) determinations from the PVOs should address the following considerations.

- (a) The need for and suitability of the property to be donated: If possible, the PVO should provide specific information on the types and quantities of each item it intends to supply. If the PVO is unable to provide this level of detail, then at minimum it should be able to provide the maximum amount that it would supply of each category of item per container.
- (b) The status and responsibility of each field recipient (or "end-user", in 607 parlance) and its ability to use and maintain the acquired property effectively. This should include information on the nature and length of the PVO's relationship with each end-user organization.

- (c) The shipments: Prior to sending individual shipments, the PVO should provide the mission with a detailed shipping list, along with an inspection sheet demonstrating that the appearance, serviceability, and residual value of such property will not reflect unfavorably on the image of the United States.
- (d) Mission oversight: A meeting between the mission and field recipient representatives should be encouraged so that the mission has a better understanding of the recipient's programs. Mission representatives may also need to visit the sites that would be receiving property under the program, and the PVO should, therefore, provide relevant contact information for its field representatives.

The findings of the evaluation support these observations.

The same mission commented that official LEPP guidance needs to address cases where, for example, because of the number and location of end-user sites, mission personnel will be unable to do any significant independent verification of end-user capacity. If the Agency wants to support LEPP donations in these cases, the PVOs should be required to certify as to the three basic elements of the 607(c) finding, so that the Agency would have recourse if the information proves unreliable. Mission Directors are understandably hesitant to make a statutory determination based on information supplied by an interested party that the Mission cannot independently verify.

Some missions have suggested that all PVO requests for 607(c) determinations be addressed to ODP, rather than going directly to the missions, which may have little knowledge of the activities. ODP would then forward to the missions only those requests that pass its own rigorous vetting process.

Several missions have proposed, as an alternative, that ODP be delegated the authority to make the formal 607(c) determinations, based on documentation supplied by the PVO, perhaps with a non-objection review at the field level. One mission commented that in some instances, or perhaps many, the 607(c) determination would have to be made on the basis of documentation alone. The documentation would be supplied by the PVO, because the availability of mission staff to travel to distant outposts to visit end-use beneficiaries is severely limited. This might change as the Agency rebuilds its staff, but at present it is a serious constraint.

As an example, one proposed LEPP donation for India involves 14 beneficiary hospitals and clinics all around the country, about which the mission has no knowledge. Mission staff can easily meet with the partner-PVO's representatives in Delhi (assuming they have representation in-country), but it would take many hours or days by plane and car to visit the end-user sites, and USAID/Delhi currently lacks the necessary staff to do so. The mission's strategic development program is geographically concentrated, in part because of these resource constraints—and mission officers still have tremendous difficulty getting away from their desks and into the field for site visits.

This argument continues with the assertion that, if the 607(c) determination is to be based on documentation alone, it might just as well be done by ODP as by the mission. The field could certainly weigh in and advise ODP if there were contrary or negative information, but it would be asking a lot of the Mission Director to make a positive determination in this situation. This observation would seem to have particular relevance to LEPP projects in countries which have no USAID missions, in which case it is currently the responsibility of the U. S. embassies to make the determination. The comment concludes that, in any case, the guidance needs to address this case clearly, and that perhaps the Agency or ODP will decide that it does not want to promote LEPP in cases where the mission cannot visit the end-user sites and make a clear positive finding.

The evaluation did not find compelling arguments for delegating 607(c) authority to ODP. The evaluation's conclusion is that that only the missions would be in a position (literally) to confirm that the 607(c) criteria would likely be satisfied by the PVO's LEPP project in the country. Even if mission staff were not able to do on-site verification for 607(c) purposes, their intimate familiarity with the country, its development and humanitarian needs, the social and economic situation, and with other local considerations would stand the mission in much better stead than ODP to make the determination. However, it might be useful for ODP to play more of a role in the process, such as initially screening evidence for the determination submitted by the PVO. This may be particularly true for LEPP activities in countries where there is no USAID mission.

#### **Recommendation 4**

In continuing its effort to reform the 607(c) determination process, ODP should carefully take into account the suggestions, observations, and comments presented in this section. The new ADS chapter and other guidance should provide details about information on the documentation required in support of the determination, such as concrete evidence, if not actual certification, of the capacity of the partner-PVO and the end-user(s) to satisfy the three 607(c) criteria. The guidance should also give detailed direction on: how to deal with the inherent uncertainties in the program; what information is required on the partner-PVO and the end users; and the kinds and numbers of contacts required between the mission and the partner-PVO. ODP should give serious consideration to revising the 607(c) process, possibly having the Office get more involved in the determination, along the lines suggested by several of the evaluation interviewees.

The evaluation found that, until recently at least, dollar ceilings for individual PVOs have largely been arbitrary. Perhaps the saving grace, in terms of expending property transfers, has been that it was relatively easy to get the ceilings raised. None of the evaluation interviewees reported any cases of their LEPP ceilings being an impediment to program implementation.

Several interviewees agreed that establishing annual ceilings was useful, provided USAID continues to be flexible about them. It seems that giving PVOs an annual dollar-value “quota” for LEPP property could serve as much as a kind of target for them to try to hit as a ceiling. The label might even be changed from “ceiling” to “allocation.” Several interviewees also shared the view that the height of the ceiling (or allocation) should be set on the basis of track records, with experienced partner-PVOs having higher ceilings than newer ones. Finally, it is worth noting that the individual partner-PVO ceilings will not become a serious problem until the program begins to approach the current \$45 million program limit.

## **Recommendation 5**

ODP should establish a modest allocation - say a million dollars - for new partner-PVOs, gradually raising it as the PVO demonstrates its ability to carry out the program successfully. More established partner-PVOs should receive allocations of at least two million dollars, with higher levels being granted on the basis of performance.

## **LEPP AND USAID’S OBJECTIVES**

It is the finding of this evaluation that LEPP is not a suitable development tool for USAID, and it would be unwise to attempt to turn it into one. LEPP is essentially a humanitarian assistance program, and it can be a highly effective one. Although in certain exceptional circumstances LEPP can contribute marginally to development, the unreliability of the supply of the property renders it unsuitable for the kind of carefully formulated, planned, and implemented development projects that USAID designs and implements. There was nearly universal agreement among the evaluation interviewees, across PVOs, missions, and other involved organizations, with this finding.

By its very nature, LEPP is fundamentally a surplus disposal program. It is supply-driven, like food aid. As numerous interviewees noted, unpredictability and undependability of supply are inherent in LEPP, and to a much greater degree than in food aid. Also, LEPP doesn’t deal in the large volumes that food aid does, making LEPP even less promising as a development tool.

An example of LEPP’s supply problem, in terms of its being a dependable tool for development, is that the condition of the property as listed by the holding agency is not always accurate. Evaluation interviewees volunteered that some promising ways to deal with this undependability constraint would be to have pictures of the property posted on the GSA and DOD websites as a regular practice, or to provide inducements to the partner-PVOs routinely to inspect the property at the holding facility. They usually added, however, that this would go only so far in improving the dependability of LEPP supplies.

The program’s unpredictability is exemplified by the fact that the kinds of property available through LEPP can vary significantly from one period to the next: last year

mobile x-ray machines may have been available, whereas this year they are not. The best – if not only – way to deal with the unpredictability problem is to treat LEPP as an opportunistic program that offers a wealth of property, albeit somewhat irregular in availability and quality, and exploit its potential to the fullest with an agile, flexible, and resourceful approach. LEPP can best serve USAID's interests if the Agency makes every effort to maximize the program's inherent potential, for providing humanitarian assistance, enhancing the image of USAID and the U.S., strengthening USAID-PVO partnerships, and helping to usefully dispose of surplus Federal government property.

Any initiative to further tap LEPP's inherent potential and its prospective contribution to USAID should begin with an effort to ensure that the property donation does no harm, including to development – which it does not: act as a disincentive to local productivity by distorting markets; create a dependency syndrome; or undermine other USAID programs and similar development efforts in-country. The evaluation found little reason to believe that a rigorous do-no-harm analysis and planning procedure should be put in place for each LEPP agreement, but encouraging partner-PVOs and missions to take such concerns into account in LEPP operations would seem to be worthwhile.

The next level of considerations the initiative should address, as discussed in section IV-A above, is making sure the value of LEPP property provided each year approaches the \$45 million ceiling for the program as a whole, which calls for expanding participation in LEPP and expediting the process of obtaining and delivering the property. The initiative should also focus on taking full advantage of LEPP's contributions to image improvement, by publicizing the program and its accomplishments. To that end, a low-key branding requirement for the property might be worthwhile.

## **Recommendation 6**

In its efforts to improve LEPP, USAID should focus on the program as a tool for providing humanitarian aid, rather than development assistance. The Agency should not try to force LEPP into USAID development strategies and initiatives. Instead, it should provide encouragement and even incentives where possible, to the PVOs to capitalize on the benefits that humanitarian assistance can offer. With regard to partnering, USAID should concentrate on expanding and diversifying the number and kinds of partner-PVOs in the program. It should also increase support to the partner-PVOs in establish real working partnerships with in-country community-based organizations. In terms of the potential for positive effects on the image of USAID, the USG, and partners, the PVOs should be asked to include in their projects media events to publicize LEPP, such as ceremonies when property is handed over to the end-user or press conferences when shipments arrive. The events should involve the USAID mission or the U.S. embassy, or both, where appropriate and feasible. The Agency, in consultation with the PVOs, should also develop a tailor-made branding policy for LEPP property. USAID should ask PVOs to include mention of LEPP on their websites. On a minor note, LEPP should be included in the list humanitarian

assistance program on the USAID website.

## **CURRENT KNOWLEDGE ABOUT LEPP**

The evaluation found that there is a lack of appreciation for LEPP, or even awareness of it, within USAID. Several missions contacted for this evaluation professed little or no knowledge of the program. In cases where staff knows about LEPP, the knowledge is largely process oriented, covering documentation procedures, shipping and handling, and the like, rather than more substantive programmatic information. Also, LEPP is often perceived to be peripheral to the main interests of the Agency and mission. One partner-PVO representative who is a former USAID Foreign Service Officer remarked that there is “too much looking down” on LEPP, which he called a highly valuable “boutique program.” He added that it had been his experience that USAID employees’ reputations and careers seldom are made or broken by work on non-mainstream activities such as LEPP.

Still, it seems worth the effort for ODP to carry out a modest campaign to inform or even educate missions and USAID/W offices about LEPP. It is possible for missions to obtain LEPP property directly for their humanitarian (often emergency relief) or even development assistance activities. Over the last two fiscal years, Honduras, Kosovo, Tanzania, and FCC have received LEPP property. A limited information effort might result in more missions using LEPP for their projects, either directly or with a PVO implementer. The Agency should consider including guidance in the ADS on missions themselves requesting LEPP property.

The evaluation found little evidence of widespread knowledge of LEPP in the PVO community at large. Again, those who were conversant with the program often knew more about how to requisition, transport, and clear the property than how to ensure that it was effective in achieving FAA objectives and the programs main benefits. Even the websites of partner-PVOs seldom contained a mention of the program. Similarly, a search of the Internet did not yield much publicly available information on LEPP.

### **Recommendation 7**

The program would benefit from an effort to raise awareness of it, particularly within USAID, but also among State, the PVO community, and the American public. In particular, missions should be advised of the possibility of taking advantage of LEPP for both humanitarian and development assistance activities. The partner-PVOs should be encouraged, if not required, to put information on their websites about their LEPP activities.

## **IN-HOUSE MANAGEMENT VERSUS OUTSOURCING**

It is the finding of this evaluation that the Agency should contract out again for the day-to-day management of LEPP.

The day-to-day management of LEPP constitutes a neat, economical package of services that works well for outsourcing. The contract could easily specify that inherently governmental functions, including approval authorities, policy formulation and direction, and general program oversight, would be retained by the Agency. The contract could presumably be program funded, saving precious OE, although the appropriate funding source is a question that is beyond the scope of the present evaluation.

### **Recommendation 8**

USAID should outsource the day-to-day management of LEPP through a contract that: clearly spells out the respective roles of the contractor and the agency; stipulates detailed reporting requirements for the contractor, and specifies the rules and regulations the contractor is to follow.

## **PROGRAM BENEFITS VERSUS COSTS**

This report has necessarily concentrated on the shortcomings of LEPP and changes that might be made to improve it, but the evaluation found that it has clearly been successful overall. The program's benefits, in terms of the humanitarian assistance it has provided, the positive effects it has had on the image of USAID, the U.S., and the partner-PVOs, the partnerships it has strengthened, and the amount of excess property it has helped dispose of usefully, have far outweighed its very reasonable costs to USAID.

As mentioned in section IV-E above, the annual cost of the Southall Walker contract was modest. The total cost to the Agency of managing LEPP, including those incurred directly by USAID, ranged well under a million dollars a year, even when USAID staff benefits and all other factors are taken into account. Although it is difficult to assign a monetary value to the benefits of helping so many needy people and creating such goodwill for USAID and the US, those benefits clearly outweigh the costs by many multiples. Thus, the evaluation has found that LEPP is definitely worth continuing, particularly with the improvements that are in progress and if the offering.

### **Recommendation 9**

Given the fact that the benefits of USAID's Limited Excess Property Program far exceed its cost, the program should continue.

## **MANAGEMENT WITHIN USAID**

Given the fact that a reorganization involving ODP is ongoing, it has not been possible for this evaluation to come to a firm conclusion about where management responsibility for LEPP should be located within USAID. Also, very few evaluation interviewees voiced an opinion on this issue.

The evaluation has found that transferring the program to ODP and housing it there made sense, at least as an interim arrangement. Having the responsibility for LEPP up close and personal in ODP, while taxing for that office, did expose it to the whole range of activities entailed in operating the program. The highly positive result was that ODP staff gained considerable insight into the program's strengths and weaknesses and began introducing necessary improvements.

ODP's focus on partnerships constitutes a strong argument for housing LEPP in that office. Most PVO representatives interviewed as part of the evaluation said that LEPP is invaluable, or even indispensable, for their work. LEPP has attracted a diverse group of PVOs to the Agency, including many smaller and faith-based organizations that would have had difficulty partnering with USAID, or been completely unable to do so, without LEPP. Another argument for keeping LEPP in ODP is that, as this evaluation has already pointed out, that office has already begun launching the improvements that need to be made in USAID's management of LEPP, while skillfully handling the transition from a contract to in-house management.

Another part of USAID that has been mentioned as a candidate for managing LEPP is the Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA). However, that Bureau's humanitarian focus seems to be on disasters and other emergencies, which makes it somewhat less attractive as a candidate for assuming responsibility for LEPP within USAID.

The Management Bureau's Office of Acquisition and Assistance, where responsibility for LEPP within USAID used to be located, is another obvious candidate for managing the program. That Office specializes in procurement, transportation, and logistics, which are important elements of LEPP. It also has responsibility for OFR and the Denton Amendment programs, which can be highly useful to partner-PVOs in helping to defray shipping costs for LEPP property. However, these advantages do not seem as important as the more substantive aspects of the program, such as promoting partnerships and ensuring that LEPP meets its other programmatic goals.

### **Recommendation 10**

Depending on the outcome of the ongoing reorganization involving ODP, responsibility for managing LEPP should remain with ODP.

# APPENDICES

## APPENDIX A- IN-COUNTRY VISIT SCHEDULES

### TDY Meeting Schedule: Lowell E. Lynch, Consultant-Evaluator

#### Guatemala

1. Meeting with USAID/Guatemala Staff
2. Meeting with Food For the Poor and Caritas (Local partner)
3. Meeting with World Help

#### Nicaragua

1. Conference call with USAID/Nicaragua staff.
2. Meeting with Salesian Missions
3. Meeting with Fabretto Children's Foundation

## **APPENDIX B - LIST OF CONTACTS**

### **United States Agency for International Development (USAID)**

Hannah Marsh, Liaison Specialist, Volunteers for Prosperity, ODP, USAID/W  
Tom Carter, CDP Manager, ODP, USAID/W  
Peggy Hoyle, Office of the General Counsel, USAID/W  
Portia Persley, Contracting/Agreement Officer, Branch Chief, M/OAA/GRO/EGAS, USAID/W  
Craig Lamberton, former LEPP manager, ODP, USAID/W  
Margaret Penedo, Program Assistant, PPS, USAID/Guatemala  
Marjorie Martinez, Program Assistant, PPS, USAID/Guatemala  
Rebecca Krzywda, Controller, USAID/Nicaragua  
Robero Galvez, Office of the Controller, USAID/Nicaragua  
Pat Ramsey, Regional Legal Advisor, USAID/India  
Gulshan Bhatla, USAID/India

### **Other Federal Government Agencies**

Richard Creal, Department of Defense  
Rick Parker, General Services Administration

### **Others**

Welford Walker, former contractor, Southall Walker International, LLC

### **Private Voluntary Organizations**

Pillar Heraud, Finance Director, Pan American Development Foundation PADF, Washington, DC  
John A. Sanbrailo, Executive Director, PADF, Washington, DC  
Patricia Korver-Kicak, Executive Director, ChildsLife International, The Netherland  
Alvaro J. Pereira, Executive Vice President, Food for the Poor, Inc., Washington, DC  
Alessandra Delgado, Program Manager, Global Fairness, Washington, DC  
Monica Drazba, Vice President/Executive Director, Fabretto Organizations, Nicaragua  
Kevin C. Marinacci, Executive Director, Fabretto Organizations, Nicaragua  
Cliff Feldman, Humanitarian Aid Program Director, World Help, Inc., Forest, VA  
Jessica O'Connor, Property and Logistics Officer, Salesian Missions, New Rochelle, NY

**Note:** *Over 20 more PVO representatives were polled by email for their response to the questions contained in the the scope of work for the evaluation. Also, several others from organizations in Guatemala and Nicaragua that received LEPP property contributed to the evaluation during the visits to those two countries.*

### 3. STATEMENT OF WORK

#### Limited Excess Property Program Evaluation

##### Background

The Foreign Assistance Act (FAA) allows USAID to provide private voluntary organizations (PVOs) access to USG excess property for their overseas programs. Prior to 1987, the program operated as a revolving fund that purchased and renovated excess property for a fee. The program was curtailed by the Agency in 1987 and changed to a no-fee program in which USAID transferred as-is property to private voluntary organizations (PVOs) for use at their program and project sites overseas. In the past, the program has transferred between \$15-\$30 million of USG excess property annually it is, however, approved to transfer up to \$45 million annually.

GSA is statutorily constrained to transferring USG excess property to other USG agencies. USAID is the federal agency authorized to transfer USG excess property to private entities, which the LEPP carries out.

In August of 2009 the Limited Excess Property Program was moved from USAID's Office of Acquisition and Assistance to the Office of Development Partner's Private Voluntary Cooperation division. In May of 2010, the day to day management of the program was insourced in order to conduct an internal evaluation of program procedures and ensure that it was being effectively run. This period of time has been referred to as the "trial period". A key part of the trial period was the release of a request for applications (RFA), which required more stringent explanation of program use and linkage to larger development objectives from the potential participants. As a result of this process, 15 new organizations joined the program, bringing the overall number of program participants to 30. All previous partners were grandfathered into the program, but have been notified that they will need to re-apply at the end of the trial period, currently slated for March 2012. The internal evaluation of the program has led to a streamlining of the paperwork process, as well as stricter requirements on the 607 Certification process from the USAID Missions. ODP Senior Management is currently planning to re-contract the program out through an 8A small business again in Summer 2011 but is looking to this evaluation to further inform this decision.

In fiscal year 2010, \$15,894,585.72 worth of excess property was allocated to both PVO Partner Organizations and USAID Missions through the LEPP program.

## Scope

An evaluation of the Limited Excess Property Program (LEPP) will be conducted to inform the future design and management of the program and to identify such improvements as will better serve overall USAID policies, strategies and programs. It is proposed that the evaluation exercise utilize {28} person days of consultant expertise and take place between February 28<sup>th</sup>, 2011 and April 18<sup>th</sup>, 2011.

*Evaluation is primarily a learning process.* Well done, it allows us to avoid repeating mistakes, and suggests how to replicate our successes. Obviously, evaluation is concerned about project outcomes; but even more importantly it is concerned with understanding why or how the outcomes came about. This analysis should lead to recommended changes in program policy, strategy, objectives and methods.

## Objectives

The goals and objectives of this evaluation will be to answer the following questions: More specifically, and with reference to the Foreign Assistance Act of 1961 (FAA), which is the foundational document for the LEPP program:

1. Are LEPP achievements consistent with the objectives reflected in sections 607 and 608 of the Foreign Assistance Act of 1961 (FAA)?
  - a. If achievements fall short of/are inconsistent with any of the Act, have any of the shortcomings/inconsistencies negatively or positively impacted LEPP effectiveness? If so, how and why have these impacts occurred?
  - b. If achievements have fallen short of/are inconsistent with any of the requirements in the FAA have any steps been taken to correct these inconsistencies? If so, what steps? If no, what steps need to be taken?
  - c. Would different RFA goals, objectives and emphases lead to more appropriate and significant achievements in the contexts of the FAA? If so, what changes should be made in the design of the program moving forward?
2. Through the time of the evaluation, have program procedures mirrored all the steps set out in the FAA and provided sufficient accountability for USAID, PVO and other USG partners?
  - a. Do current monitoring and evaluation procedures provide sufficient accountability as to the need, use, maintenance and residual value of USG property, ensuring that it does not reflect unfavorably on the image of the United States? If not, what are some recommendations for strengthening said procedures for:
    - i. USAID/W
    - ii. PVO Partners
    - iii. USAID/Missions

- b. Do current monetary ceilings for PVO partners accurately reflect an emphasis on Agency objectives and support the efficiency and effectiveness of the program? If not, what adjustments should be made?
3. To what extent does the LEPP program support overall USAID and USG development objectives abroad?
  - a. Are there recommendations on ways in which the program can be designed to better support Agency objectives?
4. To what extent is current knowledge of the program and perspective on the program convergent or different from the objectives set forth in the FAA? Specifically, within the following entities:
  - a. USAID/W
  - b. Missions
  - c. GSA
  - d. PVO Partners
5. Assess ODP's management of the LEPP program and assess whether the benefits received by insourcing the program are commensurate with the costs incurred.
  - Provide data to inform the Senior Management decision on whether we should continue to directly manage the program or whether it is more cost effective to contract it to an outside source.
6. Sections 607 and 608 of the Foreign Assistance Act provide permission for USAID to operate the Limited Excess Property Act but do not require that the Agency do so. Therefore the evaluator should assess whether the benefits, both to recipient organizations and to the Agency justify the costs incurred in managing the program.
7. Based on the nature of the program, provide a recommendation on the appropriate location within USAID for the management of the LEPP program.
  - Analyze the current situation within ODP/PVC, as well as the M/OAA/Transportation Division currently managing Ocean Freight Reimbursement and Denton Programs, and any other pertinent USAID divisions.

The answers to these questions will be used to inform ODP senior management decisions on program design and management.

## **Requirements/Deliverables**

- Status updates at the end of each of “approach phases”, with the interim findings being submitted to ODP/PVC at the end of the “field phase” no later than March 31, 2011.
- At least two partner site visits (countries will be mutually agreed upon)
- Meetings with current program management and PVO partner representatives
- Review of historic program information
- Final Report of findings due to ODP/PVC by April 18<sup>th</sup>.

## **Government-furnished property**

The Office of Development Partners at USAID will provide the contractor with access to the Limited Excess Property Program’s historical files both from the previous management contract as well as from the Office of Acquisition and Assistance.

## **Security**

The contractor will have to be escorted at all times when in both USAID/ Washington and for any meetings that they might have with the USAID Mission overseas.

## **Place of Performance**

The majority of the performance can be conducted at the contractor’s facility, however they will be required to come to USAID headquarters in Washington for meetings and to review historical files. Additionally, they will be required to meet either in person or via phone with USAID Mission, General Services Administration and Private Voluntary Organization representatives.

## **Period of Performance**

February 28<sup>th</sup> through April 18<sup>th</sup>.

## **Evaluation Implementation**

**Personnel:** One evaluator with demonstrated achievements in: development practice; design, management, monitoring and evaluation of development projects. Additionally, it is desirable that the evaluator be conversant with: USAID policies, programs and methods related to project design and evaluation; role/s of non-governmental organizations in economic, social and/or political development; training methodology; communication of innovation theory; cultural factors that impact development. The evaluator should not be currently or recently (last five years) associated with a LEPP-participating organizations.

**Approach:** The final approach will be negotiated with the selected evaluator. For planning purposes it may be assumed that the evaluation will include:

1. Preparation: Review of foundation documents plus individual applications and award agreements, historical files from previous management, as well as current program management documents; requests for and review of specific data/documentation from individual private voluntary organizations, USAID/ODP/PVC and other USAID Missions/offices. Est. time: 6 days (potentially March 7<sup>th</sup> -12<sup>th</sup>)
2. U.S.: Real and virtual meeting with individual PVOs partners, USAID, and other USG program partners including GSA and DOD. Est. time: 6 days. (potentially March 14<sup>th</sup> -19<sup>th</sup>)
3. Field: Field assessment of PVO implementation activities in two or three representative countries mutually agreed upon by ODP and the evaluator. Est. time: 10 days. (potentially March 21<sup>st</sup> -31<sup>st</sup>) (Preference in country selection should be given to countries where PVO partners currently have large existing programs)
4. Analysis and final documentation, including presentation. Est. time: 6 days. (potentially April 12<sup>th</sup> -April 18<sup>th</sup>)

#### **ANNEX A: SECTIONS 607 & 608 of the Foreign Assistance Act of 1961**

**Sec. 607.**<sup>848</sup> **Furnishing of Services and Commodities.**—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of part I and within the limitations of this Act, any agency of the United States Government is authorized to furnish services and commodities on an advance-of-funds or reimbursement basis to friendly countries, international organizations, the American Red Cross, and voluntary nonprofit relief agencies registered with and approved by the Agency for International Development<sup>849</sup> (including foreign voluntary nonprofit relief agencies so registered and approved when no United States voluntary nonprofit relief agency is available).<sup>850</sup> Such advances or reimbursements may be credited to the currently applicable appropriation, account, or fund of the agency concerned and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used, under the following circumstances:

(1) Advances or reimbursements which are received under this section within one hundred and eighty days after the close of the fiscal year in which such services and commodities are delivered.

(2) Advances or reimbursements received pursuant to agreements executed under this section in which reimbursement will not be completed within one hundred and eighty days after the close of the fiscal year in which such services and commod

ities are delivered: *Provided*, That such agreements require the payment of interest at the current rate established pursuant to section 2(b)(1)(B) of the Export-Import Bank Act of 1945 (59 Stat. 526), and repayment of such principal and interest does not exceed a period of three years from the date of signing of the agreement to provide the service: *Provided further*, That funds available for this paragraph in any fiscal year shall not exceed \$1,000,000 of the total funds authorized for use in such fiscal year by chapter 1 of part I of this Act, and shall be available only to the extent provided in appropriation Acts. Interest shall accrue as of the date of disbursement to the agency or organization providing such services.<sup>851</sup>

(b)<sup>852</sup> When any agency of the United States Government provides services on an advance-of-funds or reimbursable basis under this section, such agency may contract with individuals for personal service abroad or in the United States to perform such services or to replace officers or employees of the United States Government who are assigned by the agency to provide such services. Such individuals shall not be regarded as employees of the United States Government for the purpose of any law administered by the Civil Service Commission.<sup>853</sup>

(c)<sup>852</sup> (1) Except as provided in subsection (d),<sup>854</sup> no Government-owned excess property shall be made available under this section, section 608, or otherwise in furtherance of the purposes of part I of this Act, unless, before the shipment of such property for use in a specified country (or transfer, if the property is already in such country), the agency administering such part I has approved such shipment (or transfer) and made a written determination—

(A)<sup>854</sup> that there is a need for such property in the quantity requested and that such property is suitable for the purpose requested;

(B)<sup>854</sup> as to the status and responsibility of the designated end-user and his ability effectively to use and maintain such property; and

(C)<sup>854</sup> that the residual value, serviceability, and appearance of such property would not reflect unfavorably on the image of the United States and would justify the costs of packing, crating, handling, transportation, and other accessorial costs, and that the residual value at least equals the total of these costs.

(d)<sup>855</sup> The Secretary of State, acting through the Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs, is authorized to transfer to any friendly country, international organization, the American Red Cross, or other voluntary nonprofit relief agency described in subsection (a), Government-owned excess property made available under this section or section 608 in order to support activities carried out under part I of this Act which are designed to enhance environmental protection in foreign countries if the Secretary of State makes a written determination—

(1) that there is a need for such property in the quantity requested and that such property is suitable for the purpose requested;

(2) as to the status and responsibility of the designated end-user and his ability effectively to use and maintain such property; and

(3) that the residual value, serviceability, and appearance of such property would not reflect unfavorably on the image of the United States and would justify the costs of packing, crating, handling, transportation, and other accessorial costs, and that the residual value at least equals the total of these costs.

**Sec. 608.**<sup>856</sup> **Advance Acquisition of Property.**—(a) It is the sense of the Congress that in furnishing assistance under part I excess personal property, or (if a substantial savings would occur) other property already owned by an agency of the United States Government, should be utilized wherever practicable in lieu of or supplementary to the procurement of new items for United States-assisted projects and programs.<sup>857</sup> The President is authorized to maintain in a separate account, which shall, notwithstanding section 1210 of the General Appropriation Act, 1951 (64 Stat. 765), be free from fiscal year limitations, \$5,000,000 of funds made available under chapter 1 of part I,<sup>858</sup> which may be used to pay costs (including personnel costs)<sup>859</sup> of acquisition, storage, renovation and rehabilitation, packing, crating, handling transportation, and related costs of property classified as domestic or foreign excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), any property available from an agency of the United States Government<sup>860</sup> or other property, in advance of known requirements therefor for use in furtherance of the purposes of part I: *Provided*, That the amount of property classified as domestic excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended, held at any one time pursuant to this section shall not exceed \$15,000,000 in total original acquisition cost. Property acquired pursuant to the preceding sentence may be furnished (1) pursuant to any provision of part I for which funds are authorized for the furnishing of assistance, in which case the separate account established pursuant to this section shall be repaid from funds made available for such provision for all costs incurred, or (2) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred.

(b) Property classified as domestic excess property under the Federal Property and Administrative Services Act of 1949, as amended, shall not be transferred to the agency primarily responsible for administering part I for use pursuant to the provisions of part I or section 607 unless (1) such property is transferred for use exclusively by an agency of the United States Government, or (2) it has been determined in the same manner as provided for surplus property in section 203(j) of the Federal Property and Administrative Services Act of 1949, as amended, that such property is not needed for donation pursuant to that subsection. The foregoing restrictions shall not apply to the transfer in any fiscal year for use pursuant to the provisions of part I of amounts of such property with a total original acquisition cost to the United States Government not exceeding \$45,000,000.





**USAID**  
FROM THE AMERICAN PEOPLE

November 10, 2011

Lowell E. Lynch  
c/o A+ Government Solutions

Dear Mr. Lynch,

Thank you for your work on the evaluation of the U.S. Agency for International Development's Limited Excess Property Program (LEPP). I am pleased to provide a formal response to the LEPP Final Evaluation Report. The enclosed Statement of Difference is provided for incorporation with this letter as an Annex to the final report that will be posted on the Development Experience Clearinghouse.

On behalf of LEPP we want to thank you for your efforts and for the courtesies extended by you while conducting this evaluation.

Sincerely,

Laura Schulz  
Division Chief  
Local Sustainability  
Office of Innovation and Development Alliances

## **Statement of Difference: Evaluation of the Limited Excess Property Program**

**Recommendation 2:** ODP should establish a regular schedule for submission, review, and approval of LEPP applications. Approvals should be granted on a multi-year basis, for a specific period of time, perhaps two or three years. The documentation requirements should be kept simple and straightforward, concentrating on: the needs to be served; the specific plans for meeting those needs; the PVO's capacity to implement its LEPP project, logistically, managerially, and technically; and the proposed arrangements for monitoring performance and reporting on it, along with a brief description of how the PVO will ensure that the property does no harm (see section IV-C below). The competitive element of the application process should be deemphasized until the program begins to reach the \$45 million ceiling.

**USAID Response:** While USAID in general agrees with this recommendation, USAID does not believe that the competitive application process should be de-emphasized or abolished. The competitive application process is a key way in which USAID is able to determine whether organizations have the capacity to receive and use excess government property in a responsible way. It also enables USAID to determine whether these organizations can meet the requirements that accompany the receipt of excess property. The application also provides the opportunity for the potential PVO partner to indicate how they plan to leverage excess property to help them meet their organization's development goals in the countries where they work. Lastly, it provides USAID Staff a clear picture of the organization's capacity to meet the transportation requirement of the program. USAID Staff acknowledges the importance of keeping this process straightforward and streamlined with the intent to not make it an overly onerous process; however, they have no plans to abolish the competitive application process.

**Recommendation 6:** In its efforts to improve LEPP, USAID should focus on the program as a tool for providing humanitarian aid, rather than development assistance. The Agency should not try to force LEPP into USAID development strategies and initiatives. Instead, it should provide encouragement and even incentives where possible, to the PVOs to capitalize on the benefits that humanitarian assistance can offer. With regard to partnering, USAID should concentrate on expanding and diversifying the number and kinds of partner-PVOs in the program. It should also increase support to the partner-PVOs in establish real working partnerships with in-country community-based organizations. In terms of the potential for positive effects on the image of USAID, the USG, and partners, the PVOs should be asked to include in their projects media events to publicize LEPP, such as ceremonies when property is handed over to the end-user or press conferences when shipments arrive. The events should involve the USAID mission or the U.S. embassy, or both, where appropriate and feasible. The Agency, in consultation with the PVOs, should also develop a tailor-made branding policy for LEPP property. USAID should ask PVOs to include mention of LEPP on their websites. On a minor note, LEPP should be included in the list humanitarian assistance program on the USAID website.

**USAID Response:** While USAID remains committed to providing humanitarian assistance in time of need and does recognize the tool that the Limited Excess Property Program can be in providing this type of aid, we do not believe that the benefits of the program rest solely in providing humanitarian assistance. There are linkages between the LEPP program and USAID development goals, including Local Capacity Development, Global Health, and Education. For example, medical equipment provided through LEPP can be used to not only strengthen the capacity of local health institutions but also to increase the number of individuals receiving necessary medical care, to improve health on a larger scale in the country. USAID Staff will continue to look for and will orient the program towards maximizing these linkages.

USAID Staff recognize that the nature of the program prevents PVO partners from knowing all property that will become available in any given year and thus does not allow PVOs to plan their development projects around the receipt of government property. Rather we view the LEPP program as tool that can be leveraged to bring greater success and impact to the existing development projects that these organizations are implementing. For example, excess computer equipment is used in some local education programs.

USAID agrees that real working partnerships between in-country community-based organizations and the LEPP PVO partners are integral to the success of the program. We are committed to encouraging these relationships and working with our in-country representatives to improve our ability to forge these partnerships. Additionally, USAID Staff will continue working to raise awareness about the LEPP program whenever possible.