

PDBAG661

685-0202

SENEGAL

RANGE + LIVESTOCK DEVELOPMENT

Audit Report

FY 78-



Auditor General

**REPORT ON A.I.D. PROGRAM
AREA DEVELOPMENT OFFICE, DAKAR**

Audit Report Number 3-685-78-09

Issue Date January 17, 1978

Area Auditor General Africa
Agency for International Development

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

**Area Auditor General, Africa
Nairobi, Kenya**

REPORT ON S.I.D. PROGRAM

AREA DEVELOPMENT OFFICE, DAKAR

Audit Report No. 3-685-78-09

Date Issued: January 17, 1978

REPORT ON A.I.D. PROGRAM
AREA DEVELOPMENT OFFICE, DAKAR

Table of Contents

	<u>Page</u>
INTRODUCTION	1
SUMMARY	1
STATEMENT OF FINDINGS AND RECOMMENDATIONS	2
Program Implementation	2
Senegal Cereals Production	4
Project Staffing	5
Construction Activities	5
Project Evaluation	6
Project Activity	7
Senegal Range and Livestock Development Project	8
Sahel Food Crop Protection Project (Senegal Activities)	9
Use of Development Grant Funds	11
Senegal Recovery and Rehabilitation Program	12
Pump Maintenance Equipment	12
Fleuve Region Wells	13
Reporting Requirements	14
Local Currency Activities	15
Reimbursement of Local Operating Expenses	16
SCOPE	17
PRIOR AUDITS	17

Exhibit A - List of Recommendations

Report Recipients

REPORT ON A.I.D. PROGRAM
AREA DEVELOPMENT OFFICE, DAKAR

INTRODUCTION

Senegal is the westernmost Sahelian country on the African continent. The principal activity of its largely rural 5.1 million inhabitants is agriculture. Small scale farming and the limitations imposed by the country's harsh environment limit many farmers' incomes to only \$75 per year.

Senegal has been an AID recipient since 1961. The prolonged Sahelian drought which extended into the first half of the present decade brought substantial increases in U.S. assistance. Light rains were experienced again in 1977, which have resulted in the need for more food imports. The Senegalese look to the development of the Senegal River Basin to help achieve self-sufficiency in food production in this century. To this end, Senegal, Mauritania and Mali have formed a tri-partite river basin development authority to which AID and other donor nations and organizations have made significant contributions. AID's assistance to this activity is provided through the Senegal River Basin Development Program Coordinator in Dakar.

The Area Development Office, Dakar is presently engaged in programs which are intended to increase cereals and livestock production in the country's central and eastern regions.

SUMMARY

Project implementation in Senegal has been slow. The Government of Senegal imposes a ceiling on AID direct-hire officers in order to maintain parity with other nations for political reasons. This limits the potential for program expansion. However, the Area Development Office is engaged in the implementation of large grant projects and proposes even larger ones. Project management will suffer if adequate staff is not assigned. (page 2)

The Senegal cereals production project is the best managed of all mission activities. However, defects were noted in the construction of project facilities. (page 4)

The range and livestock development project is behind schedule with less than 10% of funds disbursed only six months prior to the scheduled project completion. Difficulties in obtaining resident project advisers have caused the most serious delays. (page 8)

The Senegal portion of a regional food crop protection project is more advanced than any other in the Sahel. Yet, construction of project facilities lagged behind schedule and training programs had not yet begun. (page 9)

AID/Washington has approved in principle the use of grant funds to correct deficiencies in a Housing Guaranty project. This project will to a large degree benefit middle income groups. We believe that alternative methods of financing this activity should be sought. (page 11)

In the rural livestock watering activity of the Senegal Recovery and Rehabilitation Program, we noted several pieces of maintenance equipment unusable for lack of spare parts. A source of funding should be identified to finance the needed parts. (page 12)

AID grant funds disbursed for certain local operating expenses did not appear to be within the scope of the Grant Agreement. The Office of the AID Senegal River Development Program Coordinator is going to amend the Grant Agreement. (page 16)

The Area Auditor General for Africa issued a report in May 1976 making five recommendations to remedy deficiencies in the Area Development Office's administration of PL 480-generated local currency. Little action had been taken to resolve the problems. Subsequent to the current audit, actions were taken to implement three of the recommendations. We have reinstated the remaining two. (page 15)

STATEMENT OF FINDINGS AND RECOMMENDATIONS

PROGRAM IMPLEMENTATION

Implementation of development projects in Senegal has been slow and many delays have occurred. The absence of AID direct-hire project managers and technicians has had adverse effects on project progress. The management of projects planned and ongoing will be difficult unless adequate staff is assigned.

AID and the Government of Senegal entered into two grant financed development projects in February 1975 totaling about \$6.4 million. As of September 30, 1977, expenditures of less than \$2.0 million had been

recorded on these projects and most of these expenditures were on one project which appeared to have been effectively managed. On the other project, less than 10 percent of the project funds had been expended at September 30, 1977. We were advised that an effective operating project manager had not been on the project for 15 months. A new project manager arrived in November 1977. During the intervals when a project manager was not on site, these two projects were followed day-to-day by former Peace Corps Volunteers who were on short term contracts.

A regional project was approved in June 1975 which was to cover several countries. While the project manager has accomplished many tasks since he arrived, he did not arrive until January 1976.

Recruiting technicians has also been a problem. On one project, for which final design was approved in May 1976, four of the five technicians required were aboard by November 1977. However, the first of them did not arrive until May 1977. On another project, approved in June 1975, the first technician did not arrive until August 1976. In November 1977 three of the required four were in-country.

Another problem has been delays in the construction of facilities. The facilities on one of the projects initiated in February 1975 were to be completed by September 1976. However, the bids for some of the facilities were not opened until September 1976 and the last of the facilities were not occupied until October 1977. On another project, approved in June 1975, construction was scheduled to start in June 1976 and be completed by February 1977. It actually started in March 1977 and is currently expected to be completed by February 1978.

Many of the problems and delays on these projects have been successfully handled; however, several still exist.

During fiscal year 1977, the mission entered into three new grant projects with a value of \$8.4 million. These projects are to be located in rural areas of Senegal. The implementation of these projects requires technicians, construction, commodities, and AID project managers. We were advised by the Area Development Office, Dakar officials that while some problems would come up, provisions for sufficient personnel to handle them had been made. We were also advised that these three projects would be managed by technicians already on board with the provision of limited additional staff.

We noted that in addition to the existing grant projects, the Area Development Office, Dakar is planning to initiate or extend at least ten projects in fiscal years 1978 and 1979 with total funds well in excess of \$50 million. Again, these projects involve activities in rural areas,

technicians, construction and commodities. Unless action is taken now to provide sufficient direct hire and contract technicians, we believe that they could lag far behind schedule.

Recommendation No. 1

The Assistant Administrator for Africa should review the planned personnel staffing levels at the mission.

SENEGAL CEREALS PRODUCTION

This is the best managed mission activity. However, deficiencies were noted in the construction of project facilities. Also, an evaluation of the project was made a year behind schedule.

This project was approved in December 1974 but not begun until the following April. It provides \$3.8 million to assist the Government of Senegal to expand its agricultural extension activities and to increase agricultural productivity in general, and cereal crops in particular.

The project consists of the following interrelated elements:

- Support for a semi-autonomous agricultural extension agency responsible for millet and groundnut crop development;
- Creation of a special liaison office between this agricultural extension agency and the national agricultural research center;
- Implementation of rural training programs under the administration of the Senegalese community development agency.

Although the extension agency and the research center have encountered difficulties in the construction of project facilities and in the procurement of demonstration equipment, a good deal of progress has been made. Construction and procurement activities have been essentially completed and several project output categories are within reach of achievement.

Problems which affect measurement of project progress are:

- Lack of sufficient data on the effect of using different levels of farm technology;

- Lack of sufficiently trained extension agents and the equipment needed to train them;
- Disincentives for farmers to participate in the project due to the spiraling cost of fertilizers and other inputs.

Project Staffing: The Senegalese agricultural extension agency has a staff of 780 permanent employees of which 269 are employed in the implementation of this project. Of those, 141 are AID funded. AID project funding also includes the services of two expatriate technicians (French nationals) under three-year contracts.

While the expatriate technicians have been employed in the project since April 1975, specific Senegalese counterparts have not been assigned to work closely with them as required in Section IV of the Project Agreement. Mission officials advised us that assignment of specific counterparts would, in their view, tend to inhibit the influence of the foreign technicians who now deal with several Senegalese officials.

While the mission position undoubtedly has merit, we believe that the chances for project continuity would be enhanced if specific counterparts were assigned.

Recommendation No. 2

The mission should review the counterpart/technician method of operation with the Senegalese and either amend Section IV of the Project Agreement to reflect revised thinking, or notify the agricultural extension agency that it is not complying with Section IV of the Agreement.

Construction Activities: There are construction defects in the project facilities built for the Government of Senegal agricultural extension agency at Thies and Diourbel, and for the research center at Barbey. The facilities consist principally of office buildings and warehouses. We observed a number of vertical cracks in two of the three office buildings. The interior plaster work at Diourbel had deteriorated considerably after only a few months' use. Roof finishing on the warehouses did not appear to have been constructed to specific standards. This may indicate danger of leakage.

Our observations coincided closely with a draft memorandum prepared by a Regional Economic Development Services Office, West Africa engineer/inspector. He ascribed the above noted problems to a number of possible causes, among them:

- poorly cured blocks and insufficient cement in the plaster;
- improper and inadequate foundation designs;
- improper filling material used under building foundation; and
- improper placement of corrugated roofing.

In accordance with standard Government of Senegal policy, the buildings have been provisionally accepted from the contractor. Final acceptance is scheduled for one year after delivery. At the time of final acceptance, monies retained from the contractor's final payment as a guaranty against latent construction defects are either turned over to the contractor or, in the event the contractor does not remedy defects, used to make the necessary repairs.

Recommendation No. 3

The mission should request the participation of an engineer from the Regional Economic Development Services Office, West Africa in the final inspection of AID financed buildings under this project.

Recommendation No. 4

The mission should notify the Senegalese that any construction defects will have to be remedied prior to the release of final payments.

Project Evaluation: An external project evaluation that was originally scheduled for completion in late 1976 was not completed until October 1977. The contract let by the mission for this evaluation specified payment of no more than \$12,500 for the delivery of a draft evaluation report acceptable to all team members and to the mission. During our audit the

Program Office was occupied extensively with editing and revising the draft report in question. As a result of the delay in completing this evaluation, a Project Evaluation Summary due to be submitted in May 1977 had not been finished by November 1977.

Recommendation No. 5

The Area Development Office, Dakar should review the evaluation report submitted under contract RDO-S-147-fs-344 (AID), dated 21 January 1977, to determine the adequacy of the contractor's performance.

Recommendation No. 6

The Area Development Office, Dakar should submit a Project Evaluation Summary for the Cereals Production project as soon as possible, and include a realistic implementation schedule for the remainder of the project.

Project Activity: A field visit to this project disclosed some differences of opinion as to what is required for the success of the project.

-- A Senegalese official informed us that AID project funds had been restricted for use in two of the three geographic areas for which he bears responsibility. The other area lacks adequate funding. Mission officials advised us that this situation is in accordance with the project implementation plan.

-- The same official informed us that he lacked adequate funding to hire and train sufficient extension agents. Mission officials told us they believe that there are adequate numbers of extension agents.

-- We noted that an AID-financed tractor had not received much use, and were advised by Senegalese officials that only one attachment had been received to use with the tractor. Mission officials advised us that a full set of attachments had been purchased and delivered for each AID provided tractor.

-- Senegalese officials question the need for power equipment given the rudimentary state of agriculture in the area and the lack of any village level organization to make efficient and economical use of the tractors. Mission officials explained to us the power equipment had been added to the project for demonstration purposes only.

Although the Cereals Production project is scheduled to terminate at the end of March 1978, by November 1977 only \$1.7 million had been expended of the \$3.8 million obligated. In its FY 79 Annual Budget Submission the mission proposed extending the life of the project through 1981, and requested additional funding of \$3.4 million.

Since there was \$2.1 million left of the original funding at the end of FY 77, the request for further funding under this project should be carefully reviewed in the light of our findings and those to be disclosed in a new Project Evaluation Summary.

Recommendation No. 7

The Director of the AID/Washington Office of Sahel and Francophone West Africa Affairs (AFR/SFWA) should review the financial needs of this project before approving any increase in funding.

SENEGAL RANGE AND LIVESTOCK DEVELOPMENT PROJECT

While most of the implementing technicians are now on board and most commodities for the project have been ordered, much remains to be accomplished before this project will assist in the recovery of the livestock sector and prevent further loss and degradation of animal pasturage and water resources. Even though this project was approved in February, 1975, little implementation had been effected as to November 1977.

*The agreement obligating \$2.2 million for this project was signed on February 26, 1975. It was amended on March 5, 1976 to add \$400,000 in project funding and to require certain additional activities. As of September 30, 1977, only \$214,000 had been disbursed on this project. Most of these funds were disbursed to finance a feasibility study and for two (2) American contract technicians.

Originally it was determined that the project should be implemented by technicians who were to be responsible to an institutional contractor. However, the contractor was unable to provide the type and quality of

technicians required. Therefore, it was decided that AID would contract directly for the technicians. One of them arrived in May 1977 and a second arrived in October 1977. The third technician has yet to be located and hired. The AID project manager departed Senegal late in 1976 and a new AID project manager arrived in November 1977. Two Peace Corps Volunteers recruited to assist in implementing this project arrived in June 1977.

A work plan for the project was prepared in February 1977 covering the period March 1977 through March 1978. This plan lists various activities that were to be periodically completed, such as the hiring of personnel and the construction of facilities. A meeting between AID and Government of Senegal officials associated with this project was held in October 1977 to discuss the details of project implementation. A comparison of the livestock work plan with the minutes of the October meeting showed that many of the activities in the work plan were either behind schedule or not completed. The work under a \$400,000 addition to project funding, for the mobilization of human resources, is on schedule. Thus, AID funds of about \$2.4 million have been obligated on a project for more than 2 1/2 years without any measurable accomplishments having been realized.

The Annual Budget Submission for fiscal year 1979, prepared in June 1977, showed that estimated expenditures as of the end of fiscal year 1977 would be about \$1.3 million for this project. Recorded expenditures were only about \$214,000. The Annual Budget Submission also showed that additional funds of approximately \$3 million were requested to implement an extension of this project.

Subsequent to our review, the Area Development Office advised us that they have revised the work plan to take into account resource availability. In view of this we are making no recommendation.

SAHEL FOOD CROP PROTECTION PROJECT (Senegal Activities)

Although some activities have started on this project, its implementation as set out in a May 1976 work plan is behind schedule. Thus, the accomplishment of objectives set out for the Senegal activities of this regional project are delayed.

This project was approved on June 28, 1975 as a four-year activity, and got started in January 1976 when the AID project manager arrived in Dakar. The project covers six countries and is being implemented through project agreements with each individual country. The initial Project Agreement with the Government of Senegal was signed on March 31, 1976 with a final contribution date of June 30, 1978. A total of \$589,000 has been obligated for expenditure through December 31, 1978. Funds totaling \$160,000 were reported disbursed through September 30, 1977.

The Project Agreement called for the Government of Senegal to submit an initial annual work plan, for approval by AID, within three months of the signing of the Agreement. In actuality, the AID project manager prepared the annual work plan in coordination with Government of Senegal officials. It covered the period May 1976 through May 1977, at which time an evaluation was to take place, and a new work plan submitted. An evaluation was being prepared in November 1977 but a new work plan had not been submitted.

A comparison of the activities scheduled in the work plan with activities performed since May 1976 shows that many items have been delayed or not performed. The work plan shows that two participants were to depart in September or October 1976 for twelve months' training. While the individuals to receive training were identified, neither had departed for training. The first individual is now scheduled to depart in January 1978; no firm date has been established for the second individual. In addition, certain short-term observation tours and training courses were to be performed; the first of these is now scheduled for May or June 1978. We were advised that the delay in training resulted from several factors including the late development of training courses and difficulty in qualifying participants for English language training.

The construction of the training center was scheduled to begin in July 1976. However, it actually started in March 1977. We were advised that the delay resulted from the building plans not being completed and an acceptable contractor not having been found. As of November 1977, the training facilities were estimated to be about 75 percent complete. An AID engineer has predicted that unless the construction contractor begins working again at a normal rate, completion could not be expected before mid-February 1978. If the facilities are completed at that time, they would enter into service one year behind schedule.

We were advised that all of the equipment and materials which are to be imported for the training facility have been ordered and most have arrived in Senegal. We were also advised that instructors for the training facilities have been hired and that training materials are being prepared. Therefore, the training of personnel should start soon after the facilities are completed. Some limited training has been conducted in Senegal even though the facilities have not been completed.

The evaluation being prepared in November 1977 was to cover the entire project and recommend activities for the next three-year phase from 1980 - 1982. It was estimated that \$2.6 million will be required for fiscal year 1979 to complete Phase I. We believe that a new work plan should be prepared to identify the needs and activities for the Senegal portion of the overall project.

Subsequent to the conclusion of this audit a revised work plan was obtained from the Government of Senegal. Therefore, we are making no recommendation.

USE OF DEVELOPMENT GRANT FUNDS

The Area Development Office, Dakar proposes to use \$1.365 million of development grant funds to repair homes in, and stabilize sand dunes near, a housing guaranty project in Senegal (685-HG-001, Patte d'Oie). This project, to a large degree, benefits middle income groups. We believe the use of grant resources for this project should be reconsidered in view of AID's commitment to serve the rural poor. The Africa Bureau should consider the use of alternative resources to rectify this project's defects.

In its FY 79 Annual Budget Submission, the mission proposed a grant project (No. 685-O226) in which development grant funds in the amount of \$1.365 million would be used to remedy defects in a Housing Investment Guaranty Project, known as Patte d'Oie^{1/} located near Dakar. We agree that AID shares responsibility for defects in this project which should be rectified as quickly as possible. However, we do not agree that the use of development grant resources is appropriate when other sources of funds may be available.

AID has a mandate from the Congress to help the poor majority in developing countries. The use of grant funds to correct defects in a housing project constructed to benefit 669 urban, middle income families does not fit easily within AID's priorities for Senegal.

The mission recognizes this but believes it has no viable alternatives.

The use of development grant resources for this project will delay implementation of the home repair program until at least fiscal year 1979. The dune stabilization program, which includes the planting of certain vegetative covering, can only be accomplished during the rainy season (July-September), which means an 18-month delay before this part of the project can get underway.

Funds administered by AID's Office of Housing have already been used to finance a study which determined the cost estimates for home repairs and dune stabilization. Given the existence of Housing Investment Guaranty reserves and gross program operating income, which for the year ended June 30, 1976, equaled \$47,042,016 and \$3,782,319, respectively, we are unable to understand the need to employ Development Grant funds for this purpose. Housing Investment Guaranty reserves would be immediately available for correction of project defects.

^{1/} For a description of the problems which have affected this project the reader is referred to Auditor General Audit Report Number 77-145 Issued May 23, 1977.

All parties agree that without the cooperation of the Government of Senegal in honoring its co-guaranty to AID, the cost to AID in terms of paying off the project's investor will run to several million dollars. The Government of Senegal has agreed to make monthly payments to U.S. investors and to release to AID payments withheld during the period when monthly payments were interrupted. This is based on AID's willingness to share in the project rehabilitation program. However, we question the use of grant funds to rehabilitate a housing guaranty project, when other funding sources may be available. We believe that consideration should be given to using Housing Investment Guaranty reserves to finance this activity.

Recommendation No. 8

The Assistant Administrator for Africa should review the decision to use grant funds to rehabilitate housing guaranty project 685-EG-001.

SENEGAL RECOVERY AND REHABILITATION PROGRAM

There were several pieces of maintenance equipment in the rural livestock watering project immobilized for want of spare parts.

The Grant Agreement governing the Recovery and Rehabilitation program designed to assist Senegal in overcoming the effects of the prolonged Sahelian drought, was signed in March, 1974. Ultimately, a total of \$2,040,700 was made available to the Government of Senegal to undertake seven principal activities over the three-year life of the program. Since drought conditions in Senegal are again worsening, the continuing effectiveness of these projects will become crucial with the onset of the long dry season.

Pump Maintenance Equipment: AID provided almost \$1.1 million for the purchase of 57 pumps and motors to rehabilitate rural well equipment throughout northwestern Senegal. Also included in the shipments were a number of excess property vehicles and machine tools to help maintain the well equipment. We visited the Government of Senegal's rural well service depot at Lougá where the AID-funded equipment arrived during 1975-76. We were informed by Government of Senegal personnel that all the pumps and motors had arrived in good condition and had been put to use in rural areas. They did note, however, that about 1/3 of the French-made motors supplied to drive the American pumps were underpowered in relation to the work expected of them. This has caused maintenance field trips from the depot to more than double.

Our tour of the service facilities revealed the following equipment had been out of service for some time:

- 1 drilling rig
- 2 30Kw mobile generators
- 3 jeeps
- 2 tank trucks
- cargo truck

The above items all showed signs of heavy use except the generators from which tires had been removed to keep the drilling rigs in operation. Some of the vehicles lacked only a few critical spare parts, not obtainable in Senegal, in order to return to service. Others required extensive repairs.

A Peace Corps mechanic has been assigned to the depot and his work with the equipment and in training host country personnel is highly regarded by depot officials. However, we were unable to locate any reports by the volunteer to the Area Development Office or Peace Corps in Dakar regarding the status of this project.

With drought conditions expected to worsen in 1978 in Senegal's north-western region, the continued operability of well equipment and repair facilities will become crucial.

Area Development Office, Dakar has asked AID/Washington for funds to finance the necessary spare parts to keep the equipment operating. We believe that this is an essential activity.

Recommendation No. 9

The Office of Development Resources,
Bureau for Africa should attempt to
promptly identify a source of funding
for necessary well equipment spare parts.

Fleuve Region Wells: An AID-funded project totaling \$140,000 under joint Peace Corps and Government of Senegal administration began in 1975. Its purpose was to construct and rehabilitate 90 village wells along a principal road in Senegal's northern border region. By the end of 1976, 61 wells had been completed, 24 were left unfinished, and 5 were never started. According to the mission, some wells were not completed primarily because of difficulties in obtaining contractors to dig the wells and other logistical problems.

Reporting Requirements: Implementation Letter Number 1, dated April 14, 1974, under the Recovery and Rehabilitation program requires the Government of Senegal to submit an Activity Completion Report within 90 days after the completion of each project. Audit Report No. 3-685-76-1, dated July 11, 1975, reviewed the first year's activities of this program.

Recommendation Number 7 in that report stated that the Area Development Office, Dakar should remind the Government of Senegal coordinating agency of its reporting requirement, and request its assistance in fulfilling these requirements.

Activity completion reports or acceptable equivalents have now been submitted for 5 of the 7 project activities that comprised the program.

No activity completion report on the Fleuve Wells Rehabilitation project had been submitted by the Government of Senegal to November 1977, despite an Area Development Office letter request for the report in July 1977. We are therefore unable to estimate with accuracy the value of funds and materials effectively utilized on this project.

Recommendation No. 2 of the same previous audit report urged the Area Development Office, Dakar to take action to amend the Grant Agreement to extend the period for AID to claim refunds from one to three years after the date of the last disbursement of funds.

None of the three Grant Agreement amendments on file with Area Development Office, Dakar extended the period to claim refunds. The terminal disbursement date for the Recovery and Rehabilitation program was December 31, 1976.

AID funding under the grant to the Government of Senegal was in the form of cash advances. An unused cash advance of CFAF 324,381 (\$1,300) remains with the Government of Senegal, and \$7,828.94 obligated for the Recovery and Rehabilitation program was never released. We were advised that the CFAF advance with the Government of Senegal was to be transferred to another ongoing AID-funded activity. However, at the date of our review the transfer had not taken place.

If the Grant Agreement is not amended, AID's right to claim reimbursement from the Government of Senegal will terminate at the end of 1977.

On December 28, 1977 the mission requested final reports on the Recovery and Rehabilitation projects from the Senegalese. They also advised them of AID's right to claim refunds under the program until such time as the outstanding activity completion reports are received. In view of the action taken we are making no recommendation.

LOCAL CURRENCY ACTIVITIES

Certain projects funded by local currency had made little progress; reports had not been submitted; effective follow-up of activities had not been performed; and audit recommendations had not been implemented. Area Development Office, Dakar had not designated project managers, delineated responsibilities, established follow-up procedures, nor evaluated project implementation. Thus, the objectives of certain projects were not being accomplished and the status of other projects was not known.

Previously, we reviewed the programming, administration and utilization of local currencies realized from the sales of Public Law 480 (P.L. 480) programs. The results of our review, which was conducted in March 1976, were reported in Audit Report No. 3-685-76-37 issued on May 18, 1976. The audit report contained five recommendations for action by the Area Development Office, Dakar. However, the actions reported as taken or planned by them did not effectively implement the audit recommendations.

Subsequent to the current audit, the Area Development Office took action to implement three of the previous recommendations. Consequently, we are reinstating the remaining two:

Recommendation No. 10

The Area Development Office, Dakar should urge the Government of Senegal to promptly utilize the unprogrammed funds in the Grain Stabilization Counterpart Account in support of an AID approved medium-term agricultural development project.

Recommendation No. 11

The Area Development Office, Dakar should: (a) obtain documentation on actual expenditure incurred on the Dakar English Language Center project, (b) review that documentation and offset the appropriate amount against the outstanding advances, and (c) ensure that outstanding advances are liquidated prior to approving additional advances.

In April 1976, the Area Development Office, Dakar and the Government of Senegal signed an agreement that authorized the use of CFA Francs 67 million (equivalent of about US \$200,000) for a rat eradication campaign to be carried out in the Senegal river valley. The agreement required quarterly reports of expenditures and stated that no expenditure should be made after December 31, 1976. We found no reports of expenditures although we discovered certain invoices and statements showing some expenditures. We were advised that these invoices and statements contained expenditures made in connection with the rat eradication campaign.

Recommendation No. 12

The Area Development Office, Dakar should obtain a report on the utilization of the CFA Francs 67 million released for use on the rat eradication campaign.

There was a need to have an Area Development Office, Dakar official designated to coordinate local currency activities. We found no file or set of files that contained complete data on any of the local currency projects. Further, we found only one project (Regional Vocational School) where an Area Development Office official had made attempts to get the project implemented. Even in this case little had been accomplished. Area Development Office, Dakar employees were uncertain as to who was responsible for local currency activities.

In December 1977, specific project managers were designated by the Area Development Office for each of its activities.

REIMBURSEMENT OF LOCAL OPERATING EXPENSES

The Office of the AID Senegal River Development Program Coordinator authorized reimbursement of some local operating expenses which did not appear to be in accordance with the Grant Agreement. The requests for reimbursement did not show sufficient detail for comparison of expenditures with the provisions of the Grant Agreement. Thus, grant funds may have been used for other than agreed upon purposes.

AID entered into a Grant Agreement with The Organization pour la Mise en Valeur du Fleuve Senegal, (Senegal River Development Authority), on June 27, 1975. Under the Agreement, AID provided the equivalent of \$300,000 to finance specified numbers of personnel at three agricultural stations. On June 30, 1977, the Grant Agreement was amended to increase the funds available to a total equivalent of \$600,000.

The Office of the Senegal River Basin Development Program Coordinator advances funds to finance personnel costs. Periodically, about every four months, the grantee submits a voucher certifying to the expenditure of the funds advanced. The vouchers have a schedule attached which shows the type, amount, and location of personnel paid with the funds advanced. However, the attached schedules do not show the number of individuals paid with the grant funds in such a manner so as to permit comparison with the numbers shown in the Grant Agreement. Also, the types of individuals and activities for which reimbursement was requested do not match those authorized by the Grant Agreement.

AID officials believe that all expenditures were in furtherance of project objectives but, unfortunately, the original grant was framed too narrowly to provide the desired flexibility in project implementation. Steps are being taken to amend the Grant Agreement accordingly.

In view of the action being taken we are making no recommendation.

SCOPE

We have performed a review of AID activities under the management of Area Development Office, Dakar and the Office of the Senegal River Development Program Coordinator. Our review encompassed projects undertaken during fiscal years 1976 and 1977, as well as those proposed for fiscal years 1978 and 1979. Items included in this review were selected on an exception basis as a result of our preliminary survey.

PRIOR AUDITS

We included in our audit of AID activities a review of prior audit recommendations. Despite the fact that all prior recommendations had been closed based on actions reportedly taken by Area Development Office, Dakar, we found that implementation of such recommendations in certain cases had not been completed.

**REPORT ON A.I.D. PROGRAM
AREA DEVELOPMENT OFFICE, DAKAR**

List of Recommendations

	<u>Page</u>
<u>Recommendation No. 1</u>	4
The Assistant Administrator for Africa should review the planned personnel staffing levels at the mission.	
<u>Recommendation No. 2</u>	5
The mission should review the counterpart/ technician method of operation with the Senegalese and either amend Section IV of the Project Agreement to reflect revised thinking, or notify the agricultural extension agency that it is not complying with Section IV of the Agreement.	
<u>Recommendation No. 3</u>	6
The mission should request the participation of an engineer from the Regional Economic Development Services Office, West Africa in the final inspection of AID financed buildings under this project.	
<u>Recommendation No. 4</u>	6
The mission should notify the Senegalese that any construction defects will have to be remedied prior to the release of final payments.	

Page

Recommendation No. 5

7

The Area Development Office, Dakar should review the evaluation report submitted under contract RDO-S-147-fa-344 (AID), dated 21 January 1977, to determine the adequacy of the contractor's performance.

Recommendation No. 6

7

The Area Development Office, Dakar should submit a Project Evaluation Summary for the Cereals Production project as soon as possible, and include a realistic implementation schedule for the remainder of the project.

Recommendation No. 7

8

The Director of the AID/Washington Office of Sahel and Francophone West Africa Affairs (AFR/SFWA) should review the financial needs of this project before approving any increase in funding.

Recommendation No. 8

12

The Assistant Administrator for Africa should review the decision to use grant funds to rehabilitate housing guaranty project 605-IIG-001.

Page

Recommendation No. 9

13

The Office of Development Resources, Bureau for Africa should attempt to promptly identify a source of funding for needed well equipment spare parts.

Recommendation No. 10

15

The Area Development Office, Dakar should urge the Government of Senegal to promptly utilize the unprogrammed funds in the Grain Stabilization Counterpart Account in support of an AID approved medium-term agricultural development project.

Recommendation No. 11

15

The Area Development Office, Dakar should: (a) obtain documentation on actual expenditure incurred on the Dakar English Language Center project, (b) review that documentation and offset the appropriate amount against the outstanding advances, and (c) ensure that outstanding advances are liquidated prior to approving additional advances.

Recommendation No. 12

16

The Area Development Office, Dakar should obtain a report on the utilization of the CFA Francs 67 million released for use on the rat eradication campaign.

REPORT ON A.I.D. PROGRAM
AREA DEVELOPMENT OFFICE, DAKAR

Report Recipients

	<u>No. of Copies</u>
Area Development Officer, Dakar	5
AA/AFR	3
AA/AFR SA	1
AFR/SFWA	1
Senegal Desk	1
AFR/DP	1
AFR/DR	1
AFR/RA	1
OPDA	1
OMVS - Dakar	1
REDSO/MA	2
SER/H	1
S/IG	1
AG	1
AG/OC/PP	1
AG/OC/PE	1
AG/IIS	1
AG/EX C&R	12
NAG/AFR - Accra	1
NAG/AFR - Nairobi	5