

101-500-597  
101-500-597

FINANCIAL MANAGEMENT/REPORTING  
SYSTEMS REVIEW  
P.L. 480, SECTION 206 PROGRAM  
CAPE VERDE

February 17 - April 28, 1988

Prepared by:

Steve Smeigleder

May 6, 1988

## Acronyms Used

DGCSFER	General Directorate for Soil Conservation Forestry and Rural Engineering
EMPA	Empresa Publica de Abastecimento
GEP	Bureau of Planning and Studies for the Ministry of Rural Development and Fisheries
GOCV	Government of Cape Verde
MOF	Ministry of Finance
NDF	National Development Fund
MDRP	Ministry of Rural Development and Fisheries
MPC	Ministry of Plan and Cooperation
USAID	U.S. Agency for International Development
TA	Transfer Authorization
WDP	Watershed Development Project.

## Table of Contents

	Page
Executive Summary	i
I. Purpose of Assignment	1
II. Methodology	2
III. Problems Encountered	2
IV. Project Background	2
V. General Perspective	3
VI. Current Financial Management System	3
A. EMPA	4
B. NDF	5
C. MDRP	6
VII. Analysis of Current System	8
A. EMPA	8
B. NDF	16
C. MDRP	17
VIII. Issue of Late Payment to Workers	20
IX. Proposed Reporting System	21
A. EMPA	21
B. NDF	23
C. MDRP	24
X. Conclusion and Recommendations	25
Exhibits	
1) Calculation of Customs Duties	
2) EMPA's Charges for Corn	
3) Empa's Charges for Rice and Beans, MOAVE's Charge for Wheat (flour)	
4) Journal for P.L. 480 Account	
5) Paysheet for Salary Personnel	
6) Paysheet for Day Labor	
7) DGCSFER's 1987 Year End Expenditure Report	

## EXECUTIVE SUMMARY

### I. Introduction

The purpose of the assignment in Cape Verde was to assist USAID-Praia with a review of the P.L. 480, Section 206 Program's financial management and reporting systems used by GOCV agencies in implementing the Watershed Development Project. Proceeds from the sale of P.L. 480 commodities are used to pay salaries and to purchase local materials and fuel used at the project sites.

### II. Principal Agencies and their Responsibility

The agencies involved with project implementation include Empresa Publica de Abastecimento (EMPA), The Ministry of Rural Development and Fisheries (MDRP), and the National Development Fund (NDF).

P.L. 480 commodities shipped from the U.S. are consigned to EMPA, a large parastatal import-export agency, that is responsible for the reception storage, and sale of the P.L. 480 commodities. Gross sales proceeds, (less the cost for storage, transportation, handling, and silo depreciation), are deposited by EMPA into the National Development Fund. The National Development Fund is responsible for maintaining separate accounting for the P.L. 480 generated local currency and upon receipt of approved vouchers from MDRP transfers funds to MDRP's account to cover project expenses. MDRP is the implementing agency for the soil and water conservation works under the project. MDRP prepares vouchers at the end of each month for salary payments and materials purchased for submission to the Ministry of Finance.

### III. Summary of Findings

#### a. Reporting

The principal problem identified with the project is that the reporting system has not been functioning as it was intended. If the reporting system had been functioning, many of the problems encountered, such as deficit funding of the project and the payment of customs duties, could have been addressed soon after they occurred. Following a review of the current financial management system and procedures used by the GOCV implementing agencies, the deficiency in reporting appears to result from a variety of factors described as follows:

First, the agencies involved in the WDP implementation operate differently from the way the financial management system was designed to operate, both in terms of the project paper and the TA. These differences resulted in a situation where much of the information required by the TA was not generated by the respective accounting systems.

Second, from meetings with implementing agencies, it appears that the contents of the TA were never effectively communicated to those in charge of day-to-day operations.

#### b. Determination of Sales Proceeds

The TA states that NDF revenues from the sales of commodities to EMPA equal EMPA's sales price to wholesale and consumers net of defined allowable charges. Problems that have arisen since 1984 are the following:

- 1) Specific charges have not been renegotiated since 1984.
- 2) Allowable charges were stated in the TA for corn only. Since 1984, three other commodities have been sold with different structures of charges. As a result, expected revenues from P.L. 480 commodity sales have been inferior to actual revenues.

#### c. Accounting for Local Currency

At the MOF the NDF maintains the local currency account for P.L. 480 revenues. The Investments Division makes disbursements from this account, maintaining records by on a project (i.e., multi-donor basis.) Neither division maintains a simple accounting of both P.L. 480 revenues and disbursements and therefore neither reports to USAID on the periodic status of the P.L. 480 account as required by the TA. In addition, there is the issue of late payment to workers where the major delay appears to be in the MOF.

#### d. Expenditure of Local Currency

The accounting for the expenditure of local currency by MDRP is sound. However, it could be improved upon in the areas of budgeting, budget control, record keeping and filing.

### IV. Recommendations

#### EMPA

- 1) USAID should consider recognizing the point of monetization with EMPA's receipt of commodities. The TA should be amended to state following EMPA's receipt of commodities they then belong to EMPA.
- 2) EMPA should be required to report to USAID annually on three items.
  - a) A detailed breakdown of charges for the up-coming year.
  - b) Proposed sales price for commodities.
  - c) A statement concerning the disposition of funds retained for silo depreciation.

3) The TA should be amended to allow for annual review and approval of the above reports.

#### NDF

1) The journal to account for P.L. 480 revenues and expenditures proposed in this report should be implemented immediately.

2) The Investments Division of MOF should participate in the Inter-Agency Council meetings.

3) Payment procedures must be simplified.

#### MDRP

1) Estimating funds available for budgeting purposes should be based on expected revenues.

2) Salary payments and payments made to day laborers should be controlled vis-a-vis the approved budget similar to the system used for materials purchases.

3) The Head of Administration, (to be hired soon) should be trained to prepare financial reports on the projects computer to ensure reporting continuity after the U.S. technical team is gone.

4) Summary sheets prepared for DGCSFER's request for funds should provide a sub-total USAID financed projects and a sub-total for the remaining projects which are financed by other donors. This would permit MOF to clearly identify USAID funds.

5) The watershed coordinator in Tarrafal should not group the expenditures for his watersheds all under Tarrafal.

6) For filing, the request for material should be attached to the suppliers' invoice and filed along with the corresponding receiving report.

7) Copies of both the request for material and receiving reports should be forwarded to MOF along with the rest of the supporting documentation.

8) A completed copy of the analysis of WDP expenditures currently prepared on Lotus should be forwarded to MOF.

#### GOCV

1) Sales prices for commodities need to be updated on a yearly basis to take into account current world market prices.

The Sahel Regional Financial Management Project  
Financial Management/ Reporting Systems Review  
P.L. 480, Section 206 Program  
Cape Verde

February 17- April 28, 1988

## I. Purpose of Assignment

The purpose of the assignment in Cape Verde was to assist USAID-Praia with a review of the P.L. 480, Section 206 Program's financial management and reporting systems used by GOCV agencies in implementing the Watershed Development Project. These agencies include Empresa Publica de Abastecimento (EMPA), The Ministry of Rural Development and Fisheries (MDRP), and the National Development Fund (NDF).

Following a review of relevant project documents and files, consultations with Mr. Thomas Luche, Representative AID-Praia, Mr. Walt Rockwood, RFFPO, and Mr. Jose Goncalves, Project Management Assistant for the Watershed Development Project (WDP), a more specific scope of work was developed for each agency with particular emphasis on the following:

- 1) EMPA - Conduct an in-depth review of the financial management system and procedures used by EMPA for the reception, storage, and sale of donated P.L. 480 commodities, including the following:
  - Procedures for disbursement of local currency to the NDF.
  - System for calculating charges applied for handling, storage, distribution, depreciation, and indirect cost.
  - Use of funds generated from silo depreciation charges on donated P.L. 480 corn.
- 2) NDF - Review NDF's system and procedures for the maintenance of separate ledgers used to ensure the accountability of the local currency deposits to the fund.
- 3) MDRP - Review MDRP's project accounting system and procedures used for reporting salary payments and materials purchased for the 15 watersheds financed by P.L. 480 local currency funds.
- 4) Review and assess the current financial management system used by GOCV agencies for the implementation of the WDP and make specific recommendations for its improvement.
- 5) Review the reporting procedures for each agency with the intent of developing a more effective reporting system.

6) Visit MOAVE, a Mindelo based wheat mill, to review its handling of a 1986 shipment of 4,972 MT of wheat including:

- Reviewing MOAVE's cost/margins for milling, distribution, and sale.
- Determining the amount (if any) paid in customs duties.
- Inquiring about the disposition of the bran resulting from the milling of the P.L. 480 wheat. If sold, determine the quantity, sales price, and disposition of the sales proceeds.

## II. Methodology

A variety of methods were used to gather the information necessary to assess the financial management system used by GOCV agencies. First, an in-depth review of project documentation was completed for background information and to provide an understanding of the interrelationship between the GOCV implementing agencies. The review included the WDP project paper, project files from 1985 to present, the U.S. technical assistance team's quarterly reports, the final evaluation of the previous Watershed Management Project, and the mid-term WDP evaluation. Secondly, meetings were held with members of USAID and the U.S. technical assistance team to gather information regarding their particular concerns with respect to the project. Thirdly, meetings were held with representatives of each GOCV implementing agency to assess their current project-related accounting systems and procedures.

## III. Problems Encountered

For the most part, representatives of each GOCV agency involved with WDP implementation were cooperative and helpful. Documenting the current system was a time-consuming process due to the complex interrelationship among the GOCV implementing agencies and delays in receiving requested information.

## IV. Project Background

The Watershed Development project was authorized on June 15, 1984, for the purpose of developing and protecting soil and water resources in Cape Verde. The project is currently working on 15 watersheds in Cape Verde, fourteen located on Santiago Island and one on the Island of Santo Antao.

The project is funded by: (a) a Development Assistance grant of \$5.61 million used to provide technical assistance, training, and materials/equipment and (b) a local currency component of \$7.8

million derived from the sale of P.L. 480 Title II, Section 206 commodities. To date, commodities supplied under the program have included corn, rice, beans, and wheat. Proceeds from the sale of these commodities are used to pay salaries and to purchase local materials and fuel used at the project sites.

#### V. General Perspective for the Generation and Utilization of P.L. 480 Local Currency

P.L. 480 commodities shipped from the U.S. are consigned to EMPA, a large, parastatal import/export enterprise. EMPA is the only implementing agency involved with the WDP that is not a Government agency. It is a state-owned public enterprise which operates on a profit-making basis. EMPA is responsible for the reception, storage, distribution and sale of the P.L. 480 commodities. Sales proceeds are deposited by EMPA into the National Development Fund to pay the local currency cost of the Watershed Development Project.

The National Development Fund manages proceeds from the sales of all donor food aid. For the WDP, as described in the project paper, NDF is responsible for maintaining separate accounting for local currency generated from the sale of P.L. 480 commodities. Upon receipt of approved WDP vouchers from MDRP, the Investments Division of the Ministry of Finance deposits funds from the NDF account into MDRP's account.

MDRP is responsible for actual project implementation providing technical and administrative support through two of its divisions: the Bureau for Planning and Studies (GEP) and the General Directorate for Soil Conservation, Forestry, and Rural Engineering (DGCSFER). GEP coordinates and facilitates interaction between DGCSFER and other GOCV agencies, submits monthly request, based on vouchers received from DGCSFER, to the Ministry of Finance for NDF funds and upon receipt of funds, prepares checks for the payment of WDP obligations. DGCSFER is the executing division of MDRP for the soil and water conservation works done under the WDP. DGCSFER maintains an accounting system for the recording and reporting of salaries due and materials purchased for the WDP project and at the end of each month prepares vouchers for submission to MDRP (GEP).

#### VI. Current Financial Management System

The above key agencies involved with WDP implementation operate differently today than when the financial management system of the project was designed, both in terms of the project paper and the Transfer Authorization (TA). This is due mainly to the fact that when the TA was written some of the implementing agencies had only recently been created and/or were in the process of developing their internal systems while others were in a state of

transition and reorganization. These differences in the actual accounting systems and procedures utilized explain to a large extent why GOCV agencies have had difficulty complying with the terms of the Transfer Authorization, especially in the area of reporting.

The financial management system and current accounting procedures used by each GOCV agency involved in project implementation are summarized below.

## A. EMPA

### 1. Commodity Management

Commodities received from all donors, including USAID, are discharged in Praia and Mindelo's central storage facilities. After reception, the identity of a particular donor's commodity is lost because EMPA's Division of Stock Management handles donations by type of commodity and not by donor. Details concerning the donor are managed by the External Trade Division but are not communicated to the Stock Management Division.

Commodities are entered on stock records maintained in warehouse facilities and in the accounting department.

Following reception, EMPA's External Trade Division completes a Statement of Receipt of International Aid. This report provides all discharge information and a summary for both quality and total quantity of commodities received. Copies are sent to the donor, NDF, and the Head of the Bilateral Division of the Ministry of Plan and Cooperation.

Commodities are distributed from central storage facilities in Praia and Mindelo and from EMPA's 11 distribution centers throughout the country. Surprise physical inventories are taken on a monthly basis. Stock records from the accounting department and warehouse are compared with the results of the physical count. EMPA's General Inspection Division is alerted for investigation if substantial discrepancies are noted.

### 2. Financial Management

Two types of sales are made from EMPA's distribution centers: credit sales and cash sales.

(1) Credit sales made to other GOCV agencies. (Accounts are due 90 days after the transaction.)

(2) Cash sales are made to retail purchasers. Depending on the location of the sales center, daily deposits are made either to a branch of the Bank of Cape Verde for transfer to EMPA's main

account in Praia or held in a safe for pick up. At the end of each day, cash sales are balanced between the cashier and the accounting office.

At the end of every month, summary balance sheets and income statements are prepared for each sales center and forwarded to Praia. In Praia, EMPA's Finance Division balances daily sales summaries with monthly summaries and bank deposits.

Because EMPA's stock and accounting records are maintained by type of commodity and not by donor, it is not possible to determine which donor's commodities are sold during any particular period. EMPA accounts for sales proceeds in two ways:

(1) EMPA maintains records based upon the quantity of commodities received from each donor times the NDF price.

(2) EMPA makes deposits to the NDF according to an accord with the Ministry of Finance whereby EMPA sends, on a monthly basis, 70 million escudos for deposit with the NDF (on behalf of sales of all donors' food aid.) This figure is based on historical sales averages. In the event the 70 million is not enough to cover the obligations of the NDF for a particular period, EMPA may be requested to deposit additional funds as required. The local currency funds due the NDF and the amount paid by EMPA is reconciled at year end by EMPA and the NDF, by donor and commodity.

## B. The National Development Fund

In order to understand the current function and operation of the National Development Fund it is helpful to first gain an understanding of the structure of the Ministry of Finance.

The Ministry of Finance is the fiscal control agency responsible for managing the GOCV national budget. The budget is divided in two parts - the ordinary budget, which controls the operating costs of the Government and the investments budget, which controls the government's development and infrastructure investments.

The investment budget is managed by the Investments Division of MOF and is financed by the following sources:

- (1) Donor financing tied to specific projects;
- (2) Donor financing not tied to any project;
- (3) Revenues of the NDF generated from the sale of food aid from all donor countries;
- (4) Profits from GOCV public enterprises;
- (5) Advances from the central bank.

Funds from each category are deposited in separate bank accounts and accounting is controlled through individual ledgers for each source.

As indicated above, NDF is one of the accounts under the investments budget. It is managed by the National Development Fund office jointly with the Investments Division. As presently structured, each division performs the following functions:

#### 1) The National Development Fund

NDF manages funds received from the sale of food aid from various donors which are used to finance local currency costs of donors' projects. All funds are deposited into a single bank account. This system of commingling funds is the preference of the GOCV because experience has shown that shipments of food do not arrive in country in any regular pattern. When there are long delays between food aid arrivals, there is the risk that money would not be available to meet the local currency costs of projects financed by a particular donor. By commingling funds and managing projects through one account, the liquidity of all projects is assured.

NDF monitors the receipt of local currency from the sale of P.L. 480 commodities for the WDP. Based upon the Statement of Receipt of International Aid, NDF calculates the amount due the fund (by multiplying the quantity received by the NDF price for the particular commodity) and sends EMPA an official notice. NDF maintains separate ledgers by donor which enable the identification of funds applicable to any particular donor.

#### 2) The Investments Division

The Investments Division processes the vouchers received from MDRP for all of DGCSFER's project expenses, including WDP activities and soil and water conservation works financed by other donors. Fund availability for total obligations is checked against MDRP's approved budget for all of DGCSFER's activities before funds are disbursed. Following payment, the Investments Division receives supporting documentation to justify expenditures made from the NDF account. At the present time, however, the Investments Division does not maintain accounts by donor to monitor the disbursement of local currency funds thus making it difficult for the head of the Investments Division to ascertain the current status of a particular donors account.

#### C. Ministry of Rural Development and Fisheries

Project budgets are prepared by DGCSFER in July/August for the up-coming year with three line items, Salaries, Day Labor, and Materials. After being prepared, budgets are taken to MDRP in September for presentation to the Ministry Council where they are

reviewed, approved, and incorporated into MDRP's annual budget. The Ministry of Finance reviews all budgets which are later submitted to the National Assembly for approval.

#### 1. Accounting for Materials Purchases

Requests for materials are initiated at the project work site. A project employee checks with the local supplier for price and availability of desired articles and completes a materials request form. This form is given to the MDRP Regional Coordinator or to the General Director of DGCSFER, who then completes a requisition order to authorize a purchase. The amount of each purchase is checked against the approved budget for materials by means of a form at the bottom of the requisition order. This form translated is as follows:

Total funds available	_____	\$ _____
Encumbrances to Date *	_____	\$ _____
Balance	_____	\$ _____
Amount of this requisition	_____	\$ _____
Balance to carry forward	_____	\$ _____

\* Total of requisitions paid and unpaid.

This enables the MDRP Coordinator or the General Director of DGCSFER to know at any point in time where he stands vis-a-vis the approved budget.

#### 2. Accounting for Salary Payments

Time sheets are submitted by MDRP Regional Coordinators to the project's office in Sao Filipe at the end of every month. Time and attendance for project employees are recorded in the following way:

- Full-time project employees sign in and out on a daily basis in a note book (maintained to record time and attendance.)

- Extension personnel are monitored by a coordinator who records their time.

- Day labor is monitored at the work site by assistant watershed coordinators who complete daily time sheets.

Salaries are calculated by the bookkeeping section. However, unlike materials purchases, there is no check made in the bookkeeping section at the present time for fund availability vis-a-vis the approved budget for salaries. At present, this check is done at the administrative level by the General Director of DGCSFER.

Because each watershed actually has numerous work sites, at the end of the month both material expenses and salary expenses are summarized and incorporated in a summary sheet prepared for each watershed.

A typed summary of all expenses for the month is then forwarded to the Bureau for Planning and Studies (GEP) at MDRP to request the funds necessary to cover the expenses for the month. GEP reviews the expense summary sheet and makes a request to the Ministry of Finance for the amount necessary to pay all of DGCSFER's expenses.

When NDF funds have been deposited to MDRP's account, GEP then prepares global checks for the payment of salaries. These checks are cashed by the Treasurer for DGCSFER and money is then given to paymasters who hand-carry the money out to pay workers. For materials purchases, GEP prepares a check for each supplier.

The flow chart presented on the following page depicts the current financial management system.

## VII. Analysis of Current System

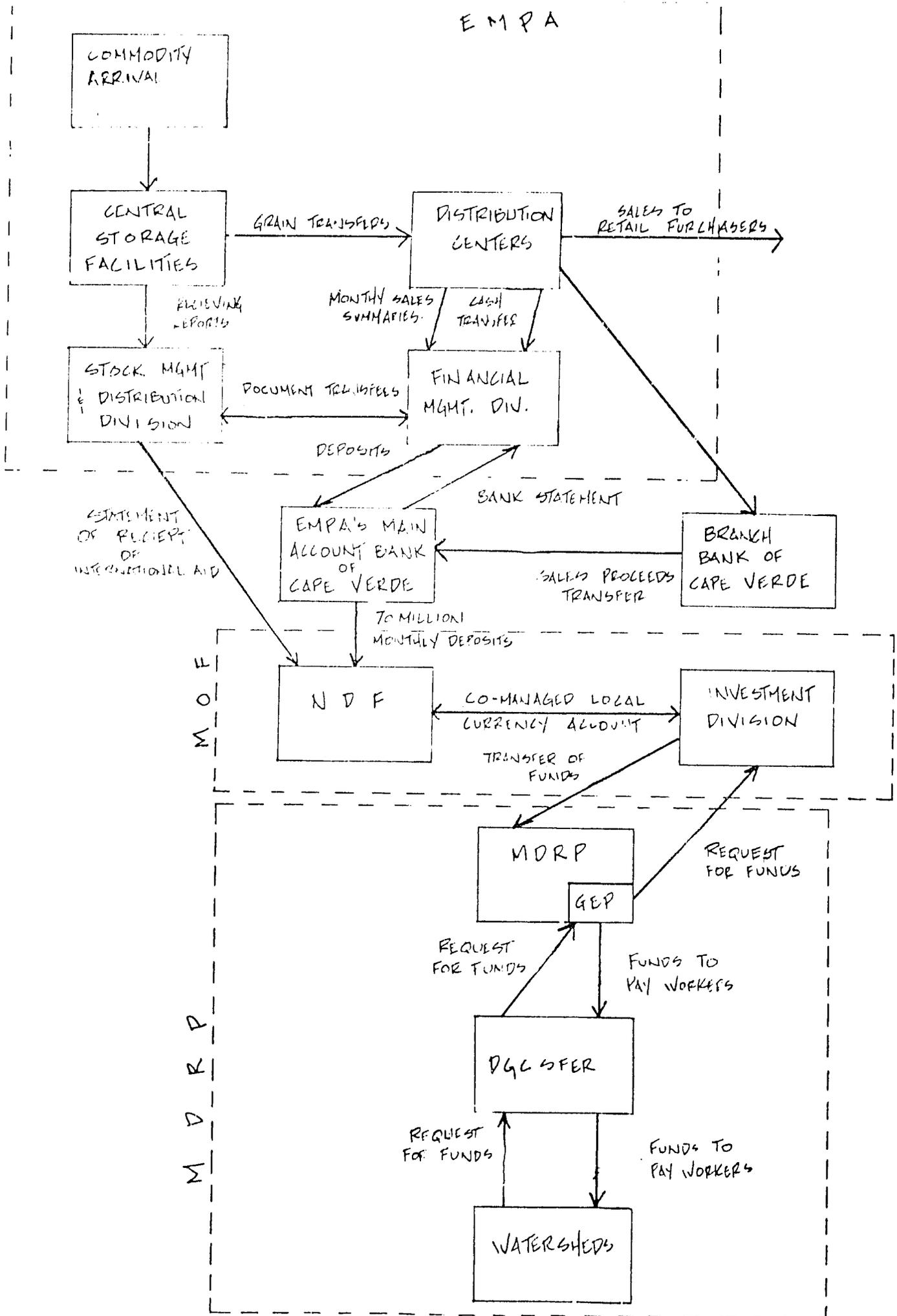
### A. EMPA

EMPA's current financial management system is sound. It includes well designed forms, well defined internal segregation of responsibilities, and allows a transaction to be easily traced from beginning to end. Their current system, however, explains to a large extent why they have not been complying with the terms of the Transfer Authorization.

#### 1) Advance Deposits to the National Development Fund

The TA requires EMPA to advance NDF a sum to cover up to 3 months project expenses. EMPA indirectly complies with this requirement. Through EMPA's accord with the Ministry of Finance, it transfers on a regular basis 70 million escudos to the NDF (not just on behalf of USAID but as sales proceeds from all donors' Food Aid.) While this is not a three month advance, it does result in the WDP local currency account being assured regular deposits. For example, on January 1, 1988, the WDP local currency account began with a carryover of approximately 13,038,700 escudos from 1987. This amount was not enough to cover the obligations of the WDP for the month of January for which total expenditures amounted to 13,194,628 escudos. Until the time of commodity arrival in 1988, therefore, the project expenses will be covered by advances made by EMPA based on expected arrivals and sales from all donors.

# EMPA



SW

## 2) Quarterly Reporting Requirements

Under the present agreement, EMPA is required to submit to USAID quarterly reports which include the following:

- a) Stocks on hand at the beginning of the quarter;
- b) Commodities received during the quarter;
- c) Stocks on hand at the end of the quarter;
- d) Sales proceeds generated during the quarter;
- e) Funds retained by EMPA for allowable charges; and
- f) Funds deposited with the NDF.

Since the beginning of the WDP, EMPA has provided USAID with quarterly reports for items a and b listed above but only for quarters when commodities arrived. These reports have not been useful to USAID management because with the large gaps between reports, it has been impossible to correctly follow stock levels and subsequent sales proceeds.

The rest of the quarterly reporting requirements were never included in the reports because EMPA's system of maintaining both stock and accounting records by type of commodity does not generate this type of detailed donor information. EMPA's rationale for their system stems from a variety of factors:

First, EMPA's system of commodity management makes sense for reasons of efficiency. EMPA can cut down on procedures and is able to devote more time to planning, distribution, and management of stocks by recording stocks by type of commodity.

Second, EMPA does not feel that commodities they receive are donations. EMPA views the commodities as donations to the Government. EMPA itself must purchase the commodities by paying the NDF a price fixed by the GOCV for the particular commodity. EMPA, therefore views NDF as their supplier. Once the commodity is purchased (on credit - since EMPA receives all the commodities at once but makes payments on a monthly basis) EMPA considers it its personal stock and thereby handles it as an internal matter.

Third, EMPA views the point of monetization differently from that of the project paper. The project paper recognizes monetization at the time of sale from EMPA's distribution centers to retail purchasers. EMPA, on the other hand, views the point of monetization as the time it agrees to pay the NDF.

While EMPA's current system does not generate much of the information necessary to meet the requirements of the TA, EMPA could comply if the reporting requirements listed above were deemed absolutely crucial to USAID. For EMPA to provide specific information on actual commodities received from individual donors, however, would require substantial modifications to their current system. First, at the time of commodity arrival the

Division of External Trade would have to communicate to the Department of Stock Management and Distribution the origin of the commodities received. Second, EMPA would have to redesign stock and accounting records to include the donor or origin of the commodities. Finally, the Department of Stock Management would have to physically separate commodities received from different donors and maintain separate stock and accounting records in order to effectively monitor commodity movement and sales. While this would provide the detailed information required by the TA, it should be noted that all of these changes would raise EMPA's handling and operating costs substantially. As P.L. 480 commodities in 1986 amounted to only 21 percent of all food aid handled by EMPA, this seems like an unreasonable demand to place on EMPA.

The TA's requirement for reporting on sales and deposits, however, still poses a problem. Quarterly reported proceeds from sales would not actually reflect the deposits made to the NDF as a result of EMPA's accord with the Ministry of Finance. For example, at the present time EMPA still has stocks of U.S. commodities on hand and sales are being made from these stocks. The problem is that the funds for these commodities were transferred to NDF in 1987 and have already been spent by the project. Therefore, EMPA reporting on sales at this point serves little purpose as it is the responsibility of NDF to report on funds received and disbursed.

Although based on the project paper and the requirements of the current TA, this is not the way EMPA was expected to manage P.L. 480 commodities; EMPA's system is sound and therefore deserves certain merit. By allowing EMPA to treat stocks as its own, it is provided with more motivation to be as efficient as possible in all aspects of operation because following payment to the NDF, EMPA is totally responsible for both commodity and financial management of its purchased stocks. Any loss incurred, at any stage, is a direct loss to EMPA's revenue, not NDF's.

In the interest of simplifying the current system, USAID should consider recognizing the point of monetization for P.L. 480 commodities with EMPA's receipt of the commodities. The critical concerns would then be in two areas:

- (1) Monitoring the quantity received, determining the amount to be deposited with the NDF and monitoring EMPA's monthly deposits to the NDF;
- (2) Assurance that the commodities are being sold at the established sales price.

This could be accomplished in the following ways:

- 1) Interfacing with the General Inspection Division of EMPA.

2) Food Aid Monitor (to be hired) performs random checks on commodity sales.

3) Thorough cross checking of reports from the NDF on the local currency account with EMPA's Statement of Receipt of International Aid, which includes the amount due the NDF.

### 3) Funds Generated by Silo Depreciation Charges

The TA requires EMPA to submit a quarterly statement on the funds generated by depreciation charges and a statement of their planned and actual uses. This requirement has never been met. From meetings with EMPA, it is apparent that the contents of the TA have never effectively been communicated to the people in charge of day-to-day operations and those who are ultimately responsible for preparing these reports. As EMPA calculates all of their charges at the time of commodity arrival, this requirement can easily be met. Rather than on a quarterly basis, however, as depreciation is an annual charge it is recommended that this report be submitted on a yearly basis when the use of depreciation funds can be described for the entire year.

### 4) Transfer of Sales Proceeds to the National Development Fund

As identified in the recent mid-term WDP evaluation, the local currency account with the NDF was shorted some 70,694,298 escudos according to the terms of the current TA. Of this total amount it was determined that a portion was paid to the GOCV in the form of customs duties. For the remaining amount not transferred to NDF, three other issues must be considered: 1) the TA's requirement for EMPA to submit to USAID the proposed sales price for approval on an annual basis, 2) the TA's requirement for EMPA to submit on an annual basis the composition of their handling charges, and 3) the current cost for reception, storage, and distribution. Each of these is discussed below.

#### a. Customs Duties

Although the usual language to require duty free entry of food aid was omitted in the preparation of the current TA, both the Bilateral Agreement between the Government of the United States and the GOCV as well as the Watershed Development Project agreement provide for duty free entry of commodities and other project inputs. During the WDP mid-term evaluation, an examination of the EMPA P.L. 480 account revealed that customs duties had been paid on certain commodities received (beans, rice and wheat.) Through closer examination during the present assessment, and based on actual commodity arrivals and information provided by both EMPA and MOAVE on customs rates, the amount paid for customs duties totals 31,112,541 escudos.

Complete calculations appear in Exhibit 1. A breakdown is as follows:

Commodity/Year	Customs Charges CV Escudos	U.S. Dollars *
Wheat 1986	6,781,808	96,882.97
Rice #1 quality 1986	11,203,189	160,045.56
Rice #2 quality 1986	1,020,109	14,572.99
Beans 1987	6,457,406	92,248.66
Rice #2 quality 1987	5,650,029	80,714.70
	-----	-----
Total	31,112,541	444,464.88

\* Calculated at 70 escudos to the dollar in March 1988.

-----

#### b. Annual Report on the Composition of Charges

The TA requires that EMPA submit an annual report on the composition of charges for commodities handled. This has never been done and is the principle cause of the current discrepancy over the charges allowed and local currency funds deposited to the NDF. This was a failure on both sides of the agreement: EMPA never submitted the charges and there was no concerted effort on the part of USAID to obtain them.

According to the TA, the NDF price, representing the funds to be deposited with the NDF by EMPA, is equal to EMPA's sales price less the allowable charges agreed upon in the TA. In actuality, however, both the NDF price and the final sales price for commodities are established by the GOCV through the General Directorate for Commerce. The difference between the NDF price and the final sales price then becomes an officially approved margin for EMPA. Out of this margin, EMPA must absorb all cost associated with reception, storage, and distribution; the remaining amount determines EMPA's profit or loss. In 1984, this did not pose a problem because the sales price for corn, less allowable charges was equal to the NDF price. Since then, however, increases were authorized by the GOCV for both the NDF price and the sales price while the TA allowable charges remained unchanged. The following table illustrates, for corn, the change in prices per metric ton.

Year	NDF Price	Wholesale Price	Charges Allowed Under TA	Difference
1984	7,700	11,000	3,300	-0-
1985	8,700	12,600	3,300	600

The price of corn has remained unchanged since 1985.

As the allowable charges were never renegotiated, according to the terms of the TA, the difference of 600 escudos created by the increase in the sales price and the NDF price should have been deposited to the NDF. EMPA's deposits to the NDF, since the beginning of the WDP, have been for the quantity received time the GOCV-established NDF price.

The charges allowed EMPA under the current TA, agreed to in March 1984, amount to 3,300 escudos per MT. These cost were negotiated only on the basis of corn. In 1986 and 1987, however, substitutions were made in commodity mix when beans, rice, and wheat were also delivered. No allowable charges were ever negotiated for these other commodities. It was presumed that the same charge allowances would also apply to these commodities, less the charge allowed for silo depreciation. If one goes strictly by the terms of the TA, the charges would be 2,710 escudos per MT for other commodities. EMPA argues that it is authorized to work with different margins established by the GOCV which vary by commodity.

#### c) Analysis of Current Charges

An analysis of EMPA and MOAVE's current costs for reception, storage, and distribution was undertaken during this assessment to determine if increased cost could justify the difference between the current NDF price and sales price per metric ton.

##### 1) Corn

Based on information provided by EMPA (presented in Exhibit 2) a comparison can be made between the agreed upon charges in the TA and the current costs per MT for corn:

Allowable Charges	1984	1988	1988 - 1984
Total Receiving	312	530	+218
Total Silo	221	221	-0-
Central Storage	150	152	+2
Distribution	1,029	1001	-28
Losses/ Spoilage	398	126	-272
	-----	-----	-----
Total direct/ handling	2,110	2,030	-80
Depreciation	590	690	+100
Indirect	600	-0-	-600
	-----	-----	-----
Total Handling/ Distribution	3,300	2,720	-580

#### Comments on charges applied to corn:

To date, with information provided by EMPA, it is difficult to accurately determine total charges because USAID has not been provided with a complete breakdown of costs yet. The cost structure presented above does not account for indirect cost or EMPA's profit margin which were included in the 1984 allowable charges.

The decrease in EMPA's charges for inter-island distribution is due to the fact that EMPA currently distributes 60 percent of the total quantity received to other islands while in 1984 the calculation was based on 75 percent of total quantity received being distributed.

The total figure for handling and distribution is presently 2,720 escudos. This figure is somewhat understated because it includes no calculation for indirect charges which were included in the 1984 negotiated charges.

From the above structure of costs provided by EMPA, a completely new section for port charges has been added to the total receiving costs. These are charges that must be paid by EMPA to ENAPOR (the port authority) for utilization of the port. This represents the most notable increase in costs at the present time.

The other notable increase is under EMPA's depreciation charge. Based on the original intent of the TA, this charge was allowed for depreciation on the silos in Praia and Mindelo. As depreciation is a fixed charge to be applied over the life of the asset, this figure should not have changed. As EMPA has provided no basis for their calculation, it is impossible to justify this increase.

#### 2) Beans, Rice and Wheat (flour)

For beans, rice, and wheat, as no agreement was ever negotiated, only the costs for reception, handling, and distribution are given. (Exhibit 3 contains calculations) EMPA's cost for the reception, storage and handling of beans is 1,936.18 escudos per MT and for rice equals 2,115.30 escudos per MT. For wheat, MOAVE's cost for the reception, storage, handling, and processing equal 11,103 escudos per MT.

#### Comments on charges for beans, rice and wheat (flour):

The bottom line figures for rice and beans are only for direct cost and do not include any of EMPA's indirect cost that were allowed in the original TA for corn.

While the 1986 shipment of wheat was consigned to EMPA, it was actually handled by MOAVE, a Mindelo wheat mill. MOAVE is a mixed capital enterprise in which the GOCV owns 51 percent and the remaining 49 percent is made up of private investors.

The difference between the NDF price and the sales price per MT can be justified by the cost of production, handling and distribution. While it actually costs MOAVE 20,103 escudos per MT to purchase wheat, produce and distribute milled flour, the government established sales price for flour is only 18,500 escudos a MT. The mill operates at a loss of 1,603 escudos per metric ton on production of flour primarily because MOAVE is required to buy wheat from the NDF at a price higher than the world market. At the present time, wheat can be purchased on the world market for 7,500 escudos MT, but MOAVE is obligated to use donated wheat for which it must pay the NDF price of 9,000 escudos MT. While this works to the advantage of the local currency account, it puts MOAVE in a deficit position with respect to milled flour.

As a result of milling the 4,972 MT of P.L. 480 wheat, approximately 20 percent or, 994 MT of bran was produced. MOAVE sold the bran for animal feed at a price of 6,000 escudos a MT. Although the mill actually operates at a loss on production and distribution of flour, proceeds from the sale of bran and other by-products make up the difference and allow MOAVE to make a small profit. In 1987, for example, profits amounted to less than 1 percent of total sales revenue.

#### d) Sales Price of Commodities

Under the terms of the current TA, the GOCV is to maintain a policy of establishing a selling price for P.L. 480 corn that is equivalent to world market price levels.

As mentioned before, both the NDF price and final sales price for commodities are established by the General Directorate for Commerce. The NDF price is established for commodities based on an average of the world market price for the particular commodity at the time the NDF price is set. To determine the sales price, Commerce takes into consideration recommendations made by enterprises such as EMPA and MOAVE. These recommendations present an itemized cost structure detailing the costs for handling, storage, and distribution. Commerce then decides if the costs presented are reasonable and establishes a sales price. The following table presents a summary of current NDF prices, sales prices, the year in which they were last established, and the respective operating margin per MT:

Commodity	Date Established	NDF Price (kg) *	Wholesale Price (kg) *	Operating Margin
Beans	1984	30.0	45.0	50%
Wheat	1984	9.0	18.5	105%
Corn	1985	8.7	12.6	44%
Rice # 1	1986	28.0	35.3	26%
Rice # 2	1986	18.9	25.4	34%

\* NDF price and sales price in escudos

Both NDF prices and sales prices should be reviewed annually. Failure to do so may result in a situation as previously described for wheat, where the commodity is purchased substantially above the world market price.

#### B. The National Development Fund

The TA requires NDF to submit to USAID a quarterly statement on funds deposited to the P.L. 480 account and disbursed to cover project expenditures.

To date, this quarterly report has never been submitted. There are several reasons why the NDF had problems in submitting this report.

First is the lack of appropriate documentation. No account is maintained to control and monitor the disbursement of local currency funds for the WDP. According to the head of the Investments Division, these records were kept until approximately two years ago. No explanation was provided as to why they stopped nor was I able to verify these earlier records which raises the question of whether such records were ever kept at all.

Second, it appears that little information is shared between NDF and the Investments Division which makes it difficult to know the current status of the account. At the present time, this can only be accomplished by going to NDF to determine the amount of local currency received and to the Investments Division to determine funds disbursed.

Third, both offices are understaffed and, with the exception of the head of each division, operate with individuals who have no formal training in accounting.

Accounting for the receipt and disbursement of the local currency funds should not be physically separated as they are currently. This problem may be resolved, however, as the Ministry of Finance is undergoing reorganization which should provide closer

coordination between the NDF and the Investments Division. Under this reorganization, the Investments Division will also receive information on commodity arrival and thus the amount due the P.L. 480 local currency account. As the Investments Division already handles all expenditures from the account, this would eliminate the physical separation that currently exists and enable the status of the account to be maintained in only one office. Although not yet certain, it does appear that the Investments Division will become the department responsible for the P.L. 480 local currency account.

To assist the Investments Division with monitoring the USAID local currency account, a simplified journal was developed to assist in maintaining the account on a current basis. This journal is presented in Exhibit 4.

The Investments Division already is responsible for approximately 150 projects. Rather than maintaining individual accounts by watershed, it is recommended that as the Investment Division totals all supporting documentation to justify expenses, it verify these totals against DGCSFER's detailed expense report to provide another cross check on DGCSFER's accounting work. DGCSFER should, therefore, send its detailed expense summary by watershed to the Investments Division along with supporting documentation.

### C. MDRP

The project paper states that P.L. 480 local currency is "... to pay the salaries of rural workers and to procure local commodities." In actual project implementation, however, DGCSFER continues work under the current project as they had done under the former project when authorized expenses were labor, drivers, extension workers, fuel, cement, equipment, spares, miscellaneous materials, and supplies.

Although the present TA is vague and therefore permits a broader interpretation of the uses of locally generated currency, the draft amended TA is more specific and has incorporated allowable costs similar to those under the former program and dictated by current practice.

The current system used by DGCSFER for recording and reporting salaries and accounts payable for materials purchases is adequate. The current system could be improved upon, however, to provide even tighter control with only a few minor modifications in the areas of budget planning, budget control, and record keeping. Some suggestions follow:

## 1) Budgeting

The principal problem with the budgeting process is that the budget is based solely on past year's expenditures. Because DGCSFER has had little knowledge concerning the amount of local funds available for project activities, expenditures have exceeded income from food sales for most of 1985, all of 1986 and much of 1987.

Estimating revenue available for budgeting purposes must be based on the expected revenue from the sale of commodities in the upcoming year and any remaining funds in the local currency account that would carry over from the prior year. With an increased emphasis placed on reporting and the activation of the inter-agency coordination group, DGCSFER's lack of knowledge of funds available for the WDP should cease to be a problem in the future.

DGCSFER's budget planning has evolved considerably since the beginning of the project. In earlier years of the project, no systematic means for estimating costs was employed. Current cost estimates are derived both from experience and from production reports that are completed at the work sites. These reports compile detailed information on construction cost by structure, i.e., the number of hauls a truck had to make, the number of man-hours utilized, the amount of concrete necessary, etc. Cost estimates for 1987, reflected very closely the actual costs and resulted in effective planning and control. As more data are collected and analyzed from these production reports DGCSFER should be able to plan their budgets even more effectively in the future.

## 2) Budget Control

DGCSFER's system provides a means to ensure that the approved budget, for one line item (materials), is not over subscribed. This is accomplished by means of the form at the bottom of the requisition order, where requests are checked for fund availability against the approved budget. The same should hold true for expenses for salaries and day labor. This can easily be accomplished for salaried and extension personnel by utilizing pay sheets that incorporate a similar check for fund availability as used for materials purchases. The following illustrates the information appearing on the pay sheet utilized by the former Watershed Management Project:

Total funds available	_____	\$ _____
Encumbrances to Date	_____	\$ _____
Balance	_____	\$ _____

It is recommended that this format be included in the pay sheets presently used to enable the bookkeeping section at the project's office to know at any time where they stand vis-a-vis the approved budget. Exhibit 5 contains a sample of the former project's pay sheet.

For day labor a similar procedure needs to be employed. As each watershed has numerous work sites, however, this check for fund availability needs to be incorporated in the summary sheet that is used for each watershed. Exhibit 6 presents a sample format.

In addition to fund availability checks made against the budget, the team leader of the U.S. technical assistance team currently gathers at the end of every month actual expenses and enters the data in a Lotus spreadsheet. This practice is appropriate because it provides a detailed financial report for each watershed by budget category and indicates the remaining funds available for expenditure for each category. The preparation of this analysis should be transferred to the Head of Administration as soon as he/she is hired so that when the technical assistance team is gone the capability for this type of reporting will remain with DGCSFER.

### 3) Filing

At present, two documents, the request for materials and the receiving reports, are filed separately and should be included in the current filing system. These two documents should be filed with the stamped paid copy of the supplier's invoice and filed as currently done for the rest of the supporting documentation, chronologically, by watershed.

### 4) Internal Control

DGCSFER's system of internal control is sound. Through cross referencing, most forms used provide a good system of documentary support. This provides a distinct audit trail, facilitating the tracing of a particular transaction from the source document to final payment.

In addition, there is a clear segregation of duties and responsibilities in the voucher process. Accounts are closely reviewed at several stages in the system:

For Salary payments

- Payroll sheets are prepared by the assistant watershed coordinators and reviewed by the watershed coordinators.

- The bookkeeping section verifies totals from the time sheets before they are transferred to summary sheets.
- Summary sheets for each watershed are reviewed by the acting head of administration.
- GEP checks the expense summary for mathematical accuracy.

#### For Materials Purchases

- Price and availability is checked by a project employee before the material request form is prepared.
- DGCSFER checks for availability of funds as the requisition order is completed.
- Summary sheets are checked by the acting head of administration.
- Requisition orders and invoices are matched at GEP.

#### VIII. Issue of Late Payment to Workers

The problem of late payments to workers stems from the complex process of reviews and approvals in order for payments to be made. Given the procedure in place, there are numerous places where the request can be delayed. For example, for the December 1987, payment request:

- a) DGCSFER submitted the request to GEP on January 8, 1988.
- b) GEP verified the request and forwarded it to MOF o/a January 11, 1988.
- c) At the MOF, the request went first to the Director of the Cabinet who forwarded it to the Investments Division.
- d) The Investments Division checked the request against the approved budget and sent the request back to the Cabinet Director.
- e) The Cabinet Director prepared a check and sent it to the Investments Division for deposit in MDRP's account.
- f) The Investments Division, after making the deposit to MDRP's account, notified MDRP that the funds were deposited.

For December's payments the actual deposit to MDRP's account was made on February 20, 1988. Payments were then made to workers and suppliers during the first week of March, more than 45 days after payment request were made by DGCSFER.

There is an urgent need for administrative restructuring in order to speed up the process. It appears that the major delay occurs in the MOF. One way to simplify the process may be for GEP to submit its request directly to the Investments Division.

## IX. Proposed Reporting System

It is recommended that reports to USAID be required only on a six month basis as a result of the limited capabilities of the agencies and the fact that they are more accustomed to reporting on a semi-annual basis. These agencies semi-annual reports will be complemented by the Food Aid Monitor (to be hired soon) who will make frequent visits to implementing agencies to ensure that they are keeping their accounts up to date. Specifically the Food Aid Monitor will be responsible for:

- a) Monitoring EMPA's monthly deposits to the NDF account;
- b) Making random visits to the Investments Division to ensure that the P.L. 480 local currency account is kept current;
- c) Spot checking DGCSFER's vouchers periodically.

While each agency would report only on the matters of immediate concern to it, the information in the different reports will enable USAID to verify reports among agencies. This verification will signal any discrepancies which would alert USAID to the problem thereby taking the necessary measures promptly to rectify the situation.

All reports should be submitted to the Head of the Filateral Division of the Ministry of Plan and Cooperation no later than ten days following the end of the semester. This is an important requirement for the following reasons;

1) The reports from each agency will assist the Head of the Bilateral Division in the preparation of the agenda for the Inter-Agency Council meetings.

2) As the Head of the Bilateral Division is responsible for compiling all reports into one for submission to USAID, timely submission by each implementing agency is crucial to allow him time to prepare his report.

3) For effective Inter-Agency Council meetings, it is important that all participants receive a copy of the report for review prior to the meetings.

### A. EMPA

In order to provide USAID with information relating to the charges to be withheld by EMPA at the time of commodity arrival and to provide a clear definition of the amount of local currency that EMPA will owe the NDF account, a simple modification has been added to the Statement of Receipt of International Aid. An example of the modified report is presented on the following page. It uses, as an example, EMPA's allowable charges in the present agreement and the present sales price for corn.

Empressa Publica de Abastecimento

Statement of Receipt of International Aid No: \_\_\_\_\_/\_\_\_\_\_/19\_\_\_\_

PO/\_\_\_\_\_/\_\_\_\_\_/19\_\_\_\_

Identification of Merchandise

Product:	Supplier:
Quality:	Vessel:
Quantity:	Date of Discharge:
Packaging:	Port of Origin:
Donor Country:	Port of Reception:

Reception:

Quantity:			
Manifested	_____	sacks c/	_____ Ton
Quantity Discharged	_____	sacks c/	_____ Ton
		Difference	_____ Ton

Received:

In good condition	_____	Ton c/	_____ Ton
Torn	_____	Ton c/	_____ Ton
Damaged	_____	Ton c/	_____ Ton
Total:	_____	Ton c/	_____ Ton

Quality of Merchandise Summary

Gross Sales Proceeds	_____	ton x 12.6 =	_____
Less handling/Transport/ Distribution	_____	ton x 2.11 =	_____
Less Depreciation	_____	ton x 5.90 =	_____
Less Indirect	_____	ton x 6.00 =	_____
Total Deposit Due NDF			_____

The Statement of Receipt of International Aid is also sent to the National Development Fund account. By using the modified version, the Total Deposit Due the NDF is clearly stated and avoids any possibility for confusion concerning the amount due the P.L. 480 account.

In addition to reporting at the time of vessel discharge, EMPA should be required to report on three additional items outlined below along with a suggested format:

Report	Format	Submission Date
Composition of Charges	Same as in Project Paper	December 31, for up-coming year
Proposed Sales Price by Type of Commodity	Letter	December 31
Disposition of Funds Retained for Depreciation	Letter	December 31

#### B. National Development Fund Account

It is recommended that the Investments Division of the MOF prepare the report on the status of local currency funds in the P.L. 480 account. All information needed for completion of this report would be readily available as it comes directly from the journal prepared to assist with the maintenance of the P.L. 480 account. The suggested format is as follows;

The National Development Fund  
P.L. 480 Local Currency Account  
Semester Report

Report for the Period \_\_\_\_\_ to \_\_\_\_\_ 19 \_\_\_\_\_

Beginning Book Balance *	_____
+ Amount Due From EMPA	_____
= Sub Total	_____
- WDP Expenditures	_____
Ending Book Balance	_____

\* According to EMPA's and NDF's accounts reconciled annually.

This report will be compared with two other reports for added verification and control:

- 1) EMPA's Statement of Receipt of International Aid.
- 2) DGCSFER's project expenditure report.

### C. DGCSFER

DGCSFER will report on project outputs and a detailed summary on how local currency was utilized for project purposes during the semester. DGCSFER's format is adequate. A brief summary is provided here, Exhibit 7 provides an example of DGCSFER's 1987 year end report.

#### DGCSFER Semester Report

Report for the period \_\_\_\_\_ to \_\_\_\_\_ 19\_\_\_\_\_

---

Narrative:

Description of work and problems encountered.

---

#### Outputs

( DGCSFER prepares a spreadsheet that lists all of the project outputs by watershed, i.e., the number and volume of dikes constructed, number of rock wall terraces built, site preparation for forestry work, number of trees in nursery, number of trees planted, number of meters of masonry canals constructed, etc.)

#### Financial Summary

( A second spreadsheet provides a detailed summary of planned verses actual expenditures by watershed. For salary expenses the report includes the amount spent on salaried personnel, extension personnel, day labor, the amount spent on overtime, and per diem. For materials purchased DGCSFER breaks down the amount spent on cement and other construction materials, fuel and lubricants, equipment, and miscellaneous items.)

## X. Conclusion and Recommendations

Many of the problems which have been elaborated in this report, especially in the area of accounting for local currency, would have been detected soon after they occurred had the reporting system been functioning as it was intended in the TA. The responsibility for the lack of reporting rests on both sides of the agreement. From a review of project files it appears that USAID never provided the necessary direction nor provided GOCV agencies with a suggested format for reporting. In addition, as reporting deficiencies were recognized by USAID, there could have been a more concerted effort on behalf of USAID to obtain the required reports. After an in-depth review of the current financial management systems and procedures used by various implementing agencies, it appears that the principal reasons they had trouble reporting are:

First, the agencies involved in the WDP implementation operate differently from the way the financial management system was designed to operate, both in terms of the project paper and the TA. In the case of EMPA and the NDF, for example, these differences resulted in a situation where much of the information required by the TA was not generated by the respective accounting systems.

Second, from meetings with both EMPA and the NDF, it appears that the contents of the TA were never effectively communicated to those in charge of day-to-day operations and those who ultimately would have been responsible for preparation of reports.

DGCSFER also did not submit all of their required reports. For 1985 and 1986, only year end reports were submitted, and for 1987, both semester and year end reports were submitted. Their failure to submit the earlier reports wasn't because they were unable to provide the data. Rather, it was something that just was not done.

A summary of conclusions and recommendations for each GOCV implementing agency are as follows:

### A. EMPA

While EMPA is a parastatal enterprise, it is important to recognize that EMPA views itself more as a profit making enterprise, not a GOCV agency as characterized the WDP Project Paper. Hence, its internal systems for commodity and financial management have evolved considerably since the time the TA was written and have been designed with a profit motive in mind.

EMPA's inventory management and accounting systems are sound and actually operate in the best interest of both EMPA and USAID. For

EMPA, their system allows them to operate as efficiently as possible in all aspects of operation. For USAID, while EMPA's system does not generate much of the detailed information by donor as required by the current TA, it does provide for strict accountability of commodities and generated sales proceeds in the aggregate.

Rather than restructuring EMPA's current system which would increase their operating cost, USAID should recognize the moment of monetization for P.L. 480 commodities at the time EMPA receives the commodities. EMPA would still be responsible for all aspects of both commodity and financial management but they would have even more incentive to be as efficient as possible because any losses at any stage after payment to NDF would then be a direct loss in EMPA's revenue. Recognizing this fact means creating nothing new. This is what EMPA has been doing and continues to do today.

The rest of the requirements of the current TA can be easily complied with. After all the concerns raised since the mid-term evaluation, both EMPA and USAID realize the importance for reporting annually on the composition of EMPA's charges for handling, storage, and distribution and submitting the proposed sales price. These requirements are of critical importance in order to avoid situations such as the present one with a discrepancy regarding the funds to be deposited with the P.L. 480 local currency account.

#### Recommendations for EMPA

- 1) USAID should consider recognizing the point of monetization with EMPA's receipt of commodities. The TA should be amended to state following EMPA's receipt of commodities they then belong to EMPA.
- 2) EMPA should be required to report to USAID on three items.
  - a) A detailed breakdown of charges for the up-coming year, submitted December 31.
  - b) Proposed sales price for commodities, submitted December 31.
  - c) A statement concerning the disposition of funds retained for silo depreciation, submitted December 31.
- 3) The TA should be amended for annual approval of the above reports.

## B. National Development Fund

The principal problems identified with the NDF are in the area of financial accounting and reporting. These problems resulted primarily from the fact that the two functions of receipt and disbursement of local currency were physically separated between two offices: the NDF and the Investments Division of the Ministry of Finance. By being separated, it was not possible to ascertain the current status of the P.L. 480 local currency account without going to each office. This was even further complicated by the lack of communication between the two offices and the lack of appropriate documentation for the disbursement of P.L. 480 local currency.

With the restructuring measures of the MOF, it appears that many of these current problems may be resolved. The Ministry of Finance is in the process of reorganizing the operation of NDF to provide closer coordination between the NDF and the Investments Division. Under this reorganization, the Investments Division will also receive information on commodity arrival and thus the amount due the P.L. 480 local currency account. As the Investments Division already handles all expenditures from the account, this would eliminate the physical separation as it currently exists and would enable the status of the account to be maintained in only one office.

### Recommendations for NDF

- 1) The journal prepared during this assessment needs to be implemented immediately.
- 2) The Investments Division of MOF should participate in the Inter-Agency Council meetings.
- 3) Payment procedures must be simplified. Efforts need to be made, through the Inter-Agency Council meetings, to see if GEP could send its request directly to the Investments Division.

## C. MDRP

DGCSFER's accounting system for recording and reporting salaries paid and materials purchased is generally satisfactory. Tighter control could be achieved, however, in the areas of budget planning, budget control, record keeping, and filing.

### Recommendations for MDRP

- 1) Estimating funds available for budgeting purposes should be based on expected revenues.
- 2) Salary payments and payments made to day laborers should be controlled vis-a-vis the approved budget similar to the system

used for materials purchases.

3) The Head of Administration, (to be hired soon) should be trained to prepare financial reports on the projects computer to ensure reporting continuity after the U.S. technical team is gone.

4) Summary sheets prepared for DGCSFER's request for funds currently list all of DGCSFER's obligations. DGCSFER should provide a sub-total USAID financed projects and a sub-total for the remaining projects which are financed by other donors. By separating totals, it would facilitate MOF in clearly identifying USAID financed projects.

5) The watershed coordinator in Tarrafal should not group the expenditures for his watersheds all under Tarrafal. While people associated with the project know what he is doing, it is confusing for an outsider and appears as though Tarrafal is constantly over budget.

6) For filing, rather than stapling the request for material to the copy of the requisition order remaining in the requisition booklet, as is currently done, this copy should be attached to the suppliers invoice and filed along with the corresponding receiving report.

7) Copies of both the request for material and receiving reports should be forwarded to MOF along with the rest of the supporting documentation.

8) A completed copy of the analysis of WDP expenditures currently prepared on Lotus should be forwarded to MOF. This would provide MOF with detailed information by watershed and as MOF totals all receipts justifying expenditures, comparison with DGCSFER's report would provide an added cross check on DGCSFER's work.

#### D. Recommendation for the GOCV

1) Sales prices for commodities need to be updated on a yearly basis so that they reflect current world market prices.

Exhibit 1 Customs Duties Paid

Wheat 1986	4,972 MT received	
	NDF Value 44,757,900	
Direitos	4972 x 9,000 x .10 =	4,474,800
Emoluments Perais	4972 x 9,000 x .05 =	2,237,400
Portaria	4972 x 10 =	49,720
Assistance Cros Vermelho	2 x 4,972 x 2 =	19,888
		-----
Total		6,781,808
Rice # 1 Quality 1986	3,986.9 MT received	
	NDF value = 111,633,200	
EGA	111,633,200 x .05 =	5,581,660
Direitos	111,633,200 x .05 =	5,581,660
Portaria	10 cve Mt x 3,986 =	39,869
		-----
Total		11,203,189
Rice #2 Quality 1986	536.9 MT received	
	NDF value = 10,147,410	
EGA	10,147,410 x .05 =	507,370
Direitos	10,147,410 x .05 =	507,370
Portaria	536.9 Mt x 10 =	5,369
		-----
Total		1,020,109
Beans 1987	1949.7 MT received	
	NDF value 58,491,000	
EGA	58,491,000 x .05 =	2,924,550
Direitos	58,491,000 x .05 =	2,924,550
Portaria	58,491,000 x 1.04% =	608,306
		-----
Total		6,457,406
Rice #2 Quality 1987	2,973.7 MT received	
	(NDF value 56,202,930)	
EGA	56,202,930 x .05 =	2,810,146
Direitos	56,202,930 x .05 =	2,810,146
Portaria	10 cve x 2,973.7 Mt =	29,737
		-----
Total		5,650,029
Total for all Customs Duties		31,112,541

Basis for customs rates for beans

Aprovado, \_\_\_/\_\_\_/\_\_\_  
O Director-Geral,

**Custelo Teórico**

Mercadoria: FELJÃO ROSECOCO Proc. GF/15/87  
 Quantidade: 1976 TONS = 39.520 SACOS  
 Fornecedor: USAITD  
 Navio Portador: LESLIE LYRES Destino MINDEIRO/ PRAIA  
 -CUSTO FOB (Moeda Original) \_\_\_\_\_ \$ \_\_\_\_\_  
 CONTRAVALOR (Câmbio \_\_\_\_\_ \$ \_\_\_\_\_) . . . . . \$ \_\_\_\_\_  
 FRETE \_\_\_\_\_ \$ \_\_\_\_\_  
 SEGURO \_\_\_\_\_ \$ \_\_\_\_\_  
 -CUSTO CIF. . . 1.976.000 KGS x 30\$00 . . . . . 59.280.000 \$ 00

Encargos:

Bancários	_____	\$ _____
Despacho: EGA 5%	_____	2.964.000 \$ 00
Direitos 5%	_____	2.964.000 \$ 00
Portaria 1,04%	_____	616.512 \$ 00
Ag. Desptº 96%	_____	569.088 \$
JAP _____	246\$00	492.024 \$
Transporte _____	180\$00	355.680 \$
Recepção _____	4\$00	158.080 \$
Arrumação _____	4\$00	158.080 \$
Outros _____	TRAFEGO	40.000 \$
		<u>8.317.464</u> \$ <u>00</u>
		<u>67.597.464</u> \$ <u>00</u>

Encargos de distribuição: 67% = 1324 T = 26480 S

Frete _____	600\$00	794.400 \$
Arrumação _____	4\$00	105.920 \$
Transporte _____	180\$00	258.320 \$
JAP/Praia _____	146\$00	193.304 \$
Estiva _____	300\$00	397.200 \$
JAP/Ilhas _____	296\$00	391.904 \$
Transporte _____	180\$00	258.320 \$
Arrumação _____	4\$00	105.920 \$
Recepção _____	4\$00	105.920 \$
Outros _____	_____	_____ \$
		<u>2.526.208</u> \$ <u>00</u>
-CUSTO EM ARMAZÉM. . . . .		<u>70.123.672</u> \$ <u>00</u>

Resumo:

CALCULO	Custo Un. FOB	_____ \$ _____	ACTUAL	_____ \$ _____	DECISAO
	Custo Un. CIF	30 \$ 00		_____ \$ _____	
	Custo Un. Armazém	34 \$ 21		_____ \$ _____	
	Custo Un. Arm. Ilhas	35 \$ 49		_____ \$ _____	
	Venda Grosso (10%)	39 \$ 04		_____ \$ _____	
	Venda Retalho (+ 15%)	44 \$ 90		_____ \$ _____	
	Venda Delegações	_____ \$ _____		_____ \$ _____	

PREÇO VEND:  
GROS. = 45\$00  
RET. = 50\$00

Elaborado por, Adelmo  
 Conferido O Chefe Departamento,

DAP

# EMPRESA PÚBLICA DE ABASTECIMENTO

Basis for customs rates for rice

Aprovado, 1/1/87  
O Director-Geral,

## Custelo Teórico

Mercadoria: Arroz 2<sup>a</sup> Proc. 01/08/87  
 Quantidade: 24 = 3000 TON = PB 3.000.000 Kg = 60.000 sacos  
 Fornecedor: U.S.A. (U.S.A.)  
 Navio Portador: JAMES DYKES 24/07/87 Destino Minoleto / Praia  
 -CUSTO FOB (Moeda Original) \_\_\_\_\_ \$ \_\_\_\_\_  
 CONTRAVALOR (Câmbio \_\_\_\_\_ \$ \_\_\_\_\_) . . . . . \$ \_\_\_\_\_  
 FRETE \_\_\_\_\_ \$ \_\_\_\_\_  
 SEGURO \_\_\_\_\_ \$ \_\_\_\_\_  
 -CUSTO CIF. 3.000.000 R.g.x. 1811,90 . . . . . 56700.000 \$ 00

Encargos:

Bancários	_____	\$ _____
Despacho: EGA 5%	_____	2.835.000 \$ 00
Direitos 5%	_____	2.835.000 \$ 00
Portaria 10% / T	_____	30.000 \$ 00
→ Ag. Despte. 11%	_____	33.000 \$ 00
JAP 24/07/87	_____	728.000 \$ 00
Transporte 180.000	_____	540.000 \$ 00
Recepção 120.000	_____	420.000 \$ 00
Arrumação 120.000	_____	420.000 \$ 00
Outros <u>Tráfego</u>	_____	60.000 \$ 00
		<u>7.911.000 \$ 00</u>
		<u>64.641.000 \$ 00</u>

Encargos de distribuição: 65% = 39.850 sacos = 1.910 Tons.

Frete <u>600.000</u>	_____	1.170.000 \$ 00
Arrumação <u>110.000</u>	_____	273.000 \$ 00
Transporte <u>110.000</u>	_____	351.000 \$ 00
JAP/Praia <u>110.000</u>	_____	284.700 \$ 00
Estiva <u>300.000</u>	_____	585.000 \$ 00
JAP/Ilhas <u>296.000</u> } TON	_____	577.800 \$ 00
Transporte <u>110.000</u>	_____	351.000 \$ 00
Arrumação <u>110.000</u>	_____	273.000 \$ 00
Recepção <u>110.000</u>	_____	273.000 \$ 00
Outros _____	_____	\$ _____
-CUSTO EM ARMAZÉM. . . . .		<u>4.137.900 \$ 00</u>
		<u>68.741.900 \$ 00</u>

Resumo:

	CÁLCULO	Custo Un. FOB	Custo Un. CIF	Custo Un. Armazém	Custo Un. Arm. Ilhas	Venda Grosso (10%)	Venda Retalho (+ 15%)	Venda Delegações	ACTUAL	DECISÃO
		\$ -	\$ 90	\$ 73	\$ 92	\$ 21	\$ 99	\$ -		

Preço Venda.  
gros = 25 \$ 40  
ret = 28 \$ 00

Elaborado por, ADG/bsu 24/7/87      Coaforido ADG  
 O Chefe Departamento, \_\_\_\_\_

Exhibit 2 Cost for Reception, Storage, and Handling of Corn

For corn, a comparison can be made from the TA and information provided by EMPA:

	Charges per MT January, 1984	Change	Charges/MT March, 1988
<b>1. Port Charges</b>			
Port utilization tax			
220\$00 Mt	-0-	+220	220\$00
Surcharge 100%	-0-	+220	220\$00
Normal trafego 20\$00 Mt	-0-	+20	20\$00
Extra trafego 50%	-0-	+10	10\$00
	-----	-----	-----
Total	-0-	+470	470\$00
<b>2. Direct Handling and Distribution Charges</b>			
Ship unloading	60\$00	-60	-0-
Cargo handling	150\$00	-150	-0-
Use of port	20\$00	- 20	-0-
Normal Labor	10\$00	- 10	-0-
Overtime	12\$00	-0-	-0-
Equipment use	50\$00	-0-	50\$00
Dispatching	10\$00	-0-	10\$00
	-----	-----	-----
Total Port	312\$00	-252\$00	60\$00
<b>2. Bulk Storage and Bagging</b>			
Transport to silo	50\$00	-0-	50\$00
Electricity	48\$00	-0-	48\$00
Weighing & storing	5\$00	-0-	5\$00
Unloading silos & movement	100\$00	-0-	100\$00
Silo maintenance	18\$00	-0-	18\$00
	-----	-----	-----
Total Silo	221\$00	0	221\$00
<b>3. Charges Central Storage (40%)</b>			
Transport Silo/Warehouse	72\$00	-0-	72\$00
180\$00 MT			
Receiving (97\$00 mt)	39\$00	+1	40\$00*
* (100 MT 1988)			
Handling (97\$00 mt)	39\$00	+1	40\$00*
* (100\$00 mt 1988)	-----	-----	-----
Total Central Storage	150\$00	+2\$00	152\$00

Exhibit 2 continued

	1984		1988
4. Distribution Charges (75%)			(60%)
Transport to port (180mt)	135\$00	-27\$00	108\$00
Freight agency loading unloading (517\$00 mt) *(729\$08 mt 1988)	388\$00	+49\$00	437\$00*
Central Port (100\$00 mt) * (140\$00 mt 1988)	75\$00	+9\$00	84\$00*
Island Port (200\$00) * (290 mt 1988)	150\$00	+24\$00	174\$00*
Transport (180\$00 mt)	135\$00	-27\$00	108\$00
Receiving/Handling (194 mt) * (150\$00 mt 1988)	146\$00	-56\$00	90\$00*
Total Distribution	1029\$00	-28\$00	1001\$00
5. Losses and Spoilage (CIF 7700\$00)			(CIF8600\$00)
Losses at Reception 2.9%	259\$00	-259\$00	-0-
Losses Central Storage .25%	23\$00	-23\$00	-0-
Losses Distribution 1.12%	116\$00	+10\$003	126.3
Total Losses	398\$00	- 271.7	126.3
6. Total Direct Handling	2110\$00	- 79\$70	2030\$30
7. Depreciation	590\$00	+100\$00	690\$00
8. Indirect	600\$00	-600\$00	-0-
Total Handling/ Distribution	3,300\$00	- 579\$70	2720\$30

77

Exhibit 3 EMPA's Charges for Beans and Rice

Charges for Beans

Port Reception

Dispatching .96 x 30\$00	28\$00
JAP	246\$00
Transport	180\$00
Reception 4\$00/sack	80\$00
Warehouse 4\$00/sack	80\$00
Trafeco	20\$24
	-----
Total Reception	635\$04

Handling and Distribution 67%

Freight Agency 600 Mt	402\$00
Warehouse 4\$00/sack	53\$60
Transport 180\$00 mt	120\$60
JAP/Praia 146\$00 Mt	97\$82
Loading/Unloading 300\$00 Mt	201\$00
JAP/Island 296\$00 Mt	198\$32
Transport 180\$00 Mt	120\$60
Warehouse 4\$00/sack 80\$00 Mt	53\$60
Reception 4\$00/sack 80\$00 Mt	53\$60
	-----
Total Handling and Distribution	1301\$14
Total/Handling/Distribution	1936\$18

Exhibit 3 continued

Charges for Rice

Dispatching 11\$00 Mt	11\$00
JAP	246\$00
Transport	180\$00
Reception 7\$00/sack	140\$00
Central Warehouse 7\$00/sack	140\$00
Labor	20\$00
	-----
Total Reception	737\$00

Handling and Distribution (65%)

Freight Agency 600\$00 Mt	390\$00
Warehouse 7\$00/sack	91\$00
Transport 180\$00 Mt	117\$00
JAP/Praia 146\$00 Mt	94\$90
Loading/unloading 300\$00 Mt	195\$00
JAP/Island 296\$00 Mt	192\$40
Transport 180\$00 Mt	117\$00
Warehouse 7\$00/sack	91\$00
Reception 7\$00/sack	91\$00
	-----
Total Handling and Distribution	1,379\$30
Total Reception/Handling/Distribution	2116\$30

15

Exhibit 3 continued

MOAVE's charges for flour

The 1986 shipment of 4,972 MT of wheat was discharged at the port of Mindelo and was handled directly by MOAVE. The Director of MOAVE was very helpful in providing a detailed breakdown of cost and all supporting documentation to justify how these cost were derived. This information has been placed in the project file for those interested.

While the wheat arrived in October 1986, it was placed in MOAVE's storage facilities and was not actually milled until 1987. Total wheat milled by MOAVE in 1987 produced 12,364 MT of flour. A summary of costs is presented as follows:

	Cost per Ton
Depreciation of plant and equipment 5,525,735\$00/12,364 MT	447\$00
Fire insurance 1,000,000\$00/12,364 MT	81\$00
Real estate tax	
0.15 x 382,500\$00	57,376\$00
0.02 x 524\$00	1,148\$00
	-----
	58,524\$00/12,364 MT
Raw materials	5\$00
1,382\$00 x 11,382	15,730\$00
Water and electricity consumption	682\$00
Transfers	50\$00
Consumables	715\$00
Indirect cost	
Administrative cost 3,014,940\$00/12,364	244\$00
Warehouse services 1,987,265\$00/12,364	161\$00
Auxiliary services 1,672,577\$00/12,364	136\$00
General Expenses 2,570,000\$00/12,364	208\$00
Direct labor	425\$00
5,248,759\$00/12,364	
Inter-Island distribution	1,219\$00
15,071,503\$00/12,364	
Total cost of production/distribution	----- 20,103\$00

Note: Total production and distribution costs are greater than the GOCV set sales price of 18,500\$00 a ton.

Through milling the 4,972 MT of wheat, approximately 20 percent or 994 MT of bran was produced. MOAVE sells all bran produced for animal feed at a price of 6,000\$00 a metric ton. This would have

generated from the P.L. 480 shipment approximately 5,964,000\$00.

The total results of the mills operation help to provide details whether the cost difference between the NDF price and the selling price are justified.

Total Revenue Generated

Flour 12,364 MT x 18,500\$00	228,734,000\$00
Bran 3,568 MT x 6,000\$00	21,408,000\$00
By-products 90 MT x 1,000\$00	90,000\$00
Total	----- 250,232,800\$00
Less Cost of Production 12,364 x 20,103\$00	248,553,492\$00
Profit	----- 1,679,308\$00

This results in only .0067 percent profit on sales. It is only through the sale of bran and by-products that the mill even made any profit.

The Director informed me that the reason for the low profit margin is that MOAVE is required to use donated wheat. At the present time he appears to be frustrated because he can purchase wheat on the world market for 7,500\$00 MT yet he must pay NDF 9,000\$00 MT. He also stated that neither the NDF price nor the sales price had changed since 1984. On numerous occasions, he has requested the Directorate General of Commerce to adjust the NDF price. These request were made once in 1985, twice in 1986, once in 1987, and already once in 1988. To date he has received no response.

Exhibit 4

Explanation of Columns for the P.L. 480 Local Currency Journal

The column "Date" enter the date of transaction.

The column "Description" enter a description of the transaction, for example;

Deposit of local currency - Enter the date of commodity arrival, type of commodity received and the document number of the Statement of Receipt of International Aid.

For expenditure of local currency - Enter the document number of the request for funds received from MDRP, a brief description describing the payment i.e., payment for salaries and materials for the month of January, and the number of the check with which funds were deposited to MDRP's account.

The column "MT" is used only for commodity arrival and funds due the local currency account. Enter the total metric tons received by EMPA.

The column "Escudos per MT" enter the difference between the sales price of the particular commodity less EMPA's allowable charges.

The column "Local currency deposit/ value" enter the total amount due the local currency account for the particular shipment, i.e. equals total metric tons received times the column escudos/MT.

The column "Local currency deposit/cumulative" this column maintains a running total of the amount due the account.

The column "Disbursements/Month" enter the total amount of local currency disbursed for the month to cover WDP expenses.

The column "Disbursements/ Cumulative" maintains a running total of all disbursement made from the account.

The column "Balance" - enter the difference between the cumulative amount due the account and the cumulative amount disbursed from the account.







MINISTERIO DO DESENVOLVIMENTO RURAL E PESCAS

Folhas de trabalhos na B. H. da R.º de \_\_\_\_\_

Proj. MDRP / \_\_\_\_ / \_\_\_\_ / \_\_\_\_ Mês de \_\_\_\_ / 19 \_\_\_\_

Número de documento	Número de graus		Número de trabalhadores	VALOR
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$

Verba autorizada .. . . . . \$

Dispendida anteriormente .. . . . . \$

Saldo utilizável .. . . . . \$

O \_\_\_\_\_

/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$
/				\$

Exhibit 7

MINISTERIO DO DESENVOLVIMENTO RURAL E PISCAS  
 DIRECCAO GERAL DA CONSERVACAO DE SOLOS, FLORESTAS E ENGENHARIA RURAL  
 DIRECCAO DOS SERVICOS DE ENGENHARIA RURAL  
 QUADRO DO RESUMO DOS TRABALHOS EXECUTADOS DURANTE O ANO DE 1967

BACIAS HIDROGRAFICAS	DIQUE		BAIQUETAS				AREA BENEFICIA HA	ARRAMOS		AREA BENEFICIADA EM VIVEIRO HA	C.S. DE PLANTAS No. DE COVAS		ARBORIZACAO No. DE COVAS ARRASADAS PREVISTAS EXECUTADAS						
	PREVISTO No.	EXECUTADOS No.	PREVISTO METROS	EXECUTADOS METROS	VOLUME	VOLUME		PREVISTO METROS	EXECUTADOS METROS		PREVISTAS	ABERTAS							
(N.D.P.)																			
TABOAL	5	412	6	1479.2	23000	586624		82589.5		36000	150000	209450	150000	209450					
RIBEIRA DE CUBA	15	1390	35	3453	23000	23640		67092			50000	34167	50000	34167					
RIBEIRA PRINCIPAL	11	117	31	4366.5		6943					20000	3547	20000	3547					
RIBEIRA DE SAO MIGUEL		2240	8	3982			135000	9364		53574	50000	47470	50000	47470					
RIBEIRA DE FLAMENGOS		1875	8	1377			135000	7245		43926	50000	26514	50000	26514					
RIBEIRA DE SAETOS		1575	12	5111			135000	4050		50000	40000	3770	40000	3770					
RIBEIRA DE SANTA CRUZ		4500	59	6807.8			100000	14140.4	5656.2	7.2	87231	80000	78597	80000	78597				
RIBEIRA DOS PICOS		7500	37	4592.1			22000	562.5	1011.5	2	76150	55000	55461	55000	55461				
RIBEIRA SECA		7500	51	6473.5			12500	562.5	5364.5	10.8	76454	55000	49531	55000	49531				
RIBEIRA DE CUNHA	4	650	2	660.8			9000		2251.37	4.5	20000	22000	15527	22000	15527				
RIBEIRA DE MANGUE		1125	5	1074.5			75000				28450	20000	12924	20000	12924				
RIBEIRA DE S. DOMINGOS		2250	14	1635.3			2500	1000	1154	2.2	15657	15000	15092	15000	15092				
RIBEIRA DE S. FRANCISCO	7	840	3	495							15000	20000	6137	20000	6137				
RIBEIRA DE S. TOOME/PORTELA	8	960	2	485.2							15538	26000	16558	26000	16558				
PROTECTOR DE S. FELIPE		835		421							5000		5000		5000				
TOTAL (N.D.P.)	50	33035	276	42511.9	43000	0	611207	0	0	67500	2125	194322.27	10201.34	26.7	842380	658000	575525	658000	575525
RIBEIRA DE PRAIA FORMOSA		5136.6	2	395.3	4000		21815				50000	28000	40000	40000	40000				
RIBEIRA DE JOAO VARELA			4	6884.5							24332	27000	50000	25000	50000				
DEFESA DE JUSTINA LOPES																			
TOTAL D.G.C.S.P.E.R.	50	38545.6	282	49594.7	47000	0	633022	0	0	74500	32125	380529.27	27859.34	72.1	955562	763000	678425	773000	678425

Exhibit 7 (cont.)

MINISTERIO DO DESENVOLVIM  
DIRECCAO GERAL DA CONSERV  
DIRECCAO DOS SERVICOS DE  
QUADRO DE RESUMO DOS TRAB

SACIAS HIDROGRAFICAS	GARNICAO DE FUNDO DE LEVADA M	CONSTRUCAO DE LEVADA M	CONSTRUCAO DE SULCACOS M	PLANTACAO DE BASOSA M	ESPIGOS M3	INSTALACCES DE TUBO PARA CANAL DE AGUA M	FUNDACOES PARA CONST DE BARRAGE M3	LAJE DE BETAO ARMADO PARA COBERTURA DE RESERVATORIO M3	REPARACAO DE ACessos M	DISTRIBUICAO A LANCO DE SEMENTES DE PASTAGEM SACOS
(W.D.P.)										
TARRAFAL										
RIBEIRA DE CUBA										
RIBEIRA PRINCIPAL										8000
RIBEIRA DE SAO MIGUEL	55	243								9500
RIBEIRA DE FLAMENGOS	100	596				600				7000
RIBEIRA DE SALTOS										7000
RIBEIRA DE SANTA CRUZ					439					12600
RIBEIRA DOS PICOS					257					33350
RIBEIRA SECA					133.5					32600
RIBEIRA DE CUMBA						976		0.81		6074
RIBEIRA DE MANGUE					50.3					5000
RIBEIRA DE S. DOMINGOS										4700
RIBEIRA DE S. FRANCISCO							432	1.2		2833
RIBEIRA DE S. TOMÉ/PORTETE						199	129.78	6.4		1350
PROJECTO DE FELIPE							237.5	1.35		600
TOTAL (W.D.P.)	155	1239	0	0	929.8	1670	799.28	9.76	130104	0
RIBEIRA DE PRAIA FORMOSA										
RIBEIRA DE JOAO VARELA							520			
RIBEIRA S. JOAO BAPTISTA						15	260		6226	10.25
DEFESA DE JUSTINA LOPES									15000	10.25
TOTAL D.G.C.S.F.E.R.	155	1239	0	0	929.8	1685	1579.28	9.76	151424	20.5

59

Exhibit 7 (cont.)

MINISTERIO DO DESENVOLVIM  
DIRECCAO GERAL DA CONSERV  
DIRECCAO DOS SERVICOS DE  
QUADRO DO RESUMO DOS TRAB

BACIAS HIDROGRAFICAS	No. DE CALDEIRAS PREVISTAS EXECUTADAS	No. DE PLANTAS FIXADAS PREVISTAS PLANTADAS	AREA BENEFICIA HA	FEIJAO SEMBADO	CONGO PLANTADO	MURO LONGITUDINAL No.	VOLUME	MURO DE SUPOORTE VOLUME	SULCOS VALAS ABERTAS METROS	CONSTRUCAO DE RESERVATORIO VOLUME	CAPACIDAD	REBOCO DE TANQUE M2		
(W.D.P.)														
TARRAFAL	86170	150000	107211	513.0		40								
RIBEIRA DE CUBA	20381	30000	54390	85.4		60								
RIBEIRA PRINCIPAL		19500	6500	16.5		40								
RIBEIRA DE SAC NIGUEL	36728	50000	40483	101.2										
RIBEIRA DE FLAMENGOS	22937	50000	39757	99.4			1	30	80					
RIBEIRA DE SALTOS		40000	17814	44.5										
RIBEIRA DE SANTA CRUZ	78597	80000	120662	305.0	33.5		1	118.5	228		300	356.7		
RIBEIRA DOS PICOS		55000	23538	119.0	28	3600	3	445.8	130					
RIBEIRA SECA	17555	55000	72662	112.5	34.5	2405	3	702.8	235.3		183.4	144		
RIBEIRA DE CUNEA	18000	20000	15507	38.8	25.4	1040	2	267		970	15	8		
RIBEIRA DE MANGUE	10000	20000	16996	42.5										
RIBEIRA DE S. DOMINGOS		15000	15579	16.0	3.5	4000	3	757.8						
RIBEIRA DE S. FRANCISCO	20000	6137	20000	6137	15.3									
RIBEIRA DE S. TOME/PORTETE	26000	14159	26000	16356	41.4			55.5		100		64		
PROJECTO DE S. FELIPE	5000	5000		0.0			0	0			70			
TOTAL (W.D.P.)	69000	308576	637500	615294	1556.5	264.9	11045	13	2351.9	732.8	1070	260.4	452	420.7
RIBEIRA DE PRAIA FORMOSA		50000	38057	55.1			5	0	88		204.9	4000	113	
RIBEIRA DE JOAO ARELA	27000	50000	27600	79590	74.2			153	5000		195	200		
RIBEIRA S. JOAO BAPTISTA	20000	19997	150000	21181	52.8	40		1	153.75					
RIBEIRA DE JUSTINA LOPES				0.0					2570.00					
TOTAL D.G.C.S.F.E.R.	116000	360573	764500	704162	1772.6	304.9	11045	14	4389	1513.8	6970	668.3	4652	533.7

Exhibit 7 (cont.)

MINISTERIO DO DESENVOLVIMENTO RURAL E PISCAS  
 DIRECCAO GERAL DA CONSERVACAO DE SOLOS FLORESTAS E ENGENHARIA RURAL  
 DIRECCAO DOS SERVICOS DE ENGENHARIA RURAL  
 QUADRO DO RESUMO DAS DESPESAS REALIZADAS DURANTE O ANO DE 1947  
 EM COMPARACAO COM O PREVISTO

PROJECTOS DE ORDENAMENTO DAS DIFERENTES BACIAS HIDROGRAFICAS	No. MEDIO DE TRABALADORES	JORNAS PREVISTO	JORNAS EMPREGUES	VALOR MEDIO DAS JORNAS	ENCARGOS COM PESSOAL							PERCENTAGEM JORNALHEIRO E EVENTUAL	GASTOS A MAIS (+) OU A MENOS	
					PESSOAL EVENTUAL		PESSOAL JORNALHEIRO			AG. CUSTOS	GASTOS JORNALHEIRO			
					PREVISTO	GASTO	PREVISTO	JORNAS	H. EXTRAS					
PROJECTO DE DESENVOLVIMENTO DAS BACIAS HIDROGRAFICAS (W.D.P.)														
TARRAPAL	683	795	205000	221200.50	121.1	1200000	3648334.00	9453250.00	13543240.00	265854.50	474004.00	14283102.50	119.24	4900890.50
CUDA/PRINCIPAL						1800000		13081250.00	12432670.00		71280.00	12503950.00		
SAO MIGUEL	290	362	100250	89795.00	117.3	840000	1659889.90	11027500.00	10499247.00		38000.00	10537247.00	102.84	329636.90
FLAMENGOS	366	359	110900	100286.50	124.5	1203000	3284055.30	12160000.00	12212545.00	187482.20	82700.00	12482727.20	118.54	2466792.50
SALTOS	266	244	80030	64204.00	122.6	1063000	1684296.50	8850000.00	7552395.50	88674.50	230790.00	7871850.00	96.74	-323843.50
SANTA CRUZ	354	460	106250	95495.00	121.5	1320000	1657624.60	11587500.00	11204030.00	227142.60	168680.00	11599852.60	101.94	245981.20
PICOS	349	427	116750	106758.00	112.7	1800000	1917375.00	12442500.00	11843867.80	77750.00	114120.00	12035737.80	95.34	-649387.20
SECA	435	443	119375	109335.50	113.6	1920000	1736093.30	13131250.00	12258078.50	129645.50	38000.00	12425724.00	94.14	-889514.70
CUNSA	75	91	25500	19549.50	112.6	840000	1104273.50	2475000.00	1559773.50	45383.60	121160.00	2206317.10	99.94	-4409.40
MANGUE	85	93	25500	21914.50	116.8	840000	1079452.30	2805000.00	2220795.50	229994.90	109280.00	2560070.40	99.84	-5477.30
SAO DOMINGOS	185	177	55625	42259.50	111.2	960000	1017576.50	6118750.00	4411489.00	69501.40	218200.00	4699190.40	80.84	-1361943.10
S. FRANCISCO	65	68	19500	16963.50	134.1	600000	567551.70	2145000.00	1958315.50	99107.70	251840.00	2309263.20	104.84	131814.90
S. TOMÉ/PORTEY	88	71	26500	17603.00	127.0	600000	821624.70	2915000.00	2007115.00		224000.00	2235165.00	87.04	-458176.30
SAC PELIPE	28	22	8500	4916.00	186.5	0	166752.60	935000.00	751615.50	117754.10	47520.00	916885.60	115.84	148182.20
TOTAL W.D.P.	3309	3610	998750	910324.50	119.4	15600000	29344571.90	109517000.00	104895177.80	1578299.00	2146134.00	108667130.80	103.64	4494502.70
PRATA FORMOSA														
JOSÉ VARELA	412	1083	128700	143160.50	122.2	2330000	3618641.50	17510480.00	16871757.50	600585.00	5000.00	17477342.50	104.04	1544904.00
S. JOÃO BAPTISTA	166.9	352	51074	47423.60	164.8	811200	341535.60	5600200.00	4845473.50	123344.50		4972121.50	50.84	-557042.00
DEFESA DE JUSTINA LOPES		56		13593.40	135.2			1266000.00	1713575.00			1713575.00	135.64	459574.40
TOTAL D.S.C.S.P.E.B.	4967.9	6300	1223524	1167501.50	116.8	19400000	26922522.00	140810000.00	134427524.20	2302224.00	2151134.00	138928410.70	103.64	5226777.10

Exhibit 7 (cont.)

MINISTERIO DO DESENVOLVIM  
DIRECCAO GERAL DA CONSERV  
DIRECCAO DOS SERVICOS DE  
QUADRO DO RESUMO DAS DESP  
EM COMPARACAO COM O PREVI

PROJECTOS DE ORDENAMAETO DAS DIFFERENTES BACIAS HIDROGRAFICAS	PREVISAO	ENCARGOS COM MATERIAL E OUTRAS								TOTAL PREVISTO	TOTAL UTILIZADO	SALDO EXISTEM EM 31 DE DEZENERO	PERCENTAGEM GASTOS
		CIMENTO E OUTRAS MAT. CONSTRUC.	COMBUSTIVEIS E LUBRIFI.	EQUIPA- MENTOS	OUTRAS DESPESAS	SERVICOS E RENDA DE CASA	GASTOS MATERIAS	PERCENTAGEM MATERIAS GASTOS	GASTOS A MAIS (+) OU A MENOS				
PROJECTO DE DESENVOL- VIMENTO DAS BACIAS HIDROGRAFICAS (W.D.P.)													
TARRAPAL	1370000	244609.00	2442690.00	708333.00	376266.00	23045.00	3834543.00	113.44	459748.00	12023250	21766383.50	-9360638.50	118.54
CUBA/PRINCIPAL	2055000		36000.00		13805.00		19805.00			16936250	12553755.00		
SAO MIGUEL	1450000	1891751.10	179400.00	185240.00	130487.80		2377878.90	164.04	927878.90	13317500	14575015.80	-1257515.80	109.44
FLAMENGOS	2500000	350000.00	767153.70	188880.00	29711.00	19480.00	1355234.70	54.24	-1144765.30	15800600	17122027.20	-1322027.20	108.44
SALTOS	2175000	623192.00	175400.00	6210.00	9000.00	35210.00	849912.00	39.04	-1325988.00	12055000	10405168.50	1649831.50	86.34
SANTA CRUZ	2180000	240657.00	972600.00	423250.00	291339.00		1927646.00	88.44	-252354.00	15187500	15185127.20	2372.80	100.04
FICOS	2150000	768674.20	775440.00	249770.00	119255.00		1913139.20	89.04	-236860.90	15792500	15866252.00	926248.00	94.54
SECA	2770000	780949.10	561110.00	658137.90	138255.00		2138451.10	77.24	-631548.90	17821250	16300182.40	1521067.60	91.54
CUMBA	525000	52542.00	57385.00	9470.00	78460.00		197857.00	37.74	-327143.00	3840000	3508447.60	331552.40	91.44
MANGUE	1125000	42200.00	143130.00	173551.00	61172.00		420053.00	37.34	-704947.00	4770000	4059575.70	710424.30	85.14
SAO DOMINGOS	1585000	347535.00	538705.00	430362.90	121651.00		1438253.00	90.74	-146747.00	8663750	7155019.90	1508730.10	82.64
S. FRANCISCO	450000	10215.20	119610.00	96358.00	66666.00		292849.20	65.14	-157159.80	3195000	3169664.10	25335.90	99.24
S. TOME/FORTETE	550000	231319.00	245255.00	4580.00	31632.00		512786.00	93.24	-37214.00	4065000	3569609.70	495390.30	87.84
SAO FELIPE	840000	145809.00	270605.00	125430.00	105617.00		647461.00	77.14	-192539.00	1775000	1730643.20	44356.80	97.54
TOTAL W.D.P.	21725000	5769452.60	7275493.70	3259371.00	1573316.80	77735.00	17955369.10	82.64	-3769630.90	146242000	146956871.80	-724871.80	100.54
PRAIA FORMOSA	2440000	789297.10	832530.00	812080.00	333255.30		2757122.40	113.44	327122.40	10638375	10881235.40	-242860.40	102.34
CAJO VAREIA	7871522	2354957.70	1722183.00	2985351.00	95050.00	58500.00	7246091.70	92.14	-625440.30	27412002	29341465.70	-929463.70	103.44
S. JOAO BAPTISTA	1262325	226712.00	491255.00	10300.00	5280.00		344399.00	66.94	-417942.00	7773725	6753741.00	1014984.00	96.94
DEFESA DE JUSTINA LOPES	10220000				1.00		0.00	0.04	-10220000.00	11456000.6	1715575.00	9740425.60	15.04
TOTAL D.G.C.S.P.E.R.	45498847	9283375.40	16311341.70	7057192.00	2067932.10	146235.00	26312956.20	66.24	-14689390.80	203522102.6	194553088.90	8858213.70	95.64

110