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USAID/BHR
Office of Food for Peace



**Assessment of the Management of
PL 480, Title II Non-Emergency Resources
Strategic Objective No. 2**

FINAL REPORT

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ACRONYMS AND ABBREVIATIONS

AED	Academy for Educational Development
AFR	Africa Bureau
ANE	Asia and Near East Bureau
BHR	Bureau for Humanitarian Response
BS	Backstop Personnel Category
CARE	Cooperative for Assistance and Relief Everywhere
CGIAR	Consultative Group on International Agricultural Research
CS	Cooperating Sponsors
CRS	Catholic Relief Services
DA	Development Assistance
DAA	Deputy Assistant Administrator
DAP	Development Activity Proposal
DP	Development Programs
ERS	Economic Research Service
ER	Emergency Response
ESF	Economic Support Fund
FACG	Food Aid Consultative Group
FAM	Food Aid Management
FANTA	Food and Nutrition Technical Assistance
FAS	Foreign Agricultural Services
FFP	Food for Peace
FFW	Food for Work
FSN	Foreign Service National
FTE	Full Time Equivalent
FY	Fiscal Year
GAO	General Accounting Office
GC	General Counsel's Office
GPRA	Government Performance and Results Act
HIPC	Highly Indebted Poor Countries
IFPRI	International Food Policy Research Institute
ISA	Institutional Support Assistance
LAC	Latin America and Caribbean Bureau
M	Management Bureau
M&E	Monitoring and Evaluation
MT	Metric Ton
NGO	Non-Governmental Organization
OE	Operating Expenses
OFDA	Office of Foreign Disaster Assistance
OMB	Office of Management and Budget
OTI	Office of Transition Initiatives
PAA	Previously Approved Activity
PL 480	Public Law 480
PPC	Program and Policy Coordination Bureau

PPE Program Planning and Evaluation Office
PVC Private Voluntary Cooperation
PVO Private Voluntary Organization
R4 Results Report and Resource Request
SO Strategic Objective
USAID United States Agency for International Development
USAID/W United States Agency for International Development/Washington
USDA United States Department of Agriculture
USDH United States Direct Hire
USG United States Government
WFP World Food Program

ACKNOWLEDGEMENTS

The consultant team would very much like to express its sincere thanks and appreciation to everyone in the U.S. Agency for International Development (USAID), the U.S. Department of Agriculture (USDA), the Office of Management and Budget (OMB), the private voluntary organization (PVO) community, USAID contractors and the private sector, who shared their information and insights regarding the PL 480 Title II non-emergency or development program. All comments were provided in a positive and supportive manner in the interests of helping to make even better the already successful Title II non-emergency program. These individuals and organizations are truly an impressive group of development professionals working together in an often difficult but important program. Needless to say, opinions and views expressed in this report are those of the authors and do not in anyway represent USAID or Checchi-Louis Berger International, Inc.

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Executive Summary

Since 1954, the PL 480 Title II program has long been a mainstay of U.S. foreign assistance and, from all indications, it is likely to remain so. The Title II program, unlike some other forms of U.S. international aid, enjoys substantial support with a unique combination of political, agricultural, commercial and private voluntary organization (PVO) participation. For that reason, while the rest of the U.S. foreign assistance program and the budget of the U.S. Agency for International Development (USAID) are often severely cut, the Title II program generally continues to receive the resources needed to help address emergency food aid and food security problems around the world.

At the same time, the Title II program has had the advantage of being implemented by a relatively small group of dedicated PVOs, who have worked closely with USAID and separately in some of the most difficult conditions in assisting needy people. This on-the-ground experience for the past forty years has enabled these PVOs to develop their skills in terms of planning and administering numerous activities to address the specific needs of vulnerable populations in varied technical sectors. While subject to normal U.S. Government accountability standards, the Title II programs have been successfully managed most often in a complementary manner, but somewhat separate from the rest of the USAID development program.

In recent years, USAID, as a result of provisions in the amended 1990 Public Law (PL) 480 legislation, the 1993 GAO Report on Food Aid Management Improvements Needed to Achieve Program Objectives, and the commitment to the Government Performance and Results Act (GPRA), has embarked on an ambitious effort to better manage its Title II food aid resources in support of selected objectives and to demonstrate results. In 1995, USAID issued the Food Aid and Food Security Policy paper that provided clear internal policy and programmatic guidance to the field. Concurrent with these changes were major reductions in experienced USAID staff and operating expenses, making management improvements and reengineering steps much more difficult to achieve. These external and internal pressures, created by the need to comply with and implement sweeping policy and programmatic changes, have been no easy task for the USAID's Bureau of Humanitarian Assistance (BHR).

Prompted by its own managing for results policy as well as Congressional pressures, USAID is now trying to extend these reengineering precepts to the Title II non-emergency or development programs along with the proposed integration with Development Assistance (DA) programs. While most would agree that managing for results is a worthy goal, the Title II program is inherently different than other forms of USAID assistance and does not always lend itself in the same way to these reengineering objectives or procedures. For example, Title II has multiple purposes and a broader group of stakeholders.

One major consequence of the above mentioned process has been substantial tension between USAID activity managers both overseas and in the Office of Food for Peace (FFP) in Washington with their key partners, the PVO community. The PVOs largely

plan and administer these Title II programs and deserve much of the credit for the sustained support of the Title II program and budget. While the problems sometimes arise as much from varying management styles, miscommunications and inadequate collaboration in a number of areas, there are still substantive issues, which USAID needs to address expeditiously in order to keep this important program functioning well. Some of these problems concern the special role and relationship of PVOs in the international assistance arena, the efficacy of the results orientation with its accompanying monitoring and evaluation requirements in some very difficult country conditions as well as USAID's own staff and operating expense shortages. With further reductions planned, there is some serious concern that the situation may get worse before it gets better unless some management adjustments are made very quickly.

There have also been some relatively striking comparisons made between USAID's handling of the Title II non-emergency program with the way in which the U.S. Department of Agriculture (USDA) and the World Food Program (WFP) administers similar activities.

This management assessment was undertaken at the request of the Program Planning and Evaluation (PPE) and FFP Offices in USAID's Bureau for Humanitarian Response (BHR) in order to elicit recommendations regarding how best to address these problems in this important Title II non-emergency program at a time of budgetary stringency. As a result of this internal stocktaking, there are a number of follow-up studies or activities, which USAID/BHR should consider in order to bring about further improvements in the Title II development program. These additional topics, which were outside the scope of work of this study, are referred to in the body of this assessment report. Attempting to improve the quality of the Title II non-emergency program while streamlining management in a downsizing environment is a central theme throughout this assessment and the recommended follow-up work.

The consultant team, combining many years of USAID and PVO experience, worked exclusively in Washington, drawing upon all available documents and interviewing scores of key informants within the allowable time period. The findings, conclusions and recommendations include a number of points to be further addressed. Some of the most important of these are the following:

- clearer USAID policy direction about the important role of Title II non-emergency programs;
- the need for more USAID staffing knowledgeable in Title II and PVO programs;
- better coordination among USAID offices working with the same PVOs;
- more regional bureau and Mission input into many of these programmatic and workload decisions;
- a real hard look at reducing some of the paperwork and reporting requirements;
- clarification of USAID's strategic approaches and streamlining the data collection requirements for performance indicators;

- providing more operational flexibility to the PVOs, many of whom have been administering these programs for decades;
- taking decisive steps to operationally integrate Title II non-emergency resources with Development Assistance resources;
- looking to incorporate some of the better features of USDA's management of similar programs; and
- increased efforts by USAID Mission and cooperating sponsors to engage host country governments and institutions in the planning, implementation, integration and management of reengineered Title II non-emergency programs, particularly in sub-Saharan Africa.

1. Study Objective and Methodology

At the request of the Program Planning and Evaluation (PPE) and the Food for Peace (FFP) Offices in USAID's Bureau for Humanitarian Response (BHR), the joint venture of Louis Berger International, Inc. (LBII) and Checchi and Company Consulting, Inc., under an Indefinite Quantity Contract (IQC), was asked to undertake an internal stocktaking of USAID's PL 480, Title II development program resource management. A copy of the full scope of work is attached in Annex A.

In FY 1998, the entire Title II food aid program comprised \$837 million, or nearly 20 percent of the Agency's resources as shown in Table 1. About half of this amount was used to support non-emergency development activities. The Office of Food for Peace, which has management and oversight responsibility for these programs, was seeking a review of its development portfolio operations in order to shed light on how best to balance the many competing interests inherent in the PL 480, Title II program. The question was even more important with the non-emergency Title II activities because of the added pressures brought about by reengineering (i.e., managing for results) while at the same time experiencing staff compression and operating expense pressures.

Accordingly, Dennis M. Chandler, a former USAID Deputy Assistant Administrator and Mission Director, and Charles L. Sykes, a former Deputy Assistant Secretary of State and senior PVO executive, were selected to handle this task. Both individuals have had extensive experience working overseas and in Washington on a wide variety of Title II programs and related issues. This management assessment was to be conducted in the Washington area only, with no overseas travel planned. The Berger-Checchi office provided oversight and administrative support. Attached is a copy of the agreed on consultants work plan in Annex B.

The work began on July 27, 1999, involving a review of existing data, many in addition to those specified in the scope of work, including several USAID policy statements, R4 materials, statistics, meeting and committee reports and other related food aid documents. The consultant team also interviewed numerous current and past representatives of USAID's FFP Office, PPE, the regional bureaus and as many recently returned Mission personnel as possible. In addition, Mr. Sykes and Mr. Chandler met or talked on the phone with appropriate representatives of the U.S. Department of Agriculture (USDA), the Office of Management and Budget (OMB), several private voluntary organizations (PVOs) involved in food assistance, and commercial representatives in the sector. While awaiting USAID's written comments on the draft report and working on another consultancy in western Africa, Mr. Chandler also used the opportunity informally to discuss this assessment in the context of the West Africa region. The list of people and organizations contacted and interviewed is attached as Annex C.

USAID/BHR did provide the contractor with written comments regarding the consultants' draft report, which have been considered to the maximum extent possible by the consultants for inclusion in the final version. The consultants also factored in a

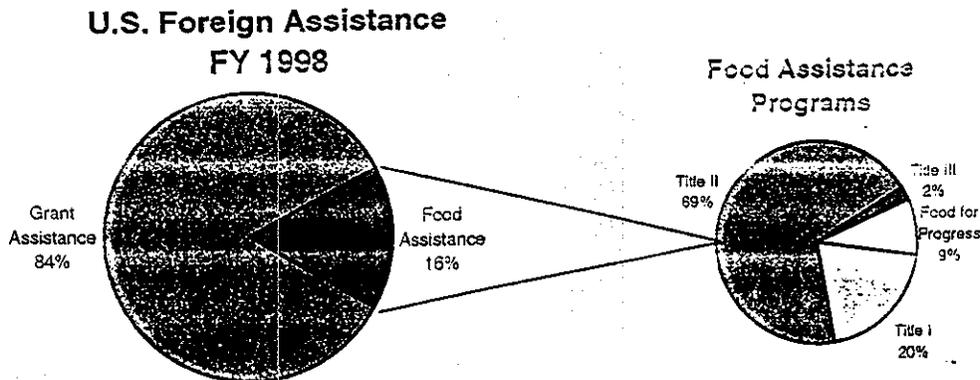
number of comments by BHR staff during a presentation to USAID in early September of the team's overall findings, conclusions and recommendations.

Table 1

**U.S. Foreign Assistance
Fiscal Year 1998 ('000)**

Grant Assistance		\$6,602,515
Economic Support Fund	\$2,419,928	
Development Assistance	\$1,860,634	
SEED/NIS*	\$1,256,074	
International Disaster Assistance	\$190,298	
Peace Corps	\$225,581	
Migration and Refugee Assistance	\$650,000	
Food Assistance Programs		\$1,219,096
Title I	\$205,261	
Title II	\$888,800	
Title III	\$29,900	
Food for Progress	\$84,235	
Farmer-to-Farmer	\$10,900	
Total U.S. Foreign Assistance		\$7,821,611

Source: USAID/FFP 12/03/98; USDA/FAS 12/21/98.



Major Changes In The Title II Program Since The Early 1990's

Significant PL 480, Title II Amendments in the 1990 Legislation

There were a number of significant changes or amendments to Public Law (PL) 480, Title II made in the 1990 re-authorizing legislation. None of these amendments was more important to USAID than the vesting of authority in its Administrator for implementation of the Title II program because it clearly and unequivocally gave responsibility to the USAID Administrator for implementing the Title II program. This change was significant because earlier Title II management was shared on an inter-agency basis and, therefore, was more cumbersome. This amendment also enabled USAID to integrate Title II food and DA resources in pursuit of development objectives.

The Private Voluntary Organization (PVO) and Non-Governmental Organization (NGO) community broadly supported this 1990 amendment. Impetus for this support was based on both experience and compelling arguments that the programmatic integration of food aid with financial and technical assistance resources in well designed projects was likely to yield greater and more durable results than food aid alone in addressing the problem of hunger and its principal root cause, i.e., poverty. Given USAID's leadership in the international development field as well as the demonstrated synergy and results of such resource integration in the search for more durable solutions to the alleviation of hunger and poverty, this amendment established the foundation for more developmentally sound uses of food aid resources. Annex D reviews briefly the broad authority given to the President to carry out the Title II program and USAID's 1995 Food Aid and Food Security Policy paper, which gives specific focus to this authority.

There were also other amendments to PL 480, Title II in the 1990 legislation, which had important consequences for the way USAID's FFP Office organized and discharged its responsibilities. These included the authorization of not less than \$10 million and not more than \$13.5 million per year for support of the work of PVOs in establishing new programs and meeting in-country expenses related to ensuring efficient delivery of the food aid commodities to program beneficiaries. Rationale for support in meeting the latter expenses had its genesis in the 1985 Farm Bill, which recognized and responded to the extraordinary costs of food aid delivery in the famine affected regions of sub-Saharan Africa. Support for this amendment was based on the chronic problem faced by cooperating PVOs of insufficient U.S. Government (USG) dollar grant support for food aid program operations, management and accountability systems. In the 1996 legislation, the United Nations' World Food Program (WFP) sought and obtained similar support.

Another key 1990 amendment authorized the generation and use of foreign currencies by PVOs and cooperatives through the local sale (i.e., monetization) and barter of food aid commodities to (a) meet transport and distribution costs in non-emergency food assistance programs, and (b) implement income generating, health, nutrition, agricultural and other developmental activities within the recipient country. This amendment acknowledged and responded to the increased operational costs related to managing Title II programs in the poorest, food deficit countries and the need for complementary

financial resources to effectively carry out food aid related, development activities. At the same time, this amendment constituted one of the most complex oversight tasks for the FFP Office. While the monetization or sale of commodities has served as an increasingly useful instrument in generating funds to improve household nutrition and increase agricultural productivity, as stipulated in USAID's Food Aid and Food Security Policy, it has slowly but progressively replaced traditional Title II direct feeding programs, drawing increasing attention and scrutiny from commercially impacted commodity interest groups and food processors in the United States. Further comments and analysis of monetization are provided in Section 7 of this report and the Conclusions and Recommendations section of this assessment.

Still another amendment incrementally increased the annual levels of assistance available for non-emergency food aid by 25,000 metric tons (MT). The rationale for incrementally increasing the levels of assistance was justified on the basis of global food aid projections and analyses prepared by the National Academy of Science (NAS), USDA's Economic Research Service (ERS) and the International Food Policy Research Institute (IFPRI). Similar annual incremental increases were included in the 1985 PL 480 legislation based on reports from the same sources. It was one of Congress' ways of acknowledging the increased global food needs reflected in these projections.

A further amendment in the 1990 legislation called for the establishment of a Food Aid Consultative Group (FACG) to meet regularly to address issues concerning the effectiveness of the regulations and procedures that govern food assistance programs implemented under Title II. This amendment was predicated on the need for much closer consultation on both policy and program issues between USAID and the Title II program's cooperating sponsors, i.e., the PVOs and cooperatives. While the amended legislation designates the USAID Administrator as the chair of the FACG, in practice the Deputy Assistant Administrator (DAA) of BHR instead chairs the semi-annual FACG meetings. The FFP Director chairs informal meetings to deal with issues that require attention between meetings. The FFP Office serves as the secretariat of the FACG and maintains the official minutes.

Another series of amendments in the 1990 legislation placed time limits on the accomplishment of key USAID managerial tasks, such as proposal review and decision-making (45 days). These changes required USAID and its Administrator to develop and update regulations, in order to simplify procedures, reduce paperwork, establish reasonable accounting standards, taking into consideration the problems associated with carrying out programs in developing countries. A further amendment required an annual report to Congress documenting progress toward food security in every country receiving food assistance.

At the request of Congress, the General Accounting Office (GAO) conducted an audit of the PL 480 program in 1993 and identified major deficiencies in the management of the Title II program in achieving its objectives. Annex E outlines the principal findings of that report. In 1995, the GAO issued a second report on Actions Taken to Improve Food

Aid, which outlines the steps taken by USAID to implement many of the recommendations found in the 1993 report.

Significant PL 480, Title II Amendments in the 1996 Legislation

 In the 1996 PL 480 re-authorizing legislation, under the section regarding the provision of food aid for non-emergency program, Congress stated that the USAID Administrator may not deny a request for program funding because (a) USAID has no Mission, office or other presence in that country, or (b) the development plan of the eligible organization is not part of a development plan prepared by USAID. This was a particularly important provision because USAID, due largely to administrative funding and staff shortages, had already begun closing its offices or Missions in some of the poorest, most food insecure countries, particularly in sub-Saharan Africa. It has since become necessary for the Agency to devise means to monitor Title II non-emergency programs of cooperating sponsors in such minimum or non-presence countries, thereby facilitating the accomplishment of the objective set forth in the amended legislation as well as USAID's own policy guidelines of focusing food assistance efforts in sub-Saharan Africa. The FFP Office is in the process of devising an oversight system to cover such programs and conform to this amendment.

 The new legislation also raised the ceiling for program support grants for cooperating sponsors and the WFP, jointly referred to as "eligible organizations", to \$28 million during each fiscal year. The increase in program support funds is made available to PVOs and the WFP to improve the efficiency of their programs. Approval, disbursement and oversight of these program support grants are the responsibility of the FFP Office.

 Lastly, the FACG's membership was expanded to include representatives from agriculture producer groups in the United States. The inclusion of U.S. food producer groups in the FACG grew out of (a) concern by such groups with the decline of direct feeding programs, and (b) the concern of other such groups with the impact of monetization on some of their markets. Given the growing trend to sell or monetize more Title II non-emergency food resources, the FFP Office will face growing pressures from these groups and have its hands full in balancing these various, often competing interests.

2. Changes in Workload Requirements in Washington and the Field

Development Assistance

In order to assess the workload requirements involved with the Title II non-emergency operations, it is useful to review briefly what USAID has been attempting to accomplish in recent years with its reengineered Development Assistance (DA) and even much of its Economic Support Funds (ESF). As the development community is well aware, USAID initiated massive changes in its development programs and administration beginning in the mid-1990's. The leadership of USAID volunteered USAID as one of two "reinvention laboratories" in the U.S. Government. As such, USAID submitted itself to a great deal of internal and external scrutiny while it worked to plan and implement a

number of improvements as part of the Government Performance Review. At the same time, as a result of government-wide efforts to limit the size of the USG payroll as well as partly due to continuing budget cuts, USAID's leadership reduced the numbers of its senior staff as well as other employees in special skill categories. The cumulative effect of these changes has often been traumatic for the Agency and its staff, as they have tried to redirect their programs in a results-oriented way, but with far fewer financial and human resources at their disposal. It was the classic case of trying "to do more with less".

There have been obvious problems in bringing about many of these changes in USAID's diverse and far-flung bureaucracy. Much time and effort had to be spent both in the Washington headquarters and in Missions around the world in re-thinking how USAID should better run its business and then come up with the right mechanisms to do so. Offices both overseas and in Washington were reorganized to reflect more of this retooling effort. The process clearly added extra work to USAID management units in order to bring about these programmatic and administrative changes, while still trying to implement ongoing development activities, meet USG foreign policy interests and deal with the various emergencies. Again, this was all done at a time when there were fewer and proportionately less experienced U.S. Direct Hire (USDH) employees and reduced administrative and program budgets.

Despite its difficulties, however, this process has led to a number of positive innovations in the way in which USAID administers its development programs. The emphasis on results has been very useful in trying to demonstrate the actual impact of U.S. international development assistance. Identification of development assistance end-results -- strategic objectives and intermediate results -- have enabled USAID operating units to focus their efforts in selected key sectors and to identify and act on what is in their manageable spheres of influence. Appropriate performance indicators (i.e., success factors) are established as benchmarks to help managers determine progress toward stated end-results. The heretofore more limited descriptions of inputs and outputs in development activities became rightly viewed as simply a means to a greater end in support of verifiable progress toward the stated strategic objectives, thereby strengthening and accelerating sustainable development.

Following this crush of busy reengineering activities, the Agency and its Washington and overseas staffs seem now to have settled into more of a rhythm in administering USAID's reshaped programs and procedures. Strategies and project activities have been developed according to the new precepts in most Missions. The R4 process takes place methodically, although there has recently been some cutting back on the lengthy and detailed reviews. While some of the rhetoric has not changed, most of the remaining, dramatically reduced USDH staffs appear to have fewer illusions about trying to exercise intensive, hands-on control of activities, relying on a variety of implementing partners, including PVOs, contractors and other organizations and none more important than the host country institutions. Instead, aside from the usual mix of political, procurement and process work typical of any bureaucracy, much of the USAID management efforts now seems to be shifting to the monitoring of activities according to the previously established performance indicators and the fine tuning of program activities that inevitably ensues.

This can be a labor-intensive process, requiring constant consultation with cooperating sponsors and host country officials and institutions in a participatory strategic planning approach in order to reconcile such strategic objectives and modifications with the reality of local conditions.

PL 480, Title II Non-Emergency Programs

There has been an analogous situation concerning the changes in the Title II non-emergency or development program's workload requirements in Washington and overseas, although with some important distinctions. The PL 480 program, with all of its Titles, has long been regarded by many both within USAID and elsewhere as a more abundant, but also more complicated resource to effectively manage. For decades, Title II, in particular, was viewed by many in USAID as more of a welfare program that could sometimes be useful in a U.S. economic assistance program, but was not necessarily central to USAID's development efforts. The different agricultural origins, legislation and budget of Title II, along with USDA's agricultural export promotion mandate, the competing commercial interests of U.S. suppliers and the more independent operating styles of many of the PVOs, the managers for much of the Title II activities, all reinforced this impression of a separate identity for Title II. Consequently, USAID managers and staff have treated Title II activities quite differently both in form and content.

As alluded to in the previous section, this separate track for Title II began to change in the early 1990's after significant amendments to the 1990 Farm Bill, which directed the focus of this food resource in support of food security objectives and instructed USAID to manage Title II accordingly. A General Accounting Office (GAO) report in 1993 severely criticized USAID for not following through adequately on this legislative mandate (see Annex E). The 1996 Farm Bill provided even further developmental impetus to the use of Title II, emphasizing the key partnership between USAID and its cooperating sponsors, especially the US PVOs. Consequently, FFP developed a strategic plan in support of Agency goals. FFP's strategic plan framework is shown in Table 2 and how Office of Food for Peace fits within the Bureau for Humanitarian Response structure is shown in Annex F.

At about the same time, as described above, USAID was in the throes of its Agency-wide reengineering process and was very preoccupied with trying to reorient the use of its DA resources to more clearly show results. Accordingly, BHR's Food for Peace (FFP) Office emphasized the development importance of Title II non-emergency programs in several ways:

- it authored a food security policy paper,
- re-defined its strategic framework (See Table 2 below),
- reorganized its offices to better deal with reengineered Title II, and
- campaigned internally and externally for more results orientation in the use of Title II, pointing out the Congressional mandate and the GAO report urging such action.

The continued reductions in USAID's budgets also focused increased attention on the proportionately greater value of the Title II resources, which did not suffer the same cuts, because of the more widespread support on Capitol Hill for this program. Title II, in particular, was seen very much as a "WIN-WIN" program for both meeting global food aid needs while benefiting U.S. agricultural interests. The efforts of the PVO community were also very instrumental in safeguarding the Title II non-emergency program.

Table 2

BHR/FFP STRATEGIC SUPPORT OBJECTIVE 2 -REVISED RESULTS FRAMEWORK

Goal: Improved household nutrition and agricultural productivity among targeted vulnerable groups.	
Strategic Objective 2 (SO2): Increased effectiveness of FFP's partners in carrying out Title II development activities with measurable results related to food security with a primary focus on household nutrition and agricultural productivity.	
SO2 Indicators:	
2.1 Percentage of new approved DAPs that identify objectively measurable, program-linked performance indicators, as defined in FFP guidance.	
2.2 Percentage of partner's activities that report complete baseline data and set targets for objectively measurable indicators within first year of implementation.	
2.3 Percentage of partner's annual target demonstrated to be achieved, based on objectively measured indicators	
Intermediate Results 2.1: Strengthened capabilities of PVOs, USAID Missions and FFP to design, manage, monitor and support programs.	Intermediate Result 2.2: Improved integration of activities with other in-country activities, with Mission objectives, and with other donor strategies.
IR 2.1 Indicators:	IR2.2 Indicators:
a. Percentage of DAPs assessed to satisfy 75% of DAP review criteria to a great extent or better.	a. Number of countries in which 2 or more PVOs have joint or coordinated M&E activities.
b. Number of Missions developing Memoranda of Understanding with FFP outlining specific plans for re delegating Title II program authority.	b. Number of countries in which joint US-EU food security strategies are developed.
	c. Number of countries in which PVO and WFP develop joint food security strategies.

While the reengineering efforts for DA gave some indications about how the Title II development programs might evolve, there was still a great deal of extra work to do in order to bring about these changes. As indicated above, Title II has its own special characteristics and momentum in the form of different legislation, political interests, budget¹, contracting, commodities, logistics and cooperating partners. One overriding premise is that the commodities must be purchased, shipped and delivered according to U.S. law and regulations for the purposes intended. The contracting workload contained

¹ It is significant that the PL 480 program, including Title II, is reviewed by the Congress' Agricultural Committees and funded by U.S. Government's "350" agricultural account, while the USAID program is handled by the International Relations Committees and funded from the "150" foreign affairs account.

therein has been cited several times as a particularly heavy burden in the FFP office. As one USAID senior manager phrased it, above all else, the FFP Office must assure "that the right food gets shipped and delivered at the right time to the right people in the right place." This is a constant and overriding fact of life because of the unique nature of this FFP program. Therefore, despite the efforts of USAID managers to reengineer Title II non-emergency activities, the pre-existing momentum and these other realistic pressures in support of the Title II program will continue.

To its credit, USAID's FFP Office has generally managed this program well, despite the pulling and tugging of forces on the food assistance activities. Therefore, when USAID decided to improve the thrust of the Title II non-emergency program in the form of reengineering and targeting for results, it was really adding an extra layer of work on top of an already busy set of administrative tasks required by law and regulation. In the process, it not only had to overcome the usual bureaucratic tendency to resist change, but also to educate a relatively uninformed USAID staff, which had largely left the management of Title II to a small but declining group of specialists. In addition, the FFP Office has had trouble attracting the most qualified staff because an assignment there was not always viewed as career enhancing. Finally, there was often reluctance on the part of some PVOs to go along with some of the reengineering efforts because they were viewed as unduly complicating a program, for which the PVOs understandably claimed significant ownership.

It would be instructive to further illustrate some of the above points regarding USAID workload and the changes brought about by reengineering. Under the best of circumstances, the FFP Office already carries a very heavy workload in managing its resource allocation, accountability, usual marketing requirements, impact on the local economy, logistics, contracting, procurement, PVO partnership, monetization and related responsibilities. The number of non-emergency activities, now costing about \$400 million per year, continues to increase dramatically from 46 in FY 1996 to 68 activities in FY 1999, with an estimated 75 such activities to be approved in FY 2000 (See Table 3).

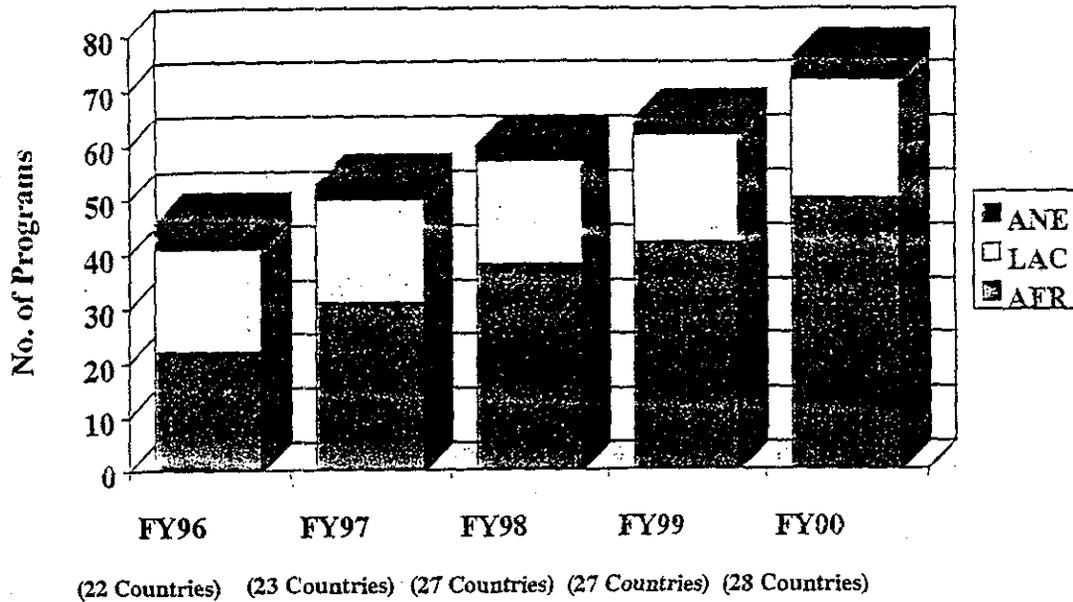
Table 3. PL 480 Title II Non-Emergency Activities

<i>FISCAL YEAR</i>	<i>NUMBER</i>
1996	46
1997	54
1998	60
1999	68
2000	75 est.

Source: BHR/FFP/DP

The distribution and number of Title II non-emergency programs by region over the past five years are shown in Charts 1 and 2.

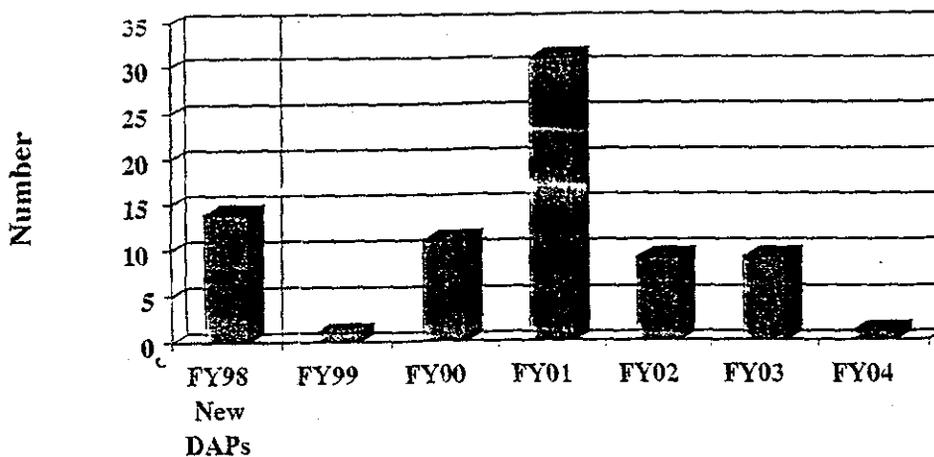
Chart 1: Number of Title II Development Programs by Region (AFR, ANE, LAC) FY96-FY99



Note: PVO programs only

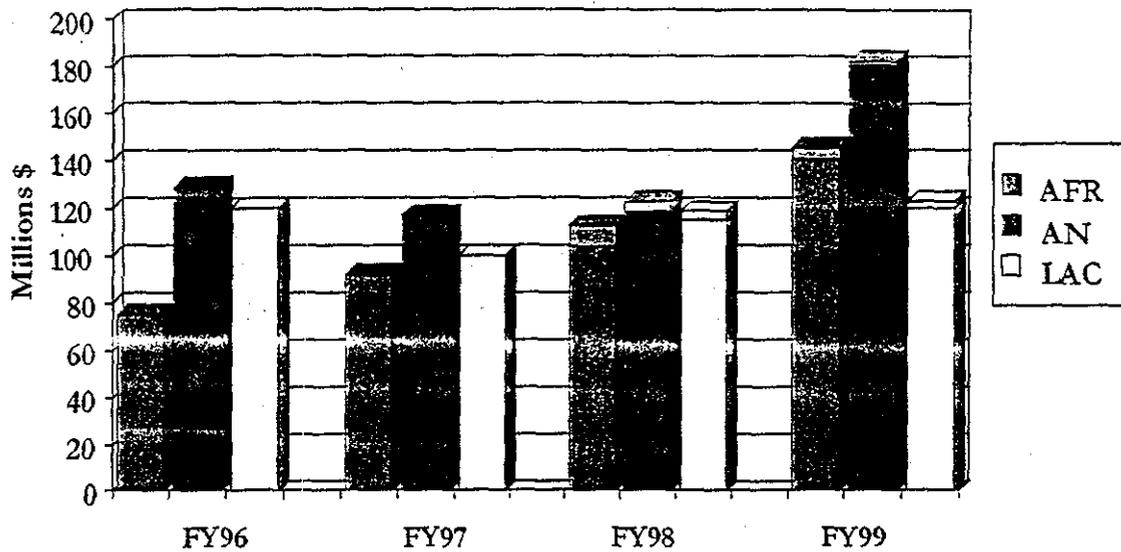
And planned new starts are shown below.

Chart 2: Planned New Starts/Number of Title II Development Programs Ending by FY



The level of funding and regional distribution of PL 480 Title II over recent years is shown in Chart 3 below.

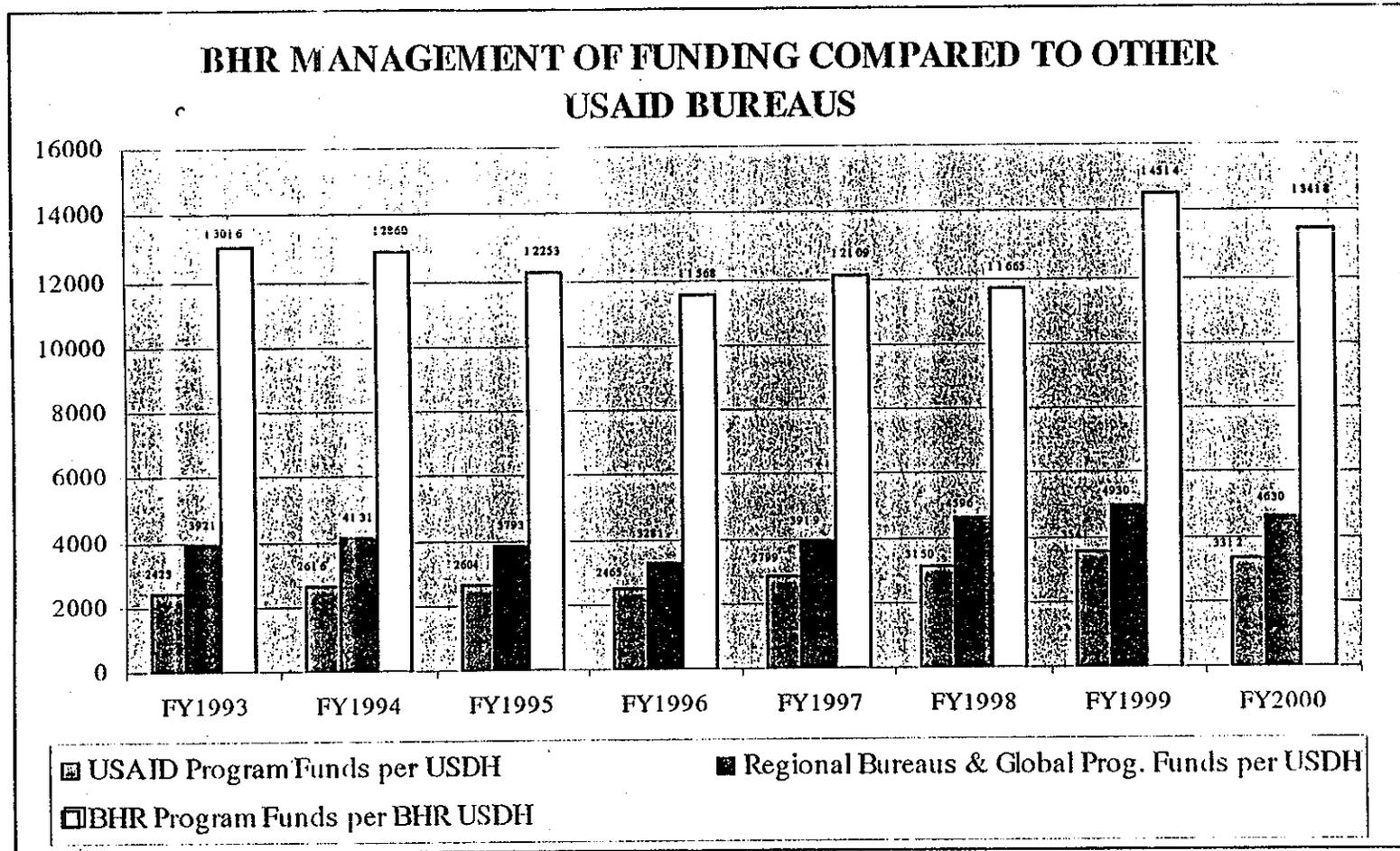
**Chart 3. Title II Development Program
by Region (AFR, ANE, LAC) FY96-FY99**



Note: Regional totals include WFP and PVO, 202(e) is the smaller stacked

The Agency's own figures also show a disproportionate ratio between the average dollar size of responsibilities for BHR staff versus the average dollar size of responsibility for USDH staff in other divisions. Admittedly, there are many variable factors in this equation, including the different labor intensities of selected activities, the "shadow" staffs in the form of contractors, which most USAID operating units now seem to use, as well as the competing emergencies and political changes, which very much affect everyone's workload, especially in the FFP Office. (See Chart 4)

Chart 4



When USAID then redirects the Title II development programs in a reengineered manner, it aims to improve the quality of food aid programs. However, this effort is really adding significant work on top of the above-mentioned Title II management tasks, which are already substantial, are required by law or regulations and do not easily lend themselves to reduction. Reengineering Title II development programs means rethinking and redefining some of the basic purposes and objectives of a food aid program, which has operated well but differently than DA for more than forty (40) years. For example, more emphasis must now be placed on results and the performance indicators for those desired results, rather than reporting mostly the inputs of tonnage of food shipped and the outputs of the numbers of people fed. This is particularly the case where Title II non-emergency activities are integrated with the DA-funded programs, which are already held to a reengineered results orientation. The monitoring and evaluation requirements to assess this higher level performance can sometimes become complicated and seemingly too onerous for the Missions, host governments and some of the cooperating sponsors, who are generally more comfortable with the earlier style of direct distribution of food assistance. As a result, considerable time and effort must be spent negotiating among the different participants in this process in order to arrive at an acceptable set of performance indicators and monitoring and evaluation steps, which are both realistic and also reasonably demonstrate results.

The management workload of the Title II development program is further complicated by the fact that a central office in Washington and a small group of field officers have heretofore largely handled these activities. USAID has not appeared to place a high priority on the importance of the Title II non-emergency program and staff work in that field. There is now underway a modest effort to delegate, according to prescribed criteria, limited Title II authorities to selected Missions where they exist and have requisite staff. One senior manager told us, however, that it was not until the latter part of her career and her second Mission Directorship, following several earlier overseas and Washington assignments, that she encountered Title II management responsibilities. While very supportive of the reengineered use of Title II resources in a country program integrated with DA, this Mission Director indicated that the critical factor in accepting and being able to handle this management responsibility was the existence on her staff of a capable FFP Officer. However, the Agency is losing its corps of FFP Officers (BS-15) and has only hired some replacements on an exceptional basis. Furthermore, despite the continuing presence of PL 100, Title II resources, very few USDI project managers are well versed in the special requirements of Title II programs, as they have existed thus far and especially not with the reengineering responsibilities added on in recent years.

In order to address this last deficiency, the FFP Office has correctly arranged through its institutional contractor, Mendez England & Associates, annual training programs for USAID staff working on Title II activities. Since August 1994, 162 individuals have undergone such food aid management training, with another 25 scheduled for October 1999. Approximately 40 percent of these attendees have been Foreign Service National (FSN) employees, about 10 percent Personal Services Contractors (PSC's) and a few representatives of PVOs on a space-available basis. (See Table 4 below for further

details). A number of the FFP Office staff also participates actively in helping to conduct many of these training sessions

Table 4
DATES AND NUMBER OF PARTICIPANTS TRAINED IN FOOD AID MANAGEMENT BY MENDEZ ENGLAND & ASSOCIATES UNDER CONTRACT WITH USAID

August 1994	10 day course	24 participants
September 1994	3 day course	9 participants
October 1995	10 day course	Postponed
May 1996	10 day course	22 participants
June 1997	10 day course	28 participants
January 1998	5 day course	45 participants
June 1998	1 day course	4 participants
October 1998	8 day course	30 participants
October 1999	5 day course	25 participants (estimated)

Source: Mendez England & Associates

Another very important factor, which can add to the workload of Title II development programs, is the increased use of monetization. More than sixty (60) percent of the Title II, non-emergency food aid resources are now sold or monetized in order to generate cash as a more flexible tool in development assistance activities. This trend raises new issues related to the market complexity of monetization itself. Also, there are often political pressures brought to bear by the competing interests of U.S. suppliers of bulk commodities, which are more easily monetized and allow for value added in a developing country context, versus the U.S. suppliers of processed and packaged commodities, which are not so easily monetized. In addition, while many of the PVOs, who manage most of these Title II development efforts, tend to favor increased monetization, this process sometimes taxes PVO capacities and that of USAID Missions to manage well such a complicated process. Therefore, while keeping very much in mind the important interests of the involved PVOs, Missions and host countries, the FFP Office in Washington must be ever vigilant in carefully overseeing this process in order to minimize the many political, financial and commercial pitfalls that can and do occur.

There have also been serious morale problems in the FFP Office in Washington. As pointed out earlier, senior management officials in the Agency have not been consistent in the amount of importance given to the Title II non-emergency or development program, especially as compared with the DA, Office of Foreign Disaster Assistance (OFDA) and Title II emergency programs. Also, the FFP officer personnel category (BS-15) has been allowed to dwindle in numbers of staff, causing gaps, protracted recruitment and lengthy orientations for those who are eventually assigned there. Because USAID careers and onward assignments are not felt to be helped by a tour in the FFP Office, especially in the Foreign Service, qualified officers are still reluctant to serve there or to

stay more than the minimum time. Furthermore, the competing pressures on Title II development programs, as described earlier, add more stress to an already hectic work environment. Finally, FFP staff consistently complained about limited travel and OE funds, excessive paper work, time consuming clearances, approvals, etc. in the FFP Office as well as the constant fact of "not being able to please all of the people all of the time" both within USAID and among its many external constituents. Such pressures and morale issues all contribute to frequent turnovers in qualified staff in the FFP Office. The consultants understand that some of these internal FFP office management issues are already being addressed by efforts at improved communications, further delegations of authority to senior staff and increased recognition through awards.

Clearly another workload factor for USAID/Washington and Missions in the Title II development program is the role of the PVOs. The PVOs are absolutely essential for the management of the Title II program and can rightly point to a long and proud history of assisting needy people overseas using U.S. food aid. The PVO community has also been key in supporting the continuation of needed levels of food assistance and other budgetary forms of foreign aid. Finally, many of the PVOs have been very active in influencing the rewriting of the of foreign aid legislation, including PL 480. Therefore, the PVO community is and can continue to be a very important ally and constituent of USAID in all of its efforts.

Having said all of the above, there are obvious stresses in the relationship between the PVO community and USAID, particularly over the management of the Title II non-emergency program. Some of these strains can be attributed to the normal "family" tensions among those who are busily working together in the same field and periodically have honest differences of opinion about how best to get the job done. Still other problems relate to the special nature of the PVOs' role in Title II, for which one could reasonably argue that they are largely responsible for its continuation in its present form and for which the PVOs deserve credit. For that reason, the PVOs have taken substantial ownership of the Title II program. The PVOs particularly complain about the apparent minimal trust and collaboration by USAID with the cooperating sponsors, the seemingly ever changing rules and procedures and the burden brought about by the results orientation of reengineering with its monitoring and evaluation requirements. While some PVOs admit that it is perfectly appropriate for USAID "to push the envelope" in terms of seeking more development impact and that some better projects have evolved, others feel that some of the performance indicators they are asked to report on are unrealistic in terms of what is possible on the ground or require too much extra work and expense to capture. This last point is important because of the cooperative relationship with PVOs to design and implement these activities and taking into account their limited funding, especially if USAID does not provide additional funding for performance monitoring and measurement.

From the USAID perspective, however, USAID managers and staff, while giving PVOs their due, take very seriously the Agency's fiduciary responsibilities and results objectives. Some USDH employees also tend to view PVOs more as another one of many implementing agents working for USAID, like contractors. Often the issue is more

style rather than substance as USAID managers are used to or simply prefer the more directive approach that can be and is taken with contractors with their precise scopes of work and budgets. In addition, as one former FFP officer pointed out, as USAID staffs are further reduced both overseas and in Washington, it is often easier and faster simply to issue orders rather than allowing for the more time-consuming collaborative approach that is necessary with PVOs under cooperative agreements and grants. In short, the increased involvement of numerous PVOs, the new reengineering requirements of Title II and the otherwise increasing demands on a more limited USDH staff afford numerous occasions for these problems to occur.

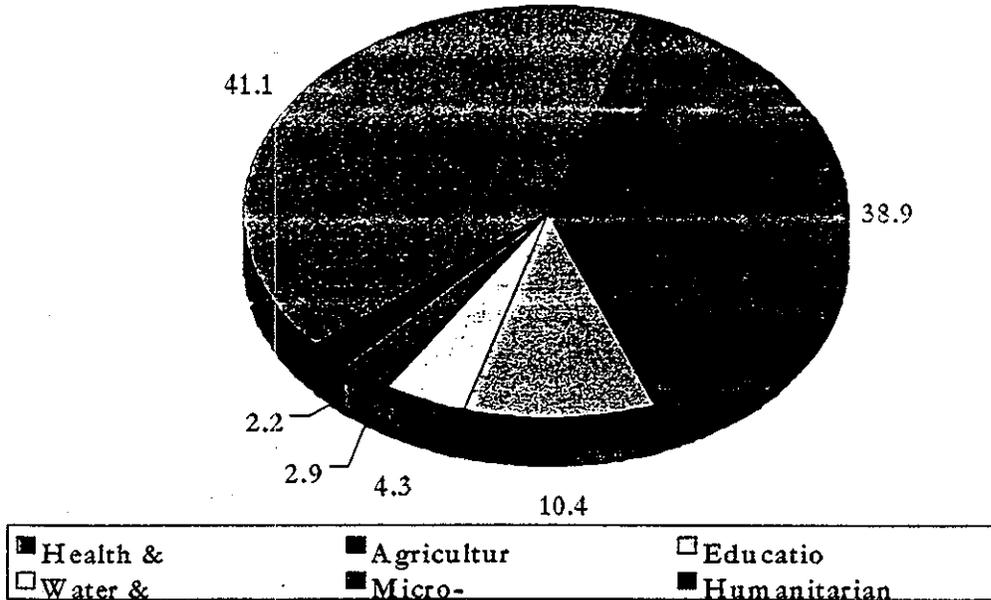
Although not specifically included in the scope of work, the roles played or not played by host country counterparts, governmental and non-governmental, can and do have a significant impact on the effective management of Title II programs and sustainability. For example, the Government of India and state governments in India have traditionally played significant counterpart roles in the management of Title II programs, in terms of financial support (often exceeding the value of food aid), including all inland transport and end-use management of the food aid. Most importantly, from a policy perspective, the Title II programs have always been strongly supported by the Government of India. Similarly, the Bangladesh Government and some indigenous NGOs have also taken noteworthy management responsibility for aspects of the Title II program there. In many of the poorest, food insecure countries in sub-Saharan Africa, there needs to be more significant efforts to engage with governmental or non-governmental entities in the development of local capacities.

3. Status and Constraints of Integration of Title II Into Field Missions

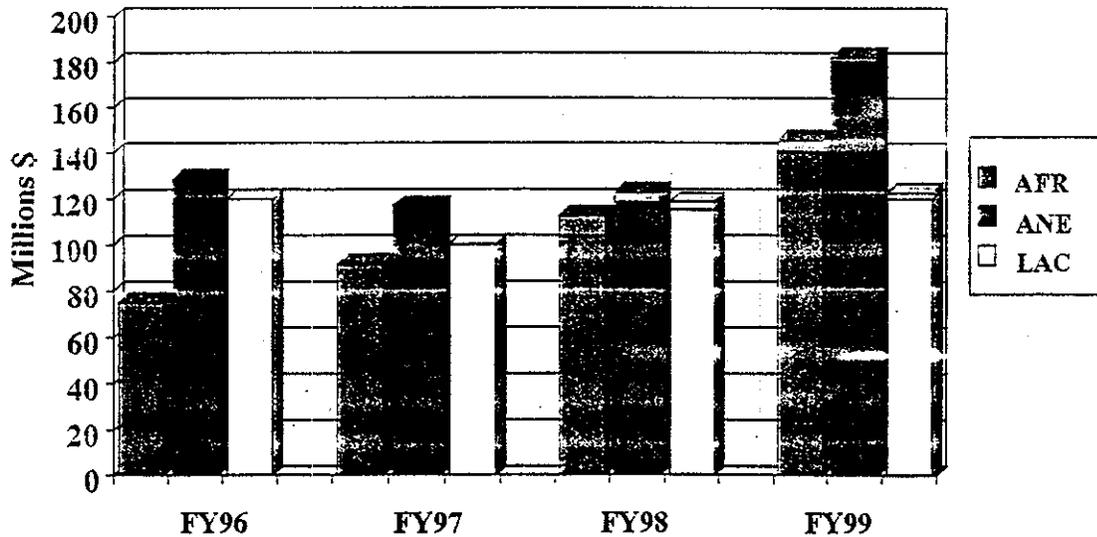
In this stocktaking effort, the Checchi-Louis Berger team reviewed available USAID program documents, especially R4's, for approximately 25 Missions in all regions. The team also interviewed regional bureau personnel, FFP staff and FFP contractors about the degree to which Title II development activities are integrated into Mission programs. Of particular interest were the handful of Missions, to which FFP/W had delegated authority to approve PAA's. With the exception of five or six country programs, there is little evidence to show much effort to integrate Title II non-emergency and DA programs. In the overwhelming majority of cases, there is no connection made between Title II and DA, and often no mention even made outside of the resource request. The notable exceptions include such Missions as India, Bangladesh, Bolivia, Peru, and Mozambique.

Charts 5 and 6 below show both the sectoral and geographical complementarity of these Title II development resources which potentially could be integrated.

**Chart 5. Sectoral Breakdown of FY99
Title II Development Program Funding**



**Chart 6. Title II Development Program Funding
by Region (AFR, ANE, LAC) FY96-FY99**



Note: Regional totals include WFP and PVO, 202(e) is the smaller stacked bar (as of FY98)

One member of the consultant team, while awaiting USAID's written comments on the draft report and working on another assignment in West Africa, informally interviewed USAID personnel in these countries on the degree of integration of Title II and DA resources and programs. This limited ground-truthing in this one region also confirmed the overall finding of very limited integration of Title II into Mission programs. Other than this informal opportunity, the team could not probe further in this area due to the limited time allowed and because no overseas travel was authorized in this task order.

There appear to be several reasons for this lack of Title II integration with other USAID programs including:

- the separate genesis and identity of Title II from the rest of the resources for which USAID is responsible
- the dearth of Title II experience across USAID -- most USDH personnel at all levels have very little experience with Title II programs
- Title II being very much a Washington-managed account, up until recently, often with little input from Missions
- Because there are so many factors involved in Title II, which are well beyond the span of control of Missions (commodity issues, shipping, political pressures, etc.) Missions' tend to avoid involvement with Title II and to gravitate to activities that they can realistically influence,
- the PVOs' more independent operating styles which in the past have not provided much opportunity or need for Missions to become deeply involved in the details of Title II programs
- the continued USDH staff cuts in USAID Missions and the growth of non-presence and limited presence countries reduces integration prospects
- the added workload of trying to reengineer DA programs, and reduced USAID staff levels have not been provided incentives to try to "reinvent" a Title II program which, except for introducing more results focus, most often appears to be working reasonably well
- lack of incentives for Missions to better integrate Title II resources, such as fuller delegations of authority, adequate staff and financial support to use in properly monitoring such programs
- lack of awareness of the positive experiences of selected Missions (e.g., India, Peru, Mozambique) in integrating Title II and other DA resources giving examples of how such integrated efforts can work and the advantages therein.

Box 1 below provides a brief discussion of the genesis and differences of Title II non-emergency resources and DA appropriations.

Box 1: Genesis of DA & Title II Resources

PL 480 Title II is part of the agricultural legislation, handled by the Agricultural Congressional committees and appropriated in the "350" or agricultural account of the overall USG Budget. Its overriding purpose is to promote U.S. agricultural interests. PL 480 is part of the federal budget to fund U.S. Department of Agriculture programs, which help the U.S. farmer, a portion of which assistance is achieved by financing U.S. agricultural exports. Therefore, PL 480's initial and single, most important objective has been domestic U.S. agricultural interests. For that reason, it is supported by a variety of constituents, including U.S. agricultural commercial interests, farmers, food processors, packagers, shippers, etc. as well as others in the development community.

The regular Development Assistance (DA) budget, on the other hand, is authorized under the Foreign Assistance Act (FAA). It is handled in the Congress by the International Relations Committees and is appropriated as part of the "150" or foreign affairs account in support of the political interests and foreign policy of the USG. The purposes of DA are further specified in the FAA, as amended, and as articulated by USAID as the USG's development agency. There are many different supporters of the USAID appropriations in the broad development community and commercial area and for reasons other than just helping U.S. agricultural interests and exports of American goods and services.

Where there is some development overlap, not identity, between PL 480 and DA is in the form of Title II. The amendments to the PL 480 legislation pushed the two different programs towards one another as much as possible, but did not make them the same. The amended legislation emphasized the development role of Title II and gave USAID, as the USG's development agency, the responsibility for channeling Title II resources in as much of a development direction as possible. The GAO Report of 1993 and USAID policy changes of 1995 did the same, but again did not change the inherent nature of the different legislations and programs. Rather, these moves simply shifted some of the emphasis and pushed more the coordination between the two programs since they are both dealing in the foreign area and trying to help needy people.

These inherent, substantive differences in the origins and purposes of the two programs govern how the responsible USG agencies and the PVOs view and manage the implementation of Title II. While some of the uses of Title II commodities and monetization proceeds may be similar, the purposes and characteristics of the programs are distinct and separate. Particularly, the PVO representatives, who helped to rewrite the legislation, will be quick to point out that it was never intended to make Title II and DA identical. When you add to this fact the very distinct histories of the two programs and the very separate ways in which they have been handled for the last forty years, one can better appreciate the reality of these inherent differences in the genesis of these similar but distinct Title II and DA resources.

• Key Differences between Title II and Regular DA Resources

As stated previously, Title II as a development assistance resource has its origins in the fiscal year 1985 PL 480 legislation, which included provisions which authorized (1) monetization by PVOs, (2) multiyear commitment of food aid resources, (3) an annual incremental increase in food aid resources for development, and (4) specific samples of projects to promote development. The Agriculture Committees in the Congress overwhelmingly supported these 1985 provisions and refined them in the 1987, 1990 and 1996 PL 480 legislation.

The compelling, indeed pivotal, reasoning behind Congressional changes to Title II legislation was based on the conviction that Title II food aid resources could more effectively address chronic hunger by giving it a development focus. They also recognized that many of their constituents viewed the Food for Peace Program as a major contribution in addressing world hunger.

Secondly, the Title II financial resources generated through monetization have the potential to more effectively address long term remedies to the problems of household food insecurity and low agricultural productivity, while the food resources sold, may have a positive effect on market liberalization, stabilizing prices of essential food commodities during lean seasons, and improving access by the poor to basic food commodities. Although USAID and the NGOs have had substantial experience in achieving these types of results, there appears to be a lack of application of these key secondary food security objectives in the design of Title II development proposals. This double impact is not characteristic of most regular DA resources. The USAID sponsored Mali Workshop (April 7-9, 1999) represents a model start in achieving these key secondary results.

Finally, when speaking of integration of DA and Title II resources, one senses that there are fundamental differences of views about the meaning of "resource integration" within USAID. From an operational perspective, conventional wisdom from the field as well as research and policy institutions, such as IFPRI, have long and repeatedly called for a major push to integrate food aid, development assistance (bilateral and multi-lateral), and technical assistance, e.g., CGIAR, to address the food insecurity problems of the poorest countries, most of which have agrarian economies. Many USAID staff appear to interpret resource integration as an administrative issue rather than fostering a dynamic process which produces the synergies reflected in fully integrating resources at the operational level. As one astute Food for Peace staff indicated, USAID needs to bring these resources into the budget and planning cycle of the countries it is trying to assist.

USAID is encouraged to renew its efforts in creating the policy and operational environment and framework which gives highest priority to the operational integration of resources, recognizing the fundamental differences in the genesis of DA and Title II and allowing cooperating sponsors sufficient space to test operational integration of resources at the field level.

4. Comparison of Title II Resource Management with Management of the USDA Food for Progress Program

The Title II non-emergency provisions stipulated in the PL 480 legislation define a wide range of activities which may be undertaken with the food aid resources made available through PVO cooperating sponsors and the WFP. In its Food Aid and Food Security Policy paper, USAID has given priority to those activities, which improve household nutrition, especially in children and mothers, and alleviate the causes of hunger, especially by increasing agricultural production, in sub-Saharan Africa and South Asia.

In the interests of reengineering, USAID has also directed that Title II resources be used to assist in the achievement of USAID strategic objectives, and managed according to the same results yardsticks, with a multi year program horizon

By contrast, the Title I, Food for Progress program, administered by USDA, assists developing countries, particularly emerging democracies "that have made commitments to introduce or expand free enterprise elements in their agricultural economies through changes in commodity pricing, marketing, input availability, distribution, and private sector involvement." Food for Progress can be implemented through one-year agreements, which can be extended for longer periods, with governments or with PVOs, cooperatives, intergovernmental organizations or private entities.

Although the two programs have expressly different purposes and objectives, they also have certain commonalities. For example, cooperating sponsors in both programs may monetize food aid or use the food for its intrinsic value in targeted feeding programs designed to combat hunger and malnutrition. Both programs require from their cooperating sponsors timely and accurate accountability reports of the food aid, monetization process and the use of the financial proceeds generated by monetization. Both programs are subject to annual audit in accordance with OMB Circular A-133 and its Compliance Supplement.

There are also significant differences, however, in the two programs, which very much relate to the distinct purposes of the authorizing legislation and the separate mandates of the two USG departments or agencies involved: USAID's results-oriented development focus versus USDA's agricultural export promotion focus. While the two areas of emphasis are certainly not mutually exclusive and can actually reinforce one another, they are nevertheless different. One is also struck by the often-repeated refrain from cooperating sponsors, who participate in both programs, about the greater client orientation atmosphere of the Food for Progress operations at USDA. Examples of USDA's more customer friendly service are its well executed annual pre-proposal conferences, its less protracted and cumbersome decision making cycle and process, its willingness to resolve programmatic issues expeditiously, often by phone, and its dissemination of frequently asked question about the Food for Progress program.

The other major difference is the relative simplicity of the USDA Food for Progress paperwork, from the simpler Plan of Operations proposal format to the final report, as compared to the USAID Title II program's lengthier, more detailed review and approval process (See Chart 7 and 8 below). On the other hand, the Food for Progress budget annex to the Plan of Operations is considered by many PVOs as unnecessarily detailed and complex, while cooperating sponsors find USAID's Title II budget format more user friendly.

In addition to USAID's multiyear Title II versus USDA's one-year Food for Progress approaches, perhaps the greatest substantive difference in the two programs is in their differing emphasis on evaluation and measuring results, as discussed elsewhere in this assessment. In contrast to USDA's Food for Progress program, the USAID Title II non-

emergency program is now committed to a much higher level of monitoring and evaluation in order to demonstrate impact in support of USAID strategic objectives and intermediate results. The Food for Progress program, on the other hand, touches more lightly on results, involves much less field oversight and requires a simpler final report from cooperating sponsors, which basically states whether the objectives set forth in the Plan of Operations as contained in the project agreement were achieved. Food for Progress reporting requirements focus more on timely logistical reporting and the regularly scheduled reporting on monetization, including disbursement of the proceeds, again with less detailed references to their uses and results.

The consultant team wishes to note that, since this stocktaking report was first drafted, there are plans underway for increased exchanges of information by the managers of USDA's Food for Progress program and USAID's Title II development activities.

**Chart 7
BHR/FFP/DP FY 2000
TITLE II DAP/PAA REVIEW & APPROVAL PROCESS**

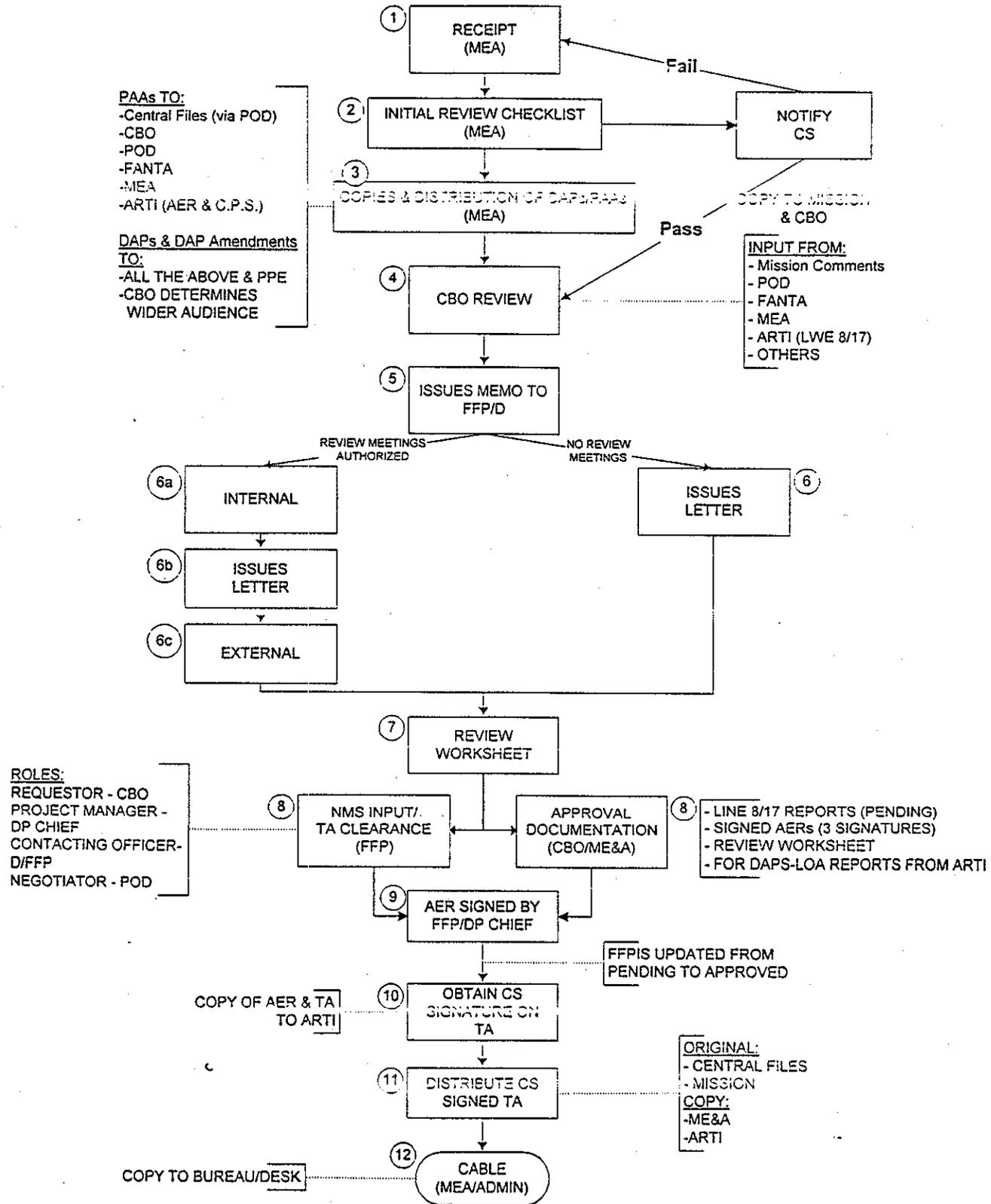


Chart 8
USDA'S FOOD FOR PROGRESS
REVIEW APPROVAL AND COMPLETION CYCLE

<u>Event</u>	<u>Time Frame</u>	<u>USDA Contact</u>
Invitation Period	May 15- July 23	PDD
Notification to Applicant of Proposal Awards	October 15	PDD
Negotiations with PVO		PDD
--Budget		
--Bellmon Information		
--Attachment A		
--Commodities (Type/packaging/amount)		PDD/FAA
Freight Forwarder		PL480 OPS
Agreement Signing		PDD
Cash Advances		PDD
Initial Logistics Report		PEB
Commodities		
--Purchased		FSA
--Shipped		
--Packaged		FSA
--Bulk		PL480 OPS
Six-month Logistics/Monetization Report		PEB
Annual Budget Report		PEB
Final Budget Report		PEB
Final Reimbursement		PEB/PDD
Final Logistics/Monetization Report		PEB
Disposition of Purchased Equipment		PEB
Independent Audit		PEB
Closure Process		PEB
--confirm receipt of all reports		
--compliance with agreement		
--resolution of all outstanding issues		
--verify use of administrative funds		
--USDA confirmation to Cooperating Sponsor that all requirements are met		

PDD- Program Development Division
FSA-Farm Service Agency
PEB-Program Evaluation Branch

5. Changing Workforce and Support Requirements in Relation to Workload Changes

As indicated earlier, the advent of the results orientation led to, in most cases, improved activities though it clearly added another layer of work for USAID managers in terms of a new way of designing and monitoring activities. The subsequent application of the reengineering concepts and procedures to Title II non-emergency programs brought with it many of the lessons learned from the earlier DA reengineering experience, but also many of the same problems in educating everyone involved and then restructuring programs. In addition, reengineering Title II also led to many new problems because Title II is inherently different in many ways than DA. In brief, the distinct legislative origins and mandate, the competing domestic political interests, the unique role of the PVOs, the continuing USAID/FFP staff and budget shortages and such new phenomena as increased monetization all added more complexity to the management of the Title II development program and made more difficult all such reengineering efforts.

Given these workload changes, USAID has needed, and continues to need, to adjust its Title II non-emergency workforce and support requirements both in Washington and overseas (See Table 5). No longer should the relevant sections of the FFP office and the Title II development program be administered on a separate track from the rest of the development activities. The Title II non-emergency program now needs to go beyond the largely resource allocation and logistical management focus of the past forty years and instead attempt to integrate Title II activities as much as possible with the rest of the USAID effort in presence countries and collaborate with the key implementers, PVOs, in all country activities. This requires as many, if not more, personnel involved in Title II because of the previously mentioned increased workload in order to bring about these program modifications.

Table 5
MISSION: BHR/FFP USDH STAFFING REQUIREMENTS BY SKILL CODE

BACKSTOP (BS)	NO. OF USDH EMPLOYEES IN BACKSTOP FY 1999	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2000	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2001	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2002
01 SMG	2	2	2	2
02 Program Officer	9	14	15	15
03 EXO				
04 Controller	1	1	1	1
05/06/07 Admin	6	5	5	5
10 Economics				
12 GDO				
12 Democracy				
14 Rural Development				
15 Food for Peace	9	9	8	8
21 Private Enterprise				
25 Engineering				
40 Environment				
50 Health/Pop.				
60 Education				
75 Physical Science				
85 Legal				
92 Commodity Mgmt				
93 Contract Mgmt				
94 PDO				
95 IDI				
Other*				
TOTAL	23	32	32	32

* Overall BHR/FFP staff levels for FY 2000 and beyond do not include the possible transfer of OP/TC staff to BHR/FFP.

However, in FY 1999, because of continuing staff and operating expense cuts in FFP as in the rest of the Agency, there have been only five Country Backstop Officers (CBOs) in the FFP Development Programs (DP) Division working on 68 Title II development activities around the world (and the number of activities is to be higher in FY 2000). Accordingly, to manage this increasing workload, USAID has had to rely more on institutional contractors in order to be able to effectively meet these continuing and new responsibilities. Therefore, USAID has engaged the services of Mendez England & Associates for management and administrative support in its Title II operations (16 positions) and the Academy for Educational Development (AED) under the FANTA project for help in improving the results orientation, monitoring and evaluation of Title II non-emergency activities (6 positions). In addition, Food Aid Management (FAM), which serves as an information clearing house for Title II cooperating sponsors, establishes performance standards and addresses specific food aid program issues identified by the FFP Office and FAM members.

The agency has been disrupted in recent years by major reorganizations to adjust staff alignments to newly reengineered functions. It appears to the consultants that everyone needs time to adapt to these new configurations. However, a number of people pointed out that approximately 90 percent of the work in the Management Bureau's Office of Transportation Coordination (OP/TC) is actually in support of BHR activities. Although OP/TC is supportive of BHR functions, it would seem to argue for putting all of these largely BHR responsibilities "under one roof". The team also noted a similar point in the FFP Office's R-4 table on staffing. It would appear that this minor reorganization would save inter-office staff time, clearances and paperwork and thereby be a more efficient mode of operation.

There also need to be different types of USAID staff involved in Title II both in Washington and overseas. Because the management of reengineered activities is led by Strategic Objective (SO) teams, more program managers have had to become very familiar with the unique features of Title II when used as an integrated development resource. This has been a slow process because of large scale USAID cuts of experienced staff, the virtual elimination of the FFP officer personnel category (BS-15), competing priorities with the still ongoing reengineering efforts of DA and ESF, the perceived degree of difficulty in working with the multifaceted PL 480 program and the different and strong role of the PVOs involved.

In Washington, USAID has made some progress in this regard by assigning experienced Foreign Service personnel to leadership positions in the FFP Office and, on an exceptional basis, by hiring a few individuals from outside the Agency as well as five interns approximately three years ago. At the same time, FFP, through its institutional contractor, Mendez-England, has conducted training programs once a year in Washington for USDH and other staff from Washington and overseas in food aid management. It has also meant that the geographic regional bureaus, in their backstopping roles, have had to become more knowledgeable in Title II matters because of the increased number of Title II activities in their regions and the need to allocate the requisite staff and budget to support the monitoring of these operations. There is a special case in the Africa Bureau where regional or "twinned" Missions have had to assume more management responsibilities for the oversight of Title II programs in limited or non-presence countries. While mid-level staff in the regional bureaus understand and are actively involved in this transition, it is not at all clear that senior management (Assistant Administrators and DAAs) in regional bureaus is sufficiently aware of the implications of these changes in the allocation of scarce Operating Expense (OE) and Full Time Equivalent (FTE) staff levels to Missions.

From the field perspective, Missions are still wrestling with this problem of increased workload involved with reengineering and the continuation of staff and OE cuts. Missions tell us that the single, most important factor in assuming more responsibility for Title II management is the presence on the Mission staffs of qualified individuals, who are knowledgeable of and can monitor Title II activities administered by PVOs. Such individuals can be U.S. Direct Hire (USDH), Personal Services Contractors (PSC's), or, in some cases, Foreign Service National (FSN) local employees. While the exact number

of FTE's committed to Title II are elusive, few Missions have full-time USDH FFP Officers and local staff, while most Missions are operating with part-time FSN's or PSC's. Absent these staff resources, Missions often do not want to endorse Title II proposals, not to mention considering their integration with the DA program, because of the added management burden of having to monitor and be accountable for these additional activities and resources. This understandable objection by field offices runs directly counter to the PVOs' strongly held position and legislative mandate of USAID's needing to authorize otherwise acceptable PVO proposals and USAID's reengineering policy of trying to integrate some of these with Mission and Washington DA programs. This situation is bound to lead to further problems unless some relief is provided to the Missions in the form of funding and staff and/or the Mission's oversight responsibilities for PVO activities are adjusted or reduced. Alternatively, the responsibility will fall back on to FFP/Washington, which, as pointed out earlier, has its own workload and staffing issues as well as very limited travel funds.

One particular constraint related to the hiring of local or in-country personnel is the reduction in the availability or authorization for the use of previously generated local currency or counterpart funds. Missions are reluctant or unable to accept responsibility for continuing or new Title II development programs if the needed financial resources are not provided to manage them. Continuing reductions in the OE budget plus the legislative requirement that does not allow USAID to reject otherwise acceptable PVO proposals further complicates this. However, with the increased monetization of Title II resources, it would appear reasonable that some of these or other local currencies could be allotted for the hiring of local technical and administrative staff.

While it may seem logical to many that more USAID staff should be devoted to Title II non-emergency activities, given its increasing role as a development resource, that has not been the case in recent years. At the same time, the PVOs have become more prominent in development generally and especially in countries where USAID has reduced its staffs to the bare minimum or actually closed its Missions. These facts of reduced USAID staff coverage plus the PVOs' creditable track record in administering Title II activities argue for more reliance on PVOs in Title II development programs. If one assumes further that Title II appropriations are more likely to be a constant development resource because of continued domestic U.S. political support and that the PVO community will continue to conduct effectively its operations around the world, then it would appear reasonable that USAID should adjust its style of operation by working in a more collaborative way with these PVOs and delegate more operational flexibility to them.

6. Observations with Regard to Food for Peace Cooperating Sponsors²

The rapid growth of monetization or sales of food aid resources in the Title II non-emergency program by cooperating sponsors (from approximately 18% in 1994 to over 62% in 1999) is one of the most important trends and complex challenges facing the

² See List of Contacts (Annex C) for the names of the individual cooperating sponsors in the PVO community referred to in this section.

Food for Peace program. This trend is essentially driven by two factors: (a) the objectives set forth in USAID's Food Aid and Food Security Policy, i.e., increasing agriculture production and household food security in poor, food deficit countries; inter alia, in pursuit of these objectives, cooperating sponsors, with USAID support, find cash rather than food aid to be a more effective and less cumbersome resource to manage in developing the poor's capabilities to improve their own lives; and (b) the lack of dollar grant support for food aid program operations, management, and accountability systems for institutional feeding of vulnerable groups.

Concurrently, monetization offers cooperating sponsors, host governments and USAID extraordinary opportunities to support the liberalization of markets, meet seasonal shortfalls of specific commodities, stabilize prices of basic food commodities and target the consumption of the food to vulnerable groups by selling the commodity, at affordable prices, to the urban and rural poor, i.e., targeted food sales, which improve food access by the poor. There are significant and instructive Title II examples to draw on in this regard, e.g., the India National Dairy Development Board's "Operation Flood" and its North India Oil Seeds Project.

Monetization also brings with it a myriad of new skill requirements, none more important than careful and astute local market analysis, not normally skills found in-house at USAID or the PVOs. Effective use of monetization and the sales proceeds to address core food security objectives can be found in selected countries, like Mozambique, where cooperating sponsors and the USAID Mission pool their collective efforts in group monetization.

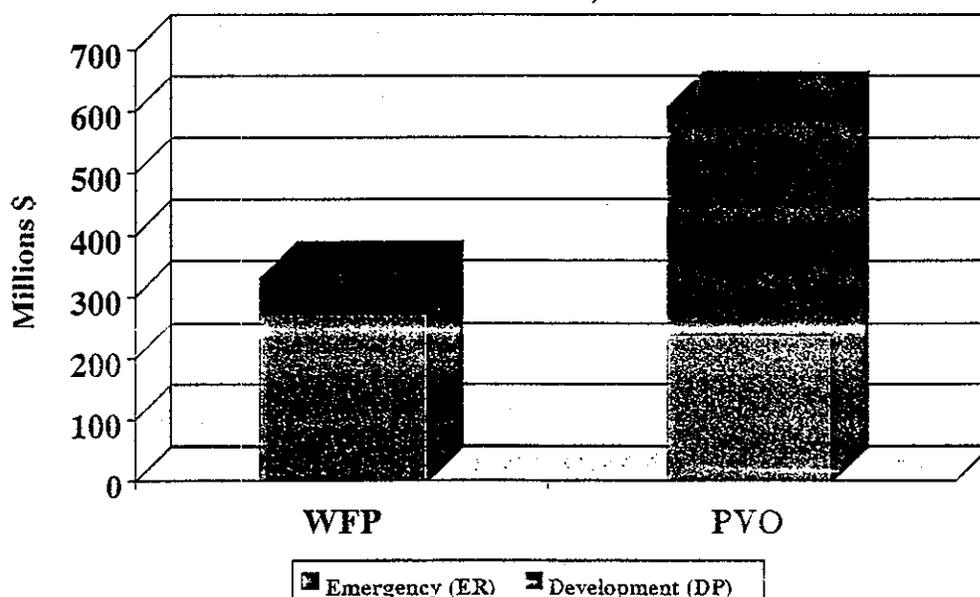
The trend toward increased monetization by cooperating sponsors and USAID has raised strong objections from some U.S. food processors, who have long supported and benefited from Title II direct feeding programs, which have utilized processed foods. In some cases, these groups have the support of members of Congress, who represent those states or districts where their commodities are grown and/or processed. PL 480 has long enjoyed the support of Congress because it not only serves the interest of some influential constituents, but also responds to global hunger, a cause broadly supported by the American people.

A number of PVOs have expressed concern with what they believe to be USAID's overly ambitious efforts to measure results in Title II activities, particularly in those countries, which lack capacity to participate in the evaluation. The cooperating sponsors are especially concerned in cases where food aid has not been fully integrated with other USAID assistance resources, in accordance with the Agency's Food Aid and Food Security Policy paper. Other PVOs feel that the results pendulum has swung too far, and that USAID's proposed performance indicators are not always realistic and reasonable to expect given difficult field conditions. In this respect there is sometimes confusion whether or not PVO should report on the performance of their specific program activities or on USAID's objectives. On the other hand, a recent survey by the FACG of cooperating sponsors in four countries on "Reported Burdensome Information Requirements", related to data collection for evaluation and monitoring, indicated that

most cooperating sponsors did not find the new data collection responsibilities excessive. Nonetheless, the consultants believe that cooperating sponsors should only report on performance indicators for the activities that they design and implement.

However, still others expressed concern over what they consider to be too frequent policy and program changes in the Title II program, which have tended to cause confusion in USAID and the PVO communities, both in the field and at their headquarters, requiring respective staffs to seek confirmation about the prevailing *sine qua non*. For example, the debate and disagreement over monetization procedures were difficult for many. Finally, while not part of this assessment, there is also some discontent in the PVO community over the lower accounting and results standards for Title II resources provided to WFP projects as contrasted with the more rigorous standards required of PVOs. Chart 9 below shows the allocation of FFP resources between WFP and PVO programs.

**Chart 9. Breakdown of WFP and PVO Funding
ER and DP, FY99**



Note: Totals do not include 202(e)

Many of the cooperating PVOs claimed that the FFP Office and some Missions had a propensity to micro-manage programs. One astute PVO executive (with previous senior USAID management experience) observed that paradoxically, with the decrease in the numbers of FFP staff in Washington and overseas, micro-management seemed to increase in some cases. The fact that a number of PVOs, which have been designing and implementing food aid programs and working in partnership with USAID (or its predecessors) since the passage of PL 480 in 1954, makes it difficult to understand why USAID cannot or will not allow these PVOs to assume greater managerial responsibility for the Title II non-emergency programs. The PVOs and others advocate more of a

working partnership- akin to the level of responsibility and trust extended by USAID to the WFP and to cooperating sponsors in USDA's Food for Progress program.

There is clear consensus in the PVO community that the USDA's Food for Progress program is more user friendly, with less demanding paperwork requirements, than the USAID Food for Peace development program. Both are subject to similar, rigorous accounting and auditing requirements, as reflected in Regulation 11 and OMB Circular 133-A. The primary difference between the two programs, with respect to paperwork, is the more rigorous monitoring and results oriented evaluation requirements of the USAID program. However, while acknowledging that USAID and USDA have different mandates, many of the PVOs do not fully understand how such similar food aid programs can be so different in terms of volume of paperwork, emphasis on results, logistical and monetization reporting and, most importantly, professional rapport and customer orientation.

PVO cooperating sponsors had differing views regarding the FFP Office's policy of delegating more authority to the field. Some PVOs welcomed the opportunity to work more closely with those on the ground, who better understood local conditions and time frames for results. Others were more concerned that their Title II development projects would either be "shoehorned" into DA-like categories or subordinated in USAID Mission strategies. There was also concern that this policy would neglect to build on the comparative advantage of PVOs at developing programs at the grassroots level versus USAID's often more macro-development approach to programs of national consequence. A PVO project or proposal may not always fit neatly into a USAID Mission's strategic objective (s), but still meet all the guidelines in USAID's Food Aid and Food Security Policy paper and existing law. Finally, there was the inevitable question of differing views by personalities in Missions versus the PVOs regarding Title II development priorities or program management. An example is the Mission rejection of the Title II proposal for Malawi, one of the so-called Highly Indebted Poor Countries (HIPC), even though it clearly meets USAID's definition of a poor, food deficit country.

To illustrate one of the above points, BHR's document, Assessment of Mission Readiness for Re-Delegation of Authority for Title II Food Aid Development Program demands a level of effort by USAID Missions in Title II programs which appears unrealistic given USAID's continuing staff and OE budget cuts, not to mention the increasing number of countries where USAID has no presence at all. For example, the Assessment asks the Mission to oversee the repackaging and re-labeling of commodities and to review and approve any repackaging costs over \$500. These are the types of pro forma requirements which should be best left to cooperating sponsors, with the Missions concentrating on major issues, such as ensuring integration of assistance resources, assisting in monetization, and monitoring for realistic results. The more important issue for FFP and the Missions is the competence of the cooperating sponsor to fulfill the requirements of Regulation 11 under the difficult field conditions, which prevail in the poorest, food-deficit countries.

7. Conclusions and Recommendations

There are obviously numerous ways in which to categorize or group these Conclusions and Recommendations for ease of implementation. Also, clearly more details are desirable in order to facilitate that implementation. Unfortunately, the very limited amount of time allowed in this task order as compared with the breadth of the assessment did not permit the consultants to go any further than outlined in this stocktaking report. In addition, the means and sequence of implementation are perhaps best left to USAID decision-makers.

1. USAID Policy Regarding Title II Development – There appears to be a lack of clarity in USAID at numerous levels about Agency policy regarding Title II non-emergency programs. Despite the USAID Food Aid and Food Security Policy paper, earlier policy statements and periodic reminders (e.g., R4 guidance), many in USAID still do not seem to fully understand the importance of Title II as a development resource or the value of programmatically integrating Title II development and DA resources. In addition, there needs to be a better appreciation within USAID of the unique partnership role of PVOs and NGOs. Therefore, it is recommended that USAID management send out from the highest level a clear message to all Missions and bureaus emphasizing these key points, incorporating by reference the previous and operative policy statements and guidance on this matter. BHR/FFP then needs to follow-up actively on every possible occasion (e.g., R4 reviews, Mission Directors' conferences, Mission visits) to provide further implementing assistance to these operating units, both overseas and in Washington.

2. Level of FFP/W Office Staffing – The FFP/W office needs at least two more experienced USDH staff especially as Country Backstop Officers. The sheer volume of existing logistical work and financial responsibility, the added program tasks that come with reengineering in redefining results-oriented Title II non-emergency activities, the need for non-presence countries and many USAID field offices to rely more on FFP/Washington as staff cuts continue to take place in Missions, the complications of increased monetization and the time involved in reviewing proposals and coordinating relationships with cooperating sponsors all argue for additional FFP staff, especially in Washington. Many of these same points and others have already been made in the R4 reviews and other fora, but to no avail. While understanding the limits of the Agency's Operating Expense (OE) availabilities, it is recommended that BHR and the Management (M) Bureau revisit these issues in order to find ways to add more USDH and/or PSC and other contractor staff, especially for the FFP Development Program Division, in order to safeguard USAID's accountability and pursue result-oriented program activities. Concurrently, BHR/FFP needs to find more innovative ways to achieve the major purposes of its mandate, (e.g., permitting Mendez England staff to assume more on-site responsibilities).

3. Position FFP/W Work Experience As Career Enhancing – The FFP Office needs to actively recruit more USDH and contractor staff with proven expertise in PL 480, monetization, food security, PVO relationships and reengineering. Because of earlier staff cuts and curtailed recruitment, there are now a limited number of employees left in

the Agency who have a good working knowledge of Title II programs, despite the fact that the overall Title II program continues to represent 15-20 percent of USAID's program resources. This situation, plus the added responsibilities indicated above, could lead to increased Agency vulnerability and less than optimum efficiency. It is recommended, therefore, that BHR and the M Bureau develop a plan to recruit such more qualified Title II officers, preferably Foreign Service, at the intern, mid-career and senior levels, emphasizing the importance of the Title II non-emergency program and its mainstream role in a person's career and potential for advancement.

4. PL 480 Title II Training – Related to the above, BHR and the M Bureau need to intensify the training in all Title II operations for more USAID officers involved in project management both in Washington and the field. Title II is increasingly an important resource for activity managers, especially as DA and Title II programs become integrated and as emergencies continue to occur at a rapid pace around the world. As explained earlier, the addition of reengineering in non-emergency programs, agricultural market analysis, monetization and the key role of PVOs requires special understanding by USAID employees of all types (USDH, FSN's, PSC's, etc.). In this regard, once USAID has reemphasized the role of Title II, training in Title II should be provided as part of new employee orientations and in conjunction with the planned revival of the project implementation course. Therefore, it is recommended that more USAID staff become "certified" in Title II operations through more frequent training.

5. Possible Reorganization – Because reorganizations can be so disruptive and expensive, the consultant team is not recommending any large-scale changes at this time. Clearly there are many ways (e.g., geographical) in which to adjust FFP and other BHR functions in order to try to maximize efforts and improve coordination. However, it was pointed out several times to the team that certain efficiencies could be achieved if the M Bureau's Office of Transportation, virtually all of whose work involves handling FFP and OFDA shipments, were relocated to BHR in order to eliminate inter-office paperwork clearances, etc. Therefore, it is recommended that BHR and M work out the details to implement such a move in the foreseeable future.

6. Delegations of Authority – The consultants were unable (due to funding and time constraints) to explore the full range of advantages and constraints to the field delegations at the Mission level, e.g. differences between LAC and AFR Missions. However, the Food for Peace Office should be commended for its recent efforts to delegate more Title II authority to Missions, as one means of better integrating DA and Title II programs, empowering Missions and trying to decrease the workload in Washington. The process, however, seems to be very time consuming and encumbered with details. Also, while respecting legal requirements about obligational authority, the delegations are only partial, affecting Previously Approved Activities (PAA's) and not new Development Activity Proposals (DAP's) or even Concept Papers. In addition, there is some uncertainty among PVO partners about exactly how well these delegations will actually work on the ground. Finally, there does not appear to be a clear consensus in FFP/W and the Missions about which tasks will be transferred to the delegated Missions and the residual work to remain in Washington. Accordingly, it is recommended that FFP/W

complete as soon as possible any further delegations planned, specify the responsibilities that are given up in Washington and transferred to the field, and use these delegations as pilots to test the possibilities for additional delegations in the future and to make any modifications based on actual experience. PVO partners, USAID regional bureaus and Missions should be consulted in the process.

7. Regional Bureaus – In a number of countries Title II programs are becoming more prominent in relative size, some are integrated into Mission programs and others in non-presence countries are the primary form of U.S. economic assistance as Missions continue to phase down and out. In still other cases of regional Missions or Mission “twinning”, more responsibilities are added to Mission staffs for the monitoring of Title II programs in those and other countries. While mid-level staff in those regional bureaus are well aware of these conditions, it was not at all clear that all senior managers (Assistant Administrators, DAAs) in the regional bureaus fully appreciated these workload factors in making decisions about OE and FTE levels for Missions. It is recommended, therefore, that senior staff play a more pro-active role in allocating scarce OE and FTEs for Title II in a manner which gives priority to the programmatic integration of DA and Title II resources. Also, there needs to be more exchanges of information and active participation in program reviews among FFP, Missions and the regional bureaus at all levels.

8. Title II Paperwork – As in any bureaucracy, the Title II program moves on paperwork. However, there appears to be an inordinate amount of lengthy proposals and other documents when proposing Title II non-emergency activities and submitting reports. This is a huge workload burden for the PVOs and USAID alike, and is contrary to the paperwork reduction prescripts urged by the Congress and the General Accounting Office (GAO). Accordingly, it is recommended that the FFP Office review its operational guidelines and reporting requirements in order to cut substantially processing time as well as the length and number of documents and reports now required. USDA’s Food for Progress proposal, reporting procedures and guidelines may serve as a useful model in this area. USAID’s compliance reporting with OMB Circular A-133 should also be reviewed with reference to current reporting requirements. Follow-on studies are needed in this specific regard.

9. The Role of PVOs & NGOs – The PVO/NGO community is an essential partner in the Title II non-emergency activities as well as in other USAID-funded programs and the economic and social development sphere as a whole. This partnership has a long and proud history as PVOs have labored both alongside USAID and alone in many parts of the world in often very difficult circumstances. As cooperating sponsors, PVOs, therefore, have a special relationship with USAID both individually and through such useful fora as the FACG. While they are the implementing organizations in many USG-funded programs, PVOs are also the initiators and architects of such activities, injecting their own resources and creativity. Because the PVO relationship is cooperative and not contractual, PVOs should not be confused with contractors, where USAID has a more directive and finite relationship. It is recommended that this important distinction be emphasized to new and current USAID staff, many of whom either do not fully

understand this partnership role of PVOs/NGOs or, pressed for time and short-staffed, attempt to treat PVOs like contractors. USAID cannot afford to lose the support of PVOs in the Title II program or in many other areas. Also, USAID should strive to build a stronger partnership with PVOs/NGOs via informal and formal conferences and workshops, stressing joint reviews of overall goals and objectives, including regional bureau staff and outside participants with expertise in food aid.

10. Working Relationship with PVOs – Having said the above and in light of the PVOs' long experience with development programs in many areas, USAID should accept the reality of a more cooperative approach in monitoring PVO Title II activities. Once agreement has been reached on the design of the program, and given USAID's other management burdens with reduced staff, FFP/W and the Missions should allow the PVOs more operating flexibility to implement the agreed upon programs on the ground, monitoring progress through the review of agreed upon reports, audits and periodic joint field visits. Creative approaches, such as multiyear block grants to PVOs in integrated programs, should also be explored and encouraged by both USAID and the PVO community. Therefore, it is recommended that BHR, especially FFP/W, develop a means to implement this modified approach to Title II, PVO program monitoring. Candid exchanges of views with cooperating sponsors about USAID's oversight responsibilities and their application in countries where there is no USAID presence, minimal presence and fully staffed Missions would be highly instructive. Participation by regional bureau, Inspector General and USDA staff would help build consensus on the issue of oversight.

11. Monitoring and Evaluation – Consistent with the Agency-wide commitment to managing for results, it is eminently reasonable and good business for USAID to insist on showing results in the use of food assistance under Title II non-emergency programs. That is also the mandate given to USAID by the Congress and the Executive branch of the USG. Given their own professional credentials, most PVOs recognize and appreciate this requirement and are cooperating closely with USAID in seeking to improve Title II evaluation criteria. However, Title II is inherently different than DA and does not need to be treated in exactly the same way. Also, there are often serious disagreements regarding the level of detail needed, desirable or realistic in determining the most appropriate performance indicators, particularly in some of the more impoverished countries, often requiring considerable USAID and PVO staff time and expense to resolve. It is recommended, therefore, that USAID Missions and FFP/W give priority to the re-examination of what constitutes realistic performance reporting requirement and address performance data collection in the context of what PVOs/NGOs need for managing their own field activities. USAID Missions and FFP/W should also provide more performance monitoring and measurement training, perhaps in a workshop setting, so that USAID, PVOs and host governments can gain needed evaluation experience in demonstrating results under Title II and their potential contribution to local and national improvement of household food security and agricultural productivity and agricultural market analysis.

12. Better Understanding of Monetization - While monetization has become increasingly prominent, it is still not well understood by members of Congress. Therefore, it is

recommended that USAID's BHR and the External Affairs Bureau and the PVO community, at the highest possible levels, shore up collaboratively their efforts at educating key members of Congress and special interest groups as to the preference for monetization over the use of food aid for feeding programs. If this is not done and done quickly, the Title II program is likely to lose support from some important public and private constituencies.

13. Managing Monetization Complexities – Recent experiences with the growing number of monetization transactions have served to underline the risks and complexity of large monetization transactions in particular. This is a technical field in which USAID and PVOs alike are not well qualified to manage. Therefore, the Berger-Checchi team recommends that cooperating sponsors and USAID intensify their efforts to engage USDA, FAM and, if necessary, one of the large international accounting and auditing firms to assist in technically advising on managing such transactions. USAID/USDA sponsored regional workshops on monetization should be given high priority, incorporating Food for Peace's experience in India with the North India Oil Seeds Project, Operation Flood, the more recent workshop in Mali (April 7-9, 1999) on monetization in the West Africa region, and Food for Progress case studies on monetization projects, which have improved the poor's access to markets.

14. Food for Progress – While accepting the differences, there are clearly many similarities in process and substance in USDA's Food for Progress and USAID's Title II non-emergency programs. For that reason, it would appear to be highly beneficial to all concerned to compare paperwork and reporting needs, workforce requirements, the management and use of information, the computerization of systems and the exchange of information, including successful techniques in creating a more customer friendly environment via: 1) annual pre-proposal conferences with all cooperating sponsors; 2) expeditious decision-making; and 3) review of frequently asked questions about the program. Therefore, it is recommended that the Food for Peace Office review and consider adopting some of the positive features and lessons learned in the Food for Progress program while sharing its Title II experiences and data with USDA.

15. PVO Program Coordination – There are several other USAID units which work closely with the same set of PVOs/NGOs, three of which offices (FFP-ER, OFDA, PVC) are also in the same bureau, BHR (see Annex F). However, according to USAID and PVO comments, there often appears to be minimal coordination and resource integration among these offices with respect to Title II, international disaster assistance (IDA), and DA resource integration (e.g., child survival). There would also appear to be opportunities to standardize procedures, complement activities, experiment with modified and creative approaches (e.g., block grants) and achieve other efficiencies and synergies across offices. Everyone in USAID and the PVO/NGO community would welcome such an initiative. Therefore, it is recommended that the BHR Program Office (PPE) take the lead with the other BHR offices concerned and the PVO/NGO community in establishing a pilot program by which such coordination could be tested, taking note of prior experiences, and, if positive, extend this to a wide range of development activities, such as micro-enterprise and child survival.

16. Local Currency Support – In a number of Missions, the termination of available counterpart funds or other local currency generations will seriously affect USAID's management ability to monitor Title II activities. It is recommended, therefore, that BHR, M and the General Counsel's (GC) office explore ways by which monetization proceeds from Title II or some other source can be used more to fill this deficit. BHR and the regional bureaus should also explore whether a revised Title III program might be an additional source of local currency support for PVO/NGO Title II development activities in key countries, e.g., Haiti and Bangladesh.

17. Host Country Partnership – The role played by host-country entities, governmental and non-governmental, in the planning and implementation of Title II programs is critical to their sustainability. Therefore, it is recommended that USAID Missions and cooperating sponsors intensify their efforts to engage host country entities in the planning and management of Title II development programs, particularly host government ministries with sectoral responsibilities related to agriculture and health, thereby bringing the Title II resources into the budget and planning considerations of the host government and other donors.

18. Future Food Aid Assessments – Throughout this stocktaking of only Title II development activities, the consultant team found it difficult to fully assess conditions because of the intricate transition relationships with Title II emergency programs. Also, while the team tried to talk to as many recently returned Foreign Service officers as possible in a limited time frame, there is concern that a strictly Washington focus does not do justice to more of the Missions' concerns. Therefore, USAID should seriously consider a broader look at how it manages all food aid activities from the field and Washington perspectives alike, giving highest priority to policy decisions and guidance for Title II development program in the poorest, food-deficit countries with no or minimal USAID presence as its highest priority.

19. Follow On Studies – The assessment team identified a number of needed studies or assessments beyond the confines of this scope of work. These related to:

- FFP Office paperwork flow;
- a more detailed comparison of USAID's Title II and USDA's Food for Progress processes;
- early issuance of Title II management requirements in non-presence and limited presence countries;
- capacity building for host-country institutions for Title II programs; and
- streamlining compliance reporting;
- develop plan to encourage the operational integration of Title II development and DA resources at the Washington and Mission levels.

It is recommended that BHR commission further analyses and management recommendations in these areas.

ANNEXES

Annex A: Final FFP SO-2 Resource Management Assessment Scope of Work

Background

The P.L.480 Title II food aid program in fiscal year 1998 was valued at \$837 million, comprising nearly 20 percent of the Agency's resources, excluding economic support funds. This resource is managed with a fraction of the staff and support services available to dollar-supported programs. Each year, with a Washington office staff of about forty persons, and a sparse network of staff in field missions, the Title II program provides millions of tons of P.L. 480 Title II food aid for emergencies and non-emergency purposes. The non-emergency portion alone consists of 67 programs in 24 countries that reach over twenty million of the poorest people in the poorest areas of the world.

Numerous improvements and radical changes have been made in the Title II food assistance since the 1990 Farm Bill was passed; it refocused the food aid program on the food security of the poor and set the stage for higher quality programs. Among the changes it called for was the transformation of the non-emergency program from a food distribution program, with principal concern with logistics and food accountability, to a program directed to designing and evaluating sustainable food security impacts on the most food insecure countries.

Also, this legislation recognized the long-standing division between food aid programs, supported under P.L.480, and development assistance programs, supported under the Foreign Assistance Act. Congress proposed to remedy the negative aspects of this separation by strongly encouraging the integration of food aid programs into the sustainable development goals and country programs of the Agency.

In the 1990s, these legislative directions have been operationalized through USAID's Food Aid and Food Security Policy Paper and the Food for Peace Office's emergency and non-emergency (development) strategic objectives. The second strategic objective (SO-2) was specifically directed to development purposes, or other non-emergency uses of food aid, implemented largely through 10-20 U.S. private voluntary organizations (PVOs), which function as cooperating sponsors (CSs) of food aid field programs. Under a reengineered food aid program, the SO-2 team has provided technical support and clear and timely program guidance that has helped its cooperating sponsors to define and meet measurable food security objectives, particularly improvements in household nutrition and agricultural productivity.

Although these remarkable things have been accomplished, the SO-2 team is increasingly unable to implement its food security strategy while satisfying the often conflicting demands of legislative mandates, the management and logistic needs of USAID's field missions, and USAID's monitoring and reporting requirements, including the annual Results Review and Resources Request (R4). Budgetary responses to the increasing demands of the program's transformation have been meager. Over the past several years there has been a rapid turnover of rank and file personnel in the Washington office that may be the result of increasing management workload as programs have become more numerous and more complex.

Partly to ease the management burden and to meet the wider objective of integration of the food aid program into country and regional programs, the FFP Office has vigorously attempted to delegate food aid program decisions to the field missions. However, the status and management implications of the integration and delegation effort are not fully understood. A serious concern is that integration and delegation have occurred in parallel to the overall downsizing of USAID's overseas presence. Mission staffs have been cut substantially while PVO food programs have remained undiminished. Missions have closed, and programs have continued under the regional responsibilities of nearby country missions.

In short, the Title II non-emergency program has reached the point where stocktaking is needed. Where does the program stand in relation to country and regional development programs? What are the changing management demands on the missions and the Washington staff because of the changes of the Title II non-emergency program in 1990s?

Objective: To investigate the changes that have occurred in non-emergency Title II food aid programming during the 1990s for the purpose of responding to the following questions:

1. What changes have occurred in the workload of personnel managing the Title II non-emergency programs resulting from strategies flowing from the food aid and food security policy paper?
2. What have been the effects of reengineering of the program to manage for food security results? Consider this in the light of the downsizing of USAID and the increasing number of non-presence countries.
3. How does the Title II development program compare with project food aid management in the USDA Food for Progress Program with PVOs?
4. How extensively and how well have Title II food aid programs been integrated into the Agency's country and regional strategies?

5. What staff and support requirements are needed in USAID Washington and in USAID missions to satisfactorily implement the program in view of the changes in USAID policy and procedures, since the early 1990s? Recognizing that staff increases in FFP and or the field will be difficult to achieve, what other specific, feasible recommendations should be considered?

Analytical Requirements

Independently and not as an agent of the U.S. Government, the contractor shall perform the following tasks.

1. Pertaining to questions 1 and 2 above, determine changes in food aid work requirements since 1992 due to its modified policy, strategy and reengineered management:
 - a. Review the Title II budget trends, the number, and the average sizes and regional distribution of Title II non-emergency field programs.
 - b. Assess the major changes in programs that have resulted from reengineering, food aid policy changes, and the GAO audit of 1993. What are the operational tasks related to those changes in Washington and in USAID missions? Express this in terms of the balance between logistics and food accountability on the one hand and design and performance monitoring oversight on the other.
 - c. Describe the trends in staff and program support resources for FFP programs in the FFP Office in Washington and in USAID missions.
 - d. Describe the trends that have taken place with FFP's Cooperating Sponsors, e.g., size, number and length of grants; number of CSs; changes in responsibilities; changes in institutional capacity. In the search for improved efficiencies, the contractor will also briefly review the increasing institutional capacity of FFP's Cooperating Sponsors. The purpose of this review is to determine if there are potential practical modifications in the way the program is administered with Cooperating Sponsors (CSs) which would reduce the demand on FFP and USAID field staff without sacrificing quality. (Contract resources will limit the extent of analysis of FFP'S CSs.)
 - e. What has been the impact of making Title II documentation and tracking more similar to DA funded activities, such as the

use of standard grant document and formats that are integrated with the NMS?

f. Estimate the adequacy of USAID staff in relation to the changing resource management requirements.

2. Pertaining to question 3, Compare the Title II program resource management with the USDA Food for Progress project food aid program (The level of effort on this comparison is expected to be minimal and involve no field travel.):

a. How do the purposes of this program compare with Title II in terms of sustainable food security, household nutrition, and capacity building objectives?

b. How well does this program account for commodities and development results compared to the Title II program? What are the approval documentation, reporting requirements, cost recovery requirements, degree of monetization, and other management characteristics?

c. What lessons can be learned by Title II from the Food for Progress program, including how they interact with PVOs and International Organizations?

3. Pertaining to question 4, investigate the management implications of integration of food aid programs into country and regional strategies:

a. Analyze the Title II program management in countries where the PVO food aid activities are integrated into the USAID mission's strategy and operations, giving special attention to countries where program management has been delegated by Washington to the missions. Assess the nature and types of integration in terms of the following:

I. The mission's strategic objectives and performance indicators.

II. The proportion of the mission budget composed of food aid.

III. The degree to which decisions regarding new and on-going Title II activities have been delegated.

IV. The numbers and types of mission staff dedicated to the management of the programs.

V. The work requirements for the Mission and the Washington FFP staff needed to facilitate integration.

b. Contrast Title II program management in the above countries with countries where USAID has a mission but a poorly integrated Title II program, using the line of inquiry in "a" above.

c. Contrast the program in the above types of countries with the Title II program in those countries where USAID does not have a mission, using the line of inquiry in "a" above. How well are the programs integrated in relevant regional strategies?

4. Pertaining to question 5, recommend staff and program support in USAID Washington and in USAID missions, given the current management and strategic vision. Alternatively, taking staff and program support as a given, consider changes in management and strategy:

a. What staff and technical requirements are minimally required to support the sustainable food security thrust of Title II food aid?

b. What are the special staff and support requirements for well-integrated programs in delegated and non-delegated missions? For poorly integrated programs? For programs in non-presence countries?

c. What management innovations might be necessary to ease the staff burden, within the current levels of staff and program support? Consider the practicality of such changes as new management structures and approaches.

d. With present staff and program support, consider policy changes in terms of narrower FFP Office roles and responsibilities, modifications in the Title II strategic plan, food security policy or other Agency policy.

Suggested Methods

The study will be done in Washington, D. C. based on the following possible information sources:

1. Reports: Program, policy and results documentation from Washington and the pertinent missions. For the Washington assessment the most important reports are the Food Aid and Food Security Policy Paper, the FFP Office strategy, and the annual Resource Review and Resource Requests (R4s) for SO-2. For the mission assessment the most important are the R4s from the missions managing the bulk of Title II non-emergency food aid programs, such as India, Bangladesh, Peru, Bolivia, and "Ethiopia (See attached reference list). Reports from the EC and USDA programs should also be reviewed.

Program Data: The Food for Peace Information System tracks all Title II food and dollar budgets for each country and each field activity.

2. Key Informant Interviews: Discussions with FFP office managers and office staff, past and present, regional bureau and mission food aid backstop officers, and the mission staff managing programs (by phone), and key staff of the cooperating sponsors. Interviews within FFP will also include FFP supporting contractors and cooperating agencies, e.g., the Global/PRM/FANTA project staff. Interviews will also be held with BHR management, staff in the BHR Program Office, and in the Office of Private and Voluntary Cooperation, the latter primarily with regards to capacity strengthening of Cooperating Sponsors. USDA staff may also be interviewed with regard to the Food for Progress Program. Information on the European Commission food aid program is expected to come from phone interviews with key persons at the EC and from FFP staff.

Relationships and Responsibilities

The project will be managed by Checchi-Berger Program Performance Monitoring and Evaluation Contract in coordination with the Agency working group chaired by Tom Marchione, Program Analyst in the Office of Program, Policy and Evaluation, Bureau for Humanitarian Response (202-712-1645).

Performance Period

On or about July 23-September 17

Suggested Report Outline

The report narrative should be not longer than 40 pages. It may contain the following sections: (1) Executive Summary, (2) Report Objective, (3) Major changes in the Title II program since 1992, (4) Changes in workload requirements in Washington and in the field, (5) Status and constraints of integration of Title II into field missions, (6) Comparison of Title II resource management with management of the USDA Food for Progress Program, (7) Changing workforce and support requirements in relation to workload changes, (8) Observations with regard to FFP's Cooperating Sponsors, (9) Recommendations.

The report may contain appendices, e.g., charts and graphs that demonstrate changes quantitatively.

Reporting Requirements

Submit a work plan and revised report outline to Tom Marchione BHR/PPE 7 calendar days after the commencement of the contract.

Submit a draft report 30 calendar days after the commencement of the contract, and present the results of the study orally to BHR management and FFP and PPE staff.

Submit a final report 10 after written responses from BHR are received.

Staff Requirements

Two specialists are required for this study:

Development Management Specialist: Strong capacity to objectively assess staff and support requirements of USAID programs in general. Such a person should have direct experience in managing and analyzing programs in USAID at the highest management levels in missions with food aid programs, in USAID Washington or both.

Food Security and Food Aid Specialist: Fully conversant with food security concepts and the management of Title II U.S. food assistance program. This person could be a former employee of USAID who worked intimately with the Title II food aid program, or a person from the PVO community, who has extensive experience with Title II food aid programs in the field.

The contract team should insure it would independently compile and report the supporting data for the required analytical tasks.

If required, the team might make limited resort to expertise in workforce analysis and food security programming.

Level of Effort

Development Management Specialist: 30 days

Food Security and Food Aid Specialist: 20 days

Support: 12 days

Reference List (Incomplete. To be supplemented by the Working Group)

World Food Day Reports, FY 1991-1995.

Annual Food Assistance Reports, FY 1996-1999.

USAID Food Aid and Food Security Policy Paper

USAID/BHR, " Strategic Plan," October 16, 1995.

USAID/BHR/FFP, " Strategic Plan," August 1, 1997.

USAID/BHR/FFP, SO-2 Results Reviews and Resource Requests, FY 1999-
FY 2001.

USAID/BHR/FFP, " P.L.480 Title II Guidelines for Fiscal Year 2000
Program Proposals," December 9, 1998.

USAID " Strategic Plan," September 1997.

USAID, Country and Regional Program Results Reviews and Resource
Requests (Most recent from Title II countries).

U.S. General Accounting Office, " Management Improvements Are Needed
to Achieve Program Objectives" , July 1993.

PL 480, Food for Progress and related statutes of the agricultural
legislation in 1990 and 1996.

BHR/PPE, " BHR Management of Funds Compared to Other Bureaus, 1993-
2000" , 1999 (Draft).

USAID/BHR/FFP, Final Budgets 1992-1998. Food for Peace Information
System.

Annex B: Final Work Plan -PL 480 Title II Non-Emergency Resource Management Assessment

Under the Checchi-Louis Berger International joint venture IQC, two short-term consultants, viz., Dennis Chandler and Charles Sykes, have been proposed by the contractor and selected by USAID for twenty days of work each. Joyjit Deb Roy, LBII, will provide ten days of work in support of this assessment.

Work began on July 27, 1999, using USAID's draft scope of work. The scope of work was finalized after discussions with the team and all stakeholders on August 2, 1999.

Time Line for Assignment

<u>TASKS</u>	<u>TIMELINE</u>
1. Finalize Scope of Work by day 5.	By August 2
2. The team will finalize Work Plan by day 6 and submit it to USAID by day 7.	By August 4
3. The team will complete key SOW related interviews with USAID (including visiting Mission personnel), USDA, NGO and other selected informants.	By August 19
4. Desk review of relevant policy documents, including P.L.480 and Foreign Aid Authorization and Appropriations legislation and report language, USAID policy and policy guidance, OMB A133 with Compliance Guidance, USAID Budget, Planning and evaluation documents	Continuing through life of contract.
5. Complete analysis of FFP workforce requirements essential for USAID to effectively meet its many responsibilities in the field and at headquarters by day 15.	By August 20
6. Incorporate responses from overseas Missions into draft report by day 18.	By August 25
7. Submit DRAFT Final Report to BHR/PPE by day 20, or 30 calendar days after the commencement of the contract.	August 31
8. Review Draft DRAFT Final report with USAID/BHR by day 21.5 and make oral presentation to USAID/BHR by consultants	September 3
9. Receive comments back from USAID/BHR	October 22
10. Revise, finalize and submit final report, presenting the team's findings, conclusions and recommendations regarding the Scope of Work, taking into account written BHR comments ten days after submission of the draft final report and issue the final report.	November 12

Annex C: List of Contacts

U.S. Agency for International Development (USAID)/Washington

Carla Barbiero, Food for Peace (FFP) Officer, USAID/India, formerly Food Aid Coordinator, Asia and Near East (ANE) Bureau

John Bierke, Office of Personnel, Management (M) Bureau, formerly USAID Director/Somalia

Keith E. Brown, Deputy Assistant Administrator (DAA), Africa (AFR) Bureau; formerly USAID Director/Ethiopia and REDSO Nairobi

Jon Brause, Chief, Program Operations Division, FFP Office, Bureau for Humanitarian Response (BHR)

Nancy Estes, Regional Food for Peace Officer, USAID/Mali

Joseph E. Gettier, Country Backstop Officer, (CBO), West Africa Programs, FFP, BHR

Ricki Gold, Asia and Near East (ANE) Bureau, formerly FFP

James Hradsky, Mission Director, USAID/Mali

Michael Korin, Deputy Director, Program Planning and Evaluation (PPE), BHR

Robert Kramer, Office of Transition Initiatives (OTI), BHR, formerly Director, FFP

Larry Laird, Program and Policy Coordination (PPC)

Timothy Lavelle, Special Assistant and CBO, FFP, BHR

James Lehman, OTI, BHR, former SO-2 Team Leader/Development Programs, FFP

Adele Liskov, Deputy Director, Private and Voluntary Cooperation (PVC) Office, BHR

Lowell Lynch, Director, PPE, BHR

Thomas Marchione, Evaluation Specialist, PPE, BHR

Jeanne Markunas, Deputy Director, FFP, BHR

Nancy McKay, Food Aid Coordinator, AFR

Susan Morawetz, OTI, BHR, formerly CBO, FFP

David Nelson, SO-2 Team Leader and Chief, Development Program Division, FFP, BHR

Karen J. Nurick, BHR, formerly Human Investment Officer, USAID/Nicaragua

Richard Nygard, DAA/M

William T. Oliver, Director, FFP Office, BHR

Tyler Posey, Deputy Assistant General Counsel, PL 480 Division, Office of the General Counsel (GC)

Leonard Rogers, DAA, BHR

Jon O'Rourke, PPC

Cynthia Rozelle, Mission Director, USAID/Mozambique

Ronald S. Senykoff, CBO, FFP, BHR

Walter Sheppard, CBO, FFP, BHR

Charles Signer, CBO, FFP, BHR

Roger Simmons, AFR

Stephen Sposato, Economist, PPE, BHR

Steven Tisa, Acting Deputy General Counsel, GC

Roberta Van Haeften, USDA PASA, Latin American and Caribbean (LAC) Bureau

Abdul Wahab, Regional Strategy Team Director, USAID/Mali

Richard Whitaker, PVO Coordinator, ANE

John L. Wilkinson, Associate Assistant Administrator, ANE

Roy Williams, Director, Office of Foreign Disaster Assistance (OFDA), BHR

U.S. Department of Agriculture (USDA)/Washington

Mary Chambliss, Acting General Sales Manager, Foreign Agricultural Services (FAS)

Ronald L. Croushorn, Acting Area Manager, FAS

William Hammack, Chief, Evaluation Division, FAS

Bruce Zanin, Regional Agricultural Attache, U.S. Embassy, Abidjan, Ivory Coast

U.S. Office of Management and Budget (OMB)

Megan Henry, Monetization Specialist

Theresa Stone, Food Aid Coordinator, International Division

PVO Community

Robert Bell, CARE, Atlanta, GA

Edward Brand, CARE Country Director (Retired), Washington DC

Judy C. Bryson, Director, Food for Development, Africare, Washington, DC

Patrick Carey, Vice President for Programs, CARE, Atlanta, GA

Anne Claxton, Director, Regional Programs, World Vision, Washington, DC

Vern Conaway, Director, Public Resource, Coordination Unit, Catholic Relief Services (CRS), Baltimore, MD

Carol Horst, Country Officer, World Vision, Washington, DC

K. M. Krishnamurthy, Food Security Advisor to Project Concern International, San Francisco, CA

Lisa Kuennen-Asfaw, Title II Resource Manager, CRS, Baltimore, MD

Lauren Landis, Director, Humanitarian Response, Save the Children, Washington, DC

Mary Ann Leach, Director, Government Relations, CARE, Washington, DC

Ellen Levinson, Executive Director, Coalition on Food Aid, Washington, DC

James Phippard, Vice President, Agriculture Cooperative Development International (ACDI), Washington, DC; former USAID Mission Director

Harold Tarver, Food for Development Manager, Africare, Washington, DC

Rudolph von Bernuth, Associate Vice President, Save the Children, Westport, CT

USAID Contractors

Bruce Cogill, Director, Food and Nutrition Technical Assistance (FANTA) Project, Academy for Educational Development (AED), Washington, DC

James Rousch, Food Aid Management/Evaluation Specialist, Development Associates, Inc., Arlington, VA; former USAID Mission Director

J. Paul Rovston, Vice President for Operations, Mendez England & Associates, Bethesda, MD

Anne Swindale, Deputy Director, FANTA Project, AED, Washington, DC

Ina Schonburg, Deputy Project Director, Mendez England & Associates, Bethesda, MD

Anthony Schwarzwald, former FFP Training Evaluator and Mission Director

Private Sector

Daniel E. Shaughnessy, Vice President, Government & Public Affairs, Council for Responsible Nutrition, Washington, DC; formerly Director, FFP, USAID and USDA/FAS

Peggy Sheehan, Vice President, World Health Emergency Medical Fund, Inc., Washington, DC; formerly Director, FFP, USAID

Annex D: PL 480 Title II Authority & USAID Food Aid and Food Security Policy

1. PL 480, Title II, Section 201

The President shall establish a program under this title to provide agricultural commodities to foreign countries on behalf of the people of the United States to:

1. address famine or other urgent or extraordinary relief requirements;
2. combat malnutrition, especially in children and mothers;
3. carry out activities that attempt to alleviate the causes of hunger, mortality, and morbidity;
4. promote economic and community development;
5. promote sound environmental practices; and
6. carry out feeding programs.

Such program shall be implemented by the Administrator.

2. USAID Food Aid and Food Policy Security Policy-1995

In implementing this general authority, USAID's 1995 Food Aid and Food Security Policy paper focuses Title II resources on improving household nutrition, especially in children and mother, and on alleviating the causes of hunger, especially by increasing agricultural production. The paper emphasizes the need to focus on food assistance efforts in the poorest food deficit countries particularly Sub-Saharan Africa and South Asia, though not to the exclusion of other food insecure regions of the World.

Annex E: 1993 GAO Report on "Food Aid Management Improvements Needed to Achieve Program Objectives"

Principal Findings

Food Aid Programs Support Relief and Development

In fiscal year 1992, about 38 percent of title II commodities supported emergency programs in 23 countries, including Somalia and Haiti. AID has the authority to conduct special procurements and make shipments to meet emergency food needs without the need to follow the general regulations, but it has not developed criteria for determining when to exercise this authority nor has it developed a working definition of when a food deficit is an emergency.

About 62 percent of title II commodities were used for non-emergency programs, primarily in direct food distribution programs. About 15 percent of the non-emergency commodities were sold in the recipient countries to generate local currencies. Local currencies were used to fund (1) the administrative and logistical costs of the feeding programs and (2) small development projects

Virtually all of the commodities provided under title III in fiscal year 1992 were sold to generate local currencies. An exception was in the Zambia program where a small amount was used for emergency relief. Most agreements required that recipient governments adopt policy reforms necessary for sustained development in exchange for the commodities.

AID Has Not Developed a Cohesive Approach to Enhancing Food Security

The overriding objective of titles II and III is to enhance food security in food deficit countries; however, AID officials do not agree on how this objective can be achieved most efficiently and effectively. Some officials believe that long-term food security can best be enhanced by alleviating poverty through overall economic development; others assert that programs should use food resources to address food security as directly as possible, generally through targeted projects. Disagreements among AID bureaus over food security approaches have delayed approval of programs. Moreover, missions have developed food aid projects with almost no guidance on (1) which programs or projects would most effectively address long- or short-term needs or (2) how programs or projects should be linked to food security.

AID has no strategy for assessing the impact of its programs on enhancing the food security of people in recipient countries, nor has it determined whether food aid is an efficient means for accomplishing this goal.

Furthermore, AID has not systematically collected data to assess the long-term effects of projects on improved nutrition or improved infrastructure.

AID and the PVOs that implement food aid programs disagree on the PVOs' discretion in using food aid. PVO officials said that although Congress has earmarked a certain amount of title II commodities for non-emergency programs, AID missions dictate the content of PVO programs, regardless of the PVOs' wishes. PVOs contend that this is not what Congress intended. AID, on the other hand, believes that PVO activities should be integrated with other assistance to further the missions' country development strategies, as directed by section 413 of the 1990 act.

**Management Weaknesses
Impair Implementation**

AID has not made management of food aid programs a priority. For example, AID has not maintained staff expertise in food aid; it no longer recruits food aid specialists from outside the agency; and it does not provide comprehensive specialized training to staff assigned to design, review, or oversee food aid programs. AID has not always complied with the legislative mandates to (1) review title II program proposals and notify the proposing organization of a decision within 45 days of receipt of the proposal at AID and (2) sign title III agreements within the legislated time frames.

The AID missions GAO visited generally had not monitored program implementation. Mission officials said that they do not have adequate staff to perform this function. The missions relied heavily on grantees to monitor and provide accurate reporting on project progress, even where accountability problems had previously been identified.

AID missions are to monitor the use of local currency generated by the programs and such monitoring is to increase as the local currency is programmed for more specific uses. However, AID guidance does not specify whether missions are responsible for monitoring only the initial use or repeated uses of local

**Matter for Congressional
Consideration**

Congress may wish to clarify its purpose in mandating title II commodities for PVOs so that the role of PVOs in managing food aid can be more clearly defined.

Recommendations

To ensure that USAID's food aid programs comply with the food security emphasis of the 1990 Agricultural Development and Trade Act, GAO recommends that the USAID Administrator

- develop a working definition and procedures for declaring when a food deficit problem constitutes an emergency under title II and develop criteria for exercising the discretionary authority to make procurements and shipments without adhering to general procurement and shipping regulations.
- clarify and provide guidance on how titles II and III food aid programs are to meet the legislation's food security objective,
- develop and systematically apply methodologies and performance indicators to monitor and evaluate the impacts of food aid programs on food security,
- direct that missions and PVOs collect data necessary for such evaluations, and
- report to Congress on whether food aid is the most efficient means for addressing food insecurity.

GAO also is making a number of specific recommendations aimed at improving USAID's management of food aid programs (see ch. 4).

Agency Comments and GAO Analysis

AID indicated it will use this report as one means to assess its implementation of the 1990 food aid legislation, but asserted that food security issues were more complex than portrayed by GAO and the draft did not provide a balanced view of differing perspectives on these complex issues. AID suggested that some recommendations be revised or eliminated.

GAO recognizes that food security is a complex issue and that the legislation authorizes a wide range of applications for titles II and III resources. Nevertheless, AID is responsible for ensuring the most effective uses of these resources within the wide range of applications authorized by the legislation and for developing quantifiable indicators to measure progress toward achieving food security. GAO believes that the disparate views held by AID officials are accurately presented in the report. GAO has not deleted any of its recommendations, but based on USAID's comments, has sought to clarify some of them.

GAO/NSLAD-93-168 Food Aid

Annex F: Bureau for Humanitarian Response (BHR) Organizational Structure

Bureau for Humanitarian Response BHR

