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Management Improvements Are Needed to Achieve Program Objectives

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The Honorable Patrick J. Leahy
Chairman, Committee on Agriculture,
Nutrition, and Forestry
United States Senate

The Honorable E (Kika) de la Garza
Chairman, Committee on Agriculture
House of Representatives

The Honorable Lee H. Hamilton
Chairman, Committee on Foreign Affairs
House of Representatives

The 1990 Agricultural Development and Trade Act (P.L. 101-624) gives the Agency for International Development (AID) responsibility for managing agricultural commodity assistance to foreign countries provided under title II (Emergency and Private Assistance Programs) and title III (Food for Development). The act also requires that we (1) evaluate the uses of commodities provided and local currencies generated by the sale of commodities; (2) evaluate the impact of the assistance on enhancing food security; and (3) assess AID's management of the programs, particularly its ability to safeguard financial resources generated under the program. This report provides the results of our review and contains recommendations to the AID Administrator that are intended to strengthen the management of commodity assistance programs.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its issue date. At that time, we will send copies of this report to the Director, Office of Management and Budget; the Secretary of State; the AID Administrator; and other interested congressional committees. Copies will also be made available to other interested parties upon request.

This report was prepared under the direction of Harold J. Johnson who can be reached at (202) 512-4128 if you or your staff have any questions. Other major contributors to this report are listed in appendix III.

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Executive Summary

Purpose

In the Agricultural Development and Trade Act of 1990, Congress stated that the United States would promote its foreign policy by providing agricultural commodities to developing countries to enhance their "food security"—defined as "access by all people at all times to sufficient food and nutrition for a healthy and productive life" (7 U.S.C. 1691). Agricultural commodities are provided through three programs. Two of these programs, Emergency and Private Assistance Programs (title II) and Food for Development (title III), are administered by the Agency for International Development (AID).

As required by the 1990 act, GAO evaluated these programs. Specifically GAO reviewed (1) the uses of commodities provided under titles II and III and local currencies generated by the sale of commodities; (2) the impact of the assistance on enhancing food security; and (3) AID's management of the programs, particularly in safeguarding financial resources generated under the programs.

Background

For almost 4 decades the United States has provided food assistance to developing countries. The 1990 Agricultural Development and Trade Act made several major changes in the U.S. food aid program. It placed greater emphasis on enhancing food security in developing countries, clarified agency responsibilities for food aid programs, and created a new government-to-government commodity assistance program.

Title I of the act authorizes sales of U.S. commodities at concessional rates and is implemented by the Department of Agriculture. (A separate GAO report will address this program.) Title II of the act authorizes food donations in response to famines and other emergencies, and food aid grants to private voluntary organizations (PVO) and cooperatives, intergovernmental organizations, and multilateral institutions for nonemergency uses. Title III of the act is intended to support economic development and if commodities are sold to use the resulting local currency revenues for development purposes.

AID's Office of Food for Peace is responsible for managing title II programs, which are implemented overseas by PVOs, recipient government agencies, or intergovernmental organizations. AID's regional bureaus are responsible for title III programs, and overseas missions negotiate agreements with recipient countries, and monitor the implementation of both title II and III programs in the host country.

Results in Brief

AID has provided agricultural commodities for a variety of uses authorized under titles II and III, including emergency relief, school feeding, food-for-work, and economic development. Under title II, AID distributed 1.9 million metric tons of agricultural commodities valued at $467 million, with additional freight costs of $321.8 million, to 68 countries worldwide during fiscal year 1992. Although the proportion of title II commodities supporting emergency relief has grown, AID has not defined when an emergency exists or used its authority to make special procurements and shipments to respond quickly to food needs. AID has encouraged the use of nonemergency assistance to support projects with development impacts.

Under title III, AID distributed 1.6 million metric tons of commodities valued at about $240 million, with additional freight costs of $90.4 million, to 14 countries in fiscal year 1992. Title III assistance generally has focused on macroeconomic issues, such as policy reform. Local currencies generated from the sale of title II commodities generally supported food distribution programs, while local currencies generated under title III were used for things such as general budget support or specific development projects.

AID has not developed guidance on how food aid programs should be developed to enhance food security. Consequently, implementation strategies within AID diverge widely. AID has not systematically collected relevant data or developed appropriate methodologies to assess the impact of either title on the food security of recipient countries. In addition, various bureaus within AID with responsibilities for food aid have not been able to reach a consensus on the best uses of food aid.

Several problems impair effective management of food aid programs. Lack of agreement on food aid policy has delayed program implementation. Some operational guidance for implementing food aid is outdated and unclear, and AID has not maintained staff expertise in managing food aid programs. Also, AID missions do not ensure accountability for food aid resources, but instead rely on grantees to monitor and provide accurate progress reports, even where accountability problems have previously been identified.

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 nonemergency programs, primarily in direct food distribution programs. About 15 percent of the nonemergency 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 nonemergency 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 currencies when these funds are used for revolving loan projects.

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 AID's food aid programs comply with the food security emphasis of the 1990 Agricultural Development and Trade Act, GAO recommends that the AID 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 AID'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 AID's comments, has sought to clarify some of them.

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Abbreviations

AID	Agency for International Development
CARE	Cooperative for American Relief Everywhere
FFP	Office of Food for Peace
GAO	General Accounting Office
PVO	private voluntary organization
USDA	United States Department of Agriculture

Introduction

The United States provides agricultural commodity assistance, or food aid, to foreign countries to combat hunger and malnutrition, encourage development, and promote U.S. foreign policy goals. The Agricultural Trade Development and Assistance Act of 1954, as amended, widely known as Public Law 480, provides the primary legal framework for food aid. The Public Law 480 program is financed from U.S. Department of Agriculture (USDA) appropriations and has not been incorporated into the Foreign Assistance Act, which encompasses most other forms of U.S. assistance. The 1990 Agricultural Development and Trade Act (title XV of P.L. 101-624) made several major changes in food aid by (1) emphasizing the humanitarian objective of enhancing the "food security" of needy countries, (2) clarifying the division of responsibility for food aid between AID and USDA, and (3) restructuring title III of the act to create a grant assistance program. "Food security" was defined by Congress as "access by all people at all times to sufficient food and nutrition for a healthy and productive life."

Food assistance also serves U.S. domestic interests. For example, the U.S. agricultural industry benefits by selling and processing the commodities. In addition, the program supports U.S. shipping interests by requiring that at least 75 percent of the commodities be shipped on U.S. carriers. While these interests may not conflict, the differing objectives to be met by the food aid program mean that considerations other than economy and efficiency have also been important factors in U.S. government decisions regarding the size and uses of food aid resources. As AID pointed out in commenting on a draft of this report, although food aid may not be the most cost-effective way to deliver foreign assistance, it can be an effective alternative.

Food Aid Is Provided Under Three Programs

The 1990 act provides for the following food aid programs:

- Title I (Trade and Development Assistance) provides for the sale of agricultural commodities on concessional terms. This title is implemented by USDA and will be the subject of a separate GAO report.
- Title II (Emergency and Private Assistance Programs) authorizes grants of agricultural commodities to meet relief requirements and carry out activities to alleviate the causes of hunger, disease, and death. This program is the responsibility of the Agency for International Development (AID).
- Title III (Food for Development) authorizes grants of food commodities to be used for food distribution programs and the development of food

reserves or to be sold and the proceeds used for economic development purposes. This program is also AID's responsibility.

Title II

Title II states that commodities may be provided to meet emergency food needs through governments or public or private agencies; intergovernmental organizations, such as the World Food Program; and other multilateral organizations.[1] The act restructured the program to eliminate government-to-government programs, except those for emergencies. In addition, the act provides for nonemergency commodity assistance to be distributed through private voluntary organizations (PVO), cooperatives, and intergovernmental organizations.

Commodities supplied through title II may be distributed to needy people, sold, exchanged, or distributed by other appropriate methods. The legislation specifies that at least 10 percent of title II commodities may be sold, and local currencies generated from the sale may be (1) used to transport, store, or distribute commodities; (2) used to finance development activities; or (3) invested, with the interest earned used to support relief and development activities.

Title III

The 1990 legislation restructured title III of the Public Law 480 program, creating a new program known as Food for Development. Under the prior legislation, title III provided for forgiveness of title I debt if the local currencies from the sale of title I commodities were used to finance mutually agreed-upon development projects. The new program provides multiyear government-to-government grants to least-developed countries. Local currencies from the sale of title III commodities may be used for a variety of economic development purposes, including promoting policy reforms to improve food security and agricultural development; establishing programs that promote economic growth and privatization; developing rural roads, irrigation systems, and electrification; and supporting research, education, and extension activities in agricultural sciences.

Title III legislation gives AID considerable flexibility in designing programs that complement its overall country development activities. The act also directs that to the extent feasible at least 10 percent of local currencies generated be used to support indigenous nongovernmental organizations

[1]AID's regulations exempt the World Food Program from regulations governing transfers of food to other cooperating sponsors and from AID oversight. The World Food Program will be the subject of a separate report.

and cooperatives working to assist poor people or to implement environmental protection projects.

Food Aid Reaches Needy Countries

The United States has provided more than $46 billion in food aid to developing countries since Public Law 480 was enacted in 1954. In fiscal year 1992, title II commodities went to 68 countries and title III commodities to 14 countries. The most commonly provided commodities are wheat and wheat flour, corn, corn-soya blend, rice, vegetable oil, sorghum, bulgur, soybeans, and pinto beans, but nonfood commodities, such as cotton, are also provided.

In fiscal year 1992, AID distributed about 1.997 million metric tons of agricultural commodities under title II. The World Food Program received about 641 million metric tons[2] (32.1 percent) of these commodities for activities in 57 countries. The principal PVOs working as sponsors in the title II food aid program, Cooperative for American Relief Everywhere (CARE) and Catholic Relief Services, received about 42 percent of the commodities to support programs in 27 countries. Sponsors usually work in a country through local partners, such as local PVOs or national ministries, to implement projects.

Costs for transporting titles II and III commodities varied by region, ranging from about 45.3 percent of costs for programs in Africa to 26.7 percent for those in Latin America and the Caribbean. U.S. cargo preference laws require that 75 percent of food aid be shipped on U.S. flag vessels rather than on generally less expensive foreign flag vessels. We reported in 1990[3] that the cost differential between U.S. flag vessels and foreign flag vessels accounted for less than 10 percent of food aid program expenditures.[4]

[2]This figure includes commodities provided to the World Food Program in response to special appeals for emergencies.

[3]Cargo Preference Requirements: Their Impact on U.S. Food Aid Programs and the U.S. Merchant Marine (GAO/NSIAD-90-174, June 19, 1990).

[4]AID pays the differential costs on the first 50 percent of titles II and III tonnage shipped on U.S. flag vessels, and the Department of Transportation's Maritime Administration pays the differential costs of the next 25 percent. The remaining 25 percent may be shipped on foreign flag vessels, in which case there is no differential cost.

Organizations With Responsibility for Food Aid

While AID is responsible for administering the title II and III programs, the agency works with other government agencies, PVOs, international organizations, and foreign governments to determine the types and quantities of commodities to be provided; the types of programs to be undertaken; and the manner in which the food aid will be procured, shipped, and distributed.

Within AID, the Bureau for Food and Humanitarian Assistance's Office of Food for Peace (FFP) oversees title II programs; coordinates operational food aid matters with USDA, the State Department, other federal agencies, and private and public international organizations; and reviews title III program proposals and budget submissions based on applicable legislation, commodity and shipping availability, and other logistical issues.

As of January 1993, FFP had employees in 23 of its authorized 26 positions—18 professional and 5 support staff. FFP's Commodity and Procurement Division works with AID's Finance and Administration Directorate to prepare food aid budgets and with USDA to procure commodities; FFP's regional offices review and approve title II programs and provide assistance to missions with food aid programs. FFP's food program officers are responsible for up to 12 countries each.

AID's geographic regional bureaus have program authority for title III aid. Food aid coordinators in these bureaus generally provide support, such as assisting with proposal reviews, to the missions. The regional bureaus for Latin America and the Caribbean and for Asia have one food aid coordinator each, and the Africa Regional Bureau recently hired a second food aid coordinator.

Objectives, Scope, and Methodology

The Agricultural Development and Trade Act of 1990 requires that we review food aid programs in five countries that receive assistance under titles II and III and that are representative of all countries in three geographical regions. Our objectives were to review

- the uses of food assistance provided and local currencies generated from the sale of the commodities;
- the impacts of this assistance on enhancing food security; and
- AID's management of commodity programs, particularly in safeguarding financial resources generated under the program.

We performed our work at AID in Washington, D.C., and at seven overseas missions in Africa, Asia, and Latin America. We reviewed title II programs in Bangladesh, Bolivia, Burkina Faso, the Thailand-Cambodia border, Uganda, and Zambia. These programs represented a variety of types and objectives, including emergency programs at the Thailand-Cambodia border and in Zambia. For our review of five title III programs, we selected Bangladesh, Bolivia, Sri Lanka, Uganda, and Zambia. These programs also represented a variety of types and objectives.

To identify the uses of commodities and local currencies, we collected and analyzed project documentation for fiscal years 1988 through 1992 at AID offices in Washington and at overseas missions. We did not, however, verify the accuracy of the commodity shipment data AID provided. We also interviewed AID and PVO representatives and other officials on the uses of food aid and commodity allocations for fiscal years 1991 and 1992 and the integration of food aid into development strategies. When possible, we visited title II and III project sites in each country and talked with program participants.

To gain insights on the impacts of programs in enhancing food security, we reviewed AID and PVO evaluations of food aid projects. We interviewed AID, cooperative, and PVO officials in the Washington, D.C., and New York areas and in our sample countries. We met with independent food aid policy researchers in Washington and examined literature on evaluations of food programs and on policy options for improving food security.

To evaluate program management, we reviewed and analyzed AID's records and documentation on food aid organization and management, including project reviews and approvals and shipping schedules, in Washington, D.C., and at the missions we visited. We examined audit reports of food programs by the AID Inspector General and other audit organizations; we did not independently audit commodity controls of participating organizations. We interviewed officials in AID's Food and Humanitarian Assistance Bureau, regional offices, and other organizations with responsibilities related to food aid. We also met with representatives of PVOs and cooperatives involved in food aid in the United States and overseas; Office of Management and Budget and USDA officials in Washington, D.C.; and a private consultant with particular expertise and experiences in food aid. Overseas we interviewed U.S. and host government officials, an accounting firm, private companies, and other

bilateral donors to obtain a broad range of views of AID's food aid operations in each country.

We performed our work from April to December 1992 in accordance with generally accepted government auditing standards. We obtained AID comments on a draft of this report. They are presented in their entirety in appendix II along with our evaluation of them.

Uses of Commodities in Food Programs Range From Emergency Relief to Economic Development

AID uses agricultural commodities, for example, wheat, corn, cotton, and tallow, for food aid programs such as food-for-work; refugee relief; school feeding; and economic, agricultural, and infrastructure development. Titles II and III take different approaches to enhancing food security: title II aid supports projects with immediate impact, and title III aid provides resources to leverage economic policy reform. AID's support for emergency relief is growing, and nonemergency title II food aid is increasingly supporting projects with economic development components. Commodities provided under title III generally are sold, and the resulting local currency is used to support macroeconomic policy reform.

Title II Commodities Support Humanitarian Relief and Development Projects

Historically, AID has used title II food aid to meet the emergency and short-term food needs of the hungry. AID has supplied commodities to foreign governments, PVOs, cooperatives, and multilateral organizations to distribute food to needy people primarily through the following types of projects:

- Maternal and child health projects provide supplementary food to children and pregnant and lactating women to ensure that they have an adequate diet and to improve their nutrition.
- Food-for-work projects provide take-home rations or on-site meals to unemployed or underemployed individuals who participate in community construction projects, such as building schools, roads, and irrigation systems, or land improvement projects, including reforestation or terracing.
- School feeding programs provide meals to students to improve their health, learning capability, attendance, and nutrition (see fig. 2.1) and to adults who attend training courses.
- Emergency programs provide relief to civilians displaced by wars, floods, famines, and other man-made and natural disasters.

Figure 2.1: School Feeding Program in Burkina Faso

In fiscal year 1992, 68 countries (see app. I) received 1.9 million metric tons of title II commodities valued at $467 million, with additional freight costs of $321.8 million. In the six countries we visited, we observed a wide variety of title II programs, including direct food aid relief and economic and development programs. Table 2.1 lists the primary programs in the countries we visited.

Table 2.1: Primary Title II Programs in Sample Countries, Fiscal Year 1992

Country/region	Maternal and child health	School feeding	Food-for-work	General economic development	Emergency relief
Bangladesh			X		
Bolivia	X	X	X		
Burkina Faso		X	X		
Thailand-Cambodia border					X
Uganda				X	
Zambia					X

Share of Commodities for Emergency Relief Assistance Has Increased

In fiscal year 1992, AID supplied more than 753,600 metric tons (38 percent) of all title II commodities to support emergency relief programs in 23 countries. Since 1988 the proportion of all commodities directed to

emergencies has increased by 14 percent. Ten programs in Africa accounted for 81 percent of the title II emergency food aid. Countries that received title II emergency food aid included Ethiopia, Mozambique, and Somalia in Africa; Afghanistan and Laos in Asia; Albania and the Balkan states in Europe; Haiti, Mexico, and Nicaragua in Latin America and the Caribbean; and Lebanon in the Near East. Table 2.2 shows the regional distribution of emergency commodities from fiscal years 1988 to 1992.

Table 2.2: Distribution of Title II Emergency Programs by Region, Fiscal Years 1988-92

	Fiscal year									
	1988		1989		1990		1991		1992	
Region	Number of countries	Metric tonnage	Number of countries	Metric tonnage	Number of countries	Metric tonnage	Number of countries	Metric tonnage	Number of countries	Metric tonnage
Africa	12	407,218	11	213,013	12	557,274	11	695,549	10	609,370
Asia	3	65,665	5	166,600	3	8,740	2	32,400	4	33,060
Latin America and the Caribbean	3	14,462	2	63,192	4	6,059	3	10,246	4	46,756
Europe	0	0	0	0	0	0	1	476	3	22,122
Near East	1	12,395	1	25,517	2	39,677	2	70,178	2	42,328
Total	**19**	**499,740**	**19**	**468,322**	**21**	**611,750**	**19**	**808,849**	**23**	**753,636**

Source: AID.

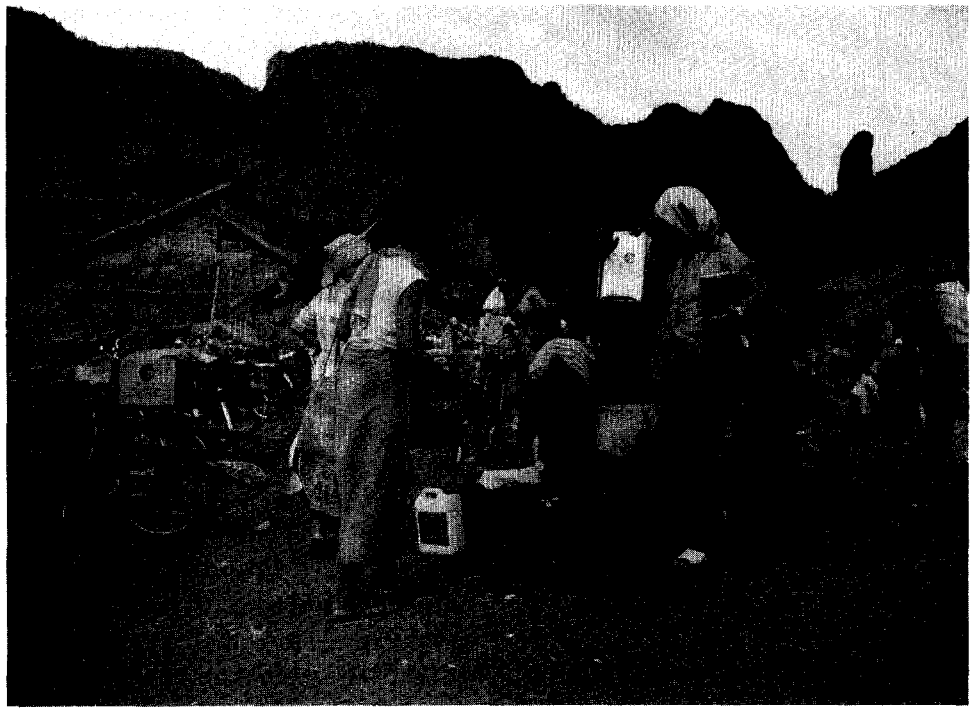
AID Lacks a Definition of Food Emergency

The title II legislation establishes the required minimum tonnage and the tonnage mandated for PVO use for nonemergency projects. The remaining tonnage is available to AID throughout the year for emergency programs, new programs, or ongoing programs. According to AID officials, responding to emergencies is the highest priority for food aid resources. However, Public Law 480 does not provide a working definition of when a deficit of food constitutes a title II emergency, and AID has not defined emergencies in its guidance.

We examined two title II emergency programs: one in Zambia that responded to a drought and one in Thailand that responded to the needs of refugees from the civil war in Cambodia (see fig. 2.2). The latter program, which provided vegetable oil to refugees on the Thailand-Cambodia border, evolved from an emergency relief effort in 1982 to a sustained

feeding program, but, primarily for political reasons, was still considered an emergency program in AID's budget.

Figure 2.2: Refugee Relief at Thailand-Cambodia Border



One purpose of title II aid is to enable AID to respond quickly to food emergencies, and section 202(a) of the 1990 act authorizes the Administrator of AID to conduct procurements and make shipments as necessary to meet emergency food needs without the need for following general procurement and shipping regulations. However, AID has not used this authority. Under the regular procedures, procuring and shipping commodities can take several months.

As we reported in 1992, PVO officials in Angola and Mozambique reported that food shipments were delayed to the detriment of some programs.[1] One PVO in Angola said that most of two separate shipments of food aid it requested for drought-stricken Cuando Cubango arrived 6 months to 1 year after the request. A small amount of food meant for Mozambique

[1]Foreign Disaster Assistance: AID Has Been Responsive but Improvements Can Be Made (GAO/NSIAD-93-21, Oct. 26, 1992).

was diverted to Angola and arrived in November 1990, but most did not arrive until September 1991. Another shipment of food requested by a different PVO in November 1990 arrived in June 1991. According to PVO officials in Mozambique, title II food for use by a PVO in emergency airlifts to displaced persons was due to arrive in November 1991 but actually arrived in April 1992 during the harvest season. The PVO borrowed from World Food Program stocks to keep its emergency airlift program operating until the scheduled title II food shipment arrived.

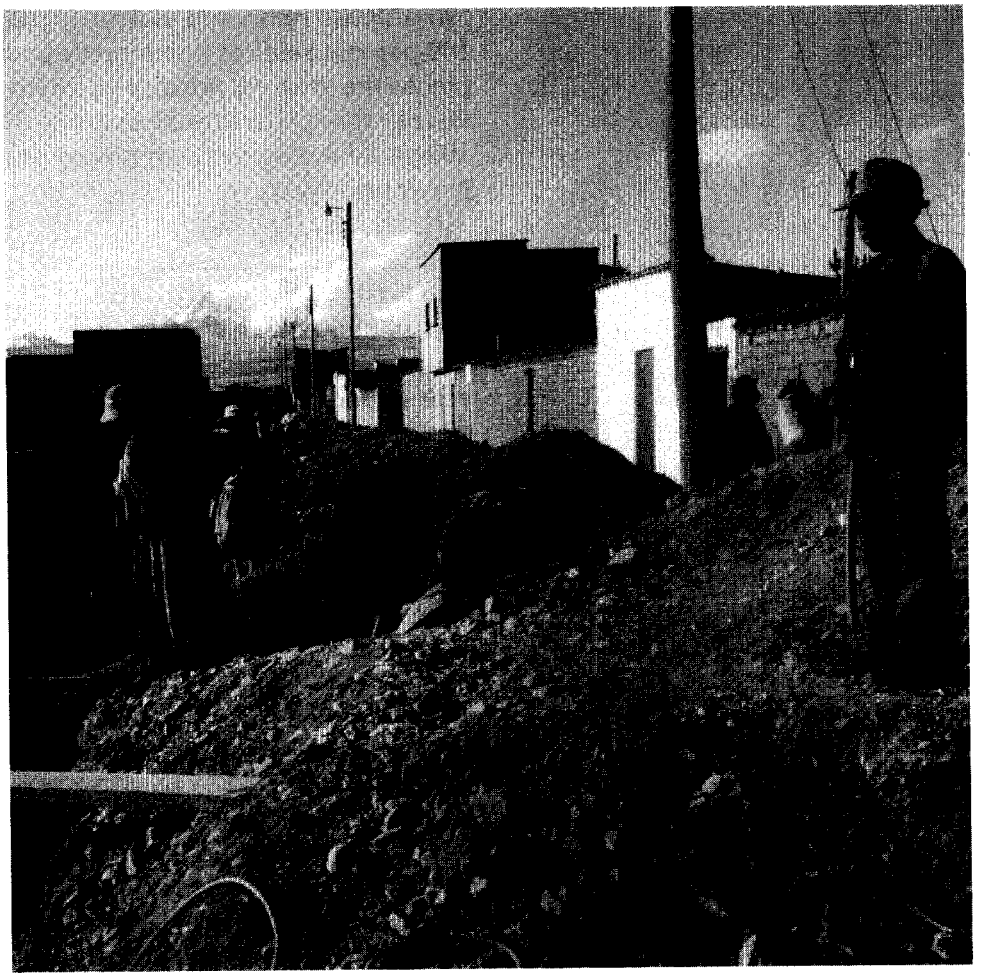
Nonemergency Title II Aid Is Evolving From Relief to Development Projects

While providing the hungry with immediate access to food, most title II food distribution programs have some long-term development objectives. The goal of school feeding programs, for example, is to increase enrollment and attendance at school and improve the cognitive or academic performance of children; maternal and child health programs seek to improve the diet and nutrition of preschool children and pregnant and lactating women. In fiscal year 1992, AID supported school feeding programs in 14 countries and maternal and child health programs in 29 countries.

Recently, direct food distribution programs, especially the maternal and child health programs, have been criticized for fostering dependency among recipients, and program sponsors have found such programs difficult to implement. Some sponsors found that local partner organizations did not always have the skills and resources necessary to implement the educational, medical, or development components of these programs. For example, in Bolivia, AID suspended one PVO's maternal and child health program because an evaluation revealed that (1) the program was understaffed and lacked educational materials and (2) kickbacks were being paid. The evaluation further concluded that little progress had been made in converting the program from charitable relief to a true development and health activity.

During the 1980s, AID encouraged the use of title II food aid to support development projects addressing underlying problems that hamper developing countries in meeting their food needs. For example, AID supports food-for-work projects because they target the truly needy, generate employment, and use food for development-oriented results. According to AID, title II commodities supported food-for-work programs in 41 countries in fiscal year 1992. Of the countries we visited, Bangladesh and Bolivia had food-for-work projects such as road, sewer, canal, and school construction (see fig 2.3).

Figure 2.3: Food-for-Work Project in Bolivia



Food Aid Is Also Used for Nonfood Development Projects

Some PVOs have sold title II commodities and used the proceeds to enhance long-term food security through innovative development activities. PVOs in Bolivia, for example, used funds to teach business skills to women and to buy materials for small greenhouses and wells. The number of title II projects involving the sale of 100 percent of the commodities allocated has increased from two projects in 1988 to five in 1992. One of the five fiscal year 1992 projects is in Uganda. The project generates local currencies through the sale of vegetable oil to revitalize the Ugandan vegetable oil industry by providing funds for agricultural training and extension services, capital investment loans for vegetable oil processing facilities, and small farmer production credits.

PVO officials remarked that AID is reluctant to approve projects involving 100-percent sales of commodities. AID officials told us that the agency places the greatest priority on emergencies, followed by ongoing food distribution programs, because of their humanitarian focus. Therefore, 100-percent monetization projects and new program proposals receive lower priority.

PVOs Realize Monetary Support Through Grants and Sales of Title II Commodities

The 1990 legislation provided for grants to PVOs to underwrite the logistical and administrative costs of conducting food aid programs. Section 202(e) states that AID must provide between $10 million and $13.5 million each year to help PVOs and cooperatives establish new programs and meet specific administrative, management, personnel, and in-country transportation and distribution costs for carrying out programs in foreign countries. AID guidelines state that 5 to 10 percent of these funds should be allocated for costs relating to establishing new programs.

In fiscal year 1992, AID provided $10 million in grants under this program to 12 PVOs and other cooperating sponsors: $450,000 (4.5 percent) for new programs, $9.33 million (93.3 percent) for ongoing programs, and $220,000 (2.2 percent) for financing audits of programs. According to AID, all requests for program activities that were consistent with the legislated uses and supported by missions were funded.

The 1990 amendments to Public Law 480 also specified that PVOs could sell not less than 10 percent of the title II commodities to help defray administrative and management costs. In two of the six countries we visited, PVOs supported feeding programs with the proceeds from sales of commodities in fiscal year 1992. Funds were used to cover such costs as salaries and local commodity purchases.

Public Law 480 Establishes Minimum Levels of Food Aid for Title II and PVOs

Title II establishes a minimum level of food aid for distribution to needy countries, which AID uses for both nonemergency and emergency programs. The minimum level for fiscal year 1991 was 1.925 million metric tons, and the 1990 amendments to Public Law 480 mandated increases of .025 million metric tons per year through 1995. In fiscal years 1991 and 1992, AID met or exceeded the legislated minimums for total food distribution.

Public Law 480 also mandated about 75 percent of the annual minimums for nonemergency purposes be used to support the relief and development

activities of PVOs and intergovernmental and multilateral organizations, including the World Food Program. However, with notification to Congress, AID may waive this requirement if the AID Administrator determines that "such quantities of commodities cannot be used effectively to carry out this title, or in order to meet an emergency." Since fiscal year 1991, AID has not provided PVOs the minimum levels of food aid mandated for nonemergency purposes. According to AID officials, AID waived the requirement because resources were needed to address emergencies in countries such as Ethiopia and Haiti and in countries affected by the drought in southern Africa.

Title III Commodities Primarily Sold to Generate Funds to Support Economic Development

AID's objective is to use title III resources to encourage countries to adopt policy reforms that address obstacles to economic development. In those instances where the recipient country sold commodities to generate local currency, AID and the recipient country jointly programmed the local currencies for use in promoting the objectives specified in the title III agreement. In accordance with Public Law 480 and AID guidance, the missions we visited had integrated title III food aid with other U.S. development assistance objectives and programs for the recipient countries.

Although title III emphasizes economic development, Public Law 480 also authorizes AID to use title III aid for relief efforts, such as feeding programs. Of the 14 title III programs in fiscal year 1992, only the Zambia program had the short-term, nondevelopmental objective of providing corn in response to the drought in southern Africa. The AID mission in Zambia has been active and innovative in responding to Zambia's food needs by arranging for other donors to pay for the shipment of U.S.-donated commodities so that the United States could provide more corn under title III at no additional cost.

In 1991, AID entered into agreements with 15 foreign governments to provide $276.8 million in title III assistance. Fourteen agreements valued at approximately $330 million were signed in fiscal year 1992, and AID anticipates 15 agreements for fiscal year 1993. Table 2.3 shows the primary objectives of the title III programs in the countries we visited.

Table 2.3: Title III Programs in Sample Countries, Fiscal Year 1992

Country	Commodities provided (in metric tons)	Program objectives
Bangladesh	Wheat, bulk (300,945)	Improve food security for poor households by increasing and improving the public sector aggregate investment to accelerate economic growth.
Bolivia	Wheat, bulk (153,850)	Develop an overall legal/regulatory framework that promotes the conservation and sustainable use of Bolivia's natural resources; develop a regulatory, institutional, and incentive structure that will support the sustainable development of Bolivia's forestry resources; and develop a legal structure for land ownership that will promote investments in land improvement and sustainable natural resources management.
Sri Lanka	Wheat, hard and soft red winter, bulk (262,350)	Reduce the government's role in agricultural production and marketing systems, and increase incentives for agricultural production and efficiencies in the food system.
Uganda	Tallow (6,000)	Alleviate food security concerns by increasing rural incomes through increased production and productivity, improving the private sector's access to foreign exchange for imports, and improving the private sector's returns on export earnings.
Zambia	Corn, bulk (202,993)	Immediately reduce and continue to reduce maize meal consumer subsidies; eliminate fertilizer subsidies; establish border parity pricing for maize production and processing until the market is fully liberalized; adopt a narrowly targeted food assistance program for the most vulnerable of the urban poor; and study the privatization of the seed, fertilizer, and milling industries.

Source: AID.

Uses of Local Currencies Generated Through Sales Varied

AID's guidelines for title III programs do not require that the sales price of the commodities reflect the U.S. costs of commodities and shipping. In the five countries we visited, procedures for determining sales prices and amounts of local currencies generated from title III agreements varied. The agreements with Sri Lanka and Uganda specified a sales price that equals the value of the commodity plus the shipping costs; in Bolivia, the agreement specifies a sales price equaling commodity costs plus freight costs except for 25 percent of the shipping differential when commodities are shipped on U.S. flag vessels. However, in Bangladesh, sales prices are based on local prices for wheat, and in Zambia, the agreement specifies that prices should reflect the prevailing price of imported corn sold to the mills.

Proceeds from selling title III commodities were used to finance a variety of economic development projects and policy reform objectives in the countries we visited. In Bolivia and Uganda local currencies were programmed for specific projects, and in Zambia currencies were available for attribution to Zambian government projects. In Sri Lanka and Bangladesh local currencies were used to support specified budget sectors, such as the agricultural sector, and the programs required that

policy reform benchmarks be achieved prior to the release of local currencies. With the exception of the Zambia program, which set aside 10 percent of the commodities for direct distribution in response to the drought in southern Africa, all title III programs we examined involved the 100-percent sale of commodities.

Under most title III agreements, AID ships commodities to the recipient governments before the countries achieve agreed-upon policy reforms. In Zambia and Uganda, however, the title III programs required that the recipient government meet specific reform measures prior to the shipment of commodities. This requirement may have increased AID's leverage to obtain the desired policy reforms.

Although the goal of the fiscal year 1992 Bolivia program was to reform environmental and agricultural policies by the end of the agreement period, no conditions had to be met before commodities were shipped or local currencies were disbursed. Thus, AID may have had little leverage to obtain the desired policy reforms. Bolivia has made efforts toward initiating agreed-upon reforms. In commenting on our draft report, AID noted that conditionality is only one way of exercising leverage. According to AID, leverage may also be exercised by conditioning the approval of a second program, tying commodity shipments during a year to the achievement of benchmarks or to the release of local currencies.

AID Considers Several Factors in Selecting Title III Recipients

Section 302 of the 1990 act provides the criteria by which countries qualify for title III assistance based on poverty and food deficit. In 1992, countries with a per capita gross national product of not more than $580 qualified as least developed under the poverty criteria. Under the food deficit criteria, countries must meet the following three conditions:

- the daily per capita consumption of the country is less than 2,300 calories,
- the mortality rate of children under 5 years of age exceeds 100 per 1,000 live births, and
- the country is unable to meet its food requirements through domestic production or imports due to a shortage of foreign exchange earnings.

Once AID determines that a country qualifies for title III aid, the country's eligibility extends over the life of the approved title III program. However, AID revises the list of countries eligible to compete for new title III programs annually based on the most current data available.

AID identified 56 least developed countries as eligible for title III food aid in fiscal year 1992—49 met the poverty criteria, and 7 met the food deficit criteria. Of the total, 36 countries are in Africa, 14 are in Asia and the Near East, and 6 are in Latin America and the Caribbean. In fiscal year 1992, 10 of the 14 countries with title III agreements qualified under the poverty criteria, and 4 countries qualified under the food deficit criteria.

AID considers several factors in approving title III programs. Although a country may qualify as least developed, AID may not provide assistance under title III if statutory or policy restrictions, such as restrictions on aid because of human rights concerns, apply. Further, missions must demonstrate that they have the staff and resources necessary to achieve policy reform goals of title III programs. Countries receiving title III grants are not always the most needy on AID's list of eligible countries. For example, in 1991, Sri Lanka received approval for one of the largest title III grants—a 3-year $138 million grant for approximately 728,000 metric tons of wheat. Although eligible under title III's poverty criteria, Sri Lanka had one of the highest per capita gross national products, lowest infant mortality rates, and highest caloric intake rates of the 56 eligible countries. In addition, Sri Lanka maintained a significant wheat inventory, about one-third of the country's annual consumption. AID indicated that the program was approved based on the quality of the proposal, a decline in the availability of poverty-alleviating services, a deterioration in per capita food production, and economic dislocation caused by structural adjustment and policy reform.

Conclusions

AID continues to use title II to respond to food emergencies and to support humanitarian relief efforts, but it has emphasized development projects in its nonemergency programs. Further, PVOs sell some commodities to support food-related distribution programs and non-food related development activities. AID has not provided the legislated minimum allocations to PVOs for nonemergency projects for the past 2 years.

AID has the legislative authority to make special procurements and shipments to respond quickly to food emergencies; however, AID has never exercised this authority. Furthermore, AID has not developed a working definition of when a deficit of food constitutes an emergency. We believe that if AID had such a definition, it could then establish criteria for determining under what circumstances to exercise its existing authority and respond more quickly to genuine emergencies.

AID has used title III commodities primarily for economic reform and development programs that are consistent with the development goals of Public Law 480. However, although all title III recipients were least developed countries, these countries were not always the most needy.

Recommendation

We recommend that the AID 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.

AID Lacks a Strategy for Implementing Food Aid Programs to Enhance Food Security

The 1990 amendments to Public Law 480 emphasize that enhancing food security is the overriding objective of U.S. food aid. Despite this, AID has not (1) developed guidance on how this objective should be met, (2) systematically evaluated the long-term impacts of food aid, (3) collected relevant data, or (4) developed consistent methodologies to measure the impacts of food aid. AID officials have disagreed as to how food aid can best be used to achieve this long-term goal. AID has not developed central policy guidance on this matter, and as a result, missions have acted independently in developing their food aid programs, reflecting their own agendas rather than a cohesive agencywide food aid strategy. In addition, AID and PVOs have not reached a consensus on the role of PVOs in food aid programs. A few missions have individually attempted to assess program impacts, but overall, AID has little empirical evidence to demonstrate that food aid programs have enhanced or will enhance food security.

AID Lacks Policy Guidance for Meeting the Food Security Objective

In April 1992, AID administratively refined the legislative definition of food security by stating that food security was achieved "when all people at all times have both physical and economic access to sufficient food to meet their dietary needs for a productive and healthy life." This definition identifies three basic variables influencing food security: (1) availability, (2) access, and (3) utilization of food. Noting that there are many different causes of food insecurity, the definition concludes that the best way to promote food security is through sustained, broad-based development.

This definition breaks the nebulous concept of food security into more measurable objectives. However, the agency has not issued policy guidance on how food aid programs should address these objectives. AID policy officials told us that food security is not unique and therefore does not require specific guidelines. They reported that the consensus among agency officials is that the agency's definition of food security, combined with existing policy on food and agricultural development, fills the need for policy guidance on food security. In commenting on a draft of this report, AID also noted a number of policy papers indirectly related to possible areas of constraints to food security, such as health, population, private sector, and nutrition. However, we believe that these are not adequate as a substitute for policy and operational guidance and that the lack of such guidance has contributed to internal disagreements about food aid and resulted in delays in program approvals. Nowhere, for example, has AID (1) made the link between the problems that may contribute to food insecurity and the ways the agency expects missions to

use their resources, especially food aid, to address these problems or (2) provided guidance on identifying, analyzing, and addressing the food security constraints discussed in the definition.

FFP and Regional Bureaus Differ Over How to Meet the Food Security Objective

Although the regional bureaus have primary authority for approval of title III programs, FFP reviews title III proposals for concerns such as commodity availability and budget constraints and for compliance with the legislated mandate to enhance food security. FFP has used its review authority to try to influence the type and structure of programs implemented under title III.

While regional bureaus believe encouraging economic development is the most effective use of title III food aid for improving long-term food security, FFP asserts that title III programs should have a more direct impact on food security. Regional bureau officials believe FFP's approach is ineffective because it does not recognize the importance of general economic development.

According to regional bureau officials, FFP's involvement often holds up proposal approvals for months. For example, according to an official in the regional bureau for Africa, two title III proposals received in December 1992 were finally approved in mid-February 1993, but as of mid-March 1993, two other proposals also submitted in December 1992 had not been approved. Officials in the regional bureaus for Asia and Latin America and the Caribbean noted similar delays with proposal approvals.

Continued intra-agency disputes over the direction of food aid programs have been due in large part to a lack of policy guidance from AID's top management. AID officials said that in the absence of such policy guidance, they have been deciding how food aid should be used on a case-by-case basis.

AID and PVOs Disagree on the Direction of Food Aid Programs

AID has not developed close working relationships with the PVOs that implement title II development programs. The lack of consensus between AID and the PVOs on the PVOs' role in food programs has resulted in conflicts over the programming of food aid. PVO representatives believe they should be partners with AID in setting food aid policy and designing programs. They assert that because the title II legislation mandates an amount of food aid that should go to support nonemergency PVO programs, title II food aid projects should reflect PVO objectives. AID, on the other hand, sees

title II food aid as an additional resource to be used in support of a comprehensive country development strategy as directed in section 413 of the 1990 act.

AID Restricts PVOs' Latitude in Designing Food Aid Programs

AID's recent efforts to focus its activities and concentrate its resources on fewer developmental objectives have restricted PVOs' flexibility in programming food aid activities. AID officials noted that missions are looking closely at ways to focus development efforts, including PVO-sponsored food programs, toward achieving strategic goals. According to one AID official, AID has not always insisted that programs be justified on the basis of food security criteria and has kept some programs ongoing for years without such justification.

PVO officials, however, voiced concern that AID's effort to focus its resources threatens their historical role of providing humanitarian aid to the poorest of the poor. They believe that if their projects do not always relate closely to AID's limited objectives, the missions will reject their proposals. Further, they believe that missions are dictating the content of PVO programs they will approve, regardless of PVO wishes. For example, the Bolivia mission phased out support for rural food-for-work and maternal and child health programs to concentrate its resources on urban food-for-work projects. AID officials recognized that PVO programs can be important in supporting some AID initiatives, but they believed PVO programs need to fit into the development strategy of the missions.

PVOs have also complained that some missions do not want to be responsible for food programs because of the associated administrative burden, even when the program fits the mission's development strategy. In commenting on a draft of this report, AID noted that it believes it is entirely appropriate to consider administrative and accountability burdens as well as priorities for use of funds appropriated to AID and AID's ability to carry out such program oversight when approving new PVO activities. Although AID officials could cite only one example—El Salvador—where a mission wanted to stop an ongoing program, they acknowledged that staffing constraints may impair a mission's ability to manage food aid to the extent that it would not approve a food aid proposal. However, if an overseas mission does not believe it can effectively manage a food program, AID officials in Washington will not force it to undertake one.

Food Aid Consultative Group Has Not Been Involved in Setting Policy

The 1990 amendments to Public Law 480 established a Food Aid Consultative Group that would meet regularly to review and address issues concerning the effectiveness of the regulations and procedures that govern food assistance programs and the implementation of provisions that may involve PVOs, cooperatives, and indigenous nongovernmental organizations. The legislation specifies that the membership of the group is to include the AID Administrator, who chairs the meetings; the USDA Under Secretary for International Affairs and Commodity Programs; the AID Inspector General; a representative of each PVO and cooperative participating in title II programs; and representatives from African, Asian, and Latin American indigenous nongovernmental organizations as determined by the Administrator.

Although the legislation specifies a role for PVOs in reviewing AID procedures and regulations, PVOs hoped that the group would provide them with a mechanism for expanded input into U.S. food aid policy. However, AID did not think it would be useful to have PVOs drive AID's activities and limited the group's formal role to its legislated task of reviewing regulations and procedures. For example, the group reviewed AID's proposed revisions to the title II implementing regulation (regulation 11) in mid-1991. In October 1992, the group set up working groups composed of representatives of AID and the PVOs to address certain issues of interest to both, including general issues, such as the AID-PVO relationship, and specific programmatic concerns, such as updating AID's food aid handbook.

Evaluations Do Not Measure Long-Term Impacts

For the most part, AID determines the success of title II programs with short-term quantitative measures. For example, Catholic Relief Services' evaluations of school feeding programs in Burkina Faso are based on the quantity of food delivered and number of children served, rather than on how the food distribution program has improved the children's food security. While AID believes such programs improve school attendance and nutrition, it has little empirical data to demonstrate that these outcomes occur. AID also uses project outcomes to monitor the progress of other title II programs. For example, the success of food-for-work programs is often measured in terms of the achieved infrastructure development, rather than on the impact to the participants' nutrition.

AID evaluates the success of title III programs by measuring progress in achieving agreed-upon actions, or benchmarks, as outlined in government-to-government agreements. AID's benchmarks range from

reforming agricultural policy in Sri Lanka, to passing an environmental law in Bolivia, to liberalizing price controls on domestic corn production in Zambia. Although such benchmarks may be an accurate intermediate measure of the recipient countries' willingness to adhere to the terms of title III agreements, they are not a measure of the long-term impact of the programs on food security.

AID Has Not Developed Methodologies to Measure Food Aid Impacts or Efficiency

AID is implementing its food aid programs without empirical evidence that they enhance food security. AID has not yet developed methodologies for measuring what the long-term impacts of its food aid programs are or whether food aid is an efficient method for achieving or sustaining the food security objective. Further, it has not gathered data to support its assumptions about the positive long-term impacts of food aid programs, even where an impact might be measurable. Prior AID studies have disclosed serious deficiencies in AID's evaluation of the impact of food aid that supports economic development. For example, an August 1989 AID study found that evaluation efforts suffer from the absence of guidelines for collecting and analyzing data on program impacts. The study found evaluations particularly weak in examining the impact of some food aid on nutrition, income, employment, and agricultural performance.[1] AID has made little progress toward addressing the study's findings.

The 1990 amendments to Public Law 480 require that the President prepare an annual report "assessing progress towards food security in each country receiving U.S. government food assistance." The fiscal year 1992 report,[2] prepared by AID, does not systematically assess food security impacts, but rather compares the food needs of the world to the number of programs and the level of funding provided by the United States.

Experts in food aid policy, including researchers, consultants, and AID officials, have noted the difficulty in determining the impact of food aid on enhancing food security. First, the concept of food security is very broad and difficult to measure. Second, data on countrywide social conditions, such as infant mortality and household income, that could be useful in constructing indicators of food security are not often readily available in developing countries. Third, many factors that are not within AID's control can affect a country's food security, including climatic conditions and social and economic stability. Finally, directly attributing an impact on

[1]The Development Impact of U.S. Program Food Assistance: Evidence From the AID Evaluation Literature, Jennifer Bremer-Fox and Laura Bailey (Aug. 1989).

[2]World Food Day Report: The President's Report to the U.S. Congress (Oct. 16, 1992).

food security to U.S. food aid is difficult, especially for title III programs that generally support macroeconomic objectives. Despite these difficulties, without assessing the impacts of its food aid programs, AID will not have reasonable assurances its resources are being used in the most efficient manner.

Some Missions Have Begun to Assess Program Impact

Some missions have taken the initiative to assess the impacts of their food programs beyond the short-term benchmarks of title III programs or the quantitative measures of title II programs. A few missions, for example, have independently begun to assess the impact of the programs through nutritional assessments. Also, in mid-1992, the Bolivia mission requested that AID's Bureau for Latin America and the Caribbean help it assess the food security impact of its title II and III programs. A draft report concluded that most programs could be expected to improve food security but recommended that the mission follow up with a more in-depth assessment. The mission also contracted with an independent consulting firm to analyze the nutritional impacts of its title II urban food-for-work programs. According to the consultant's report, while the projects were successful in providing temporary employment for the poor and improving infrastructure, participants did not always receive enough food to improve their families' nutrition. The report recommended that the nutritional impact of programs be considered during the design phase. Other missions in Africa and Latin America and the Caribbean are also trying to develop their own methodology to assess the impacts of food security.

In general, however, as we reported in June 1993, AID has no agencywide program evaluation system to hold missions or individuals accountable for program results.[3] Further, without guidance on how to develop a methodology to assess impacts, missions may not know what baseline data is necessary to measure their progress toward enhancing food security.

AID Plans to Develop Additional Program Guidance

AID has identified several areas that it believes require programmatic guidance and has set up task forces to begin developing appropriate guidance. AID plans to (1) develop a methodology for collecting information to measure progress in meeting food security objectives; (2) develop food security policy guidance for PVOs, including the implications of the food security objectives for title II programming and

[3]Foreign Assistance: AID Strategic Direction and Continued Management Improvements Needed (GAO/NSIAD-93-106, June 11, 1993).

the measurement of results; (3) analyze the effect of reducing mission support for agriculture production activities; and (4) develop guidance to ensure that the rigor of project planning, analysis, monitoring, and evaluation for title III programs is equal to that for projects funded by Development Assistance and the Development Fund for Africa, and that each program is linked to food security objectives.

AID's New Management Information System Does Not Evaluate Food Security

In October 1990, the AID Administrator announced an initiative to place greater emphasis on evaluations. As a result, AID developed the Program Performance Information for Strategic Management System, known as PRISM, to help missions identify their manageable objectives and to provide indicators to measure progress toward those objectives. AID plans to use this system in mission planning and as a reporting tool to provide managers with information on mission activities and results. Currently, according to an AID official, only two or three missions, at least two of which are in countries with critical food shortages, have food security as a strategic objective.

AID has made limited progress in developing food security indicators for the new management information system. According to AID officials, unless enhanced food security is a discrete mission objective, the mission may not develop specific food security indicators. Therefore, AID would have to extrapolate impacts from indicators that may not have a direct application to food security. In addition, although enhanced food security is a legislated objective of all title III programs, AID has not required its missions to develop food security indicators.

In another evaluation effort, AID's Center for Development Information and Evaluation is designing a study to assess the developmental impacts of some title II and title III programs. The study will assess the success of some title II programs from 1977 through 1990 and pre-1990 title III programs and the applicability of lessons learned through these experiences to current programs. However, it will not address the food security impacts of title II and III programs after 1990 to account for the legislated changes to title II and title III or determine whether these programs are an efficient method for achieving their objectives. In addition, the study's planned methodology will rely on existing mission data, which, as previously stated, the missions do not systematically collect.

Conclusions

AID's management has not developed a central policy statement to clarify whether activities supported by food aid should have a direct impact on one of the variables of food security for people identified as being food insecure or whether any activities that seek to improve broad-based economic development in poor countries also serve food security objectives in the long run by alleviating poverty. In the absence of such guidance, missions have used food aid to address other objectives that may be identified in their strategic planning documents for a particular country, with less emphasis on the objective of enhancing food security.

Although some missions have begun to try to evaluate the food security impacts or efficiency of their food aid programs, AID has not systematically evaluated the food security impacts of its food aid programs. Further, AID continues to implement programs without empirical evidence that its title II and III programs meet the legislated objective of enhancing a country's food security. Although AID faces obstacles in measuring impacts, unless AID develops methodologies to determine the potential impacts of its existing food aid programs, it will not be able to measure program impact in the future.

Although Congress has earmarked a significant proportion of title II resources to be distributed by PVOs, and by intergovernmental and multilateral organizations, AID and PVOs have not reached a consensus on the role PVOs should have in determining the use of these resources. Disagreements over program priorities have strained working relationships between AID and PVOs.

Matters for Congressional Consideration

Ultimately, the PVO's role in managing food aid is a policy consideration. Congress may wish to consider clarifying its purpose in mandating title II commodities for use by PVOs. In particular, Congress should consider the PVO's role in food aid, including (1) how much discretionary authority PVOs should have in determining the uses of the earmarked commodities and (2) whether the Food Aid Consultative Group should be used as a forum for PVOs to be involved in the U.S. food aid policy-making.

Recommendations

To ensure that AID's food aid programs emphasize food security as required by the 1990 amendments to Public Law 480, we recommend that the AID Administrator (1) clarify and provide guidance on how title II and III food aid programs are to meet the legislation's food security objective, (2) develop and systematically apply methodologies and performance

indicators to monitor and evaluate the impacts of food aid programs on food security, (3) direct that missions and PVOs collect data necessary for such evaluations, and (4) report to Congress on whether food aid is the most efficient means for addressing food insecurity.

AID's Management Weaknesses Impair Food Aid Program Efficiency

AID has not provided strong central guidance on how food programs should be programmed and managed. Some of AID's operational guidance is outdated and unclear, and AID has not maintained institutional expertise in managing food aid programs. Mission oversight of programs is not always adequate to ensure accountability for resources, and AID does not ensure compliance with some legislated requirements for timely review and approval of food aid proposals. In countries we visited, the AID missions relied heavily on grantees to monitor and provide accurate progress reports, even in situations where poor accountability had previously been identified.

Operational Guidance for Food Aid Programs Is Not Complete

In May 1992, AID amended its title II regulatory guidance, "Transfer of Food Commodities for Use In Disaster Relief, Economic Development and Other Assistance."[1] The new regulation requires commodity program sponsors to account for commodity usage and losses in their financial accounting reports. Not all program guidance, however, reflects the 1990 changes to Public Law 480.

Although AID issued program guidelines for title III programs in July 1991, it did not issue a separate handbook of instructions for the programs because of their similarity to other assistance programs, which are covered in AID handbooks on economic and development assistance. In February 1992, AID compiled the Reference Guide for Food Aid Managers, which brings together various documents and cables on managing titles II and III food aid, but many of the reference documents are outdated. In addition, AID's Handbook 9, which provides instructions to missions and cooperating sponsors on implementing food aid programs, has not been updated to reflect the 1990 legislative changes. In concert with PVO representatives, AID is drafting a new handbook, which it plans to issue in 1993.

In its July 1991 guidance to missions worldwide, AID specified that the extent to which a mission should monitor and verify the uses of local currencies generated by any U.S. assistance, including food aid, would depend on the type of programming employed. Therefore, programming of local currencies for individual development projects would require more mission monitoring than local currencies programmed for general support of a recipient government's budget sector or ministry. For example, in Sri Lanka, because the local currency is programmed for budget sector support, the mission has to monitor local currencies to ensure that they

[1] 22 C.F.R. part 211.

are deposited to the budget sector but not how the funds are spent. In Bolivia, however, where local currencies are programmed primarily for specific development projects, the mission must monitor the local currencies to the project level.

The guidance does not specify whether the mission's oversight responsibilities extend to monitoring only the initial use of local currencies used for revolving loan projects or to monitoring repeated disbursements of the funds. At the time of our visit, an AID official in Uganda had asked for, but not received, clarification from AID/Washington. Officials at the mission in Bolivia told us they planned not to monitor the local currencies beyond the initial loan cycle.

The 1990 amendments to Public Law 480 specify that no title III agreements to finance sales or provide assistance may be entered into after December 31, 1995. We interpret this provision to mean that while new agreements are prohibited, AID may implement existing agreements after December 31, 1995. AID's Office of General Counsel has informally agreed with our interpretation of the legislation, but no guidance has been issued. Regional bureau officials told us that currently, they are not planning title III programs to continue after 1995 and therefore would have to renegotiate these programs if title III is reauthorized in the next legislative cycle.

AID Has Not Maintained Institutional Expertise in Managing Food Aid

In June 1993,[2] we noted that AID does not have an integrated work force management system and does not systematically budget for training or make training available to its overseas work force. The Conference Committee Report on the 1990 changes to Public Law 480 suggested that AID, "within the constraints of available funding, should increase the expertise of personnel . . . who design and carry out the [food aid] program . . . ." AID's institutional capacity to manage food aid, however, has dwindled. AID has not provided a career path for staff interested in managing food programs or comprehensive training specifically for food aid managers. In addition, AID headquarters and mission staff told us they perceive that involvement in food aid programs is not valued by the agency and is therefore not career enhancing.

AID has a personnel specialty category of foreign service staff with training and/or experience in food aid management. This staff forms a cadre of

[2]Foreign Assistance: AID Strategic Direction and Continued Management Improvements Needed (GAO/NSIAD-93-106, June 11, 1993).

skilled food aid managers with experience in designing and implementing food programs. However, AID stopped recruiting staff outside the agency for the food aid specialty in the early 1990s. Instead, the agency began to fill food aid management positions as rotational assignments with staff from other personnel specialty categories.

In January 1993, according to AID, the agency had fewer than 25 foreign service food aid specialists worldwide. According to one senior AID official, this lack of in-house expertise forces AID to rely increasingly on food aid expertise from personal service contractors and foreign service nationals. In addition, detailees from USDA supplement AID's food policy expertise. PVO representatives have complained that AID's lack of personnel knowledgeable about food aid programs has made it more difficult for them to work with AID to implement programs.

Although some managers of food aid programs at the missions we visited had previous experience in food aid in other countries, others had no such experience or formal training and had to learn on the job. One agricultural development officer charged with implementing an economic development program under title III told us he was not qualified to manage a monetization program, as he had been asked to do, because he had no accounting training. Food aid officers in Washington said they learned their jobs by talking to other people at AID/Washington, the missions, and PVO organizations. Several food aid managers told us that training in the complexities of managing food aid would have been helpful.

According to AID officials, FFP had proposed a certification program for officers interested in specializing in food aid. However, the proposal was turned down, according to FFP officials, because AID could not guarantee food aid positions to officers who were certified and because training would be expensive. Senior AID officials acknowledged that the lack of adequately trained personnel is a serious concern. In responding to our draft report, AID noted that within the staffing and resource constraints the agency faces, the Bureau of Food and Humanitarian Assistance is now working with AID's Office of Human Resource Development and Management on the issues of staffing and training.

Program Documentation at FFP Is Incomplete

Although FFP's role is to manage title II and coordinate other food aid programs, it does not maintain complete and accurate records to document its oversight activities. FFP does not have a systematic filing system that consolidates information into a profile of country activity;

rather, individual staff members keep records according to their personal working styles. In contrast, our review of files at the regional bureaus responsible for supporting mission implementation of title III programs generally provided sufficient information to document program operation.

We reviewed files at FFP for 15 sample countries with title II programs. In most cases, it was impossible to determine the history or progress of any title II program from the files because key documents were missing or misfiled. The lack of documentation, combined with AID's policy of rotating its foreign service staff, means that new officers do not have the benefit of records showing project histories and must rely on conversations with other FFP staff and mission and PVO officials. One food aid officer told us that it took about a year to become familiar with FFP processes and the programs in all assigned countries.

Mission Oversight of Food Programs Is Not Thorough

Cooperating sponsors, including PVOs and recipient governments, implement programs and projects using commodities and local currencies generated from their sale. They are responsible for planning, organizing, implementing, controlling, and evaluating food aid programs. AID is responsible for oversight of the programs, including ensuring that the PVOs and recipient governments have instituted internal control systems adequate to ensure accountability for these resources. AID Inspector General reports have consistently noted accountability problems in food distribution programs worldwide.

The AID missions we visited generally relied on reporting from PVOs and recipient governments to monitor program progress, even in cases where internal control problems had been identified. They often did not verify data supplied by program sponsors. Mission officials cited lack of staff and remoteness of project locations as reasons for lack of independent monitoring. We found the following examples in the countries we visited:

- In Bangladesh, evaluations between 1981 and 1991 identified recurring programmatic problems, such as overreporting of work accomplished and underpayment of workers. In addition, AID has relied on CARE for oversight of programs conducted by the Bangladesh government, while the mission was aware of ongoing problems. AID extended the current program through fiscal year 1993 pending redesign of the program to address implementation problems. The mission did not conduct a general assessment of the Bangladesh government's financial systems before granting it a title III project, as required under AID's local currency

guidelines, despite evidence of internal control problems. The mission later contracted for a financial review of recipient agencies of Public Law 480 local currencies and did not implement sectoral support to government agencies where AID believed internal controls did not offer a medium level of confidence.

- Citing staffing constraints, the AID mission in Uganda has relied on Agricultural Cooperative Development International, the title II program sponsor, for most project oversight and field monitoring despite recognized weaknesses in reporting and control processes of local partner organizations.
- In Burkina Faso, AID relied heavily on Catholic Relief Services to manage, monitor, and account for the title II food commodities and local currencies. Catholic Relief Services, however, relied on the Burkina Faso government and nongovernmental organizations to distribute food and carry out program activities, even though these organizations often lacked the expertise, training, equipment, and resources to manage the program and provide timely and accurate program information. For example, a 1991 Catholic Relief Services' internal audit found that some local organizations were not keeping records on whether beneficiaries were receiving their food rations and were not submitting other reports, such as reports on commodity losses, in a timely manner. Catholic Relief Services is taking steps to improve training for staff and to emphasize the importance of accurate record-keeping and reporting.
- In Sri Lanka, the AID mission released title III local currencies to the Sri Lanka government on the basis of the government's report that a benchmark had been achieved when in fact the action had not been completed. The mission subsequently increased monitoring to guard against another premature release of funds.
- At the time of our visit to Zambia in August 1992, mission staff had not directly monitored or observed the food aid program activities in the field. Citing staff constraints, mission food aid managers said they relied on outside organizations to execute and monitor program activities despite evidence that the organizations had experienced problems in these areas. For example, some organizations involved in food distribution lacked the expertise, training, equipment, and resources to comply with internal control procedures.
- We noted problems with commodity accountability during our visit to the refugee relief operation on the Thailand-Cambodia border. The program was being implemented by the United Nations' Border Relief Operation, and AID regulations exempt United Nations programs from standards for accountability required of PVOs because of the multilateral nature of the programs. The Thailand-Cambodia program had limited oversight by AID,

in spite of problems of misuse of commodities identified by the AID Regional Inspector General in Singapore.

PVO Accountability Problems

Mission officials noted that while they rely on cooperating sponsors for implementation and reporting, sponsors in many cases do not have adequately trained staff to meet expected U.S. standards of internal controls. For example, a mission official in Bolivia estimated that one title II PVO project supervisor could adequately monitor 20 food-for-work sites in a confined area, but the current work load for one supervisor is about 50 sites, sometimes spread over a wide area. The Uganda mission acknowledged that indigenous cooperating sponsors did not have internal controls to monitor title II programs and that there was evidence of corruption within the government ministry working with the title II program.

For new title II grants after May 1992, PVOs and local project sponsors are expected to meet accountability standards contained in the Office of Management and Budget Circular A-133 (Audits of Institutions of Higher Education and Other Nonprofit Organizations), which requires PVOs and government cooperating sponsors to provide independent audits of their operations, including audits of sub-recipients. PVO sponsors worry about their liability if sub-recipients—generally indigenous organizations—do not comply with program standards. AID Inspector General officials noted that for some PVOs compliance will be difficult but that the standards set out are those that all PVOs should work toward. AID will allow PVOs to use some proceeds from the sale of title II commodities and program income to pay the costs of sub-recipients' compliance with the audit requirement.

Many U.S. PVOs that sponsor food programs overseas have recognized and are beginning to address the accountability problems they face. A consortium of PVOs, called Food Aid Management, has begun to develop a more management-oriented approach to food distribution, including the development and dissemination of suggested standards for food aid resource accounting called Generally Accepted Commodity Accounting Principles. These principles focus on measuring and recording commodity distribution activities and presenting information on activities in financial statements.

AID Has Not Ensured Compliance With Key Public Law 480 Provisions

AID has not systematically ensured compliance with the 1990 amendments to Public Law 480 that specified the minimum allocation of title III local currencies to indigenous nongovernmental organizations and the timelines for titles II and III proposal review and approval.

AID Does Not Track Compliance With Title III Support for Nongovernmental Organizations

Public Law 480 requires that AID, to the extent feasible, ensure that 10 percent of the local currencies generated under a title III program be used to support the development and use of indigenous nongovernmental organizations. However, AID has no systematic agencywide tracking system to monitor compliance with this requirement. At the time of our visits to five missions with title III programs, only the Sri Lanka mission was tracking local currency to ensure support to indigenous nongovernmental organizations. This local currency was supporting projects involving seed production and privatization, human resources development, and vocational training in Sri Lanka. Our review also indicated that local currencies supported indigenous nongovernment organizations' projects to enhance farming practices in Bolivia and health and education projects in Uganda, although the missions had not tracked local currencies to ensure that 10 percent went to these groups.

AID Does Not Ensure Compliance With Legislated Time Lines

Public Law 480 stipulates that AID must (1) approve or deny a title II proposal not later than 45 days after FFP receives the proposal and (2) submit commodity requests to USDA within 15 days of their receipt from the missions. We found, however, that FFP did not track the length of time it took either to review title II proposals or to send commodity requests to USDA to ensure that deadlines were met.

We reviewed proposal files for a sample of 15 countries to determine whether proposals were reviewed and a decision made to approve or deny a proposal in a timely manner. Of the 82 proposal files we reviewed, only 31 files (38 percent) contained complete information to determine compliance with timelines. Of these 31 files, 23 proposals (74 percent) exceeded the legislated timeline by an average of 65 days. AID officials told us that PVO proposals were sometimes incomplete and that AID had to solicit additional information, which slowed the review process. However, FFP did not track the reasons for delays.

In several cases implementation problems resulted from delays in approving title II programs. For example, in Burkina Faso, we found that a title II emergency food aid program request placed in January 1991 for a March through July drought period was not approved by AID until the end of May 1991. As a result, the commodities arrived in Burkina Faso during the rainy season—August through October—when distribution to recipients was very difficult or impossible due to poor road conditions. Distribution of the commodities was not completed until November 1991. In addition, delays in approving title II programs in Bolivia in fiscal year 1992 resulted in delays in arrival of commodities for sale and, according to PVO representatives, created cash flow problems.

Lack of documentation prevents AID from tracking compliance with the 15-day deadline for submitting commodity requests to USDA. AID officials told us they plan to establish a computerized commodity request system that will automatically submit to USDA every Friday all commodity requests received from the missions that week, ensuring compliance with the 15-day submission deadline. According to AID officials, USDA was not ready to implement the system as of April 1993.

Since the beginning of the new title III program, AID has also missed the legislated target dates for adoption of title III program agreements. The 1990 amendments to Public Law 480 require that, to the extent practicable, all title III agreements should be signed by November 30 of the first fiscal year in which agricultural commodities are to be shipped under the agreement or 60 days after the enactment of the annual Rural Development, Agriculture, and Related Agencies Appropriations Act for the first fiscal year in which agricultural commodities are to be shipped, whichever comes later. Because the 1990 amendments to title III were not enacted until November 28, 1990, it would have been difficult for AID to meet the legislated target dates for the first year of title III implementation. However, because the 1991 agreements were signed so late, by the end of the first year of title III implementation, when AID should have been obtaining the second year of agreements, recipient countries were only just beginning to receive their title III commodities under the fiscal year 1991 agreements.

In addition, according to AID regional bureau officials, delays in obtaining a final delegation of authority for title III to the regional bureaus left title III responsibilities unclear. As a result, FFP continued to play a substantial role in the decision-making process of title III programs, and as discussed

in chapter 3, differences between the regional bureaus and FFP exacerbated delays in program approval.

AID has made improvements in adhering to the legislated target dates for agreement adoption. Whereas the first fiscal year 1991 title III agreements were not signed until May 1991, 5 of the 14 fiscal year 1992 title III agreements were signed in March 1992. By fiscal year 1993, the third year of title III implementation, AID was able to get three agreements signed in January 1993.

Conclusions

AID has not provided central guidance on how food aid should be programmed and managed. Furthermore, some of AID's programmatic guidance is outdated and unclear. Missions cannot ensure that resources are adequately controlled because they rely heavily on grant recipients that often lack the necessary expertise or capability to ensure accountability of commodities and local currencies. AID also has limited institutional expertise on food aid and has not provided training for food aid managers. Further, AID has not ensured compliance with legislated time frames for program authorization or minimum support to indigenous nongovernmental organizations.

Recommendations

We recommend that the AID Administrator

- issue complete operational guidance for title II and III food aid programs that reflect the 1990 legislative changes to Public Law 480;
- clarify the July 1991 local currency monitoring guidance to specify whether missions are required to monitor only the initial use of local currency or whether they also monitor subsequent uses when loan funds are repaid and lent again;
- as part of the integrated work force management system, ensure that the agency has an adequate and properly trained staff to manage the food aid programs;
- direct that the FFP office develop a system to maintain complete and accurate records to document its title II program oversight activities;
- hold AID's principal officer at overseas missions accountable for ensuring that food programs are adequately monitored and reports for PVOs and recipient governments are verified, or at least spot checked; and
- develop systems to ensure compliance with Public Law 480 requirements that (1) minimum allocations of title III-generated local currency are provided to indigenous nongovernmental organizations and (2) title II

proposals are reviewed and approved or denied within the required time frame and mission commodity requests are submitted to USDA on time.

Countries With Title II and III Food Aid Programs in Fiscal Year 1992

This appendix lists the countries with title II and title III food aid programs. Table I.1 shows title II programs for fiscal year 1992, and table I.2 shows title III agreements signed in fiscal year 1992.

Table I.1: Title II Programs Worldwide for Fiscal Year 1992

Region/country	Commodities (metric tons)	Value[a] (dollars in thousands)
Africa		
Angola	33,984.0	$17,380.7
Benin	3,765.8	1,582.4
Botswana	4,368.0	1,354.3
Burkina Faso	30,388.5	11,750.9
Cameroon	116.0	106.6
Cape Verde Islands	14,210.0	3,560.9
Central African Republic	1,600.0	654.4
Chad	2,370.0	1,198.6
Comoros Islands	775.0	414.7
Congo	805.0	408.3
Cote d'Ivoire	1,500.0	741.0
Ethiopia	293,427.9	129,222.6
Gambia	8,093.6	3,789.6
Ghana	38,874.2	10,488.4
Guinea	2,150.0	1,058.8
Guinea Bissau	1,550.0	725.0
Kenya	25,300.5	10,082.2
Lesotho	8,114.0	3,864.0
Liberia	89,332.0	52,031.4
Madagascar	6,916.0	4,033.1
Malawi	45,000.0	12,200.0
Mali	1,231.0	1,008.4
Mauritania	1,938.2	776.8
Mauritius	1,000.0	348.8
Mozambique	42,579.0	14,850.4
Niger	17,894.0	4,944.4
Sao Tome	2,187.0	883.8
Senegal	3,118.0	520.7
Sierra Leone	12,185.2	5,659.5
Somalia	56,883.0	38,548.7
Sudan	50,470.0	26,081.0
Togo	13,624.1	4,404.9

(continued)

Region/country	Commodities (metric tons)	Value[a] (dollars in thousands)
Uganda	4,035.0	$4,599.4
Zambia	20,000.0	6,764.1
Subtotal	**839,785.0**	**$376,038.8**
Asia		
Afghanistan	130,000.0	$31,200.0
Bangladesh	95,000.0	18,611.8
Bhutan	1,458.0	878.0
Cambodia	1,550.0	1,515.7
India	249,803.5	113,429.4
Indonesia	13,898.8	5,126.5
Laos	1,470.0	1,345.0
Nepal	1,840.0	1,102.5
Pakistan	250.0	229.8
Philippines	61,791.9	23,429.3
Subtotal	**557,062.2**	**$196,868.9**
Europe		
Albania	772.0	$470.1
Balkan States	11,350.0	7,128.9
Macedonia	10,000.0	2,960.0
Subtotal	**22,122.0**	**$10,559.0**
Latin America and the Caribbean		
Bolivia	48,870.9	$23,510.5
Brazil	2,700.0	1,495.5
Costa Rica	166.0	152.6
Dominican Republic	11,804.0	4,334.1
Ecuador	11,036.0	3,005.3
El Salvador	11,053.3	6,071.6
Guatemala	33,824.5	9,779.7
Haiti	68,175.5	31,410.0
Honduras	29,885.0	9,588.8
Jamaica	17,731.0	2,757.3
Mexico	25,452.0	4,853.0
Nicaragua	7,221.0	4,839.3
Panama	2,279.0	486.2
Paraguay	650.0	200.8
Peru	164,730.5	71,027.8
Subtotal	**435,578.7**	**$173,512.5**

(continued)

Region/country	Commodities (metric tons)	Value[a] (dollars in thousands)
Near East		
Gaza	2,662.0	$1,109.8
Iraq	28,060.0	11,763.1
Lebanon	14,268.0	8,990.7
Morocco	10,100.0	5,039.8
West Bank	4,226.0	1,871.1
Republic of Yemen	8,168.0	2,977.0
Subtotal	**67,484.0**	**$31,751.5**
Total	**1,922,031.9**	**$788,729.8**

Note: Figures include title II contributions to the World Food Program.

[a]Dollar values include commodity and freight.

Source: AID.

Table I.2: Title III Agreements Worldwide for Fiscal Year 1992

Region/country	Fiscal year 1992 program value[a] (in millions)	Duration of agreement (in fiscal years)	Commodity
Latin America and the Caribbean			
Bolivia	$25.1	1992-94	Wheat
Honduras	14.0	1992-94	Wheat
Peru	25.0	1992	Wheat
Asia			
Bangladesh	58.2	1992-95	Wheat
India	25.0	1992-93	Vegetable oil
Sri Lanka	45.9	1992-93	Wheat
Africa			
Ethiopia	15.0	1992-94	Cotton, wheat
Ghana	7.0	1992-94	Rice
Guinea	8.0	1992-94	Rice
Mali	2.8	1991-93	Wheat
Mozambique	49.3	1991-92	Corn, Rice
Senegal	18.0	1992-94	Rice
Uganda	4.1	1992-94	Tallow
Zambia	33.0	1992-93	Corn

[a]Dollar values include commodity and freight.

Source: AID.

Comments From the Agency for International Development

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

May 21, 1993

Associate Administrator for Finance and Administration

Mr. Frank C. Conahan
Assistant Comptroller General
U.S. General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Conahan:

Enclosed are the Agency for International Development's (A.I.D.) comments on the GAO draft report, "Food Aid Programs: Impact on Food Security Is Unknown and AID's Management Is Weak," dated April 20, 1993 (GAO/NSIAD-93-168).

We appreciate the opportunity to review the draft report and the courtesies shown by your staff.

Sincerely,

Richard A. Ames
Chief Financial Officer

Enclosure: a/s

cc: A/AID, J. Brian Atwood
A-DA/AID, James H. Michel

320 TWENTY-FIRST STREET, N.W., WASHINGTON, D.C. 20523

A.I.D. Comments on the GAO Draft Report
"Food Aid Programs: Impact on Food Security Is Unknown
and AID's Management Is Weak"
(GAO/NSIAD-93-168, dated April 20, 1993)

The Agency for International Development (A.I.D.) appreciates the opportunity to review the GAO draft report, "Food Aid Programs: Impact on Food Security Is Unknown and AID's Management Is Weak." The Agency looks forward to using the report as one means to assess A.I.D.'s implementation of the new food aid legislation enacted in 1990. A.I.D. has some comments on the draft report which we believe will strengthen the final report.

General Comments:

See comment 1.

1. Report title: A.I.D. questions the appropriateness of the title proposed for the report. Discussions with GAO staff during the conduct of the review indicated their view that multi-year proposals approved under the new legislation, which took effect only in January 1991, had only about one year to operate before the review began. It is too early to evaluate the impact of such multi-year food aid programs under the new legislation on food security. The title should be a neutral statement of the substance of the review, such as "Food Aid: An Interim Assessment of A.I.D.'s Implementation of the 1990 Legislation."

See comment 2.

2. Text inconsistencies: There are inconsistencies in the draft report between the wording of the recommendations as stated in various parts of the report (the body of the draft, the recommendations section of the draft, the conclusions sections, and the executive summary). It is important that the final version of the report clearly and consistently state throughout what conclusions are reached and what recommendations are being made.

See comment 3.

3. Draft report content: A.I.D. is concerned about the number of unsubstantiated statements or comments attributed to various individuals with no supporting analysis by the GAO as to whether the alleged problem really exists or its relationship to managing the food aid program to achieve food security. Examples of unsubstantiated comments include comments attributed to "A.I.D. officials," "Regional Bureau officials," or "A.I.D. policy

officials." In addition, the draft report does not always present a balanced perspective in comments on specific issues. Comments are often included which provide one side of a situation or position without comments providing the other perspective or without a conclusion by the GAO as to whether the position is appropriate. This style leaves the reader with an impression that there were disagreements or different perspectives, but does not help the reader reach a conclusion which could then be turned into positive action to enact remedies.

See comment 4.

4. Complexity of the food security issue: The draft report does not set any context for the review of implementation of the food security mandate of P.L. 480. The report should reflect the fact that, while the legislation provides a definition of food security, the legislation authorizes a wide range of acceptable applications of that definition which, in turn, has influenced efforts to "reach consensus" on specific quantifiable indicators to measure progress toward achieving food security. The report also should make clear the difference in approach to achieving food security objectives between programs under Title II and Title III. The document should note that it is clearly too short a time period since enactment of the legislation to expect measurable impact. We request the report include the above description of the reality within which A.I.D. is earnestly attempting to implement food aid programs in the Third World in accordance with the legislation.

See comment 5.

5. Revised recommendations: A.I.D. suggests that at least seven draft recommendations be either revised or eliminated, as discussed in our specific comments which follow.

Specific Agency Comments:

Other specific comments on errors of fact or interpretation are set forth below by the page number of the report, including recommendations on revisions to, or elimination of, draft recommendations:

Executive Summary:

See comment 6.
Now on p. 2.

Page 4: Titles II and III responsibilities are not correctly stated. The text on pp. 20 and 21 (as revised below) is a more accurate description of responsibilities within A.I.D.

See comment 2.
Now on p. 5.

Page 8/9: The last sentence on page 8 (which continues to page 9) should be revised to read "A.I.D., on the other hand, believes that private voluntary organization (PVO) activities should be integrated with other assistance to further the missions' country development strategies, **as directed by Section 413 of P.L. 480.**"

Chapter 1:

See comment 2.
Now on p. 11.

Page 15: Para one, item (3) should note that Title II was also restructured to eliminate Government-to-Government (GTG) programs except those for emergencies.

See comment 2.
Now on p. 11.

Page 16: The last sentence of the third bullet would be more accurate if it were revised to read "... or sold and the proceeds used for economic development purposes..."

See comment 7.
Now on p. 12.

Page 19: In the second paragraph, second sentence the World Food Program (WFP) tonnage figure should read "541.8 million metric tons (27.1 percent of these commodities for activities in 57 countries)." This figure includes commodities provided to the WFP in response to special appeals for emergencies.

See comment 2.
Now on p. 12.

Page 19: In the second paragraph, third sentence, "60 percent" should read "42 percent."

See comment 2.
Now on p. 13.

Page 21: FHA/FFP's Commodity and Procurement Division works with the Finance and Administration Directorate and coordinates with the regional bureaus; it does not, as the text implies, work directly with OMB.

Chapter 2:

See comment 2.
Now on p. 18.

Page 29: In the first paragraph, the third sentence which begins " According to an A.I.D. official..." should be deleted. In fact, the legislation under Title II establishes, through the required minimum and sub-minimum tonnage levels, a program tonnage which is available throughout the program year for use in implementing emergency programs, initiating new development programs, or increasing the level of on-going programs.

See comment 8.

Now on pp. 19-20.

Page 29-30: The discussion on these pages results in a recommendation that A.I.D. develop a working definition and procedures for declaring when a food deficit problem constitutes an emergency under Title II, **prior to exercising the authority to waive procurement and shipping regulations in section 202(a).** The discussion notes that Section 202(a) gives the A.I.D. Administrator the authority to waive procurement and shipping regulations to meet emergencies. The report implies that delays in commodity shipments cited in the text occurred because Agency officials "were unaware of this provision of the law." Examples of A.I.D. "not using the authority" include statements by "PVO officials" of delayed arrivals of commodities for emergency requirements.

A.I.D. recognizes that the nature of emergencies has changed over time and that it is necessary to update our current working

definition of emergencies and accepts that portion of the recommendation. However, A.I.D. takes exception to the text of the entire paragraph relating to Section 202(a) of P.L. 480 Title II. First, the law provides the **authority** for the A.I.D. Administrator to provide commodities for emergency requirements "Notwithstanding any other provision of law...in such manner and on such terms and conditions as the Administrator determines appropriate to respond to the emergency." Implementation of this authority does not require a waiver. A.I.D. **does** implement this provision of the law when it conducts special procurements (in conjunction with USDA) which allow faster than normal commodity procurement for emergency situations. Second, the statements by "PVO officials" concerning arrivals of commodities "one year after the request" is not accompanied by an analysis of when the "request" was actually approved or other factors. If one is analyzing performance, A.I.D. believes that the analysis should be based on date of receipt of the program proposal versus shipment and arrival in country of the required commodities plus other factors that can affect procurement and shipping, e.g. budget availabilities, competing program priorities, availability of ships, etc. Delays in arrival of commodities are not solely due to A.I.D.'s processing of the request.

Based on the above, A.I.D. requests the discussion and the portion of the recommendation regarding Section 202(a) of P.L. 480 be deleted.

See comment 9.

Now on pp. 20-21.

Page 30/31: The relationship of the text in the "nonemergency" section to the heading of the section is unclear. The heading states that Title II programs are "evolving" from relief to development. The text cites unsubstantiated criticism of particular modes of Title II development programs (not emergencies). Suspension of one PVO's program in Bolivia for the proper and legitimate reasons cited does not mean all direct feeding programs are inappropriate. In fact, maternal and child health programs are the largest component of the Title II development programs, which would seem to indicate that the PVO sponsors do not find the problem described in the draft report as daunting as the text would indicate. No recommendation results from the discussion. A.I.D. requests that the section be deleted.

See comment 2.
Now on p. 21.

Page 32: The section on food aid used for nonfood development purposes needs to be revised to more clearly indicate the relevance of the comments in the second paragraph to achieving food security.

See comment 2.
Now on p. 22.

Page 34: The Title II monetization target is misstated in the second line of the paragraph at the top of the page which states "up to 10%." The legislative language is "not less than

10%." Also, in the paragraph in the middle of the page, the increase in the minimum level should read ".025" million tons. The text should be revised accordingly.

See comment 2.
Now on p. 22.

Page 35: At the top of page, the word "earmarked" should read "mandated."

See comment 2.
Now on pp. 24-25.

Page 38: The Zambia mission reports that the local currencies generated under the Zambia Title III agreement were not programmed for specific projects as stated in the draft. Local currencies were available for attribution to funding Government of Zambia projects.

See comment 2.

Now on p. 25.

Page 39: The draft report notes that, by not having all reforms under a Title III program established as conditions precedent (in this case Bolivia), A.I.D. may "have had little leverage to obtain the desired policy reforms." Having conditions precedent is only one way of exercising leverage. In the Bolivia case, conditions precedent were considered unnecessary because of the country's previous track record. The leverage for this program involves tying future program funding to the achievement of prior year benchmarks. In addition, leverage can also be exercised by conditioning the approval of a second program, tying commodity shipments during a year to the achievement of benchmarks, or release of local currencies. The method used depends upon what may be most effective in a given situation. The text should be revised to include the language above, beginning with "In addition, leverage."

See comment 10.

Now on p. 26.

Page 41: The sentence "Therefore countries receiving Title III grants are not always the most needy on A.I.D.'s list of eligible countries" seems to apply a different minimum program eligibility standard than the legislation. Based on the following discussion, A.I.D. requests that the sentence be deleted. The legislation bases eligibility on a country meeting the International Bank of Reconstruction and Development (IBRD) poverty criteria or being a food deficit country, with the food deficit indicators also listed in the legislation. A.I.D. considers these criteria as the minimum eligibility standard. Priority criteria described under Section 302(c) are also considered in the decision-making process as A.I.D. reviews proposals from eligible countries. Further, relative need is a determining factor when a choice must be made between two or more programs that might produce results of equal value.

The draft report cites Sri Lanka for having "high marks" on the eligibility criteria and receiving one of the largest Title III grants. The first sentence of the paragraph on this page of the report actually explains why Sri Lanka received the program level, saying "A.I.D. considers several factors in approving

Title III programs." In the case of Sri Lanka, the need for the Title III program arose from three considerations. First, there was a gradual decline in the availability of poverty-alleviating services caused by budgetary constraints and slow economic growth. Second, there was a deterioration in per-capita food production caused by a stagnation in paddy yields and limitation on cultivated area. Third, there was economic dislocation caused by structural changes and policy reforms implemented to stimulate economic recovery. Title III assistance was initiated to arrest the deterioration of the food security levels of the low-income groups and to provide a safety net until the benefits from the policy reforms produce growth and ensure increases in incomes and access to more food.

See comments 2 and 8. Now on p. 27.

Page 42/43: As noted in the above discussion of the text on pages 29 and 30, A.I.D. accepts the portion of the recommendation stipulating the development of a working definition for emergency programs, but requests that the remainder of the recommendation be eliminated.

Chapter 3:

See comment 2. Now on pp. 28-29 and 35-36.

Pages 44-49: This discussion results in a recommendation that A.I.D. clarify and provide guidance on how Titles II and III food aid programs are to meet the legislation's food security objective. This differs from the statement in the executive summary (page 11) which refers to developing a strategy to meet A.I.D.'s food security goal. A.I.D. accepts the language of the recommendation in Chapter 3, but not the executive summary. A.I.D. does not have a food security goal, but can clarify and provide the guidance recommended. As noted, the executive summary should be revised to be consistent with the text on pages 44-49.

See comment 11.

Now on pp. 28-29.

Page 45: At the end of the first full paragraph on page 45, the report notes that "nowhere has A.I.D. made the link between the problems that may contribute to food insecurity and the ways the Agency expects Missions to use their resources, especially food aid to address these problems."

This statement is incorrect. For instance, the A.I.D.'s Title III guidance provides directions to missions on how Title III proposals should make a link to food security can be made. Also, Title III program proposals must discuss integration of the proposed program with the A.I.D. Mission strategy (as required by Section 404(b)(2)) as well as one or more of the variables described in A.I.D.'s Policy Determination-19 (PD-19) on how food security will be addressed. A.I.D. regional bureaus have developed indicators for measuring progress in addressing constraints to food security as one of the results of the overall

A.I.D. Mission program in recipient countries. The Agency is currently reviewing standards of Title III program design, review, implementation, monitoring and evaluation and is also considering what standards A.I.D. should use for measuring the food aid-food security link. We expect to issue additional Title III guidance once this has been thoroughly considered by A.I.D. A.I.D. requests that the sentence at the end of page 45 beginning with the word "nowhere" be deleted.

See comment 11.
Now on pp. 28-29.

Page 45: The draft report refers to an A.I.D. consensus that the Agency's definition of food security, combined with existing policy **on food and agricultural development**, fills the need for policy guidance on food security. The reference should be revised to refer to "a number of other policy papers covering possible areas of constraint to food security (Health, Nutrition, Population, Private Sector, Policy Dialogue, Water and Sanitation, Environment and Natural Resources, etc.). Only two policy papers are cited in PD-19 because they refer specifically to "food security."

See comment 12.
Now on p. 29.

Page 46: The text in the section that begins on page 46 should be revised. The current text that discusses different views among Agency bureaus does not present a helpful context for dealing with the complex issue of food security. The different A.I.D. bureaus agree that food aid programs should help meet the legislative objective of addressing food security problems. The fact that differences in approach to the uses of Title III in achieving food security exist within the Agency is due to the complex nature of food security and differing development conditions in Africa, Asia, the Middle East, and Latin America as well as to philosophical differences. If the fact that differences exist is considered to be of such overriding importance to the overall achievement of food security objectives, A.I.D. believes the report should contain an analysis of that situation, rather than just citing the differences. A.I.D. sees no useful purpose served by the last paragraph on page 46 and recommends it be deleted.

A similar problem exists with the discussion on the timing of Title III reviews. A balanced perspective is not presented, nor are conclusions stated.

See comment 13.

Now on pp. 29-30.

Page 47: A.I.D. believes that the introductory sentence in the A.I.D.-PVO relationship section is incorrect and should be deleted. The PVOs and A.I.D. share many common values and objectives. Our relationship has been mutually interactive and beneficial. Differences do exist, but that by itself does not mean that a close relationship does not exist. Differences over foreign assistance priorities are not unhealthy. A.I.D. continues to identify and address issues with PVOs through the

various mechanisms available, such as the Advisory Committee on Voluntary Foreign Assistance, the Food Aid Consultative Group, and other fora.

See comment 2.
Now on pp. 29-30.

Page 47: The last sentence of the middle paragraph on page 47 should be revised to read "A.I.D., on the other hand, believes that PVO activities should be integrated with other assistance to further the A.I.D. Mission's country development strategies, as directed by Congress in Section 413 of P.L. 480."

See comment 14.
Now on p. 30.

Page 48: The full paragraph on this page needs revision. Although the text refers to "relief efforts" in the second sentence, the examples cited are PVO development activities. While it is correct to state that A.I.D. may suggest areas for PVO attention and that not all proposals are approved, it is not correct to imply that A.I.D. is arbitrary or may not be applying sound technical or management criteria in approving PVO programs. The Agency believes that it is entirely appropriate to consider administrative and accountability burdens as well as priorities for use of funds appropriated to A.I.D. and A.I.D.'s ability to carry out such program oversight when approving new PVO activities.

See comment 15.

Now on pp. 31-36.

Pages 50-57: The GAO points out that the overall objective of Title II and Title III food aid, as stated in the 1990 legislation, is to enhance food security in food deficit countries, and that most food aid evaluations do not provide empirical evidence to demonstrate that food aid programs have enhanced, or will enhance, food security. The discussion results in a recommendation on page 57. In the context of the report language, A.I.D. agrees with the intent of the recommendation calling for an evaluation methodology. However, we cannot accept the term "consistent" methodology. Different types of food aid programs require different evaluation methodologies, depending upon the types of food aid interventions used, the component of PD-19 being addressed, and whether the evaluation is an impact or process evaluation. However, there should be sufficient similarity so that comparative analyses can be undertaken. Consistent food security monitoring measures at national level have been, and are continuing to be, explored by A.I.D.; however, it is not clear if a valid and a consistent measure can be developed cost-effectively.

Also food aid, alone, cannot resolve the causes of food insecurity. More accurate evaluation results often can be achieved by evaluating the impact on food security of food aid in combination with other A.I.D. resources, in projects and programs in recipient countries. Segregating the discrete impact of food aid, by itself, is often an inefficient way to judge food security improvements. Using the legislative framework of food

security and by A.I.D.'s PD-19, an evaluation methodology could be developed which would assess the impact on food security indirectly through one or more of its components (access, utilization or availability). If there are multiple constraints to food security in a given country that are well beyond A.I.D.'s capacity to resolve, although change and improvements may occur, evaluation results may not indicate the sweeping change some may expect.

Based on the above A.I.D. believes that the term "consistent" in recommendation number two on page 57 should be replaced with "appropriate and feasible" and the word "evaluation" should be replaced with "evaluation and monitoring."

See comment 16.
Now on p. 34.

Page 55: CDIE/PRISM is designed around the premise that missions should develop measurable strategic objectives and the means by which to measure them. In CDIE's present database of mission strategic objectives there are very few explicit food security objectives; however, there are a number (approximately 40 out of 200) of objectives that may be closely related to food security, as it is defined in PD-19. A.I.D. is testing and examining the feasibility and suitability of using some of these data as performance measures for the three components of food security.

See comment 17.
Now on p. 34.

Page 56: A.I.D. believes evaluating food aid programs carried out under legislation previous to the 1990 Farm Bill is appropriate and responsible. The change in the legislation provides a convenient "cut-off" date for reviewing prior year programs. But A.I.D.'s effort is not pertinent to the subject of this review concerning the post-1990 period. Mention of the study adds nothing substantive to the report on implementation of the new legislation. A.I.D. recommends deleting this paragraph.

See comment 18.
Now on pp. 35-36.

Page 57: The recommendation that A.I.D. direct that missions and PVOs collect data necessary to make evaluations of the impact of food aid programs on food security should be couched in terms of "cost-effective" data collection.

While A.I.D. agrees in substance with the GAO recommendation, careful thought must be given to whether or not missions and PVOs should be directed to spend the time and money that will be required to implement it (and whether or not the directive should apply to all missions and PVOs and to both large and small food aid programs).

See comment 19.
Now on pp. 35-36.

Page 58: The recommendation that A.I.D. determine whether food aid is the most efficient means to address food insecurity should be deleted. The basis for this recommendation or what useful purpose would be served in making the recommendation is

unclear. Often food aid, compared to some dollar programs, might not be the most efficient means for addressing food security, but it can be an effective alternative. The task then becomes one of using the less efficient food aid resource as efficiently as possible.

Chapter 4:

Page 59: The draft report claims at the bottom of page 59 that "Other program guidance, however, does not reflect the 1990 changes to P.L. 480." We believe the statement is incorrect and inconsistent. The report does note that A.I.D. Regulation 11 was amended in May, 1992 to reflect the 1990 changes concerning P.L. 480 and that A.I.D. issued program guidelines for Title III programs in July 1991, which reflected the legislative changes. A.I.D. also sent several cables to the field in January/February 1991 which detailed the legislative changes. The next reference in the text is to the issuance in February 1992 of the Reference Guide for Food Aid Managers. A.I.D. therefore feels that there has certainly been enough guidance issued for Agency personnel to be made aware of the legislative changes and to design food security programs.

See comment 20.

Now on pp. 37-38.

The text continues to say that A.I.D.'s Handbook 9 on P.L. 480 has not been updated. As noted in the draft report, Handbook 9 is in the process of being revised now and the revision is expected to be issued by the end of the summer, 1993. In sum then, A.I.D. believes the comments in the report do not add substantively to the report and requests that the comment beginning at the bottom of page 59 and recommendation one on page 75 be deleted.

Page 60: The last sentence of the first paragraph states, "However, A.I.D. officials ... do not plan to reissue Handbook 9 separately". This is incorrect and should be deleted. Handbook 9 is currently being revised and is expected to be issued by the end of the summer, 1993.

See comment 2.
Now on p. 37.

Page 60-61: The report states that A.I.D. local currency guidance does not specify whether Missions are responsible for ongoing accountability as opposed to the initial use of the local currencies and recommends on Page 75 that A.I.D. clarify the July 1991 local currency monitoring guidance. A.I.D. believes this guidance, issued in July 1991, is ample and unambiguous and that the text on page 61 and recommendation two on page 75 should be deleted.

See comment 21.

Now on pp. 37-38 and 45-46.

Pages 62-64: The discussion on A.I.D.'s maintaining institutional expertise for managing food aid should be revised. The text cites the continuing efforts undertaken by the FHA

See comment 22.
Now on p. 39.

Bureau with the Office of Human Resources Development and Management (HRDM) to deal with the question of food aid management expertise. It should also reflect consideration of Agency overall operating expense and staffing constraints. Within these constraints, there have been ongoing efforts to address the problem, including an FHA-HRDM dialogue and exchange of memoranda on the issue of staffing and training. The last sentence of the text (page 64), which notes that the Agency acknowledges that the lack of adequately trained personnel is "a serious problem," is correct but the text does not reflect the actions described above to address the problem. The text should be so revised.

See comment 23.
Now on p. 45.

Page 75: Recommendation number five is unnecessary and should be eliminated. Current Agency delegations of authority stipulate that "the principal A.I.D. officer in the country.... will be responsible for monitoring all food aid activities in the country...." A.I.D. believes this is sufficient to meet the requirements addressed in the recommendation.

The following are GAO's comments on the Agency for International Development's letter dated May 21, 1993.

GAO Comments

1. We have revised the title to convey more clearly the results of our review. We did not use AID's suggested title because we believe it did not reflect the seriousness of the problems we found. We agree that it may be too early to assess the impact long-term programs have had on food security, but unless AID develops guidance on how food aid programs should be structured to meet this objective, develops appropriate methodologies to measure impact, and systematically collects relevant data, it will never know the extent to which the programs have met or are meeting this objective.

2. The text of the report has been modified to reflect this comment.

3. Statements attributed to AID officials were made by those responsible for managing the food aid programs. Furthermore, these statements were frequently made by more than one AID official and were often corroborated by PVO officials, our field observations, and documentation. AID's comments fail to identify which attributed statements it disagreed with; consequently, we cannot address AID's criticism more directly.

During our review we identified policy issues that need to be resolved to ensure the most effective use of food aid resources. We believe we provided a balanced presentation of the differing professional judgments of agency officials and by presenting these agency comments we have fully portrayed the disparate views. We are not attempting to establish food aid policy for AID but are demonstrating that the agency has not yet established cohesive approaches for ensuring that resources are used effectively to meet agency goals.

4. Food security is a complex issue and the legislation authorizes a wide range of applications for title II and III resources. AID, nonetheless, 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.

5. As shown below in our evaluation of AID's specific comments, we have attempted to clarify or refine some of our recommendations. However,

none have been eliminated. More specifics are discussed in comments 8, 15, 18, 19 and 23.

6. While the text in the executive summary is abbreviated, we believe it accurately portrays the responsibilities of various officers. Chapter 1 describes these responsibilities in greater detail.

7. AID suggested, and we agree, that donations to the World Food Program should include donations to the International Emergency Food Reserves. However, the figure cited in AID's comments included only emergency donations to the International Emergency Food Reserves and not regular donations. We believe that if any donations to the International Emergency Food Reserves are included, all should be. By including all donations, the correct figure is 641.8 million metric tons, or 32.1 percent of the agricultural commodities provided under title II in fiscal year 1992. We have modified the report accordingly.

8. This comment does not address our central point. Although the Administrator has the authority to provide commodities notwithstanding procurement and shipping regulations in emergency situations, AID has never used this authority. As illustrated by the examples cited, AID has not always responded to emergencies as quickly as it could within its legislative authority.

9. The report does not state, as AID implies, that all direct feeding programs are inappropriate. Instead, the report points out that many programs are focusing more on development impact than on extended relief efforts. AID correctly notes that maternal and child health programs are the most numerous type of title II programs. However, the lack of measurable impact of such programs and the implementation problems we cited have led to criticism from PVO officials and outside experts. In addition, AID evaluations have identified various examples of poorly managed programs. We believe that this section adds to the portrayal of the complexities associated with food aid programs.

10. Our report does not state that Sri Lanka's program level was inappropriate; rather, it emphasizes the importance of factors other than national need indicators that AID uses in its decision-making process. To clarify this matter, we have expanded the report's discussion of the reasons Sri Lanka's program was approved.

11. We believe that the report accurately portrays the fact that AID has not made the link between problems that may contribute to food insecurity and the ways the agency can use its resources to address these problems, so we have maintained the wording of the draft report. As AID noted in its comments, the agency plans to issue guidance on what standards should be used in measuring the food aid/food security link after the matter has been thoroughly considered. This would indicate AID's acknowledgement that the need for policy guidance on food security has not been filled.

12. AID has mischaracterized the discussion of continuing philosophical differences among bureaus on approaches to food aid. The issue was raised to point out the need for a food aid policy to clarify agency objectives. The lack of concern about such differences, which have resulted in significant program delays, may be symptomatic of management weaknesses.

13. Based on our review, the introductory sentence in this section is an accurate portrayal of the current relationship between AID and the PVOs. We agree that differences over foreign assistance priorities are not necessarily unhealthy. However, PVO officials consistently described their relationship with AID as strained, and AID officials have also told us that working relationships with PVOs could be improved. Moreover, AID has recently taken steps to improve communications between the two groups.

14. Our intent was to convey the PVO's perception of AID's approval of food aid programs, not to imply that AID is arbitrary in applying technical or management criteria. The report text was amended to elaborate on the criteria AID uses in approving programs.

15. We agree that different types of food aid programs may require different types of evaluation methodologies and that they should be sufficiently similar to allow for comparative analyses. While some missions have begun to evaluate food programs, their methodologies have not been validated and applied to food programs in a systematic manner to gather data on what types of food programs are most successful in various situations. Our recommendation has been modified to emphasize that appropriate evaluation methodology should be consistently applied.

16. We recognize the potential applications of AID's Program Performance Information for Strategic Management System as a performance measurement tool for food security impacts and included this evaluation option in our report. However, given that few missions have food security

as a strategic objective, we question the suitability of using these data, collected for purposes not directly related to food security as performance measures for the three components of food security.

17. AID misinterpreted our report. Our report simply states that there had been no evaluations of the post-1990 food aid programs. However, we believe that lessons learned from evaluating prior programs can be useful in improving current programs.

18. Ultimately, AID should be able to measure the impact of title II and III programs on food security, and it is responsible for implementing the programs in the most efficient and effective way possible. This responsibility includes evaluating programs to obtain reasonable assurances that they are enhancing food security as mandated in the legislation. We agree that the agency should give careful thought to how missions and PVOs are directed to collect evaluation data.

As suggested in the comments, we revised the language of the recommendation to incorporate performance indicators as tools for monitoring and evaluation.

19. We believe that U.S. government funds should be efficiently used, regardless of the appropriation account from which they come. AID has asserted that often food aid, which is funded through the Department of Agriculture's appropriation, might not be the most efficient means for addressing food security problems but that food is a resource that has been made available to AID. We believe that determining and reporting to Congress on the relative efficiency of food aid, as compared to some dollar programs to address the food security objective, would help clarify for Congress whether U.S. government funds are being efficiently used.

20. While some program guidance has been updated, not all guidance reflects the 1990 changes to Public Law 480. In its comments, AID notes that Handbook 9 is still being updated and indicated that it would be issued by the end of summer 1993. However, a similar comment was made during our 1988 review of food programs, but the revised Handbook 9 was never issued. We believe that complete and current guidance for title II and III food aid programs is needed and that our recommendation will remain valid until the revised Handbook incorporating the 1990 changes is issued.

21. While we agree that the 1991 guidance on local currency improves on previous guidance, at least two of the missions we visited were still unclear on their responsibilities regarding their ongoing accountability for local currency monitoring. For example, the Uganda mission had cabled AID headquarters for clarification on this issue but, at the time of our visit, had not received an answer. Because other missions use title II and III resources to make revolving loans, we believe the issue of ongoing accountability should be clarified.

22. While the Bureau of Food and Humanitarian Assistance may be working with the Office of Human Resources Development and Management on the question of enhancing food aid management expertise, no concrete actions to improve training or selection of staff had been taken at the time of our review. Until food aid managers are adequately trained, AID cannot ensure that programs are managed as effectively as possible.

23. AID is correct that the delegations of authority stipulate that the principal officer in country is responsible for monitoring all food activities in the country. However, we found that the principal officer often was not performing this portion of his or her job, food aid programs were not always adequately monitored, and data reported by sponsors were often not verified. We have modified our recommendation to state that principal officers should be held accountable for carrying out this delegated responsibility.

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