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AUDIT REPORT

REVIEW OF AGRICULTURAL RESEARCH AND INFORMATION SYSTEM

PROJECT No. 596-0048

ROCAP

Audit Report Number 1-596-81-14

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Area Auditor General Latin America
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AGRICULTURAL RESEARCH AND INFORMATION SYSTEM
PROJECT No. 596-0048
ROCAP/GUATEMALA

EXECUTIVE SUMMARY

Introduction

A grant agreement was signed in May 1975 with the Inter-American Institute of Agricultural Sciences (IICA) of the Organization of American States for the development of a regional information system involving agricultural research and planning. IICA was founded in 1942 and is located in San Jose, Costa Rica. IICA objectives are to assist Latin American and Caribbean countries in stimulating and promoting rural development and expanding agricultural production.

The project, entitled Program for Agricultural Information for the Central American Isthmus (PIADIC) by IICA, was funded and administered through AID's Regional Office for Central American Programs (ROCAP) in Guatemala. The project originally included Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua, but was subsequently amended to include Panama. The first phase of the project ended on March 31, 1979, and the project was extended to cover the 27-month extension period of April 1, 1979, to June 30, 1981, increasing total authorized funding to $3,397,000.

The purpose of the project was to improve the collection, analysis, and use of relevant small farm data on which improved research and planning action can be taken nationally and regionally in Central America and Panama.

Scope

Because the first phase of the project ended on March 31, 1979, and under the continuation phase it was re-designed with a narrower, more specific focus, we limited our scope of review to the extension period to determine whether the goals and objectives were being accomplished; what problems management should be attempting to resolve; and what actions management should be taking to improve the situations noted.

Audit Conclusions

IICA's financial accountability was generally good. We found, however, that supporting documentation for expenditures incurred in the participating countries for national surveys were not always being kept at the IICA country office. A test check in two countries of over 50 percent of these costs disclosed that the expenditures were properly supported and documented. We believe that supporting documentation for all expenditures, including national surveys, should be kept at IICA headquarters. (Page 5).

Although an accounting breakdown of IICA's $1,107,500 counterpart contributions was not being kept by IICA, we determined that IICA was not providing the agreed upon technical assistance to the project. About 69 percent, or $766,800 of IICA's counterpart contribution was to be applied

to personnel costs for 219 person-months of technical assistance. We found that only about 159 months or 72 percent of the planned months will be provided by the completion of the project in June 30, 1981. The failure to provide the agreed technical assistance has caused delays in project progress. Although we observed that IICA was contributing logistical support to the project, we could not determine the dollar value of the remaining $340,700 in counterpart contributions that was to be provided for logistical support. In order to determine the extent that IICA has contributed its agreed upon resources to the project, we believe IICA should provide an accounting for its counterpart contributions. (Page 5).

The required U.S. technical assistance was not being provided to the project. However, IICA's failure to provide the agreed upon counterpart technicians and lack of timely information on Participating Agency Service Agreement (PASA) funding levels have resulted in shortfalls. Only 88, or 70 percent, of the total 126.5 planned months of U.S. technical assistance will be provided through the IICA by the end of the project. ROCAP was having problems with AID/Washington in obtaining information concerning unexpended IICA balances, transferring incorrect charges made to the project, and amending the PASA. We recommended that AID/Washington take immediate action to resolve these matters. (Page 7).

Generally, the project purpose has been met. Although much progress has been accomplished, the planned project outputs will not be fully achieved by the completion of the project. Because of high turnover of national technicians, training must be continuous to maintain a trained core staff at the country level. There was strong interest in the PIADIC project by participating countries. IICA was preparing for a 2-1/2 year continuation of PIADIC activities upon termination of financial support by ROCAP in June 30, 1981. We believe continuation of project activities by IICA after termination of ROCAP funding will help ensure eventual achievement of unaccomplished objectives and outputs. (Page 9).

Although project evaluations were not done as planned, a recent evaluation highlighted the progress made, identified problem areas, and made several draft recommendations directed at IICA. We recommended that ROCAP work with IICA to implement the evaluation's final recommendation. (Page 14).

While the technical aspects of the project were well monitored financial project monitoring could have been improved. In the matter of IICA counterpart staffing, corrective action should have been required when IICA first showed a reluctance to fill key positions. (Page 16).

BACKGROUND

Inter-American Institute of Agricultural Sciences

The Inter-American Institute of Agricultural Sciences (IICA) of the Organization of American States (OAS) is the specialized agency of the Inter-American System for the development of the agricultural sector. It was founded in October 1942 with legal capacity as an autonomous inter-governmental institution operating within the general policy framework of the OAS for the Hemisphere.

IICA Headquarters is located in San José, Costa Rica. IICA objectives are "to assist the American States in stimulating and promoting rural development as a means of attaining the general development and well-being of the population, and to support the efforts of the American countries to:

-- Expand agricultural production and productivity in line with increases in population and income, with special emphasis on products that can be sold on world markets, provide energy supplies, or improve the diet of the population.

-- Increase the capacity of the rural sector to generate employment opportunities in proportion to the growth rate of the active rural population.

-- Help rural dwellers incorporate themselves into development activities and achieve a state of equal opportunity in society."

IICA has a membership of 27 hemispheric countries from Latin America and the Caribbean, including the United States and Canada. IICA maintains permanent offices in the member countries, staffed by resident specialists and support personnel who are able to respond immediately to the countries' requests. Several observer countries contribute to IICA's work, including Austria, Belgium, Egypt, France, Germany, Italy, Israel, Japan, the Netherlands, Portugal and Spain.

The regular source of income for IICA is comprised of annual contributions from member governments, calculated each year on the basis on an adaption of the quota system used by OAS. The quota for the United States is 66 percent ($9.2 million) of the approved budget for calendar year 1981. IICA also receives resources from contracts and agreements, contributions and grants that the Institute negotiates with national governments and private institutions and international organizations, and donations and additional contributions from governments including AID, for developing specific projects. For calendar year 1981 these resources total $17.7 million. (AID will contribute about $1.3 million for four specific projects.) Additionally, the Simon Bolivar Fund provides $2.5 million. This fund was originally established with a grant from the Government of Venezuela and receives additional contributions from recipient countries. Thus, IICA resources for calendar year 1981 total about $35 million.

Project Purpose

A grant agreement was signed in May 1975 between AID and IICA for the development of a regional information system involving agricultural research and planning. The project was approved for a four-year period at a funding level of $1.4 million. The project is entitled Program for Agricultural Information for the Central American Isthmus (PIACIC) by IICA (No. 596-0048). The project was funded and administered through AID's Regional Office for Central American Programs (ROCAP) in Guatemala.

The project supports development activities and programs which (a) further regional economic integration of Central America, (b) support bilateral USAID country programs that lend themselves to regional applications, and (c) provide centralized services to USAID missions in Central America.

The project originally included five participating countries; Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. Interest soon developed among Panamanian planners and information management technicians in the project, and in January 1976 Panama formally requested to be included in the project. The project was subsequently amended to include Panama. Total AID grant funds of $1,929,000 were obligated for project activities.

The project was extended in February 1979 to cover the 27-month extension period of April 1, 1979, to June 30, 1981. An additional $1,468,000 in AID grant funds was authorized, increasing total authorized AID funding to $3,397,000.

The total cost of the project extension was estimated to cost $2,575,500 with AID providing $1,468,000 (57 percent) and IICA contributing $1,107,500 (43 percent). Of the total project extension cost, $2,099,800 was to go for technical assistance, including AID grant funds of $1,333,000, and $460,700 for other costs such as evaluations, short-term service contracts, supplies and materials, and operating expenses, including AID grant funds of $120,000. The balance of $15,000 was to go for commodities from AID grant funds.

The first phase of the project ended on March 31, 1979. The purpose of that phase, was to forge a cooperative and coordinated effort by regional and national institutions in Central America to: (1) upgrade quality of research and orient it to needs of small farmers; and, (2) create a regionwide system for effectively managing agricultural information.

The goal of this project phase was to continue the improvement of regional institutions so that the rural poor in Central America and Panama will have increased outputs and incomes from the land they work. According to the grant agreement, the project has been designed to complement and concentrate closely on activities that most directly support agricultural research and related information needs in the region.

The purpose of the project was to improve the collection, analysis, and use of relevant small farm data on which improved research and planning action can be taken nationally and regionally in Central America and Panama.

PIADIC is not in itself an action program, but rather a localized and readily available source of specialized technical assistance which provides state-of-the-art and widely accepted methodology, as well as regionally relevant experience to country-level research and investigation programs.

Prior Audits

This is the third review of this project. Our first review (Audit Report No. 1-596-77-36) was issued in March 1977 and was a comprehensive survey of program operations and support activities of ROCAP in Guatemala. The report disclosed no problem areas and determined that ROCAP was adequately controlling project costs through a pre-audit reimbursement process and that monitorship of project implementation was adequate.

The Regional Inspector General for Washington made a review (Audit Report No. 80-95 issued in August 1980) of an AID-supported project with IICA to improve agriculture sector planning and policy analysis. At the same time a cursory review was made of all other AID-funded activities with IICA. Information obtained during the cursory review was transmitted to appropriate officials in the Bureau for Latin America and the Caribbean. The cursory review found that, generally, IICA's financial accountability for AID programs was good; however, it disclosed some problems with this project. Some costs that were not project-related had been charged to the grant and there were procedural discrepancies on the handling of consultant contracts. Corrective action was taken by IICA to prevent recurrence of these problems.

Scope

Because the first phase of the project ended on March 31, 1979, and under the continuation phase it was re-designed with a narrower, more specific focus, we limited our scope of review to the extension period to determine whether the goals and objectives were being accomplished; what problems management should be attempting to resolve; and what actions management should be taking to improve the situations noted. As of March 31, 1981, AID grant expenditures totalled $2,994,342.

Our review was made in accordance with generally accepted auditing standards and included an examination of ROCAP/Guatemala, ROCAP/Costa Rica, and IICA/PIADIC files and discussions with ROCAP and IICA/PIADIC officials, including IICA/PIADIC officials in Panama and Guatemala. The period covered by our audit was April 1, 1979, through March 31, 1981.

AUDIT FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Project Status

The current project is a continuation, with substantial modification, of an agricultural research and information system program which began in 1975. The first phase of the project ended on March 31, 1979, and the project was extended an additional 27 months to June 30, 1981.

In July 1979, PIADIC was integrated into IICA's permanent agricultural information division. Centro Interamericano de Documentación (CIDIA), as one of three divisions. In January 1980, an additional change in the administrative structure of IICA involved the PIADIC project. As part of an internal reorganization, PIADIC ceased to exist as one of the three divisions of CIDIA and became a project within CIDIA, prescribed to interact with all seven IICA lines of action.

The general strategy during the lifetime of the project was to concentrate during the initial phase until February 1979 on raising an awareness among policy and decision makers in Central America of the necessity for an integrated and complete agricultural information system, the use of which would improve national research and planning to the benefit of the countries in general and the low-income farmer in particular.

During the second phase or implementation phase, emphasis was placed on the development, introduction, and transfer of technology and methodologies to national agricultural research, planning, and statistical institutions. By the end of the project period, June 30, 1981, an integrated series of methodologies on how to collect, manage, analyze, and use agricultural information in support of national research and planning activities will have been developed and tested in the six cooperating countries.

In all countries the interest in the applied methodology has been positive and encouraging. Research institutions and sectorial and national planning offices in all the six countries have used and applied and developed methodologies.

Financial Review

Our review of IICA's accounting records disclosed that IICA follows its own established procedures, described in their Accounting and Administration Manual, which is in accordance with generally accepted accounting standards. IICA's accounting records clearly identify the AID grant funds through an accounting cost code. One set of supporting documents for each reimbursement request is segregated from the usual filing procedure to facilitate reviews of expenditures.

We performed a test check of supporting documents at IICA headquarters. We selected the months of April and July 1980, and other major expenditures incurred during calendar year 1980. We tested $68,087, or 12 percent of 1980 expenditures. The costs reviewed were properly supported and documented, except for $536 which should have been charged to another project.

We brought this to the attention of IICA officials, who made the necessary adjustment.

During our review, we noted that IICA had made reimbursements to participating countries to carry out national surveys and area profiles under the PIADIC program. As of December 31, 1980, expenditures for national surveys totalled about $50,193. We found, however, that copies of supporting documentation for expenditures incurred in the participating countries for these national surveys were not always being kept at IICA headquarters, but were on file at the IICA country office. We performed a test check of supporting documents for these expenditures in Guatemala and Panama. We tested $26,326, or about 52 percent of these expenditures and verified that the expenditures were properly supported and documented.

We believe that supporting documentation for all expenditures, including national surveys, should be kept at IICA headquarters in order to ensure that funds are properly expended. We brought this subject to the attention of IICA officials who agreed to obtain and keep a set of copies of supporting documents for all expenditures incurred for national surveys. Although IICA agreed to take immediate action, we believe that ROCAP should follow up and determine that IICA has taken the necessary action.

In commenting on our draft report, ROCAP officials informed us that they were planning to undertake a review of such documentation in late June or early July 1981. Since ROCAP agreed to follow up at IICA Headquarters to determine that all supporting documentation was being kept at IICA, we are not making a recommendation.

Counterpart Contributions

IICA did not provide counterpart technicians as agreed to in the latest project agreement. Thus, a significant amount of technical assistance was not provided during the implementation phase of the project.

IICA, in Section 5.3 of the project agreement, agreed to contribute or cause to be contributed the equivalent of at least $1,107,500 during the 27-month extension period. Contributions of $200,000 from participating regional and national agencies were also anticipated for personnel costs to be devoted to the project for planning and coordinating the program.

Of IICA's $1,107,500 contribution, $766,800, or 69 percent, was to be applied to personnel costs for 219 person-months comprised principally of short and long-term technical assistance. The remaining $340,700 in counterpart contributions were to cover the costs of facilities maintenance, office space, secretarial services, administration of six national offices, one regional office, and the headquarters facilities in Costa Rica providing office, meeting, and training facilities for the project.

According to IICA officials, it was not IICA policy to separate counterpart costs by salary, facilities, equipment or operating expenses by project due to the large quantity of projects funded by international private organizations. Thus, a cost breakdown by component was not available.

While an accounting breakdown of counterpart contributions was not being kept by IICA, the PIADIC coordinator did have information on person-months. Of the 219 person-months IICA agreed to provide by the completion of the project period on June 30, 1981, it was estimated that about 159 months or 72 percent of the planned months will be provided. A summary breakdown by output component of the actual months of technical assistance provided by IICA through February 28, 1981, and estimated through the end of the project is shown below:

IICA Contribution

Output	Planned Per ProAg	Actual as of 2/28/81	Estimated as of 6/30/81	(Shortage End of Project)
I	27.00	-0-	-0-	(27.00)
II	67.50	41.25	51.00	(16.50)
III	47.50	42.00	44.75	(2.75)
IV	77.00	56.00	62.50	(14.50)
TOTAL	219.00	139.25	158.25	(60.75)

No action has been taken, or will be taken, on the part of IICA to staff PIADIC in a manner to support Output I, the use of area frame sampling methodology, during the remaining project period. This lack of action and other delays in providing the agreed technical assistance by IICA have caused delays in project progress.

Of the remaining $340,700 in counterpart contributions, we could not determine the dollar amount provided by IICA for logistical support. However, we observed that IICA was contributing logistical support such as office space facilities, furniture, meeting space, and secretarial services.

Although IICA officials could not provide an accounting breakdown for the $200,000 contributed by participating national agencies, they felt that this contribution had been fully reached and probably exceeded.

We believe that ROCAP should require IICA to provide an accounting for countrpart contributions in order to determine the extent that IICA has, or has not, contributed its agreed upon resources to the project.

Recommendation No. 1

ROCAP should require IICA/PIADIC officials to provide an accounting for its total counterpart contributions to Project No. 594-0048.

(ROCAP concurred with this recommendation and will request IICA to keep an accounting for its counterpart contributions for all future projects.)

Participating Agency Service Agreement (PASA)

The technical assistance required under a PASA with the U.S. Department of Agriculture has not been provided according to the project plan. IICA's failure to provide the agreed upon counterpart technicians and lack of timely information on PASA funding levels have resulted in shortfalls.

Services of U.S. technicians and their support costs were to be financed under the grant agreement through the U.S. Department of Agriculture (USDA). A Participating Agency Service Agreement between AID and USDA was implementing the project. As of March 31, 1981, PASA obligations totalled $1,651,000 and expenditures totalled $1,590,888 leaving an unexpended balance of $60,112.

According to the 27-month extension plan, 126.5 months of technical assistance were to be provided through the PASA. By the completion of the project period (June 30, 1981), it was estimated that about 88 months or 70 percent of the planned months of technical assistance will have been provided. A summary breakdown by output component of the actual months of technical assistance provided by the PASA through February 28, 1981, and estimated through the end of the project, is shown below:

Output	Planned Months	Actual as of 2/28/81	Estimated as of 6/30/81	(Shortage End of Project)
I	39.5	24.00	27.75	(11.75)
II	57.0	34.00	38.50	(18.50)
III	3.0	.75	1.50	(1.50)
IV	27.0	20.00	20.00	(7.00)
TOTALS	126.5	78.75	87.75	(38.75)

The primary reason for the shortage in providing technicians under PASA was largely due to IICA's failure to provide the agreed upon counterpart technicians. For example, IICA did not staff PIADIC to support Output I, the use of area frame sampling methodology. According to the PASA advisor for this activity, it was necessary for him to do the actual work because IICA never provided the agreed upon full-time counterpart technician. As previously discussed under the Counterpart Contributions Section of this report, IICA has not provided, nor does it plan to at this late time, a single man-month of technical assistance to this highly important segment of work. Expertise with area frame development and utilization resides mostly with the PASA-funded position and will be lost when the project period ends. Consequently, IICA will not have technical capability to support this activity when AID funding terminates on June 30, 1981.

Another reason for the shortage was the conversion of one of the PASA advisors to a ROCAP direct-hire position in 1980. The PASA position was not subsequently filled.

We also found that there have been serious communications problems created by the lack of timely communications relating to PASA funding and USDA billings for services. Some of the problems were:

-- Because of the uncertainty of the level of PASA funds remaining for services, there was a reluctance by PIADIC to request additional PASA assistance for fear of over-programming.

-- USDA billings to ROCAP were two to three years late.

-- Billings did not specify the services to which the billing applied nor the time period covered.

These communication problems have had a negative impact on project financial planning. For example, ROCAP was unable to revise life-of-project financial requirements in fiscal year 1979 for lack of USDA billings for PASA expenditures for the past 2 years. This crucial information was requested in May 1979, but it was not provided until October 1979. Also, it was necessary for PIADIC to hold back on programming of PASA-financed activities because of the uncertainty of the financial situation. Consequently, some planned PASA-funded activities will not be carried out.

Both AID and USDA officials were aware of the problems and have taken some steps to solve them and to improve their communications regarding PASA budgets and funding availabilities. However, the results have not been completely satisfactory. For example, USDA had not billed AID for all ROCAP PASA expenditures. As a result of a visit to ROCAP by the USDA Program Leader for Technical Assistance of Latin American Programs in September 1980, USDA subsequently billed AID for PASA expenditures totalling $194,206. However, the billings did not specify the services to which they applied nor the time periods covered. Furthermore, in our review of these current billings, we found $17,038.90 incorrectly charged to the PIADIC project. This amount should have been charged to another ROCAP project. We brought this to the attention of ROCAP accounting officials who agreed to make the necessary adjustment.

During the visit by the USDA Program Leader, several discrepancies and actions to be taken were noted. As a result, in October 1980 ROCAP requested the Bureau for Program and Management Services, Office of Contract Management, Services Operations Division (CM/SOD), AID/Washington to provide information concerning unexpended PASA balances, to transfer certain charges incorrectly made to this project, and to amend the PASA. ROCAP subsequently sent follow-up telegrams on January 23, 1981, and March 31, 1981, to resolve these matters, but as of April 10, 1981, CM/SOD had not responded. We believe that resolution of these matters is long overdue. CM/SOD should take immediate action to resolve these matters as the project terminates on June 30, 1981.

Recommendation No. 2

> CM/SOD should initiate immediate action to (a) provide ROCAP with information concerning unexpended PASA balances, (b) transfer charges incorrectly made to the PIADIC project, and (c) amend the PASA, if necessary. (ROCAP concurred with this recommendation.)

Accomplishments

Much progress has been made. Improvements have been made in the collection, analysis, and use of data for improved research and planning. However, the planned project outputs have not been fully achieved.

PIADIC methodologies on data management, area profiling, and alternative production methods have been accepted and tested by national institutions. Appropriate methodologies and manuals for management of area specific information have been developed and applied by PIADIC. Training programs to teach national technicians to collect, store, manage and analyze socio-economic and scientific and technological information have been given by PIADIC and the base for creating the necessary expertise has been established in national institutions.

The project paper identified specific outputs that were to result from this project.

Project Outputs

The planned outputs were to include:

Output 1 -- National rural sector socio-economic statistical data were being collected using sample frame methodology in six countries.

Output 2 -- Priority data bases were to be developed and used in support of research design and agricultural sector planning.

Output 3 -- National information centers with improved numerical and documentary data control, memory, analysis and exchange were to have been operating in six countries, with at least three of the key national agricultural research and information institutions cooperating closely in using standardized methodologies.

Output 4 -- IICA was to have the capacity to provide adequate follow-up technical and organizational assistance to national and regional organizations for continually upgrading agricultural data bases and their use in support of research design and agriculture planning.

Based on data we reviewed, we found that much progress has been made; however, the anticipated project outputs will not be fully achieved by the end of the extended project period. Progress has been made in the following areas:

-- By completion of the project, all six participating countries were to be using the area frame sample methodology in a planned program of data collection. We found that the six participating

countries were using the area frame methodology, but at different levels of effectiveness.

-- 200 technicians were to be trained and participating in a planned program of data collection, handling and use for sample frame methodology. As of March 1, 1981, 144 technicians have been trained in their countries and 58 more were scheduled for training by the end of the project period. In addition, 103 surveyors were trained.

-- Methodologies in data generation, processing, analysis and summarization were to have been developed and in use. Three different techniques for statistics data have been developed by PIADIC, and some of them have been introduced in the six participating countries. The status of implementation was at different levels.

-- 12 area specific profiles of information and production packages were to have been developed. A total of 14 area profiles have been made in participating countries. Area profiles for El Salvador were abandoned due to the political situation.

-- 200 national technicians were to be trained in methodologies and procedures in data base development for the establishment of the national information centers networks. As of March 31, 1981, 281 technicians had been trained. Training was terminated because the participating countries did not have the necessary funds to purchase the required computer and software equipment to develop the national information centers.

-- A national thesaurus was to have been developed and used in each country. Development of a thesaurus has been dependent on national interest to a great extent. Although a broad national thesaurus has not been developed in any country, all participating countries have a limited thesaurus except for Panama and El Salvador.

A draft evaluation report, dated January 1981, prepared by a University of Missouri Evaluation Team recently assessed the current status of the project.

:s draft report concluded:

-- PIADIC had effectively stimulated region-wide interest in improved methods of data collection, analysis, and use. Because of different starting times, different personnel and financial resources, and different objectives of country institutions, each country had progressed at different rates towards institutionalization of information systems.

-- AID missions in the four countries visited (Costa Rica, Guatemala, Honduras and Nicaragua) were strongly supportive of

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those parts of the PIADIC program which were of most interest to the individual countries.

-- There was limited ability in the four countries visited to support the development of information systems without outside assistance.

-- IICA's capacity to collect, analyze, and interpret data has been strengthened by the PIADIC program.

-- In the four countries visited, progress toward end-of-project outputs had advanced little beyond application of area frame sampling proccedures.

-- None of the national information systems appeared to have reached a stage of development necessary to produce the required project outputs for planners and agricultural researchers.

According to the draft evaluation report, some PIADIC staff estimate that a two-year continuance of the project, which ends in June 1981, will be required to fully institutionalize activities in national agencies in all countries. Each cooperating country was moving at a different rate and a modest level of support will be necessary over an extended period of time to fully meet the goals of the project.

Severe political unrest within the region has also caused delays, lack of continuity, rapid changing of national technical and administrative personnel, and changing priorities within the countries.

According to the project plan, by the completion of the project period, PIADIC activities were to have been fully institutionalized as integrated parts of IICA's program. IICA would at the completion of the project, have the capacity to provide continuing follow-up technical and organizational assistance to national and regional organizations for continually upgrading agricultural data bases and their use in support of research design and agricultural planning.

A great deal of expection has been built up in the cooperating countries for technical assistance in PIADIC activities. The participating countries will need a considerable amount of assistance and training to fully institutionalize these activities. According to the evaluation report, "IICA stands to lose considerable credibility if such expectations are not met. It seems critical for IICA and ROCAP to insure that this capability is sustained in IICA".

We met with IICA/PIADIC staff and other institutional officers and technical personnel in Guatemala and Panama and discussed the accomplishments and shortcomings of the PIADIC project. Our discussions confirmed that there had been much progress, but the planned outputs would not be fully achieved by the end-of-the-project period.

We found that there was strong interest in the PIADIC project. In Guatemala, area sample frames were being developed to obtain valid data at the

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regional level. Guatemala is divided into eight regions. An area sample frame has been developed for one region and work on area sample frame has started for another six regions. Data had been gathered for two area profiles and Guatemala has plans to make two more area profiles.

The construction of area frame sample segments were funded primarily by USAID/Guatemala under a loan (No. 520-T-026) to the Government of Guatemala.

In Panama, two area profiles were recently completed and requests to perform four more area profiles have been formally submitted by the Government of Panama. One of the area profiles resulted in a $20 million rural development project approved and to be financed by the Inter-American Development Bank. The four requested profiles were to be used to prepare a rural development project that will be financed by the World Bank. We were told that two additional requests were being formalized and were anticipated in the near future.

Although Guatemala had done a considerable amount of work to develop a national information system, it was not yet operative. Legislation was being proposed to establish an agricultural information system as a separate budget item. Until legislation is approved, the system will not progress effectively.

Panama had not established an agricultural information center. There were plans to create such an autonomous institution, but it was not expected to become legally authorized until after 1984.

We believe it is crucial to the success of the PIADIC project that IICA continue to provide follow-up technical and organizational assistance to the national organizations in support of the project objectives.

Continuation of PIADIC Activities

We found that at the time of our review IICA was preparing for continuation of PIADIC activities upon termination of financial support by ROCAP in June 30, 1981, in order to maintain the present stage of preparedness and to improve the store of training already given. In March 1981, the PIADIC Coordinator presented continuation plans for PIADIC project activities with IICA funding which was tentatively approved by IICA's Director General. The continuation plan calls for a staff of four full-time technicians for the remaining six months of 1981, and a staff of five full-time technicians for 1982 and 1983. Additionally, a full-time secretary would be provided.

IICA's total cost for the 2-1/2 year project continuation period was estimated to be $588,800. Of the total project continuation cost, $471,800 was to go for salaries and $117,000 was for operational costs such as travel and per diem, data processing, training and meetings, supplies and communications.

IICA admittedly will not have the technical capability to support Output I, area sample frame methodology, beyond June 30, 1981. According to PIADIC's continuation plan, technical assistance to support and

maintain the construction and use of area frame sampling techniques would be carried out on a bilateral basis through agreements between appropriate national institutions and the local AID missions.

ROCAP officials were aware of IICA's lack of technical capability to support area frame development beyond June 30, 1981, and were in the process of formulating plans to arrange for any required future technical assistance on a short-term basis under a PASA contract. Since ROCAP was aware of the situation and was taking corrective measures, we are not making a recommendation.

Technical Training

PIADIC officials did not know how many of the persons trained in the six participating countries were still in service in their assigned positions.

PIADIC and PASA staff have provided appropriate technical training to 528 persons in the six participating countries during the period of April 1, 1979, through March 31, 1981. As discussed in the Project Outputs Section of the report, technical training was provided to 144 technicians in data collection, handling and use for sample frame methodology, 103 surveyors, and 281 technicians in methodologies and procedures in data base development for the establishment of the national information centers network.

PIADIC officials had noted that in the past there was a high turnover of national technicians. According to an IICA survey taken in Central America, the average person remained in his or her assigned position no more than 1.4 years. This figure was averaged out between regional and national institutions and included all levels of responsibility and technical expertise.

Neither PIADIC nor PASA staff knew how many of the persons trained were still in service in their assigned positions. However, the PIADIC project coordinator estimated that as high as 50 percent of the persons trained may no longer be working in their assigned positions. While PIADIC officials recognize a high turnover of national technicians, they do not have a follow-up policy to determine which persons had left or were still working in their assigned positions. According to the PIADIC project coordination, it was not IICA's policy to enter into contracts with participating countries or attach strings as a condition for such training.

Because of high turnover of national technicians, training must be continuous to maintain a trained core staff at the country level.

PIADIC's budget proposal for their 2-1/2-year project continuation period included $36,000 for training and meetings. We believe ROCAP should determine whether the funds budgeted for training by IICA will be sufficient to provide the necessary training to maintain a trained core staff at the country level in light of the recognized high turnover of national technicians.

Conclusion

Generally, the project purpose has been met. Much progress has been made; however, the planned outputs have not been fully achieved. We believe that continuation of project activities by IICA/PIADIC after termination of AID funding will help ensure eventual achievement of unaccomplished objectives and outputs.

Project Evaluations

The evaluation program has not been carried out in accordance with the terms of the project grant agreement. Had the evaluations been done in a timely manner, the problems discussed in other sections of this report could have been alleviated or corrective action could have been taken sooner.

The initial project phase was evaluated twice. The end-of-project evaluations noted a number of significant accomplishments, although some aspects moved more slowly than anticipated. The end-of-project evaluations noted a number of significant accomplishments, although some aspects moved more slowly than anticipated. The evaluation team concluded that the PIADIC project as originally conceived was too ambitious, but recognized the strong interest in certain aspects of the project by participating countries. Several recommendations and conclusions were made that set the tone for specifying plans and activities for the continuation phase.

Section 5.01 of the project agreement for the extension phase required the establishment of an evaluation program as part of the project. The program required an evaluation during the implementation of the project and at one or more times throughout the project period. According to the Project Paper, three evaluations were anticipated during the 27-month extension period, one in June 1979, another in June 1980, and the final evaluation in May-June 1981. However, the evaluations have not been made as planned and only one evaluation had recently been performed.

The evaluation highlighted the progress toward attainment of project objectives and outputs, identified problem areas and constraints inhibiting such attainment, and made several recommendations which focused on areas needed to overcome such problems.

ROCAP generally concurred with the draft evaluation findings. In commenting on the draft report, ROCAP requested that several issues be addressed and incorporated in the final report. Basically, ROCAP requested a more quantified presentation of the status of each activity, both regional and national as compared to the planned outputs.

The draft evaluation report recommended to IICA that:

-- "PIADIC should be made a permanent part of the IICA structure to ensure a firmer foundation for continuing the necessary technical assistance needed by the cooperating countries.

-- AID missions should consider further funding for development of specialized agricultural and information centers.

-- In order to continue the technical assistance necessary to fulfill expected demand from participating countries, persons in the following specialities should be retained by IICA:

a) Area frame development and use.

b) Natural determinants information

c) Socio-economic data.

d) Agricultural technology.

e) Systems analysis.

-- IICA and ROCAP should seek support for continued maintenance of a technical capacity within the region to provide coordination for this activity and to ensure eventual institutionalization of the system of sample identification and data collection.

-- AID missions consider further funding for expansion of area frames and survey work based on them to make collected data more meaningful for implementing agencies within the public sector.

-- IICA-installed capacity should include sufficient specialist personnel to continue the needed training at their headquarters and as an outreach activity. Training materials should be developed that build on experience of person-to-person technical assistance. The instruction should be produced in modular units using audio-visual techniques. The package of instructional units would standardize the training information and allow the participant to learn without having the technician present, and to work at his or her own pace."

Generally, we concur and endorse the above draft recommendations. As of April 10, 1981, ROCAP and PIADIC comments were to be reflected in the final report. Also, at the time the University of Missouri team conducted their field work, IICA did not have plans to continue PIADIC activities after AID funding terminates on June 30, 1981. In light of IICA's current plans to continue PIADIC activities and other anticipated changes, we recognize that the recommendations in final form may change slightly.

We believe that ROCAP should carefully review the recommendations and follow-up with IICA and USAID missions to seek their resolution.

ROCAP generally concurred with the recommendations in the draft evaluation report and had initiated some follow-up action with IICA and other USAID missions.

Recommendation No. 3

ROCAP should carefully consider the University of Missouri's final recommendations and work with IICA to implement those recommendations deemed appropriate.

Project Monitoring

The project was under the guidance of the ROCAP senior staff, with specific monitoring responsibility under the Regional Rural Development Officer, assisted by the ROCAP liaison officer in Costa Rica.

Our review revealed that the technical aspects of the project have been well monitored. Field visits were made frequently by ROCAP and PIADIC officials and the results of these trips were well documented. PIADIC staff prepared monthly, quarterly and annual reports addressing project progress.

ROCAP officials are required to file trip reports for all official travel when submitting their travel vouchers. Implementation Letter No. 22, dated March 20, 1980, required a trip report from all IICA staff members when using AID funds charged to the project. This requirement also included national technicians invited to attend activities sponsored at a regional level or outside of their particular country for which AID project funds were spent.

In the matter of IICA staffing, project monitoring could have been better, primarily by requiring corrective action in a timely manner. We believe that ROCAP should have required full IICA staffing during the project period from the beginning of the project extension. When IICA showed a reluctance to fill key positions, ROCAP should have insisted that IICA fill the positions according to the project agreements.

IICA's external auditor is Price Waterhouse and Company who reviews the overall financial aspects of IICA on an annual basis. Specific IICA projects are also audited by individual donors such as international organizations, national government and private institutions.

We believe that ROCAP's financial monitoring of both grant and IICA's counterpart funds could be improved. We found that ROCAP/Guatemala had performed a limited financial review to determine whether IICA was complying with grant agreement requirements. The review was made the week of May 7, through May 11, 1979; however, the results of ROCAP's financial review were not formally transmitted to IICA until April 22, 1980, or almost one year later. The observations made by RIG/A/Washington auditors in their cursory review in March 1980 apparently prompted the formal transmittal.

Except for the technical assistance component, ROCAP apparently has never reviewed IICA's other counterpart contributions to the project. We believe ROCAP should require IICA to report on the financial status of their counterpart contributions on a regular basis for all future projects. The problem area of financial counterpart contributions was discussed earlier in this report under the Counterpart Contributions Section, and an appropriate recommendation was made there.

We believe ROCAP should periodically perform financial reviews on a regular basis and promptly report its findings in order to facilitate corrective action in a timely manner. Since ROCAP funding terminated on June 30, 1981, we are not making a recommendation.

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