# Auditor General

AUDIT REPORT

ON

WATER USE AND MANAGEMENT PROJECT

GRANT AGREEMENT NO.263-11-120-017

CONTRACT AID/NE-C-1351

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Area Auditor General / EGYPT
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# EXECUTIVE SUMMARY

## Introduction

USAID/Egypt and the Egyptian Government signed a $9.2 million grant agreement in June 1976. The grant finances the foreign exchange and certain local currency costs of the Water Use and Management Project. AID/W contracted with the Consortium for International Development to provide the technical assistance for the Project. This report summarizes the results of an audit covering the period from inception of the Project through January 1980.

Egyptian agriculture is based on irrigation and the Nile is Egypt's only major source of water. Accordingly, efficient and effective on-farm use and management of water is critical for Egyptian agricultural production. The Egyptian Water Use and Management Project was designed to assist the Egyptians in their continuing endeavours to improve their agricultural production levels. Specifically, the project is an applied research activity designed to develop and demonstrate replicable improved irrigation water management and associated practices that increase agricultural production. When completed, the result of the Project is to be replicated over most of the old lands of Egypt.

As of December 31, 1979 Project expenditures totaled about $3.5 million and $1 million equivalent in Egyptian Pounds (LE). US$ 1.00 = LE 0.70.

## Purpose and Scope

Our audit purpose was to (a) verify the propriety of the use of AID resources; (b) evaluate the contractor's performance in relationship to certain of the contract requirements; and, (c) assess the Project accomplishments in relationship with selected stated objectives.

To accomplish our purpose, we (a) reviewed pertinent files; (b) selected and examined supporting documentation on expenditures; (c) physically verified locations and use of selected items; (d) visited all Project sites in Egypt and the Home Offices in the U.S.; (e) interviewed certain officials in the Egyptian Government and took such other audit steps considered necessary in the circumstances.

## Conclusions

It is highly doubtful that the purpose of the Water Use and Management Project will be accomplished as planned and required by the Project Paper and the contract.

The overall Project purpose is to develop and demonstrate replicable improved irrigation water management and associated practices that increase agricultural production. Yet, the contractor responsible for implementation of the Project has concluded that only the process used to obtain the results of the research can be replicated, but not the actual results of the research. Accordingly, the contractor cannot accomplish the Project purpose.

We recommended that USAID/Egypt redesign the Project around a realistic, attainable purpose. The contractor has not fulfilled contract terms with respect to the provision of the types and levels of field staff. This shortfall is partly responsible for the Project being behind schedule in several areas and may be the reason for divergent areas of activities pursued by the contractor under this Project. The contractor and USAID/Egypt presented several plausible reasons for the shortages of staff. These reasons included the new tax laws, housing problems in Egypt and customs problems. However, it appears that the actual reason for the lack of needed staffing is that the contractor is overextended. In fact, USAID/Egypt correspondence related to the Project shows that home office senior officials of the contractor stated that they have so many AID-funded contracts around the world they were finding it increasingly difficult to recruit the personnel in appropriate skills needed to promptly fill vacancies.

Since the contractor has (a) numerous AID-financed contracts worldwide; (b) stated that they are having difficult recruiting appropriate staff; and, (c) had shortages of staff problems with USAID/Egypt's Water Use Project, we recommended that AID/SER/CM review the contractor's worldwide contract requirements on staffing and evaluate the appropriateness of continuing the AID-financed contracts.

We found two major problems in the field administration aspects of the Project. One is the position of the Project within the GOE. The Project appears to be absorbed by the MOI and functions in many ways as if it were a part of the Ministry. Secondly, contractor field staff and USAID/Egypt Project backstops appear to have limited financial management experience and/or knowledge of AID regulations.

The misuderstanding of the Project purpose coupled with an apparent lack of understanding of some of AID regulations has resulted in incorrect and unallowable uses of considerable amounts of Project funds and equipment; e.g., Project vehicles have been assigned to and/or used by non-Project-related people for non-Project-related purposes; Institute funds obtained to pay incentives only to Project related people have been used to pay all Institute employees; Project funds were improperly used to pay all Institute employees incentives when the Institute was short of funds; Project funds were used to pay other obligations of the Institute to their employees; incorrect per diem payments were made to GOE and contractor personnel; and unallowable allowances were paid to contractor personnel.

We made 16 recommendations concerning problems related to the administration of the Project. Implementation of these recommendations should correct the problem areas associated with administration of Project activities.

The GOE has been generous in providing in-kind support for the Project. However, GOE cash support has been limited and has not met Project budget requirements of the Grant Agreement. This shortage of cash is one major cause of AID funds being used to finance unallowable expenditures. If these budget problems continue many of these Project problems including use of AID funds will probably recur.

We recommended that USAID/Egypt notify the GOE of the adverse effect on project accomplishments due to their limited budget support and, considering project activities and scope, obtain an acceptable resolution to the budget shortages.

Recommendations

This report contains 20 recommendations for USAID/Egypt or AID/W action. The recommendations are included in related sections of the report and are listed in Appendix 1.

## BACKGROUND

### The Grant Agreement - No. 263-11-120-017

The Government of the United States of America, acting through the Agency for International Development (AID) Offices in Egypt (USAID/Egypt) entered into Grant Agreement No. 263-11-120-017 with the Government of the Arab Republic of Egypt (GOE) acting through the Ministry of Agriculture and Irrigation. The Ministry of Agriculture and Irrigation was later reorganized into two new ministries: The Ministry of Agriculture, and the Ministry of Irrigation. Grant Agreement No. 263-11-120-017 was amended to show that the Agreement was effective between USAID/Egypt and the GOE Ministry of Irrigation (MOI).

The Grant Agreement was effective on June 30, 1976, and initially provided $1,500,000 to finance the foreign exchange costs required to carry out the the Water Use and Management Project. The Grant Agreement has been amended three times and, as of January 1, 1980, provides $7,000,000 and Egyptian pounds (LE) 1,560,000 (equivalent to $2,229,000) to finance approved foreign exchange and local currency costs of the Water Use and Management Project.

### The Project - On-Farm Water Use and Management

The objective of the on-farm Water Use and Management Project (Project) is to improve the social and economic conditions of the small farmer in Egypt. This objective is to be accomplished through application of the final product of the Project which is to be an action program, tested and proved as to technical applicability, farmer acceptability and organizational replicability, that would be expanded to regional and/or national programs. The final product of the Project is to be developed from an applied research and extension program conducted over a five-year period. The research is to take place on small farms in three pilot agro-climatological zones of Egypt. Each of the three pilot areas is representative of a particular cropping pattern and unique water management problems. Taken as a group, these areas represent nearly the entire range of crops and agro-climatological conditions encountered in the "old lands." (This Project does not deal with the "new lands," i.e., lands reclaimed from the desert.)

In the pilot areas, Project activities are designed to include: (a) a number of on-farm surveys designed to improve the data base concerning existing farm production and to determine the type of additional research required; (b) development and improvement of similar data base concerning quantity and quality of water entering and leaving each irrigation district, and based on this data; (c) develop and implement research on "on-farm" activities. The on-farm research includes such areas as delivery systems (e.g., demand or gravity basis), application systems and salinity balance. The results of this research and the data collected in the surveys will be used to design optimal management systems for on-farm use. The use of these systems will be researched to determine the flexibility of adoption and acceptability with farmers.

Then, based on the results of the on-farm use research, programs will be designed and implemented in each of the three pilot areas. These programs will test the acceptability and rate of adoption by farmers of improved management practices.

The emphasis during the pilot demonstration phase will be on the development of a program or programs which farmers will accept and adopt and which can be reasonably replicated for production programs at the regional or national levels. During the last year of project activities, the pilot program will be evaluated continuously with special emphasis on replicability and organizational requirements for the development of such action programs.

The Grant Agreement provides that the Project will be implemented by an interdisciplinary team of U.S. and Egyptian professionals. The Egyptian professionals were to be provided by the Ministry of Irrigation and the Ministry of Agriculture. The U.S. professionals were to be provided through a contract with some U.S. institutions to be determined.

The Contract - AID/NE-C-1351

AID, acting through its offices in Washington, D.C., entered into a direct contract with The Consortium for International Development (CID) on May 20, 1977. That contract, numbered AID/NE-C-1351, provided for the procurement of necessary professional services, equipment and commodities for the Project. The contractor (CID) is a consortium of Western U.S. Universities with Executive Offices located in Utah State University, Logan, Utah. However, Colorado State University, located in Fort Collins, Colorado, is the central and coordinating institution for the Project.

The contract with CID requires the contractor, among other things, to provide a full-time resident staff of 8 in Egypt, short-term consultants as needed, training of participants and procurement of required Project equipment.

Currently the contract, as amended, provides that the final date for disbursement of Project funds is December 31, 1982. The dollar financing of the Project is provided through the advance payment procedure of the Federal Reserve Letter of Credit. Accordingly, documentation to support dollar payment is located in Fort Collins, Colorado. The CID field team is responsible for administering the U.S.-owned local currency financing (Egyptian pounds: L.E.) provided through the amended Grant Agreement. The LE funds are disbursed from an imprest fund advanced and replenished by USAID/Egypt. The LE accounts are maintained by CID in their offices in Cairo. Documentation to support the LE expenditures is available in the CID main field office located in Cairo and/or USAID/Egypt.

The Field Offices

CID maintains field offices for the Project in four locations: one office in each of the three pilot areas (Minia, Mansouria and Kafr El-Sheikh) and the main office in Cairo.

The CID field office in Cairo is physically located in the Water Management and Irrigation Technologies Research Institute (Institute).

The Institute is one of ten institutes under the direction of the Chairman of the Board of Directors of the Water Research Center. Organizationally, the Water Research Center is a staff function in the Ministry of Irrigation. The Chairman of the Board of Directors of the Water Research Center reports directly to the Minister of Irrigation.

The Audit Scope and Purpose

Staff members of the Area Auditor General/Egypt office reviewed selected activities related to the Project. We made this review to (a) verify the propriety of selected Project fund expenditures, (b) evaluate the contractor's performance in relationship to certain of the contract requirements, and (c) assess the Project accomplishments in relationship with selected stated objectives. We also attempted to establish whether the Project was in fact designed and being implemented for the benefit of small farmers.

To accomplish our purpose, we (a) reviewed pertinent files in the offices of the USAID/Egypt and CID, (b) selected line items from reimbursement vouchers maintained by USAID/Egypt and examined the supporting documentation maintained in CID, (c) selected items of equipment financed by Project funds and physically verified their location and use, (d) visited the Project sites in Mansouria, Menia and Kafr el-Shiekh, discussed the Project activities with the field teams, discussed their work and reviewed selected documentation, (e) visited and physically verified selected items located in the Soil Laboratory of the Ministry of Agriculture and the Water Laboratory of the Ministry of Irrigation, (f) visited the stores area in the Ministry of Irrigation and physically verified selected items of equipment, (g) discussed the Project activities with officials of the Ministry of Irrigation, Ministry of Agriculture, CID, USAID/Egypt and selected farmers in the pilot Project areas. From records available in Egypt we prepared schedules of short-term consultants and participants financed with Project funds. These schedules were forwarded to the Area Auditor General/Washington (AAG/W) for completion at the contractor's home offices. AAG/W also made an audit of direct dollar expenditure records located in Fort Collins, Colorado, and Logan, Utah.

This is the first audit of the Project by the AID Auditor General.

## AUDIT FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

### (A) Project Purpose

Based on contractor and USAID/Egypt evaluations, it appears highly doubtful that the Project purposes can be accomplished. To date, the contractor's evaluations concluded that results of the Project research cannot be replicated, as set forth in the Project purpose, to a widespread geographic area in Egypt. To date, a USAID/Egypt evaluation gives recognition to the problems of replicating Project results over a large area. Continued AID funding of a Project that will not fulfill its stated purpose needs to be reexamined. The contractor's evaluation further indicates the need for a determination as to whether the contractor, unable to achieve intended results, is actually redirecting efforts away from original Project objectives.

The Project is an applied research activity designed to: (a) identify the major constraints to improved on-farm water use and management in three pilot areas that represent nearly the entire range of crop and agro-climatological conditions encountered in the old lands, (b) determine through applied research techniques the "best" solution to the major constraints to improved on-farm water use and management in the three pilot areas, (c) demonstrate the solutions to constraints to improved on-farm water use and management on selected small farms in the three pilot areas, and (d) develop a tested and proven action program that (1) is technically applicably (2) is economically viable, (3) farmers will accept and adopt and (4) can be reasonably replicated for production programs at the regional and national levels. The Project Paper states that the Project purpose is to "develop and demonstrate replicable improved irrigation water management and associated practices that increase agricultural production".

Senior officials of the contractor in September 1979, evaluated the work and research of the Project performed through June 1979 and concluded that some generalizations or overall applicability to Egypt may be forthcoming but "it would be a mistake for those who view the Project to assume that the results are other than indicative or that they have widespread replicable value. Ultimately, the same work will have to be done at all locations in Egypt." The CID evaluation team goes on to make statements interpreting project purposes to the USAID that, in effect, attempt to change the actual Project purpose stated in the Grant Agreement, Project Paper and the CID contract; specifically: "The value of this work is twofold: (1) to identify problems in selected, hopefully representative areas and (2) to evaluate a development process which will effectively serve elsewhere." Further, the team stated: "The uniqueness of this Project is the process of (1) problem identification and (2) research for solutions by an inter-disciplinary team. This process, once refined and tested, can be expanded throughout Egypt and the world".

There is nothing new, original or unique about this application of basic applied research techniques. Nevertheless, it appears the contractor is attempting to change the purpose of the Project from replication of the results of the research (which the contractor says cannot be done) to replication of basic techniques of applied research (which the contractor calls a unique development process).

The USAID/Egypt decided to take advantage of the work already done in relationship to the CID study and conducted a formal evaluation of the Project. That evaluation of the Project was made in October 1979. The USAID/Egypt report on that evaluation under the section on Problem Areas - Project Strategy discusses problems related to replicability. In that section the USAID/Egypt report discusses practical problems with replication but considers that it can be accomplished. Although that section of the USAID/Egypt report does not refer directly to the CID conclusions on replicability, it does state that the questions raised will be covered in the in-depth evaluation.

We understand that all major questions raised in the regular evaluation on the Project were to be dealt with in the indepth evaluation of the Project. The in-depth evaluation was scheduled for mid-point in the Project implementation as adjusted, i.e. the Spring of 1980. But, we understand that the in-depth evaluation has been postponed until the fall of 1980.

It seems less than prudent management to continue to pay a contractor to perform a task that he says he cannot perform. To avoid funding a development project under these circumstances and to assure expenditure of appropriated Agency monies on a project designed to accomplish stated processes already determined by AID (and the GOE), rather than contractor alternatives, our draft report recommended alternative resolutions for USAID management: in coordination with AID/SER/COM either: (a) obtain a new contractor who can accomplish the project purpose, (b) redesign the project, following Agency project approved purposes, to one that can be accomplished by the contractor or (c) terminate contract AID/NE-C-1351.

The Mission reviewed the draft Audit Report and commented:

> "We cannot concur with your judgement that the project is a failure requiring the possible termination of the contract and bar to further Agency contracting with CID. Indeed we are surprised at that finding and believe the recent evaluation record supports our judgment."
>
> "There is a possibility that confusion exists between our Offices as to the purpose of evaluation and its relationship to audit. We believe that experience on the Water Use Project has laid the base for a broadening of our activity in the irrigation sector. That is not to say that the Project has met all our expectations or achieved all its purposes. Indeed the development process and Agency systems contemplate project revision based on experience and evaluation, and it is our intent to restructure the current project to reflect more accurately the present knowledge base, Egyptian capacity and our emerging water use strategy."
>
> "As discussed above, the Mission plans to incorporate the current project in a significantly broader irrigation program in FY 1981. That program will probably be jointly financed with the World Bank. A Phase I design team should be in Egypt early this summer. We believe this action together with our more regular Evaluation Compliance meets the thrust of the Recommendation".

The presentation of facts and the draft recommendation addressed by the Mission did not set forth that the project is a total failure. Rather the discussion and recommendation in this report section pointed out that AID will not receive the product being paid for; and, equally important, that there is a need for the USAID/Egypt to take a firm initiative to direct the project purpose and the contractor to either (a) meet original objectives set out in project documentation and this contract, or (b) redirect project efforts but not allow the contractor to determine the project purpose. Since the Mission response

acknowledges the need to restructure the project, we have rephrased our recommendation.

Recommendation No. 1

USAID/Egypt redesign the Water Use and Management Project so that the Project Purpose, as determined by the USAID and the GOE, can be accomplished.

(B) Contractor's Field Staff

CID has not fulfilled contract terms with respect to the types and levels of permanent field staff or short-term field staff required. As a result, the Project is behind schedule in several areas and may be the reason for divergent areas of activities pursued by CID under this Project. CID and USAID/Egypt presented several plausible reasons for the shortfall in the contractor's performance. However, as presented in the USAID/Egypt October 1979 evaluation report on the Project, it appears that the underlying reason for the lack of needed staffing is that CID may be overextended. However, as USAID/Egypt also pointed out in that evaluation report, only AID/SER/CM has the information to properly make a decision on CID staff position worldwide.

From the beginning of the Project, CID has experienced difficulties in providing the numbers, and, to some extent, the types of staff required by the contract for the Egyptian field operations. For example, in CY 1978 CID provided only about 70 percent of the required workmonths of short-term field staff. The shortfall in short-term staff was very small in CY 1979 but by the end of that year CID had less than 50 percent of the required permanent staff in Egypt. Further, CID had not recruited the staff to fill these vacancies at the time of our audit in January 1980. To date CID has not filled the vacant extension position that was required to be filled in January 1979.

This lack of staff and level of staff balance among the disciplines has resulted in areas of the Project being behind schedule and in new areas of work being performed that were not planned in the Project. The overall Project is now about one year behind the original planned completion date. The subject of contractor's staff was covered in some depth in an October 1979 USAID/Egypt evaluation report on the Project. That report and related correspondence discussed the effect of this shortfall of staff on the Project. This documentation showed that the USAID/Egypt evaluation team was very concerned about the staffing situation and its potential effect on the Project accomplishments. USAID/Egypt correspondence related to the October evaluation also showed that CID senior officials stated that they had so many AID-funded contracts around the world they were finding it increasingly difficult to recruit the personnel in appropriate skills needed to promptly fill vacancies.

In the evaluation report, the USAID/Egypt expressed the following pessimistic view on future staffing: "...the CID review team expressed concern that some positions are not filled and will be difficult to fill with senior people.

While the AID evaluators must confess a lack of sympathy for contractors who take on new contracts when their current staff are over-committed already, the problem remains. Other than bringing in people 'off the street,' a somewhat unsatisfactory solution, it is hard to see what else can be done."

Other elements of the Mission took the position that AID/SER/CM is at least partially responsible for any overextension by CID. SER/CM is the contracting office for all CID/AID contracts and, therefore, only SER/CM knows the number and requirements of all the AID contracts with CID. In accordance with that position, the evaluation report included a recommendation that "AID should determine whether CID is becoming overextended, as appears to be the case. If so, this raises serious questions about AID's contracting procedures, including those used by SER/CM".

The USAID/Egypt decided to take no action on the evaluation team recommendation until they made the in-depth sector evaluation. The in-depth evaluation was scheduled for the spring of 1980, but has now been delayed until at least the Fall of 1980. If the USAID/Egypt in-depth evaluation gets started then, it will be at least one year after the original Project evaluation and the related significant recommendations were made. In the meantime, the USAID/Egypt in December 1979, through AID/W (SER/CM), has entered into a new contract with CID to implement a $30 million major cereals project. We understand that USAID/Egypt is currently considering and discussing additional new contracts with CID.

In summary, CID has not fully provided the required staffing for the Water Use and Management Project. CID senior officials have expressed concern over the difficulties they are having in obtaining qualified personnel on a timely basis for their worldwide contract obligations with AID. Accordingly, we believe AID should not enter into any new contracts or extend any current contracts with CID until SER/CM reviews CID's worldwide contract requirements to AID and determines whether CID can fully meet the worldwide contract obligations for staff.

Recommendation No. 2

AID/SER/CM review the worldwide contract obligations of CID and determine whether CID can fulfill the levels, expertise and needs required in all of their AID-financed contracts.

Recommendation No. 3

AID/SER/CM enter into no new contracts nor extend any existing contracts with CID until SER/CM determines that CID can completely fulfill the staffing requirements for all of their AID-financed contracts.

USAID/Egypt Comments

The Mission in their response dated May 29, 1980 to the draft audit report commented: "The Project is currently fully staffed. USAID has no knowledge whether CID has the capacity to meet its other Agency commitments."

(C) Unauthorized and Improper Use of Project Funds and Equipment have Occurred as a Result of Weaknesses in Field Operations

We found two major problems in the field administration aspects of the Project. One is that CID field staff and USAID/Egypt Project backstops appear to have limited financial management experience and/or knowledge of AID regulations. The second problem is the position of the Project within the GOE. The Project appears to be absorbed by the MOI and functions in many ways as if it were a part of the Ministry. Together these two problem areas have been the cause for the incorrect, unauthorized or improper use of considerable amounts of Project funds and equipment.

Section D of this report sets forth several areas showing the unauthorized and improper use of Project funds and equipment. These items show that the Project team has weaknesses in the areas of financial management and knowledge of certain AID regulations.

The main Project field offices are physically located in a building in downtown Cairo. That building also houses the offices of the Chairman of the Board of Directors of the Water Research Center and the offices of the Water Management and Irrigation Technologies Research Institute (Institute). The Institute is charged with carrying out research on all aspects of (a) field irrigation development, (b) water losses, (c) water distribution and (d) water requirements.

The Project is concerned with applied research for on-farm water use and management. This applied research of the Project is closely related to the Institute's field irrigation development research. Therefore, the Institute was chosen to be the recipient of the Project services and assistance. The Director of the Institute is ex-officio the Project Director for the GOE.

The initial Project Director served in that function until October 1979, when he was appointed to be the Chairman of the Board of Directors of the Water Research Center (Chairman).

The Project by design assists on-farm water use and management activities. This type activity is one of several areas of effort of the Institute. However, we found the Chairman, the Project Director and the Contractor's Chief-of-field Staff (Technical Project Director) are all of the opinion that the Project and the Institute are one and the same. They believe that all comprehensive and wide-ranging activities of the Institute are part of this Project. But, this project has specific and limited objectives, discussed in preceding sections. This misunderstanding has in part been the reason that the Project is supporting all of the efforts of the Institute including their extensive off-farm activities. Accordingly, Project funds have been used to finance such items as boats for use on salt water lakes in Fayoum, field trips to Aswan and Luxor and assist major Institute research efforts of water budgets (country-wide-requirements) and weed control for off-farm drainage efforts, etc.

This misunderstanding of the Project purpose coupled with an apparent lack of understanding of some of AID regulations has resulted in incorrect and unallowable uses of Project funds and equipment, e.g., Project vehicles have been assigned to and/or used by non-Project-related people for non-Project-related purposes; Institute funds obtained to pay incentives only to Project-related people have been used to pay all Institute employees; Project funds were improperly used to pay all Institute employees' incentives when the the Institute was short of funds; Project funds were used to pay other obligations of the Institute to their employees. These and other related items are discussed in detail in following sections of this report.

Implementation of the recommendations in Section D of this report should correct the problem areas associated with administration of Project field activities.

(D) Specific Financial and Administration Problems

(1) Improper and Unauthorized Diversion and Misuse of Project Funds and AID-Financed Equipment

A MOI official has diverted an AID-financed vehicle from the Project for his personal use. Furthermore, Project funds were used to finance improper expenses related to that vehicle.

The contract with CID provides financing for five sedan vehicles for the Project. Of the five sedans procured, four were Chevrolet Nova Compacts and one was a fullsize large Impala Chevrolet. When these automobiles were received, the Impala and one of the Novas were assigned with drivers to the Egyptian Project Director for his use. He used the Nova and driver to run his errands and the Impala for himself. The Impala was equipped with a radio and the Project Director used Project funds amounting to LE 43.150 to install antennas, mud flaps and interior curtains on the Impala.

In October 1979, the Egyptian Project Director was appointed to a new posiition in the MOI. This new position is not within the Project. Nevertheless, the MOI official (ex-Project Director) took the Impala with him and to date he has the vehicle in his possession and is using it for his own purposes. Furthermore, the Project still funds the expenses for gasoline, etc. related to the Impala.

We asked contractor personnel why they allowed this improper use of Project equipment to occur and continue. The contractor, although responsible for assuring proper use of Project equipment, was unable to provide a satisfactory explanation.

The general provisions of Contract AID/NE-C-1351 contain specific requirements that property financed by the contract "will be used only for performance of this contract." Although we sympathize with the contractor's position in dealing with the ex-Project Director, we have no alternative except to recommend restitutuion for this flagrant misuse of U.S. Government funds and equipment. The USAID/Egypt should ensure that the Impala is immediately returned to the contractor for use only in performance of the contract. Further, USAID/Egypt should collect: LE 43.150 paid for improper expenses; and, the value of the radio. These amounts should be collected from CID. Technically, the

value of the depreciation to the Impala that occurred while the ex-Project Director was misusing the car could also be properly recovered.

Recommendation No. 4

USAID/Egypt (a) ensure that the Project financed Impala is immediately returned to the contractor for use only in performance of the contract; (b) collect from CID LE 43.150 paid for improper expenses and the value of the radio installed in the Impala; and (c) determine and collect from CID the amount of Project funds used to pay for operating expenses on the Impala while improperly in the possession of the ex-Project Director.

(2) Insurance

The contractor has paid LE 6,300 for in-country insurance on Project vehicles, but the contract specifically prohibits this type of expense.

In the course of business the contractor has regularly insured Project-financed vehicles against in-country loss or damage. During our audit, we informed the contractor of Section 17 f 2 of the General Provisions which state "The Contractor shall not be reimbursed for, and shall not include as an item of overhead, the cost of insurance, or any provisions for a reserve covering the risk of loss of, or damage to, the Government property..." We also pointed out Section 17 f 1 to the contractor. That section, in most cases, removes any liability on the part of the contractor for loss of damage to Government property.

The contractor, based on this information, immediately stopped payment of a pending invoice in excess of LE 5,000 from the insurance company for renewal insurance policies on the vehicle.

Based on the requirements of Section 17 f 2 of the General Provisions to the Contract, we have no alternative but to recommend that USAID/Egypt recover LE 6,300 from the contractor for improper expenditures for insurance.

Recommendation No. 5

USAID/Egypt collect LE 6,300 from CID for the payment of unauthorized insurance expenses.

(3) Incentive Payments

The contractor has paid LE 5,437 from Project funds to GOE employees as incentive salary payments. This expense is not authorized in the contract and is specifically unallowable under USAID/Egypt policy.

To obtain and retain highly qualified GOE employees for the Project, the MOI has authorization to pay a 30 percent of base salary premium as an incentive to all GOE staff assigned to the Project.

During our audit, we found that Project funds were used to pay the incentive amounts to the GOE employees. The payments were made for the first three months of 1979. We were told that Project funds were used instead of MOI funds because the MOI was short of funds. (It is possible that the MOI was short of funds to pay the incentives because they normally pay all Institute employees the incentive whether or not they work on the Project.) Both the contract Project Director and the ex-Egyptian Project Director approved the payments for the incentives.

We also found during our audit that the Administrative Assistant had a directive on his desk to pay incentives from Project funds for January 1980. We told the contract personnel that the payment of incentives from Project funds was not an authorized expense under the contract. The Technical Project Director then wrote to USAID/Egypt requesting authorization to pay the incentives from Project funds.

The Acting Project Officer for USAID/Egypt answered the U.S. Project Director's letter and informed him that "Official U.S. policy does not allow USAID to give incentive payments to Government of Egypt officials except when exceptions have been granted. No exceptions have been granted for the Water Use Project. GOE contributions are to pay for any incentives..."

Based on the above quoted reaffirmation of USAID/Egypt policy, we must recommend that USAID/Egypt collect from CID those amounts spent for unauthorized incentive payments.

Recommendation No. 6

USAID/Egypt collect from CID LE 5,437 used to fund unauthorized expenditure for GOE incentive payments.

(4) Project Vehicles Assigned to the MOI Institute

Several Project vehicles have been assigned to the Institute for their own uses. The use of these vehicles is not necessarily related to the Project.

In reviewing the assignment of Project vehicles, we found that six AID-financed Project vehicles were assigned to the Institute. These vehicles have the following tag numbers: 26993; 26997; 26994; 27705; 27002; 26999. We discussed this assignment of vehicles to the Institute with U.S. and Egyptian Project personnel. We were told several different reasons for the assignment. While the logic is faulty, as shown in project documentation the most frequent reasons given us for the assignment were that the Institute and the Project are, for all practical purposes, one and the same; that most of the Institute's work is for the Project; and, therefore, the Institute's use of the vehicles was really for the Project.

On the other hand, we were also told that the assignment records were wrong and no Project vehicles were assigned to the Institute. However, official MOI records show that the above vehicles were assigned to the Institute.

Nevertheless, the contract requires that all Project-financed equipment be used in performance of the contract. The Project must be and necessarily is a separate function from the MOI Institute, although the offices are physically located in the Institute. Accordingly, we must recommend that the Project-financed vehicles be returned to the Project and be used solely for Project purposes. Technically USAID/Egypt could also collect the value of the depreciation expenses that incurred on the Project vehicles while they were assigned to the Institute.

Recommendation No. 7

USAID/Egypt ensure that the six Project vehicles currently assigned to the Institute are immediately returned to the Project and are used solely for Project purposes.

(5) Vehicle Repairs

Project funds have been used to pay for repairs on (a) Institute owned vehicles that are not assigned to the Project, and (b) Project owned vehicles assigned to the Institute.

Project funds totalling LE 1,090 were disbursed to pay for unallowable repair expenses. Project funds may be used only for performance of the contract. The contract does not authorize payment for expenses incurred on vehicles used for non-project purposes. Accordingly, we are recommending that USAID/Egypt recover the amount of LE 1,090 which was improperly disbursed to pay for repairs on the following vehicles:

| | Tag No. | Type of Vehicle | Owned by | Assigned To | Amount |
|---|---|---|---|---|---|
| (1) | 24113 | Fiat 128 | GOE | Institute | LE 150 |
| (2) | 27002 | Jeep Wagoneer | U.S. | Institute | LE 170 |
| (3) | 26997 | Dodge Pickup | U.S. | Institute | LE 250 |
| (4) | 26994 | Jeep Wagoneer | U.S. | Institute | LE 180 |
| (5) | 22608 | Chevrolet Pickup | GOE | Institute | LE 170 |
| (6) | 24243 | Datsun | GOE | Institute | LE 170 |
| | | | TOTAL | | LE 1,090 |

Recommendation No. 8

USAID/Egypt collect LE 1,090 from CID for improper use of Project funds to pay for non-Project related vehicle repairs.

(6) Miscellaneous Unallowable Expenses

Project funds were used to pay several unallowable small expense items.

We found that the following payments were made from Project funds but are not eligible for financing under the contract: (a) LE 51.92 was used to pay for an obituary advertisement on the death of the mother of an employee of the Institute; (b) LE 25 was used to pay for expenses related to a party given for a departing Project employee; (c) LE 10 was given to an employee to assist in expenses related to the death of his son; and (d) LE 27 was used to fund extraordinary expenses related to obtaining a visas. The above items total LE 113.92. These payments are not authorized under terms of the contract and must be recovered for the Project.

Recommendation No. 9

USAID/Egypt collect LE 113.92 from CID for unallowable expense payments.

(7) Per Diem and the Guest House in Maadi

Project funds were used to pay improper per diem amounts to short-term consultants who stayed in Project-provided quarters in Maadi.

The contract in Article VI, Section B provides that per diem for short-term personnel while in Egypt will be paid in accordance with Standardized Regulations (Government Civilians, Foreign Areas). Further, the contract specifies that "If Government quarters or housing are furnished in the Cooperating Country, a reduction in the per diem will be made in accordance with Mission policy." Mission policy on payment of per diem is the same as the requirement of the Standardized Regulations, effectively set forth in AID handbook 22. That Handbook in Appendix 9A Section 154.2-2 b (1) states that when lodging is furnished without charge by a U.S. Government Agency, a 50 percent reduction for each night lodging is made from the applicable per diem rate.

CID Project Personnel leased a guesthouse in Maadi to be used as quarters for their short-term Project Personnel while in Cairo. The lease on the guesthouse was effective on September 1, 1977. Project funds were used to lease, renovate, furnish and maintain this guesthouse.

a - Payment of full per diem with no reduction

In October 1977, CID short-term Project Personnel began occupying the guesthouse while in Egypt. These short-term Project Personnel were paid the full per diem rate even though they were occupying Project (USAID) provided lodging. The contractor does not have books or records to show whether the short-term personnel paid any amounts for living in the guesthouse, but we were told that the short-term personnel did not pay when staying in the guesthouse. On the other hand, we were told that the short-term personnel paid a small amount for living in the guesthouse. However, we could find no entries in the Project books and records to show that any sums were deposited into the Project account for receipt from the guesthouse operations.

Regardless, the per diem payments to the short-term personnel should have been reduced by 50 percent a day for each night they stayed in the guesthouse. We found that full per diem payments were made to short-term personnel staying in the guesthouse during the period from October 1, 1977 through April 30, 1978. These payments totaled LE 9,432.

However, since the employees were staying in Project-provided quarters, 50 percent of that amount (50% x LE 9,432 = LE 4,716) should not have been paid to the employees. That amount should have remained in the Project account.

b - Payment of full per diem with 50 percent refund to contractor

The contractor changed the operating procedures on the guesthouse on May 1, 1978. From that date through December 31, 1978, Project funds were not used to pay for the lease on the guesthouse so the contractor assumed the guesthouse was no longer Project-provided quarters and not subject to the 50 percent per diem restrictions. We were also told by the U.S. Project Director that the short-term personnel were paid full per diem during this period. In turn, they paid him 50 percent of the per diem they received as payment for staying in the guesthouse. He then used those funds to pay for the lease on the guesthouse and other expenses. However, he had no books or records to support any of these transactions.

During the period from May 1, 1978 through December 31, 1978, Project funds amounting to LE 8,828 were disbursed to short-term personnel for payments of full per diem. Of this amount, 50 percent should not have been paid (LE 4,414). That amount should have remained in the Project accounts because Project funds were used to lease, renovate, furnish and maintain the guesthouse.. Accordingly, the contractor cannot properly use the guesthouse as a non-project incoming earning resource without refunding the Project for its investment in the property. The Project investment was not refunded. Therefore, CID must return the LE 4,414 that is unaccounted for or show proof that the funds were used for proper, approved and authorized Project purposes.

c - Payment of 50 percent of per diem

As of January 1, 1979, the contractor again changed procedures for operating the Maadi guesthouse. Beginning with that date, per diem rates have been reduced by 50 percent (for each night of lodging) prior to paying short-term personnel living in the facilities.

Per diem over-payments discussed in preceding paragraphs (7) a, b and c total LE 9,130. The regulations are clear on the required per diem rate reduction for Government provided lodging and recovery is in order.

Recommendation No. 10

USAID/Egypt collect LE 9,130 from CID for improper payment of per diem.

(8) Temporary Housing Allowance

A member of the contractor's staff received payments totaling LE 1,080 for Temporary Housing Allowance contrary to contract regulations.

A CID permanent staff member and his family arrived in Egypt in October 1978. The employee was paid a Temporary Housing Allowance for the first 90 days he was at Post. However, during this period of time, he was assigned to a furnished apartment that had been leased with Project funds.

The contract in Section 8 (c) of the Additional General Provisions provides that the contractor will be reimbursed for payment made to employees and authorized dependents for Temporary Lodging Allowance up to the amount authorized in the Standardized Regulations.

The Standardized Regulation in Chapter 120 Section 121 states "Temporary Lodging Allowance means a quarter allowance granted to an employee for the reasonable cost of temporary quarters incurred by the employee for a period not in excess of (1) three months..." Further, in Section 122, the Standardized Regulation states "The maximum rates for Temporary Lodging Allowance cover average costs of adequate... accommodation in a hotel, pension or other transient-type quarters at the post..."

The Standardized Regulations clearly show that: (a) to be reimbursed an individual must incur the temporary lodging expenses, and (b) the expenses are allowable only when incurred in a hotel or "other transient-type quarters."

The contractor's employee in question did not incur the expenses. He was in Project-provided quarters. He was not in a hotel or "other transient-type quarters." The employee and his family stayed in a furnished apartment entirely paid for with Project funds. Accordingly the payment of the Temporary Lodging Allowance was an expense not authorized by the contract and the contractor must refund the amount of the improper payments.

Recommendation No. 11

USAID/Egypt collect LE 1,080 from CID for unauthorized payments of temporary lodging expenses.

During March 1980, three CID Project staff members arrived in Egypt. These employees and their families are staying in the Maadi Guest House. The Guest House is furnished and has all necessary housekeeping fixtures including kitchen facilities. Yet, the contractor is paying each person LE 4.200 per day for what they call temporary housing allowance.

The LE 4.200 rate is equivalent to U.S. $6. A $6 rate per day is authorized in the Standardized Regulations Chapter 230 as a supplemental post allowance. That allowance may be authorized only when the employee is in temporary non-housekeeping quarters with no kitchen facilities because no other suitable temporary quarters having kitchen facilities are available. The allowance is to partially offset the extraordinary expenses required because the employee must obtain meals in hotels or restaurants. Since the employees

in question are in suitable temporary quarters with kitchen facilites, the $6 (LE 4.200) rate per day, for supplemental post allowance, is not allowable. Accordingly, these payments should be terminated and funds disbursed for that purpose should be refunded.

Recommendation No. 12

USAID/Egypt (a) ensure that CID terminate the practice of paying unallowable amounts for supplemental post allowance, and (b) determine and require CID to refund payments made incorrectly for supplemental post allowance to employees staying in the Maadi Guest House.

(9) Entertainment

CID disbursed LE 729 to finance a dinner party. Expense for that type of social activities is not allowable under terms of the contract.

Allowable cost and payment under this contract must be in accordance with Sub-part 1-15.3 of the Federal Procurement Regulations. Section 1-15.309-12 of the Federal Procurement Regulations states that "Costs incurred for amusement, social activities, entertainment, and any items relating thereto, such as meals, lodging, rentals, transportation, and gratuities are unallowable." Recovery of the Project funds used to finance the dinner party is mandatory.

Recommendation No. 13

USAID/Egypt collect LE 729 from CID for the funds used to finance a dinner party.

(10) Home-to-Office Transportation

Certain employees of the Institute were provided home-to-office and office-to-home (home/office) transportation by Project Vehicles. Those employees were charged a nominal fee for that service. The fee for the home/office transportation was improperly paid to the Institute and credited to the accounts of the GOE.

Project vehicles are used to provide certain Egyptian Project employees home/office transportation. Those employees pay a nominal fee of LE 1.500 per month for the transportation service. The fees received for this service are deposited into the accounts of the Project and used for Project purposes. The provision of home/office transportation for employees at a nominal charge is a common practice in some GOE organizations. However, we do not believe it is proper for the Institute to use Project vehicles to provide the home/office transportation services for the Institute's employees or to credit the fees for that service to the accounts of the Institute.

As previously discussed, the provisions of the contract are specific in stating that Project equipment may "be used only for the performance of this contract."

Corrective actions are needed to ensure that the Institute's practice of using Project vehicles to provide GOE employees home/office transportation is discontinued and to recover all improper payments from Project funds. Proper stewardship of Project assests and funds must be initiated by requiring compliance with contract terms. This subject is addressed by recommendation on page 19 of this report.

Recommendation No. 14

USAID/Egypt (a) ensure that the Institute's practice of using Project vehicles to provide home/office transportation for the Institute's employees is terminated; (b) determine the amount of funds the Institute has collected from employees for using Project vehicles for home/office transportation; and (c) require CID to collect that amount from the GOE for use in the Project.

(11) Vehicle Maintenance

The Institute uses Project funds to finance the payment of tips related to maintenance service on Institute vehicles.

Employees of the Institute normally pay LE 0.650 (equivalent to about US $1) as a tip to the mechanic in private service stations who provides the maintenance services on the Institute vehicles. This amount is then claimed for reimbursement from the Project. The Project has been paying these claims.

Using Project funds to finance tip expenses related to the Institute has become a common practice in the Project. In fact, the practice is so common that at times the Project funds are also used to finance the tip and related maintenance costs.

We asked the Project Administrative Assistant why he used AID-provided funds to pay for the Institute's "tip" expenses. He told us that the Project Director approved the payments and he just dispersed the funds. It was also indicated to us that approval to use GOE funds to pay these type of expenses is difficult to obtain, but they can be easily paid from Project funds provided by AID.

Expenses financed from Project funds for servicesof Institute vehicles and related tips amount to only about LE 5 per month. Nevertheless, these expenses are not for the Project and should not be paid for with AID funds.

Recommendation No. 15

USAID/Egypt (a) determine the amount of AID funds used to pay for tips and related Institute maintenance expenses on Institute vehicles, and (b) recover the amount from CID.

(12) Questionable Travel to U.S.

Project funds totaling $1,182 were used to finance a reward for a GOE employee. The reward was an all expenses paid trip to the United States for two weeks.

An Egyptian Government employee who worked on the Project was a candidate to be a Project-financed participant. However, he could not make a high enough score on the English Language test to be accepted as a participant. In fact, his score was so low the American University in Cairo would not even allow him to enroll and study english in their beginners english language class. This unsuccessful participant candidate continued to work as a technician and helped gather soil samples for one of the PhD's working on the Project.

Shortly after the unsuccessful participant candidate failed his English language test, the U.S. and Egyptian Project Directors requested USAID/Egypt to authorize him a trip to the U.S. The trip was requested so he could attend a three-day professional conference where PhDs were submitting papers written in English on the results of their research. The request to USAID/Egypt stated that "It would aid the Project if he attended the conference by rewarding his hard work and by continuing his education." USAID/Egypt authorized the use of Project funds to finance the trip.

We do not believe that a trip to the U.S. as a "reward" for an employee for doing the job the employee is paid to do is a proper use of USAID funds. Moreover, we do not believe that an employee who does not speak or understand English can continue "his education" in a professional conference where PhDs are presenting highly technical research papers in English.

The trip to the U.S. by the GOE employee in question did not further the purpose of the contract and is not allowable under terms of the contract.

USAID/Egypt Comments

"The Mission does not consider the trip to be a 'reward'. We consider the travel to be in furtherance of project objectives. The candidate does speak and understand English and did fully participate in his program."

The Mission response does not state the nature of this employee's "program" which he "fully participated in". It seems, however, that his "program" was intended to be a participant training course. But, after he failed minimal standards to qualify for even taking English language training needed to enter participant training, it was then decided to propose he attend this 3-day conference of PhDs on the basis that "It would aid the Project if he attends the conference by rewarding his hard work and by continuing his education". (Underscoring supplied.) This basis for his travel was proposed to USAID by the CID Acting Technical Project Director. But, the USAID Acting Project Director, in his letter of concurrence, stated that this employee would "...attend and present papers at the National Agronomy Meeting..." There is no evidence that this employee presented any technical papers at the National Agronomy Meeting.

The Mission response does bring into question, however, the effectiveness of Project planning and Project managent; e.g., it would seem that effective Project management would have planned for this employee's participation in something as significant as the National Agronomy Meeting well in advance; especially since he was to present technical papers to that National meeting. But, the exact opposite appears to be the case. There were no apparent plans to send this employee to this national meeting "in furtherance of Project objectives" and to "fully participate in his program." Rather, the facts show that it was planned for him to attend English language training before going to the U.S. under a participant training program.

USAID/Egypt retains and exercises prior approval on all participant and other international travel. Accordingly, recovery from the contractor is not an appropriate recommendation.

Recommendation No. 16

USAID/Egypt established procedures to ensure that all Project travel approved (a) is clearly justified as necessary for furtherance of project purposes and (b) is allowable under terms of the AID-funded control.

General

Considering the nature and extent of non-Project uses of Project funds and resources, as discussed in the preceding twelve report subsections, the following recommendation seems warranted. The contractor has shown a rather cavalier attitude toward compliance with contract terms. Proper stewardship of Project funds, assets and other resources must be initiated.

Recommendation No. 17

USAID/Egypt take positive and effective measures to assure that CID Project Managers (a) comply with all terms, provisions, and proscriptions in their contract and (b) exercise diligent stewardship over Project assets, funds and other resources.

(13) In-country Per Diem

Project funds have been used to pay in-country per diem for GOE employees in contravention of terms of the Grant Agreement.

The Grant Agreement in Section 2.01 as amended specifies that Project funds may be used to finance travel cost for U.S. contractor personnel and Egyptian employees of the contractor. Furthermore, the budget set forth in Annex 1 of the Grant Agreement, as amended, shows that the GOE must provide the funding for in-country per diem for GOE employees who work on the Project.

Notwithstanding the specific limitation in the Grant Agreement on the use of Project funds to pay in-country per diem, that expense has consistently been funded from Project funds.

We examined supporting documentation on in-country per diem payments for the month of November 1978. For that month we found LE 2,975 of improper in-country per diem payments that had been made to GOE employees. We discussed this procedure with project staff and found that the Project funds are used to pay all in-country per diem amounts to GOE employees who work on the Project. We estimate that the total amount of improper in-country per diem payments to GOE employees is LE 70,000.

The improper practice of paying in-country per diem for GOE employees must be terminated and past improper payments be recovered.

Recommendation No. 18

USAID/Egypt (a) require CID to terminate the practice of paying GOE employees in-country per diem; and (b) determine and collect from CID the total amount of in-country per diem paid to GOE employees.

(14) GOE Project Support

The GOE has provided sufficient office space, personnel and other in-kind support for the Project. However, the GOE Egyptian pound support for the Project has been less than that required by the Grant Agreement.

The Grant Agreement, as amended, required the GOE to provide LE 820,000 in support of the Project in cash or in kind. A minimum of LE 195,000 must be in cash to pay such items as travel expenses. The GOE, through the MOI, has been generous in providing in-kind support of personnel, offices, etc. for the Project. However, the GOE budget for cash has been very limited. The total cash support for Project expenses amounts to LE 39,850.

If the MOI had sufficient funds designated for the Project, we believe that many of the foregoing incorrect uses of Project funds would have been avoided.

If the Institute continues to have budget problems, the Project, if continued, will probably have recurrences of the types of problems discussed in preceding sections of this report. Accordingly, now may be the time for USAID/Egypt to request that the GOE fulfill the Grant Agreement budget requirements or limit Project activities.

Recommendation No. 19

USAID/Egypt (a) notify the GOE of the adverse effect on Project accomplishments due to their limited budget support and, (b) either (i) obtain assurances that the GOE will fulfill the budget requirements of the Grant Agreement or (ii) limit the Project activities to conform with the budget support level provided by the GOE.

(15) Unallowable Freight Payments

During our audit at CID of direct costs, we found that project funds were used to finance unallowable freight payments.

CID personnel arranged for the procurement and shipment of personal items for members of their staff stationed in Egypt. The items were paid for by staff members. But, the personal items were sent by air and sea freight in project equipment boxes as well as in separate crated boxes. The Project funds were used to pay for all of the freight cost. The freight cost for shipment of the personal items was financed with project funds budgeted and approved for project equipment. These freight expenditures were over and above the costs allowed by contract and AID regulations relative to the transportation of personal effects and household goods for the staff. Therefore, the portion of the freight cost associated with these personal items is unallowable.

Recommendation No. 20

AID/SER/CM (a) instruct the contractor to terminate the practice of using project funds to finance shipment of unauthorized personal items and (b) require the contractor to determine and refund the amount of funds used to finance unauthorized shipments of personal items.

USAID/Egypt Comments

Concerning Section D of this Audit Report the Mission made the following comments on: Recommendations No. 4, 7, 8 and 14;

"There is a clear area of confusion between Project and Institute activity. While the Mission believes there are significant areas of overlap, we appreciate the concern for accountability outlined in the draft Audit Report. The Assistant Director for Agriculture will be asked to revise relevant program documents to reflect more accurately project scope. Our Financial Analysis Arrival Accounting End Use Monitoring Division will examine project requirements for vehicles, assignment and use of AID funded vehicles and vehicle accountability systems. Based on these recommendations, we will seek to clarify vehicle assignment, use and accountability. Vehicles not required for the project will be reallocated (i.e., possibly through grant-in-aid). We hope to be able to report further on these two actions within one month."

Recommendations No. 5, 6, 9 and 13;

"The Contractor has been informed that these practices are not in accordance with the terms of USAID/GOE Grant Agreement and USAID/CID Contract. The Mission Controller will

seek reimbursements from the contractor."

Recommendations No. 10 and 12;

"The questions raised concerning per diem and guest house charges are under discussion between our Controller and the Contractor. We will advise within one month"

Recommendation No. 15;

"The Mission was not aware that maintenance expenses had been paid on Institute vehicles. We believe this issue will be resolved through the vehicle assessment discussed above. The Contractor has been notified to discontinue the payment of tips from project funds. Because the amount is so negligeable (LE 5 per month) we do not see the need for a refund and believe it would be detrimental to the development relationship. We believe earlier references to depreciation charges should be similarly put aside if substantive action is taken on the Recommendations."

Recommendations No. 17 and 18

"The question of incentive payments for GOE employees is under internal discussion within the Mission at the present time. This Recommendation will be considered in that context. It is also our understanding that the Government has a good record at meeting its obligations although timing has been a problem. We will advise the outcome of our deliberations on incentives but also will take up the issue of the timeliness of budgeting transfers with officials of the MOI."

TDYs to Cairo by CID

| | Name | Arrival Date in Cairo | Departure Date from Cairo | Duration of Stay in Egypt by day |
|---|---|---|---|---|
| 1 | E.V. Richardson | Oct. 9, 77 | Nov. 17, 77 | 38.75 |
| 2 | Wayne Clyma | Nov. 26, 77 | Nov. 28, 77 | 1.50 |
| 3 | Wayne Clyma | Dec. 8, 77 | Dec. 16, 77 | 7.75 |
| 4 | M.K. Lowdermilk | Dec. 29, 77 | Jan. 27, 78 | 28.75 |
| 5 | D.K. Sunada | Dec. 29, 77 | Jan. 27, 78 | 28.75 |
| 6 | W.R. Schmehl | Dec. 30, 77 | Feb. 16, 78 | 50.50 |
| 7 | Parvis N. Soltenpours | Dec. 30, 77 | Jan. 26, 78 | 27.50 |
| 8 | James F. Ruff | Jan. 17, 78 | Mar. 15, 78 | 56.75 |
| 9 | E.V. Richardson | Apr. 8, 78 | May 6, 78 | 28.00 |
| 10 | Jack Moseley | June 20, 78 | Aug. 15, 78 | 56.00 |
| 11 | K.C. Nobe | June 26, 78 | July 3, 78 | 7.00 |
| 12 | Melrin D. Skold | July 21, 78 | Aug. 19, 78 | 29.00 |
| 13 | Frank A. Santapolo | July 29, 78 | Aug. 17, 78 | 19.00 |
| 14 | Vemett Scott | Aug. 7, 78 | Sept 1, 78 | 24.75 |
| 15 | W.R. Schmehl | Aug. 8, 78 | Sept 1, 78 | 23.75 |
| 16 | E.V. Richardson | Sept 9, 78 | Oct. 5, 78 | 22.50 |
| 17 | Jaylord V. Skogerbee | Sept 16, 78 | Sept 23, 78 | 6.75 |
| 18 | Richard McConnen | Nov. 11, 78 | Dec. 10, 78 | 29.75 |
| 19 | E.V. Richardson | Nov. 28, 78 | Dec. 15, 78 | 17.75 |
| 20 | P. Soltanpours | Dec. 12, 78 | Jan. 9, 79 | 28.00 |
| 21 | Robert Heil | Dec. 30, 78 | Jan. 18, 79 | 18.75 |
| 22 | Melirn Skold | Dec. 31, 78 | Jan. 18, 79 | 17.75 |
| 23 | Thomas Sanders | Jan. 5, 79 | Jan. 21, 79 | 15.75 |
| 24 | Willard Schmehl | Jan. 14, 79 | Feb. 12, 79 | 28.75 |
| 25 | Wayne F. Keim | Feb. 6, 79 | Feb. 15, 79 | 8.75 |
| 26 | R. McConnen | Mar. 15, 79 | Apr. 13, 79 | 28.75 |
| 27 | James Ruff | Mar. 26, 79 | Apr. 24, 79 | 28.50 |
| 28 | Robert Laroque | Apr. 12, 79 | May 17, 79 | 34.50 |
| 29 | William Oscar Ree | Apr. 16, 79 | May 30, 79 | 43.50 |
| 30 | E.V. Richardson | May 13, 79 | May 20, 79 | 6.75 |
| 31 | Jim Charles Loftis | May 16, 79 | July 3, 79 | 47.75 |
| 32 | E.V. Richardson | June 22, 79 | July 29, 79 | 36.75 |
| 33 | Louis Zurcher | July 18, 79 | Aug. 9, 79 | 21.50 |
| 34 | Bernie Henrie | July 21, 79 | July 29, 79 | 7.75 |
| 35 | John R. Davis | July 21, 79 | July 29, 79 | 7.75 |
| 36 | Donald D. Johnson | July 21, 79 | July 29, 79 | 7.75 |
| 37 | Frank Santapolo | Aug. 6, 79 | Sept 6, 79 | 30.50 |
| 38 | Albert Marsh | Aug. 29, 79 | Oct. 3, 79 | 34.75 |
| 39 | William W. Sayre | Sept 4, 79 | Dec. 16, 79 | 102.75 |
| 40 | Lerry D. Luft | Sept 19, 79 | Oct. 21, 79 | 31.75 |
| 41 | William O. Ree | Oct. 1, 79 | Oct. 31, 79 | 29.50 |
| 42 | Karen Stutler | Oct. 4, 79 | Nov. 10, 79 | 36.50 |
| 43 | M.D. Skold | Oct. 15, 79 | Nov. 13, 79 | 28.50 |
| 44 | David Redgrave | Oct. 15, 79 | Nov. 15, 79 | 30.50 |
| 45 | August Robinson | Oct. 17, 79 | Nov. 13, 79 | 26.75 |
| 46 | Thomas Ley | Oct. 22, 79 | Nov. 18, 79 | 26.75 |

| | Name | Arrival Date in Cairo | Departure Date from Cairo | Duration of Stay in Egypt by day |
|---|---|---|---|---|
| 47 | Richard McConnen | Oct. 31, 79 | Dec. 11, 79 | 40.75 |
| 48 | P. Soltanpours | Nov. 5, 79 | Dec. 13, 79 | 37.75 |
| 49 | George Radosovitch | Nov. 7, 79 | Nov. 12, 79 | 4.50 |
| 50 | Vern Scott | Nov. 17, 79 | Dec. 14, 79 | 6.25 |
| 51 | Ronald Miner | Nov. 20, 79 | Nov. 25, 79 | 5.50 |
| 52 | E.V. Richardson | Nov. 29, 79 | Dec. 19, 79 | 19.50 |
| 53 | Douglas A. Benton | Dec. 1, 79 | Dec. 13, 79 | 12.00 |
| 54 | Jacop E. Hautaluoma | Dec. 1, 79 | Dec. 13, 79 | 12.00 |
| 55 | Richard Cuenca | Dec. 15, 79 | Jan. 11, 80 | 26.75 |
| 56 | J. Loftis | Dec. 29, 79 | Jan. 24, 80 | 26.00 |
| 57 | D. Sunada | Dec. 29, 79 | Jan. 24, 80 | 26.00 |
| 58 | M. Lowdermilk | Dec. 29, 79 | Jan. 24, 80 | 26.00 |
| 59 | J. Layton | Dec. 29, 79 | Jan. 24, 80 | 26.00 |
| 60 | E.V. Richardson | Jan. 15, 79 | Feb. 4, 80 | 19.75 |
| 61 | D. Redgrave | Jan. 21, 80 | Feb. 10, 80 | 19.75 |

E.W.U.P.

EXHIBIT B
Page 1 of 2

Participant Training

| | Name | Started | Ended |
|---|---|---|---|
| 1 | Farouk A. Shahin | August 77 | December 77 |
| 2 | Mohamed Z. Abo Al Fotouh Farag | " | " |
| 3 | Mahmoud I. Seif | " | " |
| 4 | Nadia A. Wahbi | " | " |
| 5 | Mona M. El-Kady | " | " |
| 6 | Mohamed R. Zanati | " | " |
| 7 | Anwar M. Keleg | " | " |
| 8 | Mohamed S. Sallam | " | " |
| 9 | Kamel Abdel Fattah Helmy | June 78 | August 78 |
| 10 | Abdel Ally Allam | " | " |
| 11 | Wadie Faheem Mankarous | " | " |
| 12 | Moheb Ramzy Semiaka | " | " |
| 13 | Madgy Mahmoud Awad | " | " |
| 14 | Mohamed Naguib Yosef | " | " |
| 15 | Mohamed Lotfi Nasar | " | " |
| 16 | Ahmed Farouk Abdel Al | " | " |
| 17 | Mahrous Amin Ewara | " | " |
| 18 | Samir A. Aziz El-Arif | " | " |
| 19 | Ahmed Hussein | " | " |
| 20 | Mokhtar A. Halim Sayed | August 78 | " |
| 21 | Beshara Ishak Yosif | " | " |
| 22 | Samah Sayed Yassin | " | " |
| 23 | Ali Fahmy El Rahm an Zaiton | " | " |
| 24 | Ezzat Mohamed El-Far | " | " |
| 25 | Sayed Abdel Hafez | June 79 | August 79 |
| 26 | Elya Soria | " | " |
| 27 | Abdel Sattar El Rayes | " | " |
| 28 | Abdel Raouf El Salahi | " | " |
| 29 | Tarek Tawfik | " | " |
| 30 | Mohamed H. Abdel Salam | " | " |
| 31 | El Shinnawy Abdel Attie | " | " |
| 32 | Yosif Yosif | " | " |
| 33 | Abdel Fattah Metawie | " | " |
| 34 | Amany El Kayyal | " | " |
| 35 | Salah Aboul Ela | " | " |
| 36 | Abdel Fattah El Masry | " | " |
| 37 | Taha Hussein | " | " |
| 38 | Mohamed Helal El-Sherif | " | September 79 |
| 39 | Fouad Mousa Ramadan | " | August 79 |
| 40 | Fatma Attia | " | " |
| 41 | Ragie Darwish | " | " |
| 42 | Samia El Guindy | August 79 | " |
| 43 | Aly Ezzat Mokhtar | " | " |
| 44 | Aly El Deep | " | " |
| 45 | Jean Kamel | " | " |
| 46 | Abdel Rahman Shalaby | " | " |

| | Name | Started | Ended | |
|---|---|---|---|---|
| 47 | Ahmed Shawky | August, 79 | August 79 | |
| 48 | Elwy A. Meky | | | |
| 49 | Gamal Ayad | January 21, 79 | February 7, 79 | Training in Rome |
| 50 | Shinnawi Abdel Atty | January 21, 79 | February 7, 79 | " |
| 51 | Mona El Kady | January 14, 79 | March 2, 79 | |
| 52 | Mohamed Zaki Abu El Fotouh | June 12, 79 | August, 79 | |
| 53 | Mohamed Zanati | August 2, 79 | August 23, 79 | |
| 54 | Anwar Keleg | August 2, 79 | August 16, 79 | |
| 55 | Mohamed Meleha | August 22, 79 | August 16, 79 | |
| 56 | Moustafa A. Taher | August 6, 79 | August 14, 79 | |
| 57 | Samia El Guindy | August 4, 79 | August 10, 79 | |
| 58 | Abdel Wahid | October 1, 79 | November 20, 79 | |
| 59 | Farouk Abdel Al | January, 80 | | |
| 60 | Abdel Fatah | January, 80 | | |
| 61 | Tarik Tawfik | January, 80 | | |
| 62 | Mohamed Naguib | January, 80 | | |

## LIST OF REPORT RECOMMENDATIONS




| | Page No. |
|---|---|
| Recommendation No.1<br>USAID/Egypt redesign the Water Use and Management Project so that the Project purpose can be accomplished. | 6 |
| Recommendation No.2<br>AID/SER/CM review the worldwide contract obligations of CID and determine whether CID can fulfill the levels, expertise and needs required in all of their AID-financed contracts. | 7 |
| Recommendation No.3<br>AID/SER/CM enter into no new contracts nor extend any existing contracts with CID until SER/CM determines that CID can completely fulfill the staffing requirements for all of their AID-financed contracts. | 7 |
| Recommendation No.4<br>USAID/Egypt (a) ensure that the Project-financed Impala is immediately returned to the contractor for use only in performance of the contract; (b) collect from CID LE. 43.150 paid for improper expenses and the value of the radio installed in the Impala; and, (c) determine and collect from CID the amount of Project funds used to pay for operating expenses on the Impala while improperly in the possession of the ex-Project Director. | 10 |
| Recommendation No.5<br>USAID/Egypt collect LE. 6,300 from CID for the payment of unauthorized insurance expenses. | 10 |
| Recommendation No.6<br>USAID/Egypt collect from CID LE. 5,437 used to fund unauthorized expenditures for GOE incentive payments. | 11 |
| Recommendation No.7<br>USAID/Egypt ensure that the six Project vehicles currently assigned to the Institute are immediately returned to the Project and are used solely for Project purposes. | 12 |
| Recommendation No.8<br>USAID/Egypt collect LE. 1,090 from CID for improper use of Project funds to pay for non-Project related vehicle repairs. | 12 |
| Recommendation No.9<br>USAID/Egypt collect LE. 113.920 from CID for unallowable expense payments. | 13 |

Page No.

Recommendation No.10
USAID/Egypt collect LE. 9,130 from CID for improper payment of per diem. 14

Recommendation No.11
USAID/Egypt collect LE. 1,080 from CID for unauthorized payments of temporary lodging expenses. 15

Recommendation No.12
USAID/Egypt (a) ensure that CID terminate the practice of paying unallowable amounts for supplemental post allowance, and (b) determine and require CID to refund payments made incorrectly for supplemental post allowance to employees staying in the Maadi Guest House. 16

Recommendation No.13
USAID/Egypt collect LE. 729 from CID for the funds used to finance a dinner party. 16

Recommendation No.14
USAID/Egypt (a) ensure that the Institute's practice of using Project vehicles to provide home/office transportation for the Institute's employees is terminated; (b) determine the amount of funds the Institute has collected from employees for using Project vehicles for home/office transportation; and, (c) require CID to collect that amount from the GOE for use in the Project. 17

Recommendation No.15
USAID/Egypt (a) determine the amount of AID funds used to pay for tips and related Institute maintenance expenses on Institute vehicles, and (b) recover the amount from CID. 17

Recommendation No.16
USAID/Egypt established procedures to ensure that all Project travel approved (a) is clearly justified as necessary for furtherance of Project purposes and (b) is allowable under terms of the AID-funded control. 19

Recommendation No.17
USAID/Egypt take positive and effective measures to assure that CID Project Managers (a) comply with all terms, provisions, and proscriptions in their contract; and (b) exercise diligent stewardship over Project assets, funds and other resources. 19

Recommendation No.18
USAID/Egypt (a) require CID to terminate the practice of paying GOE employees in-country per diem; and (b) determine and collect from CID the total amount of in-country per diem paid to GOE employees. 20

Page No.

Recommendation No.19

USAID/Egypt (a) notify the GOE of the adverse effect on Project accomplishments due to their limited budget support and, (b) either (i) obtain assurances that the GOE will fulfill the budget requirements of the Grant Agreement or (ii) limit the Project activities to conform with the budget support level provided by the GOE. 20

Recommendation No.20

AID/SER/CM (a) instruct the contractor to terminate the practice of using Project funds to finance shipment of unauthorized personal items and (b) require the contractor to determine and refund the amount of funds used to finance unauthorized shipments of personal items. 21

APPENDIX II

## LIST OF REPORT RECIPIENTS

USAID/Egypt

| | |
|---|---|
| Director | 5 |
| Inspections and Investigations Staff (AG/IIS/Cairo) | 1 |

AID/Washington

| | |
|---|---|
| Deputy Administrator | 1 |
| Assistant Administrator/Near East | 5 |
| Office of Middle East Affairs (NE/ME) (Egypt Desk) | 1 |
| Bureau for Near East (Audit Liaison Officer) | 1 |
| Bureau for Near East (Office of Project Development) | 1 |
| Office of Legislative Affairs (LEG) | 1 |
| Office of the General Counsel (GC) | 1 |
| Office of the Financial Management (FM) | 1 |
| Bureau for Development Support (DS/DIU) | 4 |
| AA/DS/AGR | 1 |
| AA/SER/SA | 5 |
| Bureau for Program and Policy Coordination (PPC/E) | 1 |
| Auditor General | 1 |
| Auditor General (AG/PPP) | 1 |
| Auditor General (AG/EMS/C&R) | 12 |
| Auditor General (AG/IIS) | 1 |
| AAG/Washington | 1 |
| AAG/East Africa | 1 |
| AAG/East Asia | 1 |
| AAG/Near East | 1 |
| AAG/Near East, New Delhi Sub. Office | 1 |
| AAG/Latin America | 1 |
| AAG/Latin America, Lap Paz Sub. Office | 1 |

AID/W (C20-25 (10-70)

DITH PO-AAO-507-A1 4920236 (5) RS/PS

REPORT U-446

# PROJECT APPRAISAL REPORT (PAR)

PAGE 1

| 1. PROJECT NO. | 2. PAR FOR PERIOD | 3. COUNTRY | 4. PAR SERIAL NO. |
|---|---|---|---|
| ~~492-11-995-236~~ .02 | 1 Jul 1968 TO 1 Oct 1971 | PHILIPPINES | 72-6 |

5. PROJECT TITLE

PROVINCIAL DEVELOPMENT

A.I.D. Reference Center Room 1656 NS

| 6. PROJECT DURATION: Began FY 69 Ends FY 75 | 7. DATE LATEST PROP 9/1/70 | 8. DATE LATEST PIP 1/21/71 | 9. DATE PRIOR PAR No previous PAR. |
|---|---|---|---|

| 10. U.S. FUNDING | a. Cumulative Obligation Thru Prior FY: $ 2,750,000** | b. Current FY Estimated Budget: $ 635,000 | c. Estimated Budget to completion After Current FY: $ 6,200,000 |
|---|---|---|---|

11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

| a. NAME | b. CONTRACT, PASA OR VOL. AG. NO. |
|---|---|
| Five direct hire USAID Technicians (Baldwin, Datta, Knutson, Umhoefer) | |

f. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

| A. ACTION BY USAID | AID/W | HOST | B. LIST OF ACTIONS | C. PROPOSED ACTION COMPLETION DATE |
|---|---|---|---|---|
| x | x | | Training Specialist on TDY to work with Local Government Center. | FY 73 |
| x | | | Real Property Appraiser on TDY to work in Assessment Program. | FY 72 |
| x | | x | More pre-project training for selected local governments. | FY 73 |
| | | | Greater effort will be made to use respective skills of technicians (i.e., tax administration, public administration, program planning, management systems) in more than one province. | Continuous |
| | | x | Provinces will be required to agree to specific phases of accomplishment based on locally prepareddevelopment plans. Continued USAID support in a province will depend upon what a province is willing to accomplish. | Continuous |

* Project to be modified and will move toward a more action-oriented program in support of overall mission rural development activities. This will require a new PROP.

** Includes $1,500,000 for school reconstruction.

D. REVIEW ANNUAL FIGURES: REVIEW CURRENT [x] PROP [x] PIP [ ] PAR AS [ ] PIO/T [ ] PIO/C [ ] PIO/P

E. DATE OF MISSION REVIEW March 8, 1972

| PROJECT MANAGER (TYPED NAME, SIGN, INITIALS AND DATE) | MISSION DIRECTOR (TYPED NAME, SIGN, INITIALS AND DATE) |
|---|---|
| Thomas L. Rose, Asst. Dir. for Provincial Development 3/8/72 | Thomas C. Niblock, Director |
| Controller | Deputy Program Officer/Evaluation |

| AID 1020-25 (10-70) PAGE 2 PAR | PROJECT NO. 492-11-995-236 | PAR FOR PERIOD 1 July 68 to TO 1 October 71 | COUNTRY PHILIPPINES | PAR SERIAL NO. 72-6 |
|---|---|---|---|---|

II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

| A. INPUT OR ACTION AGENT | B. PERFORMANCE AGAINST PLAN | | | | | | | C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY | UNSATISFACTORY | | SATISFACTORY | | | OUTSTANDING | | LOW | | MEDIUM | | HIGH |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 |
| 1. | | | | | | | | | | | | |
| 2. | | | | | | | | | | | | |
| 3. | | | | | | | | | | | | |

Comment on key factors determining rating

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 4. PARTICIPANT TRAINING | | | | | X | | | | | | | X |

Comment on key factors determining rating

In debriefing of three returned participants, they felt training was so relevant that arrangements are being made to send seven more (Provincial Development Coordinators) to the United States for similar training and Local Government seminars.

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 5. COMMODITIES | | | | | X | | | | | | | X |

Comment on key factors determing rating

Without commodity support for the projects, the Provincial Development Staff, the tax mapping projects and the motor pools could not have become operational. Funding adequate for project needs.

| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 6. COOPERATING COUNTRY | a. PERSONNEL National | a) PDAP1/ b) LGC2/ & UP3/ | | X | | | X | | | | | X | X | |
| | b. OTHER Provincial | c) | | | | X | | | | | | | | X |

Comment on key factors determining rating

a) The PDAP staff and leadership have been disappointing. This is the major reason for the shift in emphasis from developing the National Government technical capability (PDAP) to one of working with the training institution (UP Photogrammetry Center and LGC) and building the staff on a province by province basis.

b) UP Photogrammetry Center and LGC provide important inputs into the program and their role will greatly expand during the next FY.

c) The organization of the Provincial Development Staff is crucial in achieving the planning objectives of the project.

| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 7. OTHER DONORS | N/A | | | | | | | | | | | | |

(See Next Page for Comments on Other Donors)

1/ Provincial Development Assistance Project
2/ Local Government Center 3/ University of the Philippines

| AID 1010-1 (25110-70) | PROJECT NO. | PAR FOR PERIOD: | COUNTRY | PAR SERIAL NO. |
|---|---|---|---|---|
| PAGE 3 PAR | 492-11-995-236 | 1 Jul 68 - 1 Oct 71 | PHILIPPINES | 72-6 |

II. 7. Continued: Comment on key factors determining rating of Other Donors

N/A

## III. KEY OUTPUT INDICATORS AND TARGETS

| A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS | | TARGETS (Percentage/Rate/Amount) | | | | | |
|---|---|---|---|---|---|---|---|
| | | CUMULATIVE PRIOR FY | CURRENT FY 72 TO DATE | CURRENT FY 72 TO END | FY 73 | FY 74 | END OF PROJECT 75 |
| 1) Adoption by the provincial government of official staffing patterns for the development staff and the motor pool. | PLANNED | 9 | 6 | to | be | revised | |
| | ACTUAL PERFORMANCE | 8 | 2 | " | " | " | |
| | REPLANNED | | | " | " | " | |
| 2) Formal release of funds by the province to support the development program. | PLANNED | 9 | 6 | " | " | " | |
| | ACTUAL PERFORMANCE | 9 | 6 | " | " | " | |
| | REPLANNED | | | " | " | " | |
| 3) Increased efficiency for real property tax collection by the Province. | PLANNED | 5 | 4 | " | " | " | |
| | ACTUAL PERFORMANCE | 3 | 2 | " | " | " | |
| | REPLANNED | | | " | " | " | |
| 4) Release of appropriation by province for 608 counterpart, construction of facilities and hiring of personnel. | PLANNED | 9 | 6 | " | " | " | |
| | ACTUAL PERFORMANCE | 9 | 6 | " | " | " | |
| | REPLANNED | | | " | " | " | |

| B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS | COMMENT |
|---|---|
| 1. Quality of Development Staff work gradually improving. | Even with the past rather unimpressive quality of the in-country training programs the staffs are gradually gaining a better understanding of their tasks. |
| 2. Quality of training programs should improve with the more active involvement of LGC and UP Photogrammetry Center. | COMMENT: Greater emphasis will be directed toward strengthening the training capability of LGC and UP Photogrammetry Center with minimum attention being paid to strengthening PDAP technical capability for work at the provincial level. |
| 3. Greater awareness and involvement of provincial governors in the identification of development priorities that are intended to reach the little man. | COMMENT: There is a growing awareness that good government (i.e., development) is good politics. During recent country-wide election all Governors in USAID/PDAP provinces were re-elected. |

| AID 1020-25 (10-70) | PROJECT NO. | PAR FOR PERIOD: | COUNTRY | PAR SERIAL NO. |
|---|---|---|---|---|
| PAGE 4 PAR | 492-11-995-236 | 1 Jul 68-1 Oct 71 | PHILIPPINES | 72-6 |

## IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged. 2. Same as in PROP? ☐ YES ☐ NO

To develop the institutional capability of selected local governments to effectively plan, finance and implement socio-economic development programs that will significantly contribute to the improvement of the living standard and real income of the local people.

| B. 1. Conditions which will exist when above purpose is achieved. | 2. Evidence to date of progress toward these conditions. |
|---|---|
| Six provinces will be carrying out comprehensive multi-year development planning including the preparation of multi-year framework plans, capital improvement program, one year action program and program implementation | 4 of 6 provinces have multi-year development plan.<br>2 of 6 provinces have prepared CIP's.<br>6 of 6 provinces have prepared One Year Action Program. |
| Six provinces will have development staffs capable of planning and coordinating the respective provinces' development program. | 6 of 6 provinces are currently implementing One Year Action Program.<br>4 of 6 provinces have fully functioning development staffs. |

## V. PROGRAMMING GOAL

A. Statement of Programming Goal

To develop the institutional capability of selected local governments to effectively plan, finance and implement development programs which will lead to greater local participation in the development process.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.

A substantial contribution in achieving the programming goal is being made. There is a growing awareness at the provincial level that a more systematic approach to development organization, planning and financing will result in an increased rate of project implementation and better use of local resources.

This is supported by the results of the infrastructure program in South Cotabato; the pilot barrio project in Iloilo; the family planning program in Laguna and the school nutrition program in Misamis Oriental.

PRO AG
USAID/P
FY 1972

# PROJECT AGREEMENT
## BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID) AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND THE NATIONAL ECONOMIC COUNCIL (NEC) AN AGENCY OF THE GOVERNMENT OF THE PHILIPPINES

Under the terms of the Economic and Technical Cooperation Agreement signed April 27, 1951, and the Standard Provisions [X] Foreign Currency Standard Provisions [ ] annexes attached, it is agreed to carry out a project in accordance with the terms set forth herein.

1. PROJECT NO. 492-11-995-236
2. ORIGINAL [X]
3. REVISION NO. [ ]
4. PROJECT TITLE: Provincial Development
AGREEMENT NO.: 72-02
5. ANNEX A PROJECT DESCRIPTION AND EXPLANATION
6. APPROPRIATION: 72-1121004
7. ALLOTMENT: 254-50-492-00-69-21

| 8. AID FINANCING | PREVIOUS TOTAL (A) | INCREASE (B) | DECREASE (C) | TOTAL TO DATE (D) |
|---|---|---|---|---|
| a. PERSONNEL COSTS | | | | |
| PASA | | | | |
| Contract | | | | |
| b. PARTICIPANTS | | 66,650 | | 66,650 |
| c. COMMODITIES | | 38,000 | | 38,000 |
| d. OTHER COSTS | | | | |
| AID Direct | | | | |
| Contract | | | | |
| e. TOTAL (Dollars) | | 104,650 | | 104,650 |
| f. US OWNED (Pesos) | | | | |
| 9. GOP FINANCING $1.00 = Pesos | | | | |
| a. COUNTERPART | | | | |
| Trust Fund – "A" | | | | |
| – "B" | | | | |
| Special | | | | |
| Other | | | | |
| TOTAL (Pesos) | | | | |
| b. OTHER | | | | |

10. REFERENCES AND REMARKS:

This agreement provides for the funding for seven participants in development administration, one for program evaluation and research methodology and for the procurement of excess property. A subsequent revision will cover the overall project for FY 1972.

PIO/Ps 1-20025, 1-20026 & PIO/C 0-20024.

CLEARANCES

| GOP: | | USAID: Thomas K. Rose, Project Manager | Controller |
|---|---|---|---|
| | | Program Officer | F. Shepard Jr., Mgr. Rural Dev. |

11. DATE OF ORIGINAL AGREEMENT: October 28, 1971
12. DATE OF THIS REVISION: -
13. EST FINAL CONTRIBUTION DATE: September 30, 1974

14. GOVERNMENT OF THE PHILIPPINES
Signature: B. G. VILLAVICENCIO 10/19/71
Title: Director of Foreign Aid Coordination

15. AGENCY FOR INTERNATIONAL DEVELOPMENT
Signature: Thomas C. Walker
Title: Director, USAID

NEC/OFAC:
CDPC/MSS
Sr. DPC-TPWC
/FLV