

CLASSIFICATION
PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-4

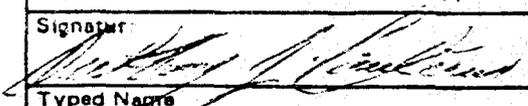
1. PROJECT TITLE P.L. 480 Title II Food for Peace	2. PROJECT NUMBER 502 PL 02 N/A	3. MISSION/AID/W OFFICE 00 09 USAID/Honduras
4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY)		<input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION
5. KEY PROJECT IMPLEMENTATION DATES A. First PRO-AG or Equivalent FY <u>N/A</u> B. Final Obligation Expected FY <u>N/A</u> C. Final Input Delivery FY <u>N/A</u>	6. ESTIMATED PROJECT FUNDING A. Total \$ <u>12,241,137</u> B. U.S. \$ <u>11,302,678</u>	7. PERIOD COVERED BY EVALUATION From (month/yr.) <u>10-80</u> To (month/yr.) <u>10-83</u> Date of Evaluation Review <u>November 18, 1983</u>

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., telegram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. Improve the supervision and coordination of activities related to food distribution programs. Specifically: a) A.I.D. representatives should ensure that procedures governing the distribution of food under the Title II program are more closely followed. b) Discussion should be encouraged with the Ministry of Health to expand their Nutrition Unit to facilitate program coordination and supervision. As appropriate the issue of priority areas of food distribution will be discussed/explored.	HRD/FFP	6/30/84
2. Given Caritas de Honduras financial constraint, A.I.D. should continue to assist Caritas' efforts to obtain an increase for the yearly subsidy provided by the GOH'	HRD/FFP	9/30/84
3. Alternative source of funds should be sought for improved program implementation. A monetization plan for P.L. 480 Title II commodities should be developed for submission to AID/W.	Justin Jackson CARE/GOH John Contier CRS/Caritas	6/30/84
4. A mechanism for nutritional evaluation should be established, this unit should define the objectives, determine the benefits and relate supplementary feeding programs to development objectives.	Justin Jackson CARE/GOH John Contier CRS/Caritas	9/30/84

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9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS <table style="width: 100%;"> <tr> <td><input type="checkbox"/> Project Paper</td> <td><input type="checkbox"/> Implementation Plan e.g., CPI Network</td> <td><input checked="" type="checkbox"/> Other (Specify) CARE/CRS</td> </tr> <tr> <td><input type="checkbox"/> Financial Plan</td> <td><input type="checkbox"/> PIO/T</td> <td><input type="checkbox"/> Other (Specify) N/A</td> </tr> <tr> <td><input type="checkbox"/> Logical Framework</td> <td><input type="checkbox"/> PIO/C</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Project Agreement</td> <td><input type="checkbox"/> PIO/P</td> <td></td> </tr> </table>	<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input checked="" type="checkbox"/> Other (Specify) CARE/CRS	<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	<input type="checkbox"/> Other (Specify) N/A	<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C		<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P		10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT A. <input checked="" type="checkbox"/> Continue Project Without Change B. <input type="checkbox"/> Change Project Design and/or Change Implementation Plan C. <input type="checkbox"/> Discontinue Project
<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input checked="" type="checkbox"/> Other (Specify) CARE/CRS											
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	<input type="checkbox"/> Other (Specify) N/A											
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C												
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P												

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles) Justin Jackson, CARE/GOH (in draft) John Contier, CRS/Caritas de Honduras (in draft) Ronald A. Witherell, Director HRD Division ... AID/Mission Evaluation Specialist	12. Mission/AID/W Office Director Approval Signature:  Typed Name: Anthony J. Gantman
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5. The Mission should develop a policy to relate to the P.L. 480 Title II programs to other A.I.D. programs and GOH development activities currently under implementation.

AG, OET, PCR
HRD

04/30/84

13. Summary

The purposes of P.L. 480 Title II Programs are to provide supplementary food to groups of malnourished people both in rural and marginal urban areas to combat hunger, alleviate malnutrition, improve economic and social development, and/or increase food production and improve its distribution. The principal nutritional problems in Honduras are Protein Caloric Malnutrition (PCM) and vitamin, iodine, and iron deficiencies caused by dietary inadequacies and/or the presence of gastro-intestinal infections which prevent the proper absorption of food and exacerbate the already serious health problems of the country. Food is made available to those groups where the incidence of serious malnutrition is highest - primary school children, and pregnant or nursing mothers and their infants - and the risk of permanent damage is greatest (retarding both physical and mental growth) through feeding programs such as Maternal Child Health, School Feeding, Other Child Feeding and Food for Work carried out by both CARE and CRS.

During this evaluation period, CARE-Honduras has had problems with commodity distribution since GOH transportation systems (on which it depended) have not always operated on a timely basis. This has been due principally to poor Ministerial supervision of transportation contracts and the use of older equipment by both GOH agencies and contractors. Part of the problem is being resolved through increased Voluntary Agency participation in the distribution systems and increased numbers of field visits. CRS/Caritas also has had a distribution problem, basically due to inadequate program support funding from the GOH (see Section 16). This, in turn, has caused commodity transportation problems, travel limitations, and inadequate numbers of personnel for program supervision.

Beginning in 1981, CARE-Honduras expanded its role in its feeding programs by improving monitoring of the SF and MCH programs through the computerization of commodity distribution and beneficiary levels. Also, during September 1982, CARE received a three year (1982/1985) Outreach Grant (\$1,323,361) to improve the implementation of its supplementary feeding programs. The Outreach Grant provides funds for warehouse construction, purchase of vehicles, per diem for supervision, a computer system and nutrition education materials.

The SF program sponsored by MOE/CARE has experienced problems in its distribution system. This has been primarily due to the MOE transportation contract not specifying acceptable delivery deadlines and the MOE not setting guidelines for the transportation capacity of the contractor. Consequently, service has been tardy, affecting the timely distribution of food to participating schools. This problem is expected to be solved in 1984, since the MOE has agreed to allow CARE to contract for transportation services. The SF program had faced an additional problem caused by the chronically late arrival of EEC milk which had been used as a complement to the Corn-Soy-Milk (CSM) provided by CARE. As the MOE did not make EEC milk available in a timely manner, thereby allowing

its delivery to the schools along with P.L. 480 CSM, CARE requested USDA Non-Fat Dry Milk in order to be able to provide both commodities simultaneously to each participating school. CARE has decided to continue providing NFDM to complement the CSM, thus freeing the program from dependence on ECC milk. Furthermore, the milk donated by the EEC not used any longer to complement CARE CSM is being used to cover other schools throughout the country that were not previously receiving any food assistance, or very little.

The CARE Maternal Child Health (MCH) program is carried out by the Ministry of Health and the National Social Welfare Board (JNBS). During the last year this program also has been hampered by the inadequate transportation systems of the MOH and the JNBS and their consequent inability to deliver the food to feeding centers in a timely manner.

Caritas de Honduras' program is hampered by financial problems. The yearly subsidy of \$50,000 provided by the GOH since 1967 is inadequate to cover the costs of proper management. A substantial increase is urgently needed if the Caritas programs are to reach the desired number of recipients and the programs are to be properly supervised. However, Caritas de Honduras, during June 1983, hired a team of five persons to administer its P.L. 480 Title II programs. GOH counterpart funds are used to pay for this service; all dioceses involved have signed agreements to cover all inland transportation costs which previously had been covered by the GOH subvention.

Before hiring this team CRS/Caritas had no permanent staff in charge of regional or national supervision. The team is composed of two regional supervisors, one national supervisor, one statistics compiler and a program administrator. Although supervision has been somewhat improved, there is still much to do to get a reasonable degree of effectiveness; e.g., at the national level the number of beneficiaries of the program has to be updated and the parroquias must be more timely in fulfilling their reporting requirements. CRS/Caritas faces the need to hire five additional persons to work nationwide at the diocesan level of program implementation, the need for vehicles for the supervisory functions and enough funds to cover per diem and travel expenses. These are CRS/Caritas most urgent needs.

While the budgetary constraints of the GOH undoubtedly have contributed to CRS/Caritas' problem with the GOH, the history of this problem is important in understanding why this subsidy has not been increased. Caritas prefers to work independently and has not fully coordinated its programs with those of the GOH. In part, this attitude resulted from having to "do it alone" given the weak supervision of Caritas programs by the Ministry of Health. Caritas, however, probably has contributed to the problem through its desire for independence and its dislike of controls and sponsor monitoring. Before supporting a larger subvention, the Ministry of Health has insisted on proof of a health impact stemming from the CRS/Caritas program. This requirement has eliminated the

possibility of an increased GOH subvention in 1984 as CRS/Caritas do not collect information that could be used to prove this impact.

In all the P.L. 480 Title II Programs the supervision and monitoring activities of the supplementary feeding programs have not been fully satisfactory. In many instances they have not been directed at correcting weaknesses such as: (a) the low rations of food distributed at some feeding centers; (b) the lack of sound reporting systems at feeding centers, regional distribution points and central warehouses; and (c) the failure to report food losses at feeding centers. Most important, the GOH counterpart agencies do not have adequate budgets for supporting Title II activities. However, increased governmental attention to the problems of nutrition in Honduras is evidenced by the MOH selecting nutrition as a priority activity starting in CY 1984. This hopefully will lead to improved utilization of existing resources and a more efficient distribution program, at least in the MCH activities with the MOH.

Important to the issues of improved supervision, distribution and outreach is the CARE Outreach Grant signed in September, 1982. Also important is the ESF generations - L 1,378,500 (\$689,250) - approved by the GOH for CARE's use in 1984. The Mission is considering alternative ways of financial support for the program, e.g. through monetization of P.L. 480 commodities which could directly benefit and improve P.L. 480 Title II program implementation. There is a need for improving facilities and practices in the storing, preparing and serving of food in many of the schools and MCH centers throughout Honduras. Lack of storage facilities or faulty handling often result in inadequate protection of the commodities. The lack of kitchen utensils makes the serving of food inadequate or unsanitary. Basic facilities must be available and used to achieve the program's nutritional objective. Funds resulting from a monetization program also could enable CARE and Caritas to participate in more community development projects in which P.L. 480 Title II commodities would be valuable for both development and nutritional purposes.

The floods which occurred in the Departments of Valle and Choluteca in late May, 1982, and the subsequent drought in the same two departments, resulted in the destruction and loss of two agricultural harvests in the Southern area of Honduras. As a consequence, the Mission supported a combined Emergency Drought Food for Work program, implemented by CARE and CRS. The program covered approximately 50,000 beneficiaries during the period 10/1/82 to 9/30/83. P.L. 480 Title II commodities were distributed to selected groups involved in land conservation, reforestation, terracing, watershed control, improvement of access roads, and housing and school construction. This program was extended to 12/31/83, mainly because the grain harvest in August 1983 was not as good as expected and the people had to wait until additional grain could be harvested in December, 1983. Moreover, the total harvest during 1983 was so poor that the Mission has made available P.L. 480 Title I generations

totaling L 3.4 million (\$1.7 million) to purchase local foods to continue FFW activities. P.L. 480 Title II VegOil has been requested to complement the local commodities.

The FFW program in this area was very successful. A considerable and verifiable amount of work was accomplished. Groups of people worked to restore farms owned by group members. In spite of bad weather conditions groups which participated in the FFW program had a crop to harvest, whereas others who did not join the FFW program did not have a harvest. The attitude of the people working in the FFW program resulted in easy acceptance of the new technologies introduced by the technicians working in the FFW program.

14. Evaluation Methodology

This evaluation was conducted by the Mission's Food for Peace Coordinator. He focused on implementation issues. It was prepared using field trip reports made during the evaluation period (field visits are made once a month to distribution points, schools and feeding centers selected on a random basis). Storage facilities at all levels were visited, and the handling of commodities and maintenance of records pertinent to the receipt, transport, distribution and inventories were checked to ascertain the adequacy of commodity control. Reports from VolAgs also were used.

15. External Factors

As a result of continuous political turmoil in Nicaragua and El Salvador, large numbers of refugees have arrived in Honduras and have required special food distributions. During the evaluation period the UNHCR and the WFP have been providing food assistance to the refugees. However, since 1982, CARE has established a Food for Work Program (FFW) to assist some 15,000 Nicaraguan Miskito refugees become self-sufficient in the Department of Gracias a Dios. This activity is expected to continue into FY 1986 at declining levels.

16. Inputs

Commodities provided under the program are approved by the Mission upon receipt and review of AERs submitted by the implementing VolAgs - CARE and CRS.

The Government of Honduras' contributions to CARE programs are made annually under an agreement signed by CARE and the Ministry of Education for the SF program and the Ministry of Health for the MCH and other feeding programs. The amounts provided by the GOH cover CARE's administrative and logistical support costs.

The Government of Honduras also contributes to the Caritas programs through an agreement with the MOH. The amount provided has remained the

same since 1967 - \$50,000 per year - and, as noted in the summary, is not sufficient to cover the costs of proper program management. As a result, the program has covered between 20% to 24% of the authorized beneficiary levels. The Mission has supported Caritas efforts to obtain additional funds for program support.

A detail of planned inputs for the program for FY'81, FY'82 and FY'83 is as follows:

C A R E

C O M M O D I T Y	METRIC TONS(MT)*			EST. CCC \$ VALUE
	FY'81	FY'82	FY'83	
WSB	3,583	3,673	-0-	2,472,097
Flour (AP)	673	1,313	1,235	974,791
NFDM	834	1,113	862	855,602
VegOil	453	581	528	2,047,084
CSM	-0-	-0-	3,487	1,488,864
Rice	-0-	-0-	1,274	573,165
SUB-TOTAL	<u>6,211</u>	<u>6,680</u>	<u>7,386</u>	<u>8,411,603</u>

CRS/CARITAS

C O M M O D I T Y VALUE	MT*			EST. CCC \$
	FY'81	FY'82	FY'83	
CSM	658	524	614	651,710
NFDM	349	284	407	286,974
Rice	775	606	-0-	489,024
VegOil	261	205	273	564,159
Bulgur	-0-	716	716	192,604
SUB-TOTAL	<u>2,043</u>	<u>1,619</u>	<u>2,010</u>	<u>2,184,471</u>
GRAND-TOTAL	<u>8,254</u>	<u>8,299</u>	<u>9,396</u>	<u>10,596,074</u>

CHOLUTECA DROUGHT PROGRAM

	MT* FY'82	EST. CCC \$ VALUE**
CARE		
NFDM	45	4,950
CSM	119	37,128
Rice	179	50,836
VegOil	55	40,040
Flour (AP)	45	11,070
SUB-TOTAL	<u>443</u>	<u>144,024</u>
CRS/Caritas		
NFDM	344	37,840
CSM	680	212,160
Rice	529	150,236
VegOil	223	162,344
SUB-TOTAL	<u>1,776</u>	<u>562,580</u>
GRAND-TOTAL	<u>2,219</u> =====	<u>706,604</u> =====

*As approved by ISC

**This amount does not include ocean freight.

The GOH contribution for FY'81, FY'82 and FY'83 for both CARE and CRS was the Lempira equivalent of \$938,459.

17. Outputs

Neither CARE nor CRS/Caritas de Honduras called forward all commodities approved by this Mission and the ISC. CARE usually called forward and received approximately 90% of its approved AER. However, CRS/Caritas de Honduras called forward and received approximately 41% of its approved AER.*** CRS received simultaneously the commodities called forward in the 4th Quarter of 1983 and the 1st Quarter of 1984, an unusually large inventory of commodities was formed. In turn, both VolAgs distributed the food received among its different supplementary feeding programs.

The following breakdown shows the average beneficiary levels reached during the period evaluated:

	CARE	C R S
MCH*	73,735	6,331
SF**	254,015	-0-
OCF*	7,523	-0-
FFW*	-0-	3,868
FFW, Miskito Refugees	12,000	-0-
FFW, Choluteca Drought	2,978	6,387

18. Purpose

P.L. 480 Title II programs provide food to groups of malnourished people in both rural and marginal urban areas. Food is made available to needy people through programs such as MCH, SF, OCF and FFW carried out both by CARE and Caritas de Honduras.

19. Goals and Sub-Goals

To improve the health and educational status of the Honduran population.

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- * These figures represent the monthly average of beneficiaries reached.
- ** These figures represent the average number of children reached annually during the school period of about 133 classroom days per year, from March 1 thru October 31.
- *** While CRS called forward 41% of the approved AER, it reported covering 20-24% of the authorized beneficiaries. Since local Caritas' records are notoriously poor, the CRS/Caritas program may well have served more people than its reports claim.

20. Beneficiaries

Approved level of beneficiaries for FY'81, FY'82 and FY'83 were as follows:

C A T E G O R Y	<u>C A R E</u>		
	AUTHORIZED RECIPIENTS		
	FY'81	FY'82	FY'83
MCH-Mothers	10,000	15,000	15,000
MCH-Child	60,000	80,000	80,000
OCF/Institution	2,500	2,500	-0-*
OCF/Day Care	4,000	4,000	-0-*
School Feeding	220,000	220,000	250,000
FFW/Refugges	-0-	-0-	12,000
FF/Choluteca Drought	-0-	-0-	5,000
TOTAL	296,500	321,500	362,000

Caritas de Honduras

C A T E G O R Y	AUTHORIZED RECIPIENTS		
	FY'81	FY'82	FY'83
MCH	30,000	30,000	32,500
FFW/Workers	4,000	4,000	4,500
FFW/Dependents	16,000	16,000	13,500
OCF	-0-	-0-	3,000
FFW/Choluteca Drought	-0-	-0-	42,000
TOTAL	50,000	50,000	95,500

21. Unplanned Effects

None.

22. Lessons Learned

This is an ongoing program and there were no unexpected lessons learned. This evaluation, nonetheless, has served to illustrate, once again, the essential need for:

- 1) Close supervision and coordination by implementing agencies at both the central and regional levels.
- 2) Well maintained distribution and reporting systems.

* Included under MCH Programs.

3) Close monitoring of beneficiary impact.

Recommendations have been made and accepted regarding the need for closer supervision, particularly at the regional levels, of commodity distribution and of sanitary conditions at the various distribution and feeding locations. Additionally, recommendations concerning largely minor and clerical problems of agency distribution and reporting systems have been closed. However, improvements in the Caritas de Honduras program remain heavily dependent on increased GOH financial support. Until this support or other financial assistance is obtained, Caritas de Honduras will continue to experience personnel shortages and will be unable to exercise the degree of field supervision suggested or necessary.

An A.I.D. funded audit of P.L. 480 Title II programs was conducted during April/May of 1984. The main results of this audit are presented in Annex I. These results tend to confirm many of the evaluation findings discussed earlier. Also, AID/W at the Mission's request is investigating what appears to be a growing level of P.L. 480 Title II and other donated commodities being commercialized.

The VolAgs will be requested to provide sufficient publicity to assure that recipients of food know it was donated by the people of the United States. Also, they will be requested to increase the function of their field supervisors, at present it appears that their main function is to oversee the delivery of commodities. VolAgs, in addition, will be requested to establish a uniform system of feedback reports issued by the end-use distribution points at the moment of delivery of commodities.

22. Special Comments and Remarks

The GOH's budgetary crisis is expected to continue through the decade. This will have a negative impact on Title II programs unless outside resources, e.g. ESF generations, continue to be provided to help fill the gap.

ANNEX I

Summary of Conclusions of Audit Report Prepared in May 1984
by Morales, Palao, Williams and Associates at the Request
of AID/Honduras

A. CARE

1. CARE distributes about 80% of PL 480 Title II commodities arriving in country. CARE's management and control systems are satisfactory for the current level of operations. These systems have in fact improved over the last two years. A computerized program for the delivery of commodities to 4,900 distribution centers is available and in use. This program includes a listing showing the exact location of the different distribution centers, the level of beneficiaries per center, the volume of commodities to be delivered and the planned delivery dates.
2. 60% of the 86 distribution/consumption centers visited have adopted control procedures for project implementation. These procedures include quantity and quality reports of commodities received as well as monthly inventory control records. These reports and records are periodically submitted to CARE. Not in all cases, however, control procedures instituted are used properly. Improvements need to be made particularly at the end-use centers with respect to record-keeping, application of criteria to determine beneficiary eligibility, and the size of rations distributed per beneficiary.
3. Government agencies have not contracted for the transportation of commodities in a timely fashion as it was anticipated. Four-month delays in the arrival of commodities to the consumption centers were common in 1983. To solve problems, however, starting in CY 84 CARE has assumed responsibility for contracting the transportation services from the central warehouse to the different distribution points. It is expected that through this mechanism previous delays caused by inefficient support on the part of GOH agencies will diminish.
4. Illicit sale of FFP commodities was detected in all 10 markets visited by the audit team. In most cases, however, it was difficult to determine the source of commodities being sold. Illegally sold commodities could come from any of the food programs currently being implemented in Honduras.
5. Receipt of commodities damaged and inadequate for human consumption was reported in 17 of the 86 distribution/consumption centers visited. This is a result of: (a) the problems observed in the transportation of commodities between warehouses, and (b) the poor warehousing conditions both at distribution and consumption centers.
6. Source of commodities is not identified at consumption centers. It is assumed that donations come from the Honduran government, through its different development agencies and ministries.

7. The demand for supervision at end-use centers overwhelms both the MOE's and CARE's supervisory capacity, and there is an urgent need to assess the actual demand for project commodities at the end-use centers as well as the nutritional impact of project activities. The Mission is aware of these problems, and it is studying means to help solve current difficulties.

B. CRS/Caritas

1. CRS is expected to handle about 20% of the project commodities arriving in country, and it relies on Caritas for overall project management. Because CRS does not receive sufficient financial assistance from the GOH to support Caritas implement the project, record-keeping and commodity control systems within Caritas are deficient. In fact, within Caritas there is no reliable inventory and distribution data to speak of. This greatly affects project implementation inasmuch as the Mission generally approves only about 40% of of the annual volume of commodities requested by CRS.
2. Both inventory control and handling of commodities at the central warehouse are inadequate. This is also true for the warehouses at the different distribution/consumption centers visited. Only in 50% of those centers control mechanisms had been adopted. Even in those cases, however, record keeping with respect to merchandise coming in and going out of the warehouses was deficient, there were no mechanisms instituted to ensure that merchandise is distributed on a "first come-first distributed" basis, and warehouses were not properly maintained. In addition, there was no efficient system to control neither the eligibility of beneficiaries nor the size of rations distributed. AID/Honduras has requested CRS to submit for Mission approval an overall program to deal with these problems.
3. Contributions on the part of the GOH and the parishes are insufficient and usually arrive too late for smooth project implementation. This greatly affects transportation of commodities from distribution to consumption centers. Four-month delays in arrival of commodities are common. These delays may cause loss of commodities, either by damage or expiration, and they negatively affect the accomplishment of the project's nutritional goals.
4. CRS/Caritas does not have sufficient staff to adequately supervise project implementation at the distribution centers, and parishes are unfortunately relying on voluntary help to supervise activities carried out by project beneficiaries. Involved parishes must show proof that they are committed to implement the project as initially anticipated. Supervision needs to be improved at all levels.
6. There is diversion of commodities. As in the case of CARE, however, it was difficult to identify the exact origin of commodities being illegally sold at visited market places.
7. At the different distribution centers visited, there are no visible signs to inform beneficiaries that commodities being distributed are USAID donations. Commodities are associated with the Catholic Church and the different parishes where distribution takes place.

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by Morales, Palao, Williams and Associates at the Request
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A. CARE

1. CARE distributes about 80% of PL 480 Title II commodities arriving in country. CARE's management and control systems are satisfactory for the current level of operations. These systems have in fact improved over the last two years. A CARE owned (AID funded) computerized program for the delivery of commodities to 4,900 distribution centers is in use. This program includes a listing showing the exact location of the different distribution centers, the number of beneficiaries per center, the volume of commodities to be delivered and the planned delivery dates.
2. 60% of the 86 distribution/consumption centers visited have adopted control procedures for project implementation. These procedures include quantity and quality reports of commodities received, as well as monthly inventory control records. These reports and records are periodically submitted to CARE. However, control procedures instituted are not used properly in all cases. Improvements need to be made particularly at the end-use centers with respect to record-keeping, application of criteria to determine beneficiary eligibility, and the size of rations distributed per beneficiary.
3. Government agencies have not been contracting for the transportation of commodities in a timely fashion. Four-month delays in the arrival of commodities to the consumption centers were common in 1983. To solve this problem for the school feeding program, starting in CY 84 CARE has assumed responsibility for contracting the transportation services from the central warehouse to the different distribution points. CARE is exploring the possibility of extending this solution to all of its programs.
4. Illicit sale of FFP commodities was detected in all 10 markets visited by the audit team. In most cases, however, it was difficult to determine the source (e.g., VolAG or WFP) of commodities being sold.
5. Receipt of commodities damaged and unsuitable for human consumption was reported in 17 of the 86 distribution/consumption centers visited. This is a result of: (a) problems observed in the transportation of commodities between warehouses, and (b) poor warehousing conditions both at distribution and consumption centers.
6. The source of commodities is not identified at consumption centers. Recipients assume that donations come from the Honduran government, through its different development agencies and ministries.

7. The demand for supervision at end-use centers overwhelms both the MOE's and CARE's supervisory capacity, and there is an urgent need to assess the actual demand for project commodities at the end-use centers as well as the nutritional impact of project activities.

B. CRS/Caritas

1. CRS is expected to handle about 20% of the project commodities arriving in country. It relies on Caritas for overall project management. Because CRS does not receive sufficient financial assistance from the GOH to support Caritas' implementation of the project, record-keeping and commodity control systems within Caritas are very deficient. In fact, within Caritas there is serious paucity of reliable inventory and distribution. Caritas' lack of resources greatly affects project implementation inasmuch as the Mission generally approves only about 40% of of the annual volume of commodities requested by CRS.
2. Both inventory control and handling of commodities at the central warehouse are inadequate. This is also true for the warehouses at the different distribution/consumption centers visited. Only in 50% of those centers had control mechanisms been adopted. Even in those cases, however, record keeping with respect to merchandise coming in and going out of the warehouses was deficient, there were no mechanisms instituted to ensure that merchandise is distributed on a "first in-first out" basis, and warehouses were not properly maintained. In addition, there was not an efficient system to control either the eligibility of beneficiaries or the size of rations distributed. AID/Honduras has requested CRS to submit for Mission approval an overall program to deal with these problems.
3. Contributions on the part of the GOH and the parishes are insufficient and usually arrive too late for smooth project implementation. This greatly affects transportation of commodities from distribution to consumption centers. Four-month delays in arrival of commodities are common. These delays may cause loss of commodities, either by damage or deterioration, and they negatively affect the accomplishment of the project's nutritional goals.
4. CRS/Caritas does not have sufficient staff to supervise project implementation adequately at the distribution centers, and parishes unfortunately are relying on voluntary help to supervise activities carried out by project beneficiaries. Involved parishes should be required to show proof that they are committed to implement the project as designed. Supervision needs to be improved at all levels.
6. There is diversion of commodities. As in the case of CARE, however, it was difficult to identify the exact origin of commodities being illegally sold at visited market places.
7. At the different distribution centers visited, there are no visible signs to inform beneficiaries that commodities being distributed are USAID donations. Commodities are associated with the Catholic Church and the different parishes where distribution takes place.