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AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID/HONDURAS

Date: September 22, 1999
To: John R. Rogosch, Director, HRD
From: Sal Pinzino, Title II Emergency Food Aid Manager
Subject: Final Report, Contract No. 522-S-00-99-00031-00

I. Introduction

The purpose of this final report is to summarize the major accomplishments and constraints the contractor encountered in completing his duties as Title II Emergency Food Aid Program Manager. My duties encompassed primary management and monitoring responsibility for the \$42 million Title II Emergency and Rehabilitation Program. Specifically, my tasks were:

- ◆ Provide leadership to the Mission regarding policies, legislation, and regulations governing Title II Programs and advice GOH and U.S. Private Voluntary Agencies concerning these criteria and procedures.
- ◆ Assure regular meetings of the Food Aid Committees and serve as USAID representative at these meetings.
- ◆ Oversee the implementation of the Title II Emergency Program to ensure that: targeted vulnerable groups benefit from the assistance; Title II regulations are followed; adequate storage is available; and, the program is equitable and effective.
- ◆ Provide USAID with information on the effects of Hurricane Mitch on household food security and the pace of and recovery and transition from relief to development.
- ◆ Give technical assistance to Cooperating Sponsors regarding Title II food aid program planning and implementation.
- ◆ Develop reconstruction phase of program with PL 480 Title II Cooperating Sponsors and other PVOs.
- ◆ Monitor OFDA grants provided to Title II Cooperating Sponsors.

This final report will cover major accomplishments and constraints in fulfilling the duties in the Scope of Work, provide a summary of present program status, and actions to be taken. In addition, the final section will provide a draft Annual Results Review report for the Emergency Program.

II. Major Accomplishments and Constraints

Representation of USAID with Food Aid Committees, WFP and GOH

Monthly Food AID Committee meetings with CRS, CARE, WFP and SETCO representatives were held to coordinate food aid activities and resolve coordination problems. Further, these meetings assisted the Cooperating Sponsors to share program experiences and to collaborate in conducting a rapid assessment of the food aid program as the following section shows. Without this forum to resolve inter-institutional problems stemming from overlapping coverage of municipalities, institutional rivalries could have become a serious impediment to the implementation of the program.

In addition to these meetings, a policy dialogue was undertaken with the GOH to review the role of food aid and food needs in Honduras. It appears that food aid channeled through WFP is being viewed by the GOH as a compensatory resource for the damage done by Hurricane Mitch and used indiscriminately. It is not valued as a scarce resource. In my opinion, further food aid should be correctly targeted, relatively small and not used as a general resource to substitute for cash. Disaster mitigation should be given a priority, especially watershed management, where food for work has a comparative advantage, is labor intensive and responds to the need that the hurricane exacerbated. Although the dialogue with WFP and the Secretary of Technical Cooperation (SETCO) was initiated, the WFP with the support of the GOH has embarked on an overly ambitious food for work program under its *Protracted Relief and Rehabilitation Operation* (PRRO). Approximately 37,000 metric tons of food is being requested over the period from July 16, 1999 through July 15, 2000 and an additional 20,000 metric tons is planned to be imported from July 16, 2000 to July 15, 2001. USAID's attempt to reduce the quantity of food under the WFP's PPRO was not successful.

Rapid Assessment of Food Aid Program

A major accomplishment under the contract was to assist the Title II Cooperating Sponsors conduct assessments of the Title II Emergency Program in February and March. The purpose of these assessments was to determine whether the program was properly targeted, consistent with humanitarian and food security policies of the United States Government, and was not acting as a disincentive to local production. Catholic Relief Services, CARE and the World Food Program worked jointly with the Mission to develop the questionnaires for the survey, selection criteria for choosing municipalities, and other methodological considerations. 60 of the 275 municipalities being covered by the emergency program were selected. Of these, 15 were municipalities that

were poor and food insecure and heavily damaged by Hurricane Mitch; 15, poor and food insecure, but which suffered less damage; 15 relatively better off municipalities with heavy hurricane damage; and, 15 better off municipalities sustaining less damage. Key informants were interviewed about sources of income and prices, crop and livestock losses, damage to agricultural infrastructure, migration, sale of assets, and effectiveness of emergency and reconstruction activities. Each agency conducted the rapid assessment individually, but the conclusions were similar. The major findings of the assessments are:

- ◆ In heavily damaged areas in both food insecure and relatively better off communities, agriculture production was affected ranging from 30 to 60 percent losses with corresponding income losses. Most hillside farmers and land less peasants earn income by working in the coffee, sugar, melon, African palm, banana, and shrimp harvests. Off farm employment possibilities had decreased in most of the municipalities taking part in the surveys.
- ◆ The surveys reported an increase of basic grain prices, which contradicts governmental studies that food prices are at a 10-year low because of imports and a better than expected second harvest.
- ◆ All communities suffered infrastructure damage, but the extent of the damage varied considerably. Both poor and relatively better off municipalities, which were heavily hit by Hurricane Mitch suffered major road and bridge damage and up to 70 percent damage to water and sewage systems.
- ◆ In areas that are poor and severely damaged, some families have sold household capital, including livestock and land, in order to purchase food. However, this is not common.
- ◆ The surveys suggested that the types of food that people traditionally eat (corn, beans, and rice) had not changed in general. However, in the poorer, badly damaged municipalities coping strategies of the poor involved eating less at meal times and consuming wild foods.
- ◆ The major problem facing hillside farmers is the lack of seeds for the September planting season and off farm employment opportunities.
- ◆ Plantation and industry workers, who were laid off because of Hurricane Mitch, anticipate that it will take 18 months to 24 months for their industries to return to normal so that they can earn normal incomes.
- ◆ Migration from the farm to the cities is especially acute in poor communities severely damaged by the Hurricane.
- ◆ Although not specifically addressed by the assessments, CARE's survey reported that housing losses are significant in hardly hit areas of the country. CARE recommended that an evaluation of present housing projects be undertaken to distinguish which housing sites permit reconstruction from those that require resettlement because of vulnerability to landslides or future flooding.
- ◆ Food for work activities need to be directed at short-term solutions to watershed management and disaster mitigation against future flooding.

The major result of the assessments was to permit the Cooperating Sponsors to withdraw from some municipalities where food needs were less severe and increase their food for work activities in municipalities that had higher incidences of food insecurity. (Note that the World Food Program continued free distributions in most of the municipalities it covered and converted to food for work in late May, 1999.) From November through May 1999, CRS, CARE, and WFP covered 275 municipalities. From June until the present these agencies are providing food for work to 131 municipalities. CRS and CARE also shifted their emphasis from "light" clean up type of food for work activities to more solid projects involving housing, disaster mitigation, water and sanitation, and road and bridge repair. CRS and CARE complemented these activities by distributing basic grain seeds to the poorer communities with OFDA grants and their own funds.

Bellmon Analysis

Roberta VanHaeften of LAC/RSD completed a partial Bellmon analysis of the food needs in the country in March 1999, which concluded that the quantity of food being imported under Title II for the emergency, in general, is not causing a disincentive affect. She cautioned, however, that further imports of rice donations should not be approved until a detailed supply and demand study is conducted to determine the impact on the local rice milling industry. Ms. Magdalena Garcia of PRODEPAH conducted a second Bellmon Analysis in August 1999 for the proposed CRS TAP submission, which concludes that the 5,300 metric tons of food programmed for this follow-up program will not create significant disincentive effects to local production.

Development of a Monitoring and Reporting System

At the time the contractor arrived on February 1, 1999, the Cooperating Sponsors had not developed an adequate reporting system of the emergency program and USAID monitoring was minimal. In order to address this short coming, CRS and CARE were instructed to provide commodity, recipient, and loss status reports according to emergency guidelines and were assisted in developing a reporting system to provide basic information for the Annual Results Review. CRS and CARE presented their first interim report in early March and a second interim report in September 1999. The author prepared the Annual Review of the Title II Emergency Program which was incorporated in the R-4 Report submitted to USAID/Washington in April 1999. A second Annual Review of the Program is incorporated in this report. Also, a system was established to track both inland and maritime claims using the loss reports submitted by the agencies and administrative reviews of the major warehouses.

The contractor also convinced Management to hire two Program Assistants to conduct administrative reviews of the major distribution centers in the 18 Departments initially covered

by the program, one to be stationed in San Pedro Sula and the other in Tegucigalpa. Eventually, only one Program Assistant, Mr. Wilfredo Rivera, stationed in Tegucigalpa, was hired on May 11, 1999 and trained to conduct field assessments and administrative reviews of CRS' and CARE's major distribution centers.

Mr. Rivera conducted four administrative reviews of CRS' major distribution centers in Olancho, Colon, Paraíso Comaygua, Yoro and the major CRS warehouse in Tegucigalpa. The administrative reviews found deficiencies in record keeping, deficient inventory controls, poor stacking and food handling procedures, infested commodities requiring fumigation, lack of updated Kardex systems, and food commodities unfit for human consumption stored with sound products. The major deficiencies in Title II administration were found in the dioceses of Colon and Paraíso. CRS conducted internal audits of these two major distribution centers. Most of the deficiencies encountered in Paraíso were corrected and substantiated by an internal audit report by CRS and a follow-up visit by Mr. Wilfredo Rivera. However, follow-up action is still required to verify compliance with Title II regulations in Colon. As of the date of this report, CRS had not responded to the major deficiencies reported in my letter of June 22, 1999 and Mr. Wilfredo Rivera's administrative review.

Mr. Rivera also conducted supervisory visits to CARE's food for work program at their major warehouse in San Pedro Sula and in a representative sample of distribution centers in Santa Bárbara, Cortés, Atlántida, Olancho, Choluteca, and Nacaome. The major deficiencies encountered were lack of updated kardex systems; corn seed treated with toxic materials stored with Title II commodities; failure to conduct monthly inventories of products and reconcile differences; inadequate stacking and storage procedures in Olancho; and, unfit commodities needing to be destroyed. CARE responded satisfactorily to all the major recommendations included in his reports. However, there is a need to verify in the field compliance with the recommendations.

The contractor also conducted seven field trips, which contained recommendation sections for program improvement. The main recommendations from these reports and from meetings with the Cooperating Sponsors and actions taken to correct program deficiencies are summarized below:

- ◆ Duplication of effort with two or three organizations working in the same municipality should be stopped. Municipalities should be re-assigned to one PVO or to WFP. The PVOs and WFP did not agree with this recommendation. However, duplication has been reduced. At the beginning of the program, there was duplication in 47 of 275 municipalities in the program, which was reduced to 36 of 167 municipalities presently in the program.
- ◆ The Cooperating Sponsors were requiring, in some cases, 24 days of work to earn a family ration and based upon my recommendation, the number of workdays has been reduced to 12 days allowing workers to take advantage of farm jobs available in the various regions.

- ◆ Although Robert and Cynthia Gersony recommended in their February 1999 report that the food for work program should be terminated by April 1999 in Colon because of the availability of jobs, this conclusion was successfully refuted by the contractor and food shipments for the emergency program resumed. Even though employment opportunities are available, there is no concrete evidence that they have or will reach near normal levels by the end of 1999.
- ◆ When FFP was advised that CRS and CARE were not providing transportation costs to reach ultimate beneficiary sites, FFP informed the Mission that these costs were covered in the Transfer Authorizations. The contractor immediately advised the Cooperating Sponsors to cover these costs and obtained letters of compliance from each PVO.
- ◆ CRS failed to conduct maritime surveys for some of the shipments directly shipped by this Cooperating Sponsor. Shipments contracted by USDA made provision for survey reports. The contractor discovered this major oversight and immediately instructed CRS to hire surveyors to cover the remaining shipments. The Commodity Credit Corporation was also advised of the problem and USDA has the option to bill CRS for not fulfilling their obligations under Regulation 11.

III. Lessons Learned

1. Aldea Global is a case study in good management and sound food for work activities that easily were converted from emergency responses to rehabilitation and development. The keys to their success are:

- An established presence in the majority of the communities where it works and an ability to extend this outreach capability without over extending its management approach or losing sight of its vision of development.
- ◆ The ability to coordinate its work with other non-governmental and governmental organizations which share common values.
- ◆ A *non-ownership attitude towards the communities Aldea Global serves.*
- This lack of parochialism is basic to not creating dependency relationships with its community clients.
- ◆ Open to new ideas and learning from other experiences.
- ◆ The practice of transparency in Aldea Global's relationships with others.
- ◆ Fostering empowerment by sharing information on municipal and other resources available to the communities to keep the citizens informed so that they can enforce good governance and having a zero tolerance for corruption.
- ◆ Placing emphasis on community and project driven activities rather than a solely food driven approach to the emergency and rehabilitation program.
- ◆ The greatest damage Hurricane Mitch caused was damage to upper and lower watersheds. The author recommended in February that the agencies look for short term solutions to ameliorate further damage to watersheds and begin disaster mitigation activities along populated hillsides and flood plains. As explained above, in the second phase of the program, after the rapid assessments were conducted, CRS and CARE put more emphasis on this type of project. However, because of the myriad of demands emanating from the communities and the limited

time available under the emergency, no major watershed and disaster mitigation activities have been undertaken to date.

- ◆ Large generalized food for work programs can create dependency and disincentives to agricultural production. Once the emergency/rehabilitation phase of the program comes to a close later this year, any transition project should be well targeted to the food insecure populations affected by Hurricane Mitch and focus on priority programs. This advice has been given to CRS which plans to present a Transition Activity Proposal as a follow-up program to its' emergency program in Colon, Francisco Morazán, Olancho, and Paraíso
- ◆ Many housing projects being carried out under food for work are not ensuring water and basic sewage systems for the construction of home sites ranging in size from 50 houses to over 100. Future housing projects should ensure that adequate attention is directed at sites and services as the first priority giving emphasis to basic sanitation.

IV. OFDA Grants

Dr. Barry Smith and Robert LeBow evaluated OFDA Grants in May 1999 and handled by other HRD staff. As a result, the former Director of HRD, Dr. Mary Ann Anderson instructed the contractor that he was not required to monitor these grants.

V. Future Actions Required

- ◆ CARE has sent a request for a no cost extension to its Transfer Authorization to change the completion date from September 30, 1999 to November 31, 1999. The extension is directed at finishing high priority, short-term solutions to Hurricane Mitch damage, such as housing, water and sanitation, and disaster mitigation projects directed at reducing flooding and landslides. The Mission has endorsed the request for a no cost extension and FFP/EM is processing the Amendment to the T.A. to extend the timeframe. Follow-up action is required to assure that the Amendment is processed expeditiously.
- ◆ CRS will present a one-year Transition Activity Proposal to continue their rehabilitation efforts in housing rehabilitation, water and sewage, and disaster mitigation. BHR/FFP budgeted approximately \$2 million dollars for this proposal. Approximately, 7,788 metric tons will be requested of which 3,655 metric tons of bulk wheat will be monetized to cover inland transportation and handling costs. On September 17, 1999 a meeting was held with the Director and members of the Special Objective, Food Security for Hurricane Victims, to provide CRS with guidance concerning the submission of the TAP. CRS was advised that the 600 kilometers of trails and access roads planned to be undertaken with food for work under the TAP would not be supported by USAID. These trails are normally one-meter wide paths that are traditionally built and maintained by the campesinos themselves. They are not appropriate activities for food for work in a transition stage and would require too much effort to comply with environmental standards. CRS agreed to remove this activity from the

TAP. A final TAP from CRS should be sent to USAID/Honduras no later than September 30, 1999 and reviewed by the Special Objective Team. This review should cover the following essential elements required by TAP guidelines as follows:

- 1.) Review of the technical components of the housing projects and disaster mitigation activities to determine if the activities proposed are feasible and can be completed in one year.
 - 2.) An analysis of the monetization plan to determine its feasibility and compliance with guidelines. The GOH must provide a letter of support to the monetization proposal.
 - 3.) Conduct a ration analysis to determine whether it is compatible with CARE's regular food for work program and the daily family ration is comparable to the minimum wage.
 - 4.) Review of the financial plan to ensure that it details the type of resources such as in kind, dollar and local currency funding as well as other donor and host country contributions. The budget review should also determine whether resources requested for ITSH are in line with actual costs and whether CRS has complementary resources to complete durable housing and disaster mitigation projects.
 - 5.) Ensure that reporting requirements meet BHR/FFP and Mission needs.
 - 6.) Ms. Magdalena Garcia of PRODEPAH prepared a Bellmon Analysis for the TAP. The analysis states that the quantity of food to be imported under the TAP will not cause disincentive effects to local production. This analysis was sent to ANRO for clearance.
 - 7.) An Initial Environmental Assessment has also been completed and under review by Peter Hearn.
 - 8.) Note that USAID, according to the TAP guidelines, has a four-week review time constraint. However, the BHR/FFP officer states that a four-week turn around time is not possible, given the present workload in that office.
- ◆ Both Transfer Authorizations approved by CRS and CARE will need to be closed-out in accordance with PL 480 Title II: Close Out Plan Guidance, dated September 1996, Regulation 11, and 22 CFR 226. The close-out activities encompass: 1.) Final reports submitted to USAID. 2. Close-out audits completed. 3.) Final resolution of all outstanding claims. 4.) ITSH funds returned to the United States Government. 5.) Assets purchased with USAID funds are accounted for and a plan to use or dispose of these assets is approved by USAID/Honduras and BHR/FFP.
 - ◆ Follow-up on Sulaco misuse case with CRS and the administrative deficiencies in Tocoa, Colon.
 - ◆ Ensure coordination of Cooperating Sponsors with COPECO in case of continued flooding and the need for emergency food assistance. The World Food Program has sufficient stocks under its' PRRO and no further emergency food assistance from Title II should be needed.

VI. FY 1999 Annual Results Review

Special Objective: Food Security for Hurricane Victims

Summary

It was originally estimated that there were approximately 1.2 million food insecure people in Honduras (about 20% of the population) as a result of Hurricane Mitch, many of whom were also homeless and in shelters. Although no subsequent definitive assessment has been made since Hurricane Mitch struck, the number of food insecure people appears to be less.

USAID is working with CARE, Catholic Relief Services (CRS) and the World Food Program (WFP) to meet the emergency food needs of the hurricane victims. The U.S. contribution to the emergency and rehabilitation food program consists of the distribution of 74,056 metric tons of food aid valued at US\$ 42.5 million. Of this quantity, 25,240 were distributed by the WFP under its Emergency Operation ending on July 16, 1999. Under WFP's two-year Protracted Relief and Rehabilitation Operation, the U.S. contribution for the first year is 9,430 metric tons. CRS has received 19,000 MT. of Title II food and CARE, 20,386 for mainly food for work distribution.

The Cooperating Sponsors and WFP in March 1999 conducted a rapid assessment of the food security situation in 60 municipalities of the approximately 275 being served by the Emergency Title II and WFP programs. The rapid assessments demonstrated that food security continues to be a problem in the heavily to moderately damaged municipalities. In these communities, damage to crops, farmland, infrastructure, and loss of employment is severe and people neither have sufficient food reserves or income to sustain household food security at least through the September and October 1999 harvest. Based upon these assessments, CRS and CARE re-targeted food aid to the most food insecure and heavily damaged municipalities and phased out others where food insecurity is less severe. The program is presently being implemented in 131 municipalities in 13 of the 18 Departments of Honduras. Further, both Cooperating Sponsors adjusted their food for work program to give greater emphasis to housing, water and sanitation, land reclamation, and disaster mitigation. Both CRS and CARE put greater emphasis on assisting small farmers obtain seeds to restore their productive capacity.

Roberta VanHaefen of LAC/RSD completed a food needs assessment, which cautions against approving more rice donations until a detailed supply and demand study is conducted to determine the impact on the local rice milling industry. A second Bellmon Analysis was conducted by CRS to justify a one-year Transition Activity Proposal to continue food for work in four departments of Honduras mainly to finish housing and water and sanitation projects, which is presently under consideration.

Performance Discussion

In the aftermath of the Hurricane, the food for work and direct distribution program of CRS and CARE provided thousands of homeless, unemployed and traumatized people with a means of dedicating their time to their most immediate needs. During this phase, the Cooperating Sponsors

concentrated on cleaning debris from houses, rehabilitating schools and clinics and helping communities gain access to their neighborhoods or villages by clearing streets and rural roads. This phase of the program lasted through May of 1999. Subsequently, both Cooperating Sponsors emphasized restoring the productive capacity of the Hurricane victims through land rehabilitation and supporting basic grain production for the next harvest season by providing tools and seeds to the poorest farmers with OFDA grants and their own funds. In this second phase, more emphasis has been given to housing rehabilitation and construction, more durable road repair and bridges, water and sewage systems and disaster mitigation efforts. The Title II Emergency Food Aid Program contributed to the food security needs of the victims by providing farmers who lost their crops and jobless laborers with sufficient food to feed themselves and their families until the September harvest and until employment opportunities increased. The water and sanitation projects have been vital to the communities benefited to reduce diarrhea and permit better nutritional utilization of the food consumed.

Key Results

❖ Food provided to hurricane victims.

- ◆ **CRS** has distributed a total of 16,062 metric tons to an average of 128,644 persons per month through food for work from January through July of 1999. 3,638 persons, mostly children, the elderly and handicapped people were provided food through direct distribution.
- ◆ **CARE** has distributed 16,014 metric tons of food to a monthly average of 172,785 persons through its food for work program from January through July 1999. Under its direct distribution program to homeless persons in shelters, CARE provided rations to 14,200 persons in 46 shelters in Tegucigalpa, San Pedro Sula and Choluteca from November 1998 to end of February 1999.

Rehabilitation of rural and municipal infrastructure through food for work programs.

CRS reports that they have produced the following outputs under their food for work program as of July 31, 1999.

- ◆ 4,452 houses reconstructed or rehabilitated.
- ◆ 4,911 hectares of agricultural land rehabilitated.
- ◆ 4,238 kilometers of rural access roads and paths repaired.
- ◆ 157 bridges reconstructed.
- ◆ 457 water systems repaired.
- ◆ 8,229 latrines repaired.
- ◆ 115 health clinics cleared of debris and reconstructed.
- ◆ 201 schools and community centers rehabilitated.
- ◆ 84 tree nurseries were supported with the planting of 1,654,190 trees.

- ◆ 455 communities conducted environmental clean up and sanitation activities.
- ◆ 421 kilometers of drainage ditches, canals and retention walls were constructed to protect against future flooding and landslides.

CARE reports that they have produced the following outputs under their food for work program:

- ◆ 5,202 kilometers of roads were repaired.
- ◆ 154 bridges were re-constructed.
- ◆ 4,400 houses repaired.
- ◆ 2,241 houses constructed.
- ◆ 483 water systems repaired.
- ◆ 3,592 latrines installed.
- ◆ 276,215 tree planted.
- ◆ 94 kilometers of retention walls and drainage canals constructed.

❖ Number of person months (men and women) of employment generated by food for work.

CRS: 180,101

CARE: 191,468

❖ Maintenance of Nutritional Status of Target Population

Under the program proposals, CRS and CARE are to report on the nutritional status of the beneficiary population using secondary sources. To date, no data have been gathered to report on this indicator. Both Cooperating Sponsors should incorporate this data in their final reports.

Other Accomplishments

- ❖ CARE, with USAID funds and DOD assistance, responded immediately to the Hurricane Mitch disaster by distributing by airlift and ground transportation a total of 3,476 metric tons of rice, beans, vegetable oil and corn soy blend. This quantity of food provided immediate relief to approximately 270,000 persons for a period of 30 days.
- ❖ CARE, WFP and CRS independently implemented rapid assessments of their food programs to determine what the micro level food security needs are and how the programs can be re-targeted to reach the most food insecure communities. The assessments permitted CRS and CARE to re-target food aid to the most food insecure communities and begin rehabilitation food for work projects.
- ❖ A Food Needs Assessment was finalized by Roberta VanHaeften from LAC/RSD, which permitted the Mission and BHR/FFP/ER to make better programming decisions on the direction of the Emergency Title II Program and its support to WFP. A second Bellmon Analysis was conducted to determine the appropriateness of the proposed continuation of the

CRS program for one more year under a Transition Activity Proposal. An Initial Environment Assessment for the TAP is in process.

- ❖ The Inter-institutional Coordinating Committee was established at the beginning of the program to assign geographic regions of coverage, agree on rations to be distributed and as a forum to resolve inter-institutional problems. Although problems still exist, without this means of coordination and healthy debate, institutional rivalries could have gotten out of hand.
- ❖ Although Robert and Cynthia Gersony's February 1999 **Post Mitch Employment Generation Assessment** recommended an immediate termination of food aid to Honduras, field visits, Roberta VanHaefen's Bellmon analysis, and the rapid assessments made by the Cooperating Sponsors show that this measure was not warranted. The Cooperating Sponsors are performing well in responding to the food security needs of the hurricane victims and have adjusted their programs to re-target the most vulnerable communities and support rehabilitation activities.
- ❖ CRS and CARE are working with different models of community organization that reach across religious, political and gender barriers. CRS is developing local development committees to prioritize projects and ensure they are carried out. These committees have developed linkages with the municipalities to articulate longer-term reconstruction needs and the means for resolving them. CARE works directly with the municipal corporations helping them to plan and carry out reconstruction activities with the active participation of local neighborhood and village committees. Both approaches foster municipal development and democratic decision making.

Problems and Delays Affecting Implementation and Actions to Correct Them.

Problem: The Transfer Authorizations provided funds to CRS and CARE to deliver the food to the ultimate beneficiary. However, at the beginning of the program, the Cooperating Sponsors provided the food to municipal warehouses and the mayors or villages were required to pay transport costs to their communities or neighborhoods.

Corrective Action: The Cooperating Sponsors were advised to respect the terms of the Transfer Authorizations and since May 1998, they have complied with the requirement to deliver the food to the ultimate beneficiary.

Problem: USDA contracted the shipping companies for the first shipments of food consigned to the Cooperating Sponsors and arranged for cargo surveys. However, shipments that were contracted directly by CRS did not arrange for cargo surveys to observe the condition of the food when the containers were unstuffed at their warehouses in Tocoa and Tegucigalpa.

Corrective Action: When this was discovered in July 1999, CRS was instructed to competitively contract surveyors for subsequent shipments and complied with this requirement. USDA was advised of this error by CRS. In accordance with Regulation 11, USDA is responsible for determining whether CRS should receive a bill of collection for the dollar amount of the maritime losses, because without cargo surveys USDA could not process claims against the shipping companies.

Problem: Food shipped from the United States did not always have the proportionate quantities of the corn, rice, beans and vegetable oil to meet the requirements of the beneficiaries. The major problem was the lack of appropriate quantities of vegetable oil.

Corrective Action: In the final months of the program, shipments normalized and the Cooperating Sponsors were able to borrow commodities from each other to minimize the problem.

Problem: USAID/Honduras reported to BHR/FFP that the PRRO for the World Food Program calling for 37,000 metric tons in the first year and 20,000 metric tons in the second year is too large. The program is beyond post-Mitch food security needs and may have a negative effect on the labor market through the temporary employment of 80,000 persons in the first year.

Corrective Action: Because the Ministry of Agriculture endorsed the program, the PRRO was not reduced in size, but the U.S. contribution to the program was reduced to 25 percent in the first year. Under the WFP Emergency Program, the U.S. contribution reached 57 percent. There is a consensus that the PRRO needs to be evaluated and agricultural production monitored before future commitments are made.

Problem: Many of the housing projects supported by the food for work programs do not have basic sanitation components. Normally, these are projects funded by other NGOs, which made the commitment to provide water and sewage.

Corrective Action: CARE has obtained 15,000 latrines from SETCO and is attempting to ensure that all of its housing projects have basic sanitation components. CRS is investing its own funds in resolving this problem in large housing projects. However, this aspect of housing projects should be studied to determine where major sanitation problems exist and how they can be resolved.

FY 1999 ACTIVITY STATUS REPORT

A. Background Data

Activity Title: PL-480 Title II Emergency Program
 Project Number: CRS: A.I.D. No. FFP-G-00-99-00030-01
 CARE: A.I.D. No. FFP-G-00-99-00029-00

Date of Authorization: CRS: Original: 12/3/98. Amendment: 2/5/98
 CARE: Original: 12/2/98 Amendment: 3/11/98

PACD: CRS: 11/16/98 CARE: 9/30/99 (to be extended through 11/30/99)

Cooperating Sponsors: CARE and CRS
 Institutional Partners: SETCO (Secretariat of International Technical Cooperation)
 Activity Managers:
 Activity Support Officer: Kelly Flowers, SPS
 Date of Last Evaluation: None Date of Next Evaluation: not planned

Close-out PACR: Planned No. of Audits: 2 (1 each CS)

Date of Next Audit: 12/31/99
 Audits Contracted Completed: None Date of last Audit: None

B. Financial Data	CRS	CARE	Total
Total Value of Approved Program (US\$ million)	11	13	24

STATUS OF FOOD PROGRAMMED FOR FY 99

Authorized Quantity (MT)	19,000	20,386	39,386
Quantity Received (MTS)			

STATUS OF FOOD DISTRIBUTED FOR FY 99

Estimated Quantity Distributed (MT) (as of 8/31/99)	16,062	17,014	33,076
Estimated Balance to be Distributed (MTS)	2,938	3,372	6,310