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GAO

Report to Administrator
Agency for International Development

October 1986

TIME-CRITICAL AID

Disaster Reconstruction Assistance–A Better Delivery System Is Needed

GAO/NSIAD-87-1

GAO

United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

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October 16, 1986

The Honorable M. Peter McPherson
Administrator, Agency for International
Development

Dear Mr. McPherson:

This report discusses the Agency for International Development's administration of the disaster reconstruction assistance projects to help three Andean countries after the floods and droughts induced by the weather phenomenon referred to as El Nino in 1982-83. It suggests steps the Agency can take to improve the future delivery of time-critical disaster reconstruction assistance.

We initiated this review because of continuing congressional interest in the economy, efficiency, and effectiveness of humanitarian assistance that the United States provides to foreign countries.

The report contains recommendations to you. As you know, 31 U.S.C. §720 requires the head of a federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to House and Senate Committees on Appropriations with the Agency's first request for appropriations made more than 60 days after the date of the report. We would appreciate receiving copies of your statement to the committees.

We are sending copies of the report to the Chairmen of the four committees listed above, interested House and Senate authorization committees, and the Director, Office of Management and Budget.

Sincerely yours,

David A. Littleton for

Frank C. Conahan
Assistant Comptroller General

Executive Summary

Purpose

The United States has helped 67 countries cope with natural disasters over the past 20 years. The assistance has totaled over $2.4 billion during that period. In 25 of those countries, the disasters have recurred 10 or more times, and in many of them, the United States, via the Agency for International Development, provided substantially more assistance than immediate food, shelter, and medical aid. The Agency also administered disaster reconstruction assistance in stricken communities after initial emergency aid.

By examining selected disaster reconstruction projects programmed to counter the effects of the 1982-83 weather phenomenon called El Nino in Bolivia, Ecuador, and Peru, GAO evaluated the effectiveness of the Agency's system and methodology for programming, designing, and delivering disaster reconstruction assistance, emphasizing time-sensitive components. GAO's primary objective was to identify and analyze any factors which may have delayed delivery of time-critical aid.

Background

The Agency delivers initial disaster assistance through its Office of U.S. Foreign Disaster Assistance, which has regulations and procedures to permit prompt responses to disasters. The Office is restricted to the initial emergency phases and is not permitted to provide long-term disaster reconstruction assistance. The Agency provides disaster reconstruction assistance through the normal mechanisms and procedures developed to carry out the standard long-term development assistance projects which make up its usual assistance portfolio. The Agency determined that the three countries stricken by El Nino needed disaster reconstruction aid in addition to the emergency help provided by the special office for disaster relief and from other Agency programs, such as food assistance under Public Law 480. By mid-1985, the Agency had programmed about $199.5 million in disaster reconstruction assistance, including some important time-critical components.

The Agency has a number of alternatives for funding time-sensitive early start elements of disaster reconstruction assistance. By borrowing unobligated funds from economic development assistance program accounts and reprogramming funds committed, but not spent, to slow-moving developmental institution-building projects, the Agency can speed up the funding of disaster reconstruction projects. The Agency can also waive normal procurement and contracting requirements and procedures in order to respond quickly to time-critical program segments.

Agency officials identified the need for disaster reconstruction assistance to respond to flooding and drought damage to many vital humanitarian facilities in the three stricken countries. They eventually obtained specific funds for assistance and began formalizing long-term projects. The types of time-sensitive reconstruction assistance programmed for victims in one or more of the three countries included (1) delivery of medicines and agricultural inputs such as fertilizers and pesticides, (2) rehabilitation of potable water, sewer, and irrigation systems, and (3) rebuilding essential portions of a major highway and a companion bridge.

Results in Brief

While many victims benefitted from both the immediate emergency assistance and the disaster reconstruction assistance program, the Agency faced difficulties in effectively planning and programming and promptly delivering many time-sensitive reconstruction projects. In two of the three countries, the reconstruction projects were not started until 7 to 9 months after the disaster had been declared. Also, in all three countries, projects stretched out over 18 to 24 months. The seemingly slow delivery of time-critical reconstruction assistance stemmed primarily from the Agency's (1) not fully using alternatives available for flexible funding and programming, (2) applying regular development assistance programming and implementing procedures to deliver the assistance, (3) applying standard procurement and contracting rules to obtain certain commodities, and (4) not establishing high priorities for time-critical components.

Principal Findings

Many avoidable delays occurred in providing assistance to the victims of El Nino. The Agency's disaster reconstruction efforts in all three countries were in some way affected by lack of special procedures and mechanisms for expeditious delivery of such assistance.

Flexible Funding Not Used

The Agency programmed about $96 million, largely in Public Law 480 food assistance, to quickly respond to early emergencies of the disasters. It did not fully use either the reprogramming or borrowing authorities, however, to begin the disaster reconstruction projects. Instead, except for reprogramming of about $5 million in July 1983 from development assistance to disaster reconstruction assistance in Peru, Agency officials waited until the Agency received authority to deobligate and reobligate undisbursed moneys from prior year programs. This caused up to

6 months' delay in actually funding disaster reconstruction projects. (See p. 32.)

Project Design Slowed Delivery

The Agency used procedures and methods established for long-term economic assistance development projects, which tied much of such assistance to long-term institution-building objectives. However, certain Bolivian and Peruvian government agencies could not readily perform the responsibilities which the U.S. project designers contemplated for them. This contributed to, in some cases, a 1-year or longer delay before the U.S. aid reached the victims. (See p. 36.)

Standard Procedures Delayed Assistance

The Agency applied standard procedures to deliver time-critical assistance, which extended the victims' wait for medicines, construction equipment, and other needed commodities. Although the missions could use and/or request waivers of competitive bidding and various other standard procurement requirements on a case-by-case basis, the missions hesitated to do so, or were slow to request individual waivers. (See p. 35.)

Low Priority Hampered Assistance

The Agency did not assign high priority to the time-sensitive projects, slowing the flow of documentation needed to permit action on projects. Critical orders for contractor staff and commodities, as well as project implementation letter approvals, often moved slowly through two of the three missions' clearance procedures, causing additional delays. (See p. 44.)

Recommendations

GAO did not establish criteria for determining how long the delivery of time-sensitive reconstruction assistance should require. However, the economy and affected individual victims require AID's top-level support of time-sensitive disaster reconstruction projects.

To ensure prompt delivery of time-sensitive disaster reconstruction assistance, GAO recommends that the Agency for International Development create a clearly defined program for planning, designing, programming, and carrying out such assistance. The Agency should also develop and issue guidelines that include instructions for accomplishing important management actions to better plan and deliver time-critical disaster assistance. (See p. 62.)

Agency Comments

The Agency for International Development did not agree with GAO's conclusions and recommendations. The Agency took the position that disaster reconstruction assistance is more closely related to development assistance than to emergency disaster assistance, and that the bulk of the delays encountered resulted from host government inertia or inability to get organized. It therefore said that no additional programming steps were needed to effectively carry out disaster reconstruction assistance projects.

GAO recognizes that the delivery of disaster assistance can be affected by the capabilities of recipient country organizations. Such conditions increase the need, however, for the Agency to concentrate greater attention toward accomplishing time-critical segments of the disaster reconstruction assistance projects than is normally provided under development assistance planning procedures and practices. GAO further believes that when the Congress authorizes funds for dealing with conditions which are created under abnormal circumstances, such as natural disasters, it does not intend for such funds to be an augmentation to the Agency's regular development assistance project portfolio; rather, it intends for special attention to be given to the uses of such funds. Accordingly, GAO believes its recommendations remain valid. The full text of the Agency's comments and GAO's evaluation are in appendix VIII.

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Abbreviations

AID	Agency for International Development
GAO	General Accounting Office
IDB	Inter-American Development Bank
OFDA	Office of Foreign Disaster Assistance
OMB	Office of Management and Budget

Introduction

Traditionally, the United States has responded generously to alleviate human suffering caused by natural and man-made disasters in foreign countries. For example, the U.S. government provided $2.4 billion in foreign disaster relief between 1964 and 1984. U.S. policy calls for providing emergency relief to victims, assisting in rehabilitating vital facilities and services, and providing reconstruction assistance in cases of severe social and economic disruption.

The Foreign Assistance Act of 1961, as amended (ch. 1, section 106, and ch. 9, sections 491 to 495), authorizes international disaster assistance. Sections 491, 492, and 493 of the act authorize short-term relief and rehabilitation to disaster-stricken countries. When damage is extensive, long-term reconstruction assistance is also frequently provided under section 495 of chapter 9. Also, to permit quick responses to foreign disasters, in section 492 (b) the Congress authorizes the Agency for International Development (AID) to borrow up to $50 million in a fiscal year from unobligated development assistance funds and later replenish them when the Congress appropriates disaster assistance funds. Pursuant to section 493, the Director, International Development Cooperation Agency, is designated as the Special Coordinator for promoting maximum effectiveness and coordination in responses to foreign disasters by U.S. agencies and between the United States and other donors.

AID's System for Providing Disaster Assistance

AID regulations separate disaster assistance into three phases:

- Emergency disaster relief, such as food, shelter, and medicine is provided by AID's Office of Foreign Disaster Assistance (OFDA) to immediately alleviate victims' suffering and normally lasts 60 days.
- Short-term rehabilitation, provided by OFDA, consists of limited assistance, e.g., seeds, agricultural or construction hand tools, and roofing, needed to restore victims to self-sufficiency and usually lasts 90 days beyond emergency relief.
- Long-term reconstruction/rehabilitation, provided by AID through normal programming procedures, is often a logical extension of the emergency and short-term phases of disaster assistance. The longer-term assistance is intended to bring the stricken community to a state beyond immediate self-sufficiency or to improve the pre-existing state of the community. While this phase does not include immediate needs, such as those provided by OFDA, it does include some time-sensitive services which impact directly on victims of disasters in those communities, but which are beyond the capacity of OFDA to perform.

Emergency Disaster Relief and Short-Term Rehabilitation

Section 491 (b) of the Foreign Assistance Act states that subject to the limit on its fiscal year appropriations, and notwithstanding any other provision of this or any other act,

"...the President is authorized to furnish assistance to any foreign country, international organization, or private voluntary organization, on such terms and conditions as he may determine, for international disaster relief and rehabilitation..."

Thus, in providing emergency disaster relief and short-term rehabilitation, OFDA is exempt from all other legislation in its mandate to promptly furnish this assistance to foreign countries, international organizations, and private voluntary organizations, to the extent that legislation would jeopardize the disaster relief program. Also, because OFDA assistance is for responding to unusual and compelling circumstances, it is not restricted by Federal Acquisition Regulations. However, its mandate is restricted to the (1) initial phases of assistance, normally provided within 150 days, and (2) types and depth of activities it may undertake. For example, OFDA may quickly clear and repair a key road or pump raw sewage from a flooded town's potable water well, but it may not reconstruct the damaged roadbed or broken water mains or sewage lines. Beyond such provisional assistance, these kinds of vital facilities and services are restored by AID geographic and service bureaus and missions overseas under the third phase of assistance—disaster reconstruction.

Disaster Reconstruction Assistance

All funds made available for disaster reconstruction assistance are from sources other than OFDA's regular fiscal year appropriations. However, disaster reconstruction funds are frequently channeled through the International Disaster Assistance account, as were most of the funds made available for the 1983 and 1984 disaster reconstruction assistance provided to Bolivia, Ecuador, and Peru.

Disaster reconstruction assistance provided to countries where AID has overseas missions usually involves AID personnel assigned to the in-country mission, working with officials from OFDA and specific AID geographic and services bureaus in Washington. AID missions are responsible for designing and managing disaster reconstruction projects.

Section 492 (b) of the Foreign Assistance Act provides AID with borrowing authority to expedite funding disaster reconstruction projects. However, the Agency has not prepared specific guidance on how to expeditiously deliver time-sensitive disaster reconstruction assistance as

distinct from development assistance projects. Therefore, in designing and providing this phase of disaster assistance, the geographic bureaus and overseas missions use routine channels and procedures which are in place for delivering long-term development assistance. (See graphic description of the process in app. I.)

The routine development assistance procedures applied to disaster reconstruction assistance include using standard development assistance project proposal and approval procedures and budget allowances, as well as designing many of these projects with institution building objectives tied to delivering the disaster assistance. In addition, the various levels of standard development assistance procurement, contracting, and waiver authorities are often applied to disaster reconstruction assistance projects.

Using the disaster reconstruction projects in Latin America as case studies of the system for delivering such disaster assistance, this report focuses on the long-term disaster reconstruction assistance projects with time-sensitive components. AID believes, and we recognize, that long-term development assistance objectives may be pursued in the disaster reconstruction phase to help victims not only recover from a past disaster but also to be better prepared for recurrences of disasters, such as floods, droughts, and earthquakes. However, disaster reconstruction assistance in the current AID system also includes time-sensitive project components which should be delivered more quickly than development assistance—to which USAID-Ecuador targeted 18 months for completion; USAID-Bolivia, 2 years; and USAID-Peru, 3 years—but are beyond the scope of OFDA's mandate.

Time-sensitive components covered under disaster reconstruction assistance include basic, vital humanitarian kinds of assistance, such as delivering medicines and agricultural commodities and restoring key roads, bridges, potable water supplies, and sewage disposal to disaster-stricken communities. Without relatively quick response to these needs, severe economic disruption, inadequate food supplies, and unsanitary conditions leading to diseases can continue and worsen. In addition to serving its humanitarian purpose, this assistance has high political visibility in the disaster-stricken countries. As such, it can strongly affect either positively or negatively the image the United States projects overseas.

Background: The U.S. Response to Latin America's Disaster

During late 1982 and early 1983, a recurring weather phenomenon known as El Nino caused prolonged severe flooding and drought conditions in Bolivia and Peru and flooding in Ecuador— three Andean countries. To assist these countries, the United States provided about $1.9 million for initial emergency disaster relief and short-term rehabilitation through OFDA.

Supplementing OFDA's assistance under the first two phases, AID programmed about $12.5 million from the ongoing Housing Guaranty program to initiate disaster reconstruction assistance in Peru, and provided about $81.7 million in Public Law 480 emergency food assistance in the three countries. AID also sought new obligation authority for the Andean countries under either the Economic Support Fund or disaster reconstruction assistance provisions of the Foreign Assistance Act.

In the supplemental appropriation enacted in July 1983, however, and the continuing resolution passed for fiscal year 1984, the Congress provided funds for El Nino assistance, whereby AID was permitted to deobligate money obligated for certain projects in previous years but not expended. AID was then allowed to reobligate those funds specifically for disaster "relief, rehabilitation, and reconstruction activities in the Andean region . . ." Using that authority, AID, by June 30, 1985, had deobligated and reobligated $189.8 million in El Nino disaster assistance to Bolivia, Ecuador, and Peru. All of these funds were drawn from unliquidated obligations previously committed primarily to development assistance projects and economic support programs in Syria and other countries. In 1983, another $5 million was reprogrammed from a regular development assistance project for El Nino disaster reconstruction efforts in Peru and about $2.7 million was reprogrammed in Bolivia. The total commitments of approximately $199.5 million for disaster reconstruction assistance to the Andean countries as of June 30, 1985, also included $60 million programmed for a program loan to help the government of Peru improve its balance-of-payments position and generate local currency for supporting productive employment.[1]

Much of the U.S. investment in disaster reconstruction assistance for Bolivia, Ecuador, and Peru was for time-sensitive commodities and services directed at helping El Nino victims recover from the disaster. Medicines delivered to the people; bridges, roads, potable water and

[1]A separate letter report to the Administrator, Agency for International Development, Time Critical Aid: Questionable Use of Disaster Assistance Funds for Peru (GAO/NSIAD-86-203) was issued on September 30, 1986.

sewage systems repaired in disaster-stricken communities; and fertilizers and pesticides delivered to farmers had beneficial effects on many victims of El Nino. We commend the many participants from both the U.S. public and private sectors who contributed diligently in delivering such assistance. This report focuses on the methods used to plan, program, and deliver time-sensitive disaster reconstruction assistance to people in the Andean countries and the problems encountered in such efforts, with the goal of improving the use of mechanisms available for providing disaster reconstruction assistance in the future.

Objectives, Scope, and Methodology

We examined AID's system for programming, designing, and delivering disaster reconstruction project assistance, with emphasis on determining whether and, if so, where and why delays occur in the delivery of AID's long-term reconstruction assistance. Using Latin America to determine the effects of the AID system and procedures, we focused on how AID handled time-sensitive components of disaster reconstruction projects in Ecuador, Bolivia, and Peru. Based on advice and assistance provided by knowledgeable AID officials and others with experience in the delivery of disaster reconstruction assistance, we determined that the projects and subprojects focusing on the delivery of medicines and commodities for health and agricultural recovery and the restoring of key roads and bridges and water and sewer systems were U.S. commitments with time-sensitive components.

We did not evaluate assistance provided by OFDA, emergency food assistance provided under the Public Law 480 program, or El Nino-related assistance that AID financed through private voluntary organizations.

To determine where problems occurred in delivering the time-sensitive assistance, we reviewed U.S. disaster and damage assessments by OFDA and others for each country, AID's disaster reconstruction programming procedures, the AID missions' and host governments' roles in subproject selection and implementation, overall project design, procurement planning and the use of waiver authority, and some aspects of project management.

We examined records and reports, such as the management assessment of the disaster projects conducted by a U.S. consulting firm—Checchi and Co.—and interviewed officials from the AID geographic and services bureaus, OFDA, and the Office of Management and Budget (OMB) in Washington, D.C. In Bolivia, Ecuador, and Peru, our fieldwork consisted of reviewing records, meeting with officials representing the AID missions,

the U.S. embassies, the host countries, the Inter-American Development Bank (IDB), the World Bank, and visiting selected project sites.

We did not try to determine whether similar delays had occurred in delivering disaster reconstruction assistance to other parts of the world. However, the system AID used for programming and delivering disaster reconstruction assistance to respond to the El Nino disaster in Latin America is also applied worldwide. Therefore, to the extent that our observations relate to weaknesses in the AID system, other parts of the world would be susceptible to similar problems.

Our observations and conclusions would apply to disaster-prone countries where the United States has representation and, within this universe, to disaster reconstruction assistance responding to certain types of construction and crop damages and medical needs. During the 1964-83 period, U.S. disaster assistance went to 20 countries in which 10 or more disasters were declared and to 28 countries where 5 to 9 disasters were declared. (See app. II.)

Our review was conducted during January through June 1985 in accordance with generally accepted government auditing standards.

Overall Delivery of Time-Sensitive Disaster Assistance

The United States responded quickly to the emergency needs of people in Bolivia, Ecuador, and Peru after the unusual 1982-83 weather phenomenon. AID, including OFDA, committed about $96 million in initial emergency assistance to help alleviate the effects of floods and droughts caused by El Nino. OFDA further reported that U.S. voluntary agencies and other members of the international community—national governments, international organizations, and foreign-based voluntary agencies—also contributed over $71.6 million in 1983 and 1984 to help lessen the emergency conditions created by El Nino.

AID also determined that disaster reconstruction projects were required for Bolivia, Ecuador, and Peru on the basis of urgent needs and committed $199.5 million to finance such projects. While emergency assistance was being provided, AID discerned that many vital and humanitarian needs, such as restoring the countries' food production and transportation and disaster victims' water supplies and sanitary and health conditions, required further U.S. response under disaster reconstruction assistance. Such assistance is time-critical and calls for special priority treatment; without it, victims' suffering may be prolonged or worsened. AID has been given special borrowing and waiver authority as well as other ways to expedite delivery of time-sensitive assistance in response to disasters. However, roughly 2 years after the U.S. ambassadors declared the disasters, much of the planned reconstruction assistance remained undelivered in two of the three countries.

Time-Critical Assistance

AID's objective in disaster reconstruction assistance is to bring stricken communities to a state beyond immediate self-sufficiency or to improve the pre-existing state of the community. Included in long-term disaster reconstruction assistance projects are, as demonstrated in the El Nino case, subprojects with time-sensitive completion needs. However, AID's primary mission revolves around developmental assistance directed toward increasing friendly countries' abilities to improve their own socioeconomic development and, therefore, often requires long-term institution building efforts. The Agency does not normally program disaster reconstruction projects on an annual basis, nor has it established separate guidelines for implementing such projects. Therefore, AID applies normal development assistance procedures to carry out disaster reconstruction projects. Certain elements of disaster reconstruction projects are not time-critical and thus lend themselves to implementation through routine development assistance procedures. However,

when development assistance guidance is used to carry out time-sensitive components of disaster reconstruction projects, avoidable delays can occur in the delivery of the assistance.

In Ecuador, the U.S. Ambassador declared a flood disaster on December 30, 1982, and OFDA committed about $0.7 million for immediate emergency assistance there. The AID mission also programmed Public Law 480 commodities valued at about $2 million to generate additional funds for use during the early emergency period.

An original $13 million disaster reconstruction project was approved in September 1983, with a planned completion schedule of 18 months. The project was later expanded to $23 million. The initial project included a grant for construction works (irrigation and river defenses, water and sewer, reelectrification, housing, and schools) and a loan for importing fertilizer and pesticides. AID determined that irrigation and river defense work was critically needed to avoid further agricultural production losses. Water and sewer reconstruction subprojects were to respond to the needs of flooded cities and towns which had already remained without potable water and/or satisfactory sewage disposal for nearly 1 year due to the disaster. Agricultural inputs were also considered vitally needed for recovery from the El Nino damages to Ecuador's agricultural sector.

In Bolivia, the U.S. Ambassador declared flood and drought disasters in March and April 1983, respectively. OFDA provided about $243,000 for immediate emergency assistance there. The AID mission committed over $98 million for disaster assistance in Bolivia, including nearly $47 million in Public Law 480, title II, commodities and title III counterpart funds. The original $17 million disaster reconstruction project was approved in October 1983, with an anticipated completion schedule of 2 years. Through 1984, the disaster reconstruction assistance project had increased to about $51.5 million. The initial assistance project included reconstruction of a vital major east-west highway, reconstruction of potable water and irrigation systems, and AID's direct procurement and importation of critically needed fertilizers and medicines. The first project amendment, proposed in November 1983 and signed in May 1984, included a loan for importing additional fertilizers and pesticides in response to the drought in the high plains.

In Peru, the U.S Ambassador declared that El Nino had induced floods and drought which had reached disaster proportions in February and June 1983, respectively. In response, the AID mission committed about

$171 million to disaster assistance in Peru, including nearly $1 million provided by OFDA and $45 million programmed from Public Law 480 and Housing Guaranty programs. The mission's initial disaster reconstruction assistance project for dealing with flood damages was approved in July 1983 and called for the reprogramming of funds from development assistance and other sources. AID also provided data which show that the initial $4 million project was expanded to $38.5 million by October 1983, and eventually to $65 million—including a $4.8 million grant to voluntary agencies—by the end of fiscal year 1984.

Overall, the disaster reconstruction assistance project ultimately included funding of both flood- and drought-related subprojects in 15 of Peru's 25 departments (equivalent to states in the United States). The project designers in Peru envisioned that the life of the project would be 3 years. The AID mission cited as one of the strengths of the project the fact that the mission did not precisely identify the subprojects until El Nino damages were fully assessed, priorities were established, and funding sources known. The project designers instead prepared and included in the official project paper an illustrative list of emergency subprojects which could be AID-financed. Among the subprojects AID actually financed in flood areas were the establishment of resettlement areas and the reconstruction of roads and bridges, potable water and sewer systems, and irrigation systems. In the drought areas, AID financed irrigation systems, potable water wells, and community development projects (e.g., gardens, chicken coops, etc.). AID also programmed the import of critically needed medicines for malaria and tuberculosis, which had become serious problems in the flood and drought regions in Peru, respectively.

Time-Sensitive Project Components Were Delivered Slowly

AID's key goal in the projects was to deliver critically needed assistance to disaster-stricken communities in Bolivia, Ecuador, and Peru. However, in all three countries, AID's delivery of time-sensitive disaster reconstruction assistance was slow.

Construction Works Progressed Slowly

Time-sensitive construction works in the three countries' disaster projects had mixed results. Benefits were achieved, but the projects generally progressed slowly. In all three countries, critical construction works were initiated late. In Ecuador, however, once the project was started, most time-sensitive construction works were completed in only 18 months. On the other hand, in Bolivia and Peru, while AID had

promptly delivered food and other types of disaster assistance, many time-critical reconstruction works were undertaken late, were behind schedule, and remained incomplete at the time of our review.

In Ecuador, the 36 subprojects initially programmed for irrigation and dikes and levee reconstruction were completed 16 months after project approval in September 1983. However, because the projects were approved 9 months after the disaster was declared, many works could not be completed before the next rainy season, permitting additional damages to occur. In addition, the AID mission in Ecuador reprogrammed several water and sewer reconstruction works because of various implementation problems. Nevertheless, most of the 90 reprogrammed water and sewer works were completed only 18 months after project approval. (See app. III.)

In Bolivia, in March 1985—2 years after the flood and 18 months after project approval in October 1983—bids for reconstructing the vitally important Santa Cruz-Cochabamba Highway in Bolivia were just being solicited. Reconstruction of this road's major bridge was contracted in July 1984. As of April 1985, the bridge was about 70 percent complete.

Figure 2.1: Taruma Bridge Under Repair Along the Santa Cruz-Cochabamba Highway in Bolivia

Many irrigation works were behind schedule, and in one departmental jurisdiction of Bolivia, the mission was considering canceling the irrigation subprojects because of serious implementation delays. (See app. IV.)

In Peru, the AID mission quickly presented a long illustrative list of urgently needed reconstruction projects in its July 1983 project paper. The selection of subprojects for targets of opportunity to be financed with the programmed $65 million, however, was not accomplished until

Figure 2.2: Bus Fording the River While Taruma Bridge Is Out of Commission

much later. Early in 1984, the mission used project funds to finance the completion of several road, bridge, and irrigation works which had been started by the government of Peru and other donors. The disbursements on those commitments, as well as some U.S.-initiated subprojects, were on schedule, but many of the reconstruction works the mission itself had initiated progressed slowly. In May 1985, the mission was still in the process of identifying additional subprojects for disaster assistance financing.

At the end of 1983, the Inter-American Development Bank's (IDB) emergency reprogrammed funds for reconstructing many irrigation systems were no longer available for Peru.[1] The government of Peru lacked sufficient counterpart funds to complete the works, so the mission agreed to finance completion of the IDB-built systems in Piura and Tumbes.[2] In addition, in May 1984, the mission agreed to reimburse (back-finance) the government of Peru for costs incurred from several roads and bridges it had already rebuilt or contracted for in Piura. Most of these works were completed at the time of our visit to Peru. In June 1984, AID also agreed to finance a major water and sewer reconstruction subproject in Piura (Sullana) which had been begun by IDB. IDB officials stated that this work should have been complete in November or December 1984; however, due largely to technical problems and poor contractor performance, it was only about 50 percent complete in May 1985. In May 1985, or 22 months after the AID disaster reconstruction project was approved, many of the subprojects which AID financed from their inception were progressing slowly. For example, the rebuilding of a crucial inland city-to-port road (Sullana-Paita) was not contracted until August 1984, more than 1 year after the AID project was approved. In May 1985, it was 89 percent complete. Also in May 1985, more than 2 years after the disaster was declared, most of the 14 planned resettlement areas (lots with public taps) for Piura and Tumbes flood victims were not finished. Moreover, although nearly two-thirds of project time had elapsed, in a drought-stricken area (Puno), only 34 of 150 originally planned potable water wells were functioning and only 3 of 9 planned irrigation systems were nearing completion. (See app. V.)

[1]IDB disbursed slightly over $12 million of about $19 million in its emergency reprogramming to repair and rebuild damaged irrigation systems up to December 31, 1983. This was the deadline for the availability of emergency reprogrammed funds for Peru. IDB also programmed a separate long-term disaster reconstruction loan to Peru.

[2]Other donors had already built about 80 percent of the irrigation systems in Piura and 40 percent in Tumbes.

Figure 2.3: Water/Sewage Work to Repair Damage From El Nino in Sullana, a City in the Piura Department in Peru

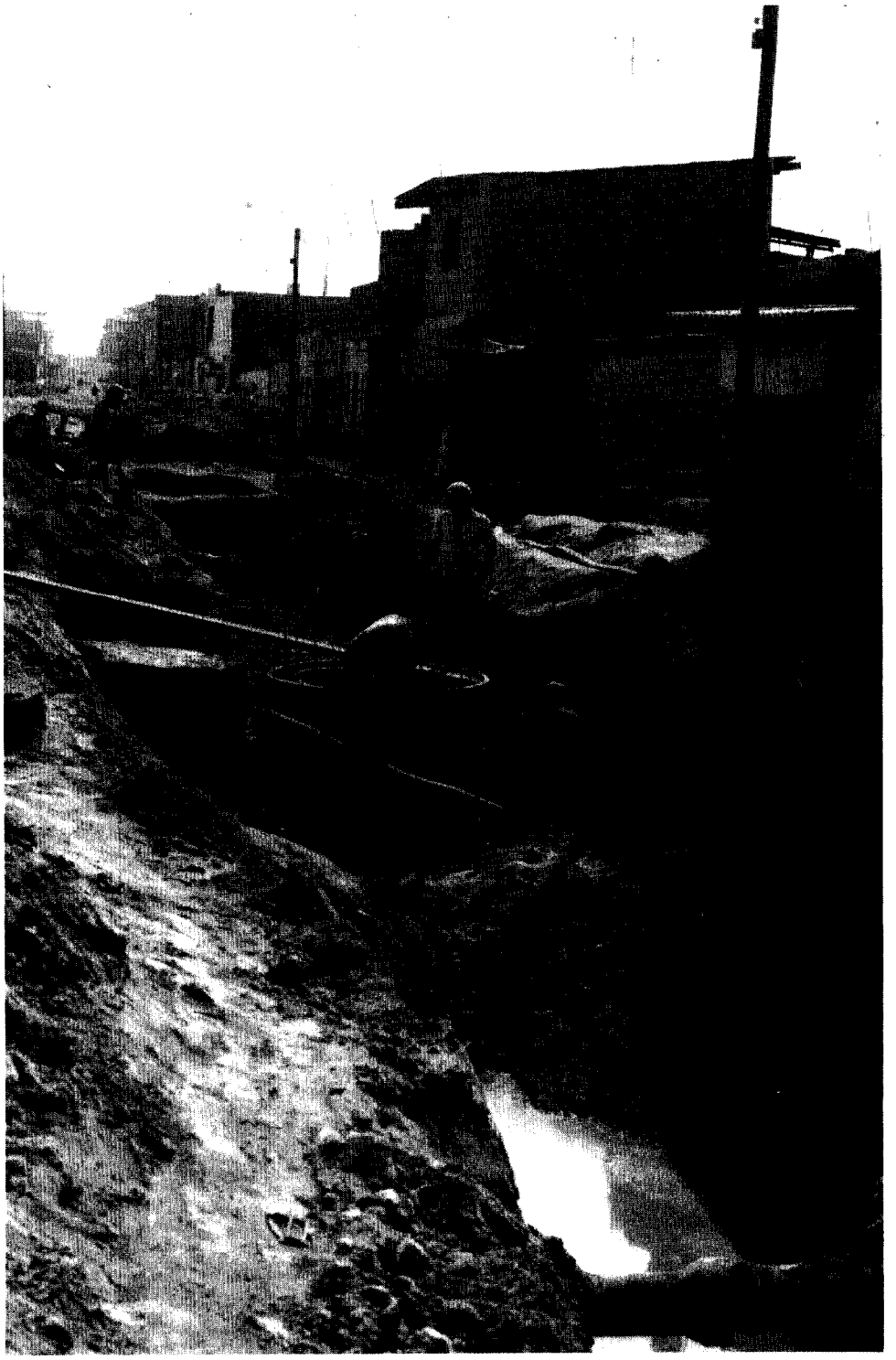
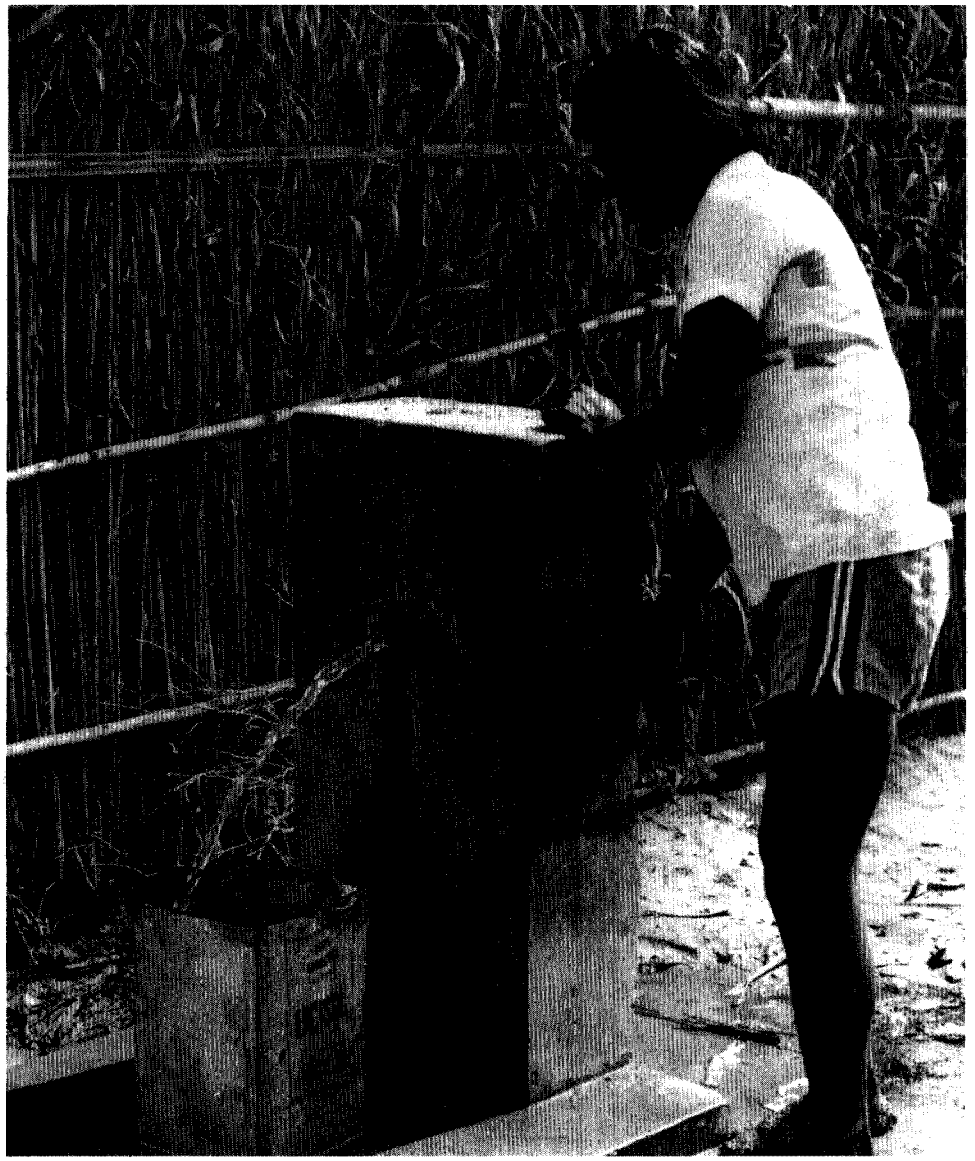


Figure 2.4: Resettlement Area for El Nino Victims in the City of Vice, in the Piura Department Still Remained Incomplete as Late as December 1985

Figure 2.5 Public Water Tap Built for Stricken Community in 13 De Abril-La Arena in the Piura Department of Peru



Agricultural Imports Missed Planting Seasons

Responding to the El Nino disaster, AID programmed loans to Ecuador and Bolivia to facilitate the importation of critically needed agricultural goods. Both AID missions declared an urgent need to support rapid recovery of these countries' agricultural sectors and considered these loans the most effective method for quick delivery of the assistance. These commodities were needed in both countries by November 1983, prior to the areas' major growing seasons. However, the fertilizers and

pesticides arrived too late for use in two growing seasons in each country.

During September 1984—1 year after the project was approved and 21 months after the disaster was declared—the first of eight initial fertilizer and pesticide shipments arrived in Ecuador. The government of Ecuador was still identifying, and the mission was still approving, eligible importers and commodities in June and July 1984—10 months into the project and 19 months after the disaster had been declared. By March 1985, all commodities had arrived in Ecuador, but because of strict credit requirements that AID had allowed banks to impose on importers in a time-critical environment, some importers had not picked up and delivered all of them. Therefore, after the project was approved, the commodities were not available for summer and winter growing seasons—October-December 1983 and May-August 1984, respectively. (See app. VI.)

In Bolivia, under the original disaster project approved in October 1983, the mission had wanted to assist in the late 1983 cropping cycle and procured and imported some fertilizers directly. Even though this fertilizer shipment arrived within 2 months after the approval of the project in October 1983, the late 1983 cropping cycle was missed. The fertilizer was, in fact, not fully distributed until November 1984.

The November 1983 proposed project amendment for Bolivian disaster recovery was not approved until May 1984, however, due to U.S. environmental and safety issues. Under that amendment, the mission set up a loan—similar to that in Ecuador—to finance additional fertilizer and pesticide imports through the Bolivian private sector for use in the May-August 1984 and October-December 1984 growing seasons. However, these commodities, critically needed for the two planting seasons, began arriving in March 1985, 10 months into the project and 16 months after it was initially proposed in November 1983. Only 11 of 75 commodity shipments had arrived in Bolivia as of April 1985, thus missing both of the growing seasons in which AID had intended to use these commodities.

Critically Needed Medicines Slow to Arrive

In Bolivia, where critically needed medicines were in short supply and those available to the public were being sold at high prices, the AID mission intended to replenish the medicines normally stocked for the rural poor in the drought-stricken areas. The mission needed about 10 months, however, after the project was approved in October 1983 to compile a complete list of needed medicines to import. The first

medicines arrived in Bolivia 11 months after the project was signed—which was 17 months after the drought disaster had been declared in April 1983. As of April 1985, 75 percent of the medicines had arrived in Bolivia, but few had actually been distributed to the drought-stricken areas.

During the emergency disaster relief phase in Peru, the AID mission reprogrammed funds from an ongoing health project and procured and delivered locally purchased medicines to disaster-stricken areas within 1 month. However, under the disaster reconstruction project, the mission targeted the malaria epidemic (which had developed in the northern flooded regions) and tuberculosis (which had developed in the southern drought-affected areas) for assistance. Although the medicine subproject was approved in April 1984, 11 months lapsed before anti-tuberculosis medicines arrived and were distributed to the infected regions. In addition, because planned training was not provided in time, by May 1985, only 142 of the 3,969 planned tuberculosis treatments had been provided to victims in the drought-affected area. At the time of our visit to Peru (in May 1985), 13 months after the subproject was approved and 22 months into the disaster reconstruction project, 90 percent of the medicines needed for treating malaria victims still had not arrived in Peru. (See app. VII.)

Some of the primary causes for delays and slow delivery are shown in table 2.1.

Table 2.1: Primary Causes for Delays and Slow Delivery of U.S. Assistance

Causes for delay	Bolivia	Ecuador	Peru
AID headquarters did not use section 492(b) borrowing authority to expedite project start	X[a]	X	X[b]
Project designed with development assistance institution-building objectives or without adequately assessing host government agencies' capabilities	X		X
Agricultural commodity import program loans poorly designed	X	X	NA
Delays in establishing and staffing project office(s)	X		X
Lack of adequate commodity procurement know-how, guidance, and planning	X		X
Lack of systematic priority in implementing disaster reconstruction project	X		X

[a]USAIDs in Bolivia and Peru provided emergency food and other assistance under the Public Law 480 program.

[b]AID/Peru reprogrammed limited funds from within its development assistance project portfolio to start the project quickly.

A primary reason these delays occurred, we believe, is the lack of clear guidelines and a system for distinguishing disaster reconstruction from long-term development assistance. The remainder of this report discusses the causes for the delays and improvements needed in delivering the time-sensitive disaster reconstruction assistance to victims.

Agency Comments and Our Evaluation

In its comments on a draft of this report, the Agency expressed concern that the report did not fully describe its initial (1982-83) emergency disaster relief efforts to introduce our discussion of disaster reconstruction assistance to Bolivia, Ecuador, and Peru. Agency officials said that the initial emergency disaster assistance provided in response to El Nino was time-sensitive and our omitting that part of the overall disaster assistance program distorted AID's total assistance to the Andean disasters.

The Agency also questioned our application of time-sensitive status to disaster reconstruction projects, stating that we arbitrarily categorized what is time-sensitive. The Agency noted that while we implied that disaster reconstruction assistance should have been provided on an emergency basis, such assistance corresponds more to normal development assistance activities than to emergency assistance and that timeliness is only one criterion for determining implementation action. Questioning our use of the term "time-sensitive," the Agency cautioned that after basic relief needs are met (i.e., once a road is opened, the homeless are sheltered, and provision has been made for water, food, and medicines), definitive reconstruction should be handled on a careful, less urgent basis. The Agency said that it never intended that the Peru disaster reconstruction project be completed in 12 to 18 months, and therefore, our conclusion that completion should have occurred in less than 3 years is incorrect.

We concur with AID that the initial U.S. responses to disaster victims' need for emergency assistance were extremely important and a major part of the total U.S. disaster assistance program. However, as discussed in chapter 1, our review concentrated on the long-term disaster reconstruction assistance projects with time-sensitive components. To give appropriate recognition to the early emergency time-sensitive relief efforts, we have provided additional data in chapter 2 concerning U.S. and other external donors' initial responses to the effects of the 1982-83 floods and droughts in the Andean countries.

We also agree with the Agency that undertaking definitive reconstruction should occur on a less than urgent basis after the relief needs are met. We believe, however, that the time-sensitive subprojects, or project components, which we discuss in this report, relate to relief needs which have not been met and therefore deserve special attention. Our definition of time-sensitive disaster reconstruction assistance was based on a number of factors. These included the advice and assistance of knowledgeable Agency officials and others with experience in delivering disaster assistance and our observation of project descriptions frequently using the term emergency in project papers, cables, and other Agency documents.

We did not intend to imply that all disaster reconstruction assistance projects in Bolivia, Ecuador, and Peru should be implemented on an emergency basis. But we believe that in many instances, components of such projects are time-sensitive and may neither fit OFDA's typical emergency project nor the regular development assistance project mold. In a program where the U.S. government had committed $295.5 million in response to negative effects of El Nino, we question whether the areas considered by the Agency as critical components—the $81.6 million worth of food made available to victims, the $12.5 million channelled from a Housing Guaranty program and the $1.9 million expended by OFDA, or about 33 percent of the total commitment—met all of the time-critical relief needs. If so, then AID did not need to apply special attention to the remaining $199.5 million to meet critical needs. We do not believe this is the case. In fact, in describing the project in Peru, the Agency's project paper cited the purpose of the project as "to establish ... a reconstruction fund through financing and implementing technical assistance and emergency relief and rehabilitation activities" (underscoring added) in areas in Peru. There was a special need for accelerated efforts to (1) support recovery of Andean countries' agricultural sectors, (2) supply and distribute medicines, and (3) provide water and sanitation conditions to flood victims. Those special needs were created abnormally and therefore would seem to warrant modified development assistance project procedures and processes to permit more rapid implementation.

With respect to the disaster assistance program in Peru, we recognize that the Agency established 3 years as the "life of the project" for identifying and delivering needed disaster related assistance. We also recognize that this project supported more than 80 subprojects spread over 15 departments, and we are not suggesting that all the U.S.-funded subprojects in Peru were progressing slowly. However, based on the Agency

records we reviewed, comments we gathered, and on-site observations we made, the subprojects which we assessed required more time than was contemplated in the planning of the project. The Agency's project paper, signed on July 20, 1983, stipulated that "the following eligibility criteria will be employed to ... provide funding for priority disaster related subprojects that address key relief and rehabilitation requirements and which can be largely if not entirely, disbursed within six to twelve months." (Underscoring added.) As is displayed in appendix V, aside from the fact that some of the subprojects were initiated up to 12 months after the project agreement was signed, certain subprojects required over another 12 months for completion. Furthermore, documents indicate that the water and sewer work contracted in June 1984 in Sullana—a city in the department of Piura—had not been completed as of December 1985, and also at that time, only 150 of the planned 400 lots were occupied in the resettlement subproject initiated in the spring of 1984 in the city of Vice.

In reacting to the effects of natural disasters in developing countries, AID needs more than two choices in planning, programming, and delivering disaster assistance. We believe that in such circumstances an approach which produces actions between emergency programming and normal development programming is needed to complete basic relief and rehabilitation. We also believe that the Congress, when it appropriates funds or authorizes funds through other means for disaster assistance purposes, does not intend for those funds to be used as an augmentation to the Agency's, or overseas missions' development assistance project portfolios. Instead, we believe that disaster reconstruction assistance projects with time-sensitive features have an importance deserving prompt attention and management which will accomplish the intended project objective as efficiently and effectively as possible within a short time frame.

AID Needs a Different Approach in Its Disaster Reconstruction Programming

Disaster reconstruction assistance is often a logical extension of the emergency disaster relief phase and includes AID's provision of some time-sensitive components essential to the recovery of disaster-stricken communities. In section 492(b) of the Foreign Assistance Act, enacted in 1980, the Congress gave AID a tool—authority to borrow funds from development assistance projects—for quickly funding and implementing disaster assistance, but in the El Nino cases, this authority went unused. In addition, although the time-sensitive reconstruction assistance needed quick delivery to be effective, AID did not modify standard development assistance procedures and designed El Nino projects in two of the three Andean countries like development assistance projects. The delivery of some of the disaster assistance was tied to achieving long-term institution-building objectives. Moreover, in these cases, AID did not adequately plan for or receive human and technical resources needed for disaster project design and implementation, particularly in the areas of commodity procurement and importation, to speed its response to the disaster-stricken communities.

Borrowing Authority Not Used to Quickly Fund Disaster Reconstruction

Legislation authorizes AID to borrow funds from development assistance projects to expedite delivery of disaster assistance to victims. This tool permits AID some flexibility to initiate financing of disaster assistance quickly without awaiting congressional appropriations. AID considered and rejected the use of this authority in the initial planning for the El Nino disaster.

As early as April 1983, AID recognized the need for disaster reconstruction assistance in the three Andean countries beyond that which OFDA could provide. Responding to that need, AID tried but was unable to obtain new obligation authority through a supplemental appropriations request. It did not, however, take steps suggested by OMB to reprogram sufficient amounts of development assistance funds and to use the borrowing authority in section 492(b) of the Foreign Assistance Act to quickly finance delivery of reconstruction assistance to disaster victims. With two minor exceptions[1] AID did not initiate disaster reconstruction projects until it received the special deobligation/reobligation authority, enacted July 30, 1983. Additional time was needed to identify, deobligate, and reobligate funds, resulting in a total of 5 to 6 months' delay in financing disaster reconstruction projects.

[1]In Peru and Bolivia small amounts of development assistance funds were reprogrammed in 1983 which helped initiate the respective disaster reconstruction projects.

In May 1983, AID approached OMB concerning a request for $100 million in supplemental appropriations for Andean disaster reconstruction assistance. OMB suggested, however, that AID reprogram existing development assistance and other resources, to the maximum extent possible, as well as use the borrowing authority. However, beyond the eventual $96 million committed from OFDA, Public Law 480, and Housing Guarantee funds already programmed and the approximately $7 million reprogrammed from development assistance projects in Bolivia and Peru, AID was unwilling to reprogram large amounts of development assistance, or other moneys, or to use the borrowing authority to fund disaster reconstruction projects.

The Agency did not consider using the borrowing authority until early July 1983 and then rejected it for the following reasons:

- Although OMB argued that $50 million would have been enough for fiscal year 1983, AID concluded that greater amounts of funding were needed.
- Some limited development assistance funds ($5.0 million) had already been reprogrammed from within Peru's ongoing projects, and $48.5 million in additional Public Law 480 funds had already been provided for Peru and Bolivia.
- The Agency had been accelerating obligations for fiscal year 1983, planned to obligate nearly 100 percent of these funds by August 1983, and preferred not to disrupt the budget process.
- Reductions in country development assistance levels resulting from the use of the borrowing authority would require Department of State approval, which could be both difficult and time consuming.
- There was no assurance that a subsequent appropriation would be enacted by the Congress to replace any borrowed development assistance funds.

We agree that there was no guarantee that the Congress would enact a subsequent appropriation to replace any borrowed development assistance money used to expedite beginning the El Nino disaster reconstruction projects. However, historically the Congress has responded positively to assisting people affected by natural disasters. Furthermore, although we did not review unobligated funds which were available worldwide for using the borrowing authority, by sampling the AID missions' financial records for fiscal year 1983 in Ecuador and Bolivia, we found that both missions had unobligated funds in various budget allowances up to July-August 1983. Although possibly "earmarked" for various purposes, these funds were not yet obligated and could have

been used to begin responding to the disasters earlier and then reimbursed later. Instead, the funds were held and eventually spent for such purposes as reactivating suspended development assistance projects, starting new development projects, and various studies. AID mission officials acknowledged that El Nino-related disaster assistance was of higher priority and more time critical than the activities on which the unobligated funds were spent.

Since AID did not use the borrowing authority or reprogram sufficient amounts of other moneys, the disaster reconstruction projects in both Ecuador and Bolivia were not started until 9 months and 7 months, respectively, after the disaster had been declared. In both countries, these apparent late starts negatively affected the projects' effectiveness. For instance:

- In Ecuador, the project got under way just as the next rainy season began, thus slowing and in some cases damaging the project's ongoing construction work.
- In Bolivia, the project started too late for the crucial delivery of fertilizer for use in the late 1983 planting season and, as in Ecuador, delayed the start of construction works there as the rainy season began.

In Peru $5 million was reprogrammed from development assistance funds to initiate the disaster reconstruction project in July 1983—5 months after the disaster was declared. Even though the mission included a long list of subprojects that needed to be undertaken, this amount was not increased significantly until October 1983 when the project funds grew to $38.5 million in an amendment to the original project.

We believe that several months of delay might have been avoided had AID used the available borrowing authority and/or reprogrammed sufficient funds to start the critically needed disaster assistance projects once it had identified the extensive damages and the need for reconstruction in April and May 1983.

Standard Project Development and Approval Procedures and Requirements Are Applied to Disaster Reconstruction

AID currently does not make sufficient distinction between disaster reconstruction and development assistance when planning projects. Rather, AID follows the regular development assistance paperwork process—proposal and approval procedures—with which U.S. and recipient governments are familiar for disaster reconstruction projects. We found that with one exception, after funds were determined to be available, there were no serious delays in applying these procedures. However, the application of routine development assistance procedures in commodity procurement and other aspects of project implementation has caused significant delays in delivering time-sensitive reconstruction assistance to the victims. (See ch. 4.)

For disaster reconstruction projects, a mission normally prepares a project identification document, which, as with development assistance projects, is reviewed by an AID headquarters Development Assistance Executive Committee. The mission then responds to issues raised by the Committee and writes a project paper fulfilling all standard legal and other development assistance project requirements. Upon receiving a delegation of authority from headquarters, the mission director may approve the project. The budget allowance for the disaster reconstruction project comes to the mission and is accounted for as a standard development assistance project.

Overall, we found that once reprogrammed and deobligation/reobligation funds were available, the AID missions in Bolivia, Ecuador, and Peru quickly cabled project identification documents to Washington; the geographic bureau quickly held Development Assistance Executive Committee meetings to discuss project issues; and the overseas and domestic offices resolved problem areas and agreed to quickly submit the project papers for approval. The time between AID headquarters notification to the missions that the new money would be available for disaster reconstruction assistance to project paper approval was 1 to 2 months for Bolivia and Ecuador. The AID mission in Peru completed and approved its project paper in 1 month.

There was an exception to the quick project approval procedures. For Bolivia's first project amendment, proposed in November 1983, three separate Development Assistance Executive Committees met over a 6-month period on various issues until the project was approved in May 1984. Even then, one of the project components—pesticide imports—

apparently had not been adequately reviewed. After a project agreement had been signed with the host government, AID headquarters determined that the pesticides import subproject did not fulfill certain regulatory requirements. (For further discussion, see pp. 34-35.)

Design and Planning Factors Contribute to Slow Delivery of Time-Sensitive Assistance

AID made different kinds of decisions with the host governments in Bolivia, Ecuador, and Peru to determine the coverage, selection, and prioritization of their disaster reconstruction projects. Also, in each country, disaster projects were designed with varying degrees of host-government institution building tied to the delivery of the time-sensitive disaster assistance. These factors directly affected AID's timeliness in delivering the assistance to the victims.

Implementation problems, creating delays in reaching the victims with critically needed assistance, occurred particularly in the projects where (1) geographical coverage was widely dispersed, (2) development-assistance-type institution building was a key objective, and/or (3) host government capability was not adequately assessed. On the other hand, delays were minimal where AID (1) limited the geographical coverage of its disaster response, (2) delivered the assistance to victims through host-government agencies which were strong or already familiar with AID procedures, and (3) had a strong, direct role in delivering the assistance.

Project Coverage and Selection

In the early planning stages while determining the U.S. response to El Nino, AID made important decisions, coordinating with the host governments and other disaster assistance donors, on the geographical coverage and kinds of assistance AID would deliver. These decisions later affected the pace and management of delivering the time-sensitive components to the victims.

The government of Peru declared nearly the entire country a national disaster—17 of 25 departments or jurisdictions—and published a National Reconstruction Plan. AID initially limited its coverage to the 6 departments most seriously affected by flooding and drought, but eventually expanded the U.S. response to cover 15 Peruvian departments. Expanding the project and making it more compatible with the National Reconstruction Plan supported the Peruvian government plans to raise reconstruction bond money to finance disaster assistance projects locally. However, the other major donors, such as IDB, limited their responses to the seven departments most seriously damaged by El

Nino. U.S. officials involved with the project in Peru believed that the broad geographic coverage contributed to the slow delivery of time-sensitive assistance to victims and made the project difficult to manage.

In Ecuador, on the other hand, although flooding damaged several areas throughout the country, the AID mission concentrated the U.S. disaster response in the coastal region, where AID had determined that the major impact was felt from the disaster. The U.S. Ambassador and AID officials believed that the Ecuador project's construction works were completed relatively quickly partly because of the project's limited geographical coverage. This permitted AID to concentrate its efforts and establish one field office to supervise and manage the reconstruction project closely and thereby ensure timely completion.

Institution Building and Capability Assessments

The AID disaster reconstruction projects in Bolivia, Ecuador, and Peru were designed with varying degrees of development assistance-type institution-building objectives tied to delivering time-critical assistance to disaster-stricken communities. Disaster assistance was delivered faster where (1) the subprojects were designed with the least amount of institution-building objectives and/or (2) the host country implementing agencies were strong or already experienced with AID procedures and requirements. On the other hand, the delivery of time-sensitive disaster assistance tended to begin late and progress slowly when institution building was a key objective and/or the AID missions overestimated the host country implementing agencies' capabilities.

Construction Subprojects

In Ecuador the construction component of the disaster assistance was designed to be delivered largely through Ecuadorian agencies with which it had experience in development projects. Both the water and sewer and the hydraulic resources (irrigation) authorities were familiar with AID procedures and contracting requirements. At the same time, however, recognizing the agencies' weaknesses, the AID mission also contracted with experienced sanitation, hydrological, and other engineers to supervise Ecuadorian workers, review technical designs, and provide other technical support in the field directly to the implementing agencies.

In selecting the Ecuadorian Development Bank to financially administer the construction component with the six implementing agencies, the mission's thorough institutional analysis found it to be a sound, strong bank which had previously dealt with most of the agencies in national

projects. As a result, the Ecuador disaster project design minimized delays in delivering the time-sensitive disaster assistance because host-country agencies were staffed and familiar with basic AID project requirements.

In Peru, however, building and strengthening new Peruvian government institutions to implement the country's National Reconstruction Plan were key developmental objectives of the disaster assistance project. In large part, these organizations were not sufficiently staffed or familiar with AID procedures until 1 year or more into project implementation. This slowed delivery of time-sensitive reconstruction assistance to El Nino victims during the first 2 years. For example, AID used a "back-financing" technique to initiate disaster reconstruction project efforts, but nearly 8 months elapsed before it funded completion of (1) work other donors had started on irrigation systems in Piura and Tumbes and (2) some roads and bridges, most of which were already under reconstruction by the government of Peru. In May 1985, stricken communities in those departments still had inadequate potable water systems or sewage disposal as damaged systems had not been restored. Also, a USAID-Peru investigation report showed that as late as December 1985, many flood victims were still awaiting the completion of resettlement areas.

In designing the disaster assistance project for Bolivia, AID gave a major responsibility and role to the host government agencies for delivery of time-sensitive assistance. Although AID recognized that Bolivia's National Road Service was not efficient in procuring heavy equipment and construction materials, such as those needed for rebuilding the damaged Santa Cruz-Cochabamba highway, AID determined that the most expeditious way to rebuild the road was for the highway agency to do so by direct administration rather than by contract. However, based on its experience with the highway agency in a reactivated development assistance project, by September 1983— during disaster assistance project design—AID was aware that the highway agency was beset by prolonged and frequent strikes, problems in preparing invitations for bids, drafting specifications, and standardizing heavy equipment.

Similar difficulties hampered AID's efforts to reconstruct the highway and contributed to the lack of progress made as of the time of our visit in April 1985. The road damages continued to impede and disrupt that region of the country's internal commerce more than 2 years after the flood. In January 1985, the mission obtained the highway agency's agreement to contract out most of the road reconstruction.

Medicine Subprojects

During October 1983, AID determined that deteriorating health conditions and medicine availability in the rural areas in Bolivia had worsened with the El Nino disaster. During our visit in April 1985, many medicines AID had targeted to disaster-stricken regions remained undelivered. The delays in delivering medicines to the victims can be partly attributed to the time-sensitive components being designed to strengthen the Bolivian health ministry's medicine distribution capabilities. Although AID planned to procure the medicines directly, the health ministry was responsible for preparing medicine lists and distributing the medicines to the disaster-stricken areas.

AID concluded that the health situation had become most critical in the rural areas, where the health ministry had no medicine distribution system. AID elected to distribute the medicines to rural areas through the Bolivian health ministry, which has had little experience, even though a private voluntary organization—Project Concern International—had, in 1983, successfully developed a medicine distribution system for a particular rural area in Bolivia. Six months into project implementation, AID officials in Bolivia determined that the government of Bolivia, assisted by a U.S. contractor, could not develop a medicine list or a distribution system. In May 1984, the private voluntary organization mentioned above was contracted for distributing medicines. About 8 months of implementation time were lost as a direct result of the institution-building orientation of the medicine component of the disaster project.

Agricultural Inputs: Design, Planning, and Lack of Commodity Import Expertise Cause Delays

Urgently needed fertilizers and pesticides did not arrive for use in two consecutive planting seasons in Ecuador and Bolivia. As part of the El Nino disaster reconstruction program, AID was to provide both countries with commodity import loans to finance agricultural inputs, such as fertilizers and pesticides, which the missions determined were urgently needed in the October-December 1983 and subsequent cropping cycles for the countries' agricultural recovery from El Nino. Delays in delivering the commodities occurred because AID did not fully use the borrowing authority and reprogramming mechanisms available for starting the projects in April 1983 when the need for disaster reconstruction assistance became evident. Delays also occurred because the project design did not (1) adequately provide plans for financial implementation guidelines, (2) completely identify eligible importers and commodities, and (3) adequately assess the economic or private sector cash flow and credit availability conditions in both countries. AID's agricultural loans to Bolivia and Ecuador were made using standard instruments to provide essential commodities in developing countries as well as to generate

currency for the host governments. Even though commodity import programs normally result in a more rapid disbursement of economic assistance funds than regular development assistance programs, they did not furnish fertilizers and pesticides in time for two crucial growing seasons in the two countries.

In both countries, the private sector was responsible for procuring and distributing the fertilizers and pesticides. However, before the procurement process could begin, AID and recipient governments had to develop implementation guidelines, establish financing procedures, and identify eligible commercial importers and specific agricultural commodities to import. AID and the government of Ecuador did not complete the necessary implementation guidelines and identify eligible importers and commodities until June 1984, 9 months after project approval and 18 months after the disaster was declared on December 30, 1982. As a result, the mid-1984 planting season was missed.

In Bolivia, delays in finalizing lists of eligible importers and commodities partly caused the program to miss two planting seasons. Although preliminary implementation guidelines had been developed and eligible importers and commodities had been identified prior to project authorization, the mission and the government of Bolivia were still identifying and approving commercial importers and agricultural commodities in December 1984, 8 months after the subproject was approved in May 1984 and over 20 months after the disaster was declared. The problem arose partly because the program lacked a project manager between June and October 1984. According to AID officials in Bolivia, even though they expressed an urgent need for an agricultural project manager, 4 months elapsed before the AID headquarters provided one.

Another problem was encountered in Bolivia because of AID's regulations concerning the provision of pesticides to a foreign country through a commodity import program. For safety and environmental reasons, AID guidelines restrict pesticide procurement through a commodity import program primarily because of the lack of monitoring and controls on the use of the products in less developed countries under this type of program. Such restrictions slow the implementation of commodity import programs, so without special provisions in disaster-type projects, delays will likely occur. The AID mission in Ecuador was permitted to deliver the pesticides under a similar commodity import program, but because of those environmental and safety issues, AID temporarily halted the pesticide import program in Bolivia until October 1984. The program was delayed for another 2 months until the issues were resolved in

December 1984, when the AID Administrator waived the requirements and accepted alternative environmental measures. Bolivia received its first shipment of fertilizer and pesticides in March 1985, 10 months after the project was approved in May 1984. Thus it was not available for use until the mid-1985 planting season.

Another problem we identified concerning the agriculture import loans in Ecuador and Bolivia was that AID did not adequately consider the effects of credit availability on the private sector programs. While the fertilizer and pesticide loans were designed to provide hard currency to finance essential commodities, some commercial importers in both countries stated that the financial requirements for importing the goods were difficult to meet. In Bolivia, AID relaxed the importers' financing requirements, reducing the initial requirement for a 100 percent deposit in local currency with the Central Bank to 10 to 20 percent of the commodities' value.

In both missions, AID officials stated they had no commodity import program expertise when the disaster agricultural loans were designed. Many of the implementation problems might have been avoided had mission officials requested and received such support from AID headquarters during the design phase. Preliminary planning, developing implementation guidelines, and adequately assessing the countries' private sector cash flow and credit availability could have been accomplished during the design phase of the disaster projects rather than during project implementation.

In response to the growing concern and the apparent need to provide guidance to AID representatives overseas, and to assist the AID Administrator in preparing and evaluating requests to use commodity import program mechanisms for pesticide procurements, AID formed a task force in late April 1985. The task force members were from a number of interested geographic and service bureaus throughout AID. While a commodity import program is considered an expeditious method for pesticide delivery, AID's principal concern is its lack of control over its distribution and use in developing countries. The task force explored various issues in an effort to develop a guidance document including the following:

- What information should interested AID missions provide to demonstrate a clear need for a commodity import program for pesticides?

- What specific elements should be included in a pesticide commodity import program to ensure adequate control over selection, distribution, and use of the materials purchased?

In July 1986, such a document was being drafted. Further consultations with certain environmental and industrial groups will be held before the guidelines are finalized.

Agency Comments and Our Evaluation

The Agency questioned whether we had adequate appreciation for the role of institution building in its programs. It also stated that certain subprojects which we included in our review were not time-sensitive. For instance, the Agency said that the medicine component of Bolivia's disaster recovery project and the Taruma bridge construction and the rehabilitation of secondary bridges and roads in Bolivia were not time-sensitive.

We recognize and appreciate the role which institution building plays in development assistance delivery as well as in establishing a framework to cope with current and future disaster situations. In Andean countries in 1983-84 some institution strengthening may have been required for local groups/institutions to deliver time-sensitive assistance; furthermore, such institution building would be of great value in future flood and drought disasters in Peru. However, officials of the Peruvian government institutions which we visited told us that for them to develop a capability to implement various subprojects would require about 1 year.

They also said that the disaster units will be dissolved at the end of the AID projects, thus eliminating many of the institution building advantages which otherwise may have been achieved.

The Agency's view that certain subprojects in Bolivia were not time-sensitive is not supported by documentation we reviewed. The term "emergency" was used consistently in describing the needs for medicine in Bolivia. In August 1984, almost a year into the project, a cable was transmitted to the Secretary of State saying "Ministry Rural Health posts are currently without any medicines. USAID/Bolivia considers that an EMERGENCY situation still exists in Bolivia, particularly in those Departments originally targeted for this assistance." Records also indicate that the construction of the Taruma Bridge and rehabilitation of sections of the main east-west highway in a land-locked country were time-critical. For instance, in November 1983, an AID cable stated that

"it is imperative" that a contract be signed "immediately" and construction initiated if the future use of the bridge at Taruma is not to be delayed. The Taruma bridge was consistently termed vital to the country's main commercial traffic link. It is true that after the river receded the road was "passable," but slow. We observed that in April 1985 basic commercial traffic, including the movement of food and other essentials, appeared seriously disrupted.

Systematic Priority Treatment of Disaster Reconstruction Projects Needed

Selected AID disaster reconstruction assistance projects in Bolivia, Ecuador, and Peru experienced setbacks in the delivery of time-critical assistance to the El Nino victims. AID has no clear guidelines specifically related to disaster reconstruction projects and generally applies standard development assistance procurement and implementation mechanisms. Also, AID guidance was lacking on what priority treatment a disaster project should receive both within the AID offices at overseas missions and at headquarters. Consequently, problems in establishing and staffing the disaster project offices, procuring commodities, and applying standard project administrative procedures to the disaster projects caused delays in delivering certain time-sensitive El Nino disaster reconstruction assistance. In various aspects of implementation, some disaster reconstruction projects were not clearly accorded priority over ongoing long-term development assistance projects.

Problems in Establishing and Staffing Disaster Project Offices and Obtaining Technical Support

In the absence of a system whereby AID can readily identify experienced individuals both within and outside the agency to support special projects such as these, the missions went to great lengths to find disaster reconstruction project staff. Except for Ecuador, the establishing and staffing of disaster reconstruction project offices appeared to be slow. This, in turn, contributed to the projects' late starts. In addition, the AID officials in Bolivia experienced difficulty obtaining needed commodity procurement expertise to initiate and support the project's construction component.

Ecuador

The project's construction component in Ecuador was accorded high priority because of its urgent nature. This level of priority was reflected in AID's willingness to reallocate a U.S. direct hire slot to manage the project and to temporarily refocus its existing staff resources, when necessary, to accomplish time-critical action on the project.

For example, AID requested and obtained the assistance of an AID U.S. direct hire engineer with experience in disaster assistance to design the project and prepare the project paper. The AID engineer, while on temporary duty in Ecuador, developed project plans which recognized the need for specific expertise to accomplish project goals. In addition, the mission reallocated a U.S. direct hire position allowing the engineer to become the project officer. Furthermore, AID detailed an AID-contracted U.S. engineer from a regular development assistance project to make an intensive search for Spanish-speaking engineers, soliciting and advertising for candidates throughout the United States and Puerto Rico.

Thus, AID tapped many sources for engineering expertise, including the U.S. government, to get the project in Ecuador started quickly. Two months after the project was approved in September 1983, the mission had identified and/or contracted project staff for the construction component and reserved office space for project operations in the U.S. Consulate, Guayaquil. The only major difficulty AID experienced in Ecuador in getting staff in place was the late reassignment from another post of the direct hire engineer project officer. She arrived in March 1984, 6 months after project approval. However, despite the absence of the project officer, a full complement of project staff was in place and construction activities were under way in January 1984.

Bolivia

While designing the disaster project, the AID mission in Bolivia lacked (1) adequate engineering support, (2) experience with disaster assistance and large construction projects, and (3) U.S. engineers. AID headquarters provided engineering assistance to design the project's road and bridge construction component. However, without adequate expertise, the mission had difficulty determining the scope of work for the variety of needed project support personnel. Neither in Bolivia nor through the AID Regional Contracting Officer stationed in Lima did AID have the direct commodity procurement expertise needed to support the disaster project's large procurement undertaking. So, the AID representatives in La Paz could not promptly or adequately plan for initiating the project's procurements or for needed waivers.

Within 1 month of project approval in October 1983, AID advertised throughout Latin America for the project's key long-and short-term contractors. However, the flow of paperwork through AID offices in Bolivia was slow. For example, in several instances, project implementation orders for technical staff required over 4 weeks of processing through the mission.

The project coordinator (contractor engineer) arrived in Bolivia 10 days after he was contacted—4 months after the project was approved in October 1983. The heavy equipment and construction supervisors for the highway component did not arrive until March and April 1984—5 to 6 months after the project had been approved. In addition, while the project coordinator had arrived in early February 1984, he remained without essential office space, support staff, and equipment until May 1984—7 months into project implementation.

After designing the disaster reconstruction project, AID officials in Bolivia recognized a need for assistance in preparing project implementation orders for procuring commodities for the project. Responding to this need, in January and February 1984, AID-Washington provided assistance in locating a person with experience in writing specifications for heavy equipment and construction materials needed for the project. While some AID officials viewed this procurement assistance as helpful, they believed it would have been even more helpful during the already completed project design phase.

Peru

In Peru the disaster reconstruction assistance project was approved in July 1983, and mission officials advised us that the project was temporarily managed by foreign nationals and others at the AID mission in Peru. In March 1985—20 months into the project—the officials in Peru were still adding persons to the disaster project staff. A project manager was contracted in September 1983, but the core operations staff—the AID field advisors—arrived in the field in mid-February 1984. In our view, the major cause for those 7 months being required to staff such projects relates to the absence of an Agency system for efficiently and effectively identifying experienced individuals. So the mission undertook a lengthy recruiting and selection process to contract personnel. Also, the number of increases in subproject activities, in turn, required additional staff to assist the government of Peru implementing institutions.

These conditions stem partly from the Agency's approach to rendering disaster reconstruction assistance in Peru. Instead of actively determining with the government of Peru how best to assist victims, the mission elected to accept and draw from the government's nationwide reconstruction plans. Initially intending to deliver disaster assistance in 6 departments, AID subsequently expanded the project to cover 13, and in November 1983 decided to again expand the project to 15 departments. (See p. 36.) The mission said the project expansion to cover 15 departments was a key decision in encouraging Peru to continue to raise local currency for use throughout the affected areas. AID, to hire urgently needed specialists, used a formal competitive process and employed an indefinite quantity contractor for recruiting and selecting candidates for the disaster project offices throughout Peru. The U.S. contractor was to select eight long-term advisors to fill two positions in the Lima disaster headquarters office and one for each of six departments. The selection process began in September 1983, but the eight

advisors chosen were not on board until late January and mid-February 1984.

AID officials in Peru considered the selection process used by the indefinite quantity contractor to be the best method to select the most qualified and productive staff to provide technical assistance to the government of Peru implementing institutions. However, some AID and project officials in Peru told us that some of the candidates selected were already known by AID and that this expensive and time-consuming process was largely unnecessary.

After the disaster project had expanded to cover 15 departments in November 1983, AID, between March and October 1984, contracted additional technical and administrative staff, including financial analysts, agriculturalists, an irrigation advisor, monitoring coordinators, and secretaries. Assistance was also being provided by four contractor engineers from the AID Engineering Division in Lima. In March 1985, three additional field advisors were contracted, each to provide assistance in additional Peruvian departments. This brought the total number of AID field offices to 9 and total disaster project staff to 33.

Standard Project Procurement and Contracting Rules Applied to Disaster Reconstruction

AID applies standard procurement and contracting rules and procedures for development assistance projects to disaster reconstruction projects. For long-term disaster reconstruction assistance without time-critical elements, those rules and procedures may be appropriate. However, we found instances in Ecuador, Bolivia, and Peru in which standard rules and procedures for procurements and contracting caused serious delays in delivery of time-sensitive assistance. Also, the late arrival of commodities for the Taruma Bridge project in Bolivia and the agriculture imports in Bolivia and Ecuador indicated that AID did not plan adequately for disaster reconstruction procurement.

Procurement and Contracting

Section 491 of the Foreign Assistance Act grants OFDA special procurement and contracting authority and priority treatment when contracting for disaster relief requirements. These are part of the AID system with respect to emergency relief and short-term rehabilitation disaster assistance. However, AID regulations and procedures do not distinguish disaster reconstruction from development assistance projects and thereby do not assign higher priority to time-sensitive elements of disaster reconstruction projects. So, AID conducts procurement and contracting

for the disaster reconstruction projects in the same manner as for development assistance projects.

Consequently, delays occurred in delivering time-sensitive assistance and critically needed project commodities.

Mission Waiver Authorities

Various levels of procurement, contracting, and waiver authority are generally redelegated to the field from AID headquarters. These authorities apply to both development assistance and disaster reconstruction projects. Essentially, the directors at AID missions in Latin America have procurement and contracting authority for up to $100,000, including authority to waive competitive procedures, formal advertising, and certain other requirements for up to this amount. If waivers are determined to be necessary for contracts over $100,000, case-by-case justifications may be provided by the appropriate official at headquarters at the missions' requests. In addition, host country construction contracts over $500,000 are to be advertised in the Commerce Business Daily. Any waiver of advertising for such contracts must be granted by the appropriate official at headquarters. These authorities were sometimes used for the El Nino disaster reconstruction projects.

Project Vehicles

In Ecuador and Peru, AID used different methods in procuring and delivering disaster project vehicles. Project vehicles were procured, delivered, and in place quickly in Ecuador, but Peru's vehicles required more than a year to arrive for use at the field offices.

In Ecuador, high priority attention was applied to ensuring that the vehicles were in place when the project monitors arrived. A staff person from a development assistance project was temporarily detailed to quickly find appropriate vehicles for the project. Within 1 month of project approval (Sept. 1983), the staff had

- prepared specifications for the required project vehicles,
- telephoned dealerships throughout the coastal United States,
- used its waiver authority for formal advertising, and
- issued a purchase order.

The vehicles consigned to AID were shipped from Miami, Florida, on November 8. Although the vehicles were off-loaded at the wrong port in Ecuador on November 28, the mission was able to clear them through

Ecuadorian Customs on December 9, less than 3 months after project approval, and deliver them to the project office.

In Peru, the AID mission applied standard project procurement procedures and rules in acquiring and delivering five vehicles for the AID disaster project field advisors. Some of the needed vehicles did not reach the field offices until October 1984, about 14 months after the project began. Mission officials agreed that in retrospect a quicker procurement method would have been preferable.

At the outset of the project, approved in July 1983, AID requested Peru's National Development Institute's new disaster unit to prepare the specifications for the vehicles. However, with only four persons, the Peruvian unit could not accomplish this until 3 months into the project. Although the procurement was within the AID Mission Director's waiver authority, AID officials in Peru chose not to request a waiver. Therefore, the vehicles did not arrive in Peru until March 1984, 8 months into the project.

In Peru the usual procedures were followed and the vehicles were consigned to the host country implementing agency—in this case, the National Development Institute, as is customary in U.S. development assistance projects for titling and insurance purposes. However, the Institute did not quickly clear the vehicles through Peruvian Customs. The AID mission officials attributed some of that delay to a customs strike and other legal issues in Peru. So, although the vehicles arrived in March 1984, they were not delivered to the field offices until October 1984.

An AID official in Lima said that by using other than the normal development assistance project procedures, some delay could have been avoided. Based on prior experience of the United States in clearing commodities through customs in Peru, we believe the vehicles could have cleared, if consigned to AID, through Customs. Even recognizing the impact the customs strike may have had on clearing the vehicles, we believe 6 months was excessive. Consigned to AID, the vehicles could have been assigned to the field offices and the titles later transferred to the Institute. This would have left the Peruvian administrative and legal procedures to the end of the project, when timeliness was no longer critical.

Project Commodities: Construction and Medicines Subprojects

The disaster reconstruction assistance project plans called for the missions to directly procure certain critically needed project commodities, such as construction materials and equipment and sewer-cleaning machines for the construction components in Bolivia and Ecuador and medicines for some subprojects in Bolivia and Peru. In the subprojects we reviewed, needed waivers were not always used or were requested late, and therefore, slow or late arrival of many commodities seriously affected progress in delivering the time-critical disaster reconstruction assistance.

Construction Subprojects

In Ecuador, AID determined that five sewer-cleaning machines were needed for carrying out the project's water and sewer component. Responsibility for procuring the machines was first assigned to the National Water and Sewer Authority, but the agency could not perform the task. The mission decided to procure the machines directly, and the mission, after surveying 10 U.S. producers for the equipment in February 1984, selected a supplier in July 1984 for less than $25,000. Subsequently, the mission expanded the survey to include additional producers because previously only 2 of the 10 companies surveyed had responded with quotations. The project staff were hesitant to request the waiver before soliciting additional quotes because the mission Director would have to approve a waiver of formal advertising.

After reviewing the additional quotations in March 1985, the same supplier initially selected in July 1984 was again selected. Furthermore, the mission Director had to approve a waiver of formal advertising requirements. The equipment was not yet ordered at the end of March 1985. According to the AID project staff, in each of five Ecuadorian provinces, because of these delays, some sewers remained clogged from the time the El Nino disaster was declared in December 1982.

AID plans for the disaster project in Bolivia required the largest amount of direct commodity procurement of the three countries. The mission and the regional contracting officer were advised by AID headquarters that the same procurement rules for development assistance were to be applied to the disaster reconstruction project. Therefore, they were hesitant about requesting waivers. The resulting slow delivery of needed construction materials and equipment caused serious delays in disaster project implementation in Bolivia. For example, at the time of our review, the lack of AID-procured equipment had paralyzed work on the potable water subproject in Potosi. The mission also attributed some of the delays in the road and bridge component to delays in receiving

AID-procured construction materials. In addition, late delivery of AID-procured cement mixers and other small equipment caused the irrigation works in the department of Oruro to be suspended.

Table 4.1 illustrates the procurement lead times in the AID disaster project in Bolivia. Mission officials felt that there was a need to clarify the rules governing procurement for disaster reconstruction assistance and to provide AID missions direct commodity procurement expertise with emphasis on staff having prior experience in dealing with emergency situations.

Despite numerous procurement problems and delays in Bolivia, the AID mission did consign project commodities to itself or to the host country implementing agency in care of the AID mission. This saved what could have been additional months in retrieving critically needed materials and equipment from Bolivian Customs.

Medicine Subprojects

In Peru, plans to procure a number of medicines as an add-on to the disaster project included critically needed malaria and tuberculosis medicines. The consignment of the medicines to the Peruvian government's Ministry of Health, and the late request for a waiver to allow purchase of drug articles outside the United States, caused procurement delays.

The medicines first arrived in Peru in October 1984, excluding those for treating malaria. The medicines were consigned to the Ministry of Health, which was responsible for clearing them through Customs. The Ministry did not promptly do this, resulting in up to 5 months of delay in delivering the medicines to the affected regions. The medicines could have been consigned to the AID mission rather than the Ministry, which might have avoided such delays.

Problems in procuring the malaria drug Primaquine also contributed to the lengthy delays in its overall delivery. According to AID officials, the Agency had experienced difficulty in the past when procuring Primaquine in the United States, where demand for the drugs is limited. Yet, the procurement process through consultations with AID headquarters was under way for 8 months before an overseas source for Primaquine was found and the mission requested a waiver to purchase medicine outside the United States. The waiver was granted in February 1985, about 2 weeks after it was requested. As of May 1985, 13 months after the subproject was approved, only 10 percent of this medicine had

Table 4.1: Bolivia Disaster Recovery Project Procurement and Delivery Schedule[a]

Project component and items	Date requested	Contract awarded	Date items delivered to project	Total time elapsed[b]	Comments
Road and Bridge					
2 bulldozers	12/83	1/25/84	10/ 2/84	12 mos.	Procured from excess property. Only one delivered, second bull dozer order canceled.
Pickup trucks/Broncos	12/83	2/26/84	7/26/84	9 mos.	
Caterpillar spare parts	12/22/83	NA	12/14/84	14 mos.	
John Deere spare parts	12/22/83	5/17/84	12/14/84	14 mos.	
Toyota spare parts	12/22/83	6/26/84	1/31/85	15 mos.	
Acker drill	3/13/84	3/30/84	5/15/84	2 mos.	Ordered locally from Bolivian supplier.
Corrugated metal culverts	12/83	8/84	2/28/85	16 mos.	
Taruma Bridge reinforcing steel	5/84	7/31/84	1/14/85	15 mos.	Construction was to be completed by 12/84; commodities needed 9/84.
Taruma Bridge prestressing strands, anchors, bearings, etc.	5/84	7/31/84	12/17/84 12/23/84	14 mos. 14 mos.	Strands arrived first, then the rest of the items.
Water System					
6 IH dump trucks	3/29/84	8/18/84	4/24/85	18 mos.	
Front-end loader	3/28/84	7/11/84	1/30/85	15 mos.	
Backhoe	3/28/84	8/28/84	4/19/85	18 mos.	
Bulldozer	3/28/84	6/ 7/84	4/20/85	18 mos.	
Irrigation Systems (Oruro only)					
2 dump trucks	4/16/84	10/18/84	5/17/85	19 mos.	
4 cement mixers	9/13/84	12/27/84	4/18/85	18 mos.	
6 Compactors	9/13/84	12/27/84	4/18/85	18 mos.	
Water pumps	9/3/84	12/27/84	4/18/85	18 mos.	

[a]Project was officially approved on 10/11/83.

[b]Time lapses were computed based on the project approval date of 10/11/83 and the delivery dates.

GAO note: This table represents selected procurements from the disaster recovery project.

Source: Compiled by GAO from data provided by AID officials in Bolivia.

arrived in Peru and none had been delivered to the disaster affected regions. According to a Peruvian government official, the malaria spread to other areas of Peru during that time.

We believe that given the extremely time-critical nature of the medicine subproject and the Agency's prior experience in procuring malaria medicines, initial planning should have keyed on the foreseeable acquisition problem. This would seem to have focused more resources on the medicine procurement. The mission commented that numerous Ministry

of Health inefficiencies contributed to the more serious delays in this subproject.

Host Country Contracting: Construction Services

The AID missions in Ecuador, Peru, and Bolivia used host country contracting for construction services. The three missions faced various difficult and sometimes unique conditions and environmental factors in this category of time-sensitive disaster project implementation. AID headquarters advised the AID missions in Bolivia and Peru to apply development assistance procurement rules to the disaster reconstruction projects. The AID missions in both Ecuador and Peru requested certain kinds of waivers for their projects. In Bolivia, the mission was somewhat hesitant about using waivers but did obtain a favorable interpretation of a Bolivian law's prohibition of dollar contracting and thereby made contracting less difficult.

Bolivia

In host country contracting for construction services, the AID mission in Bolivia requested and received a waiver of formal U.S. advertising for the most critical bridge construction contract—the Taruma Bridge—in November 1983, within a month of project approval. Only one Bolivian contractor responded to the invitation for bids, and the bid was considered too high. The invitation for bids was declared nonresponsive, and the mission requested bids again, but this time without waiving formal U.S. advertising. The advertisement was handcarried to Washington but, according to AID officials, was not published until several weeks later. Again, no U.S. firms and only one Bolivian firm responded. The contract with the Bolivian firm was signed in July 1984—9 months into project implementation.

The AID mission in Bolivia experienced another difficulty in host country contracting for construction services as Bolivia's currency devaluations and runaway inflation— officially 328 percent during 1983 and over 1,200 percent in 1984—made contracting in local currency extremely difficult. The AID mission in Bolivia took some extraordinary measures in this aspect of the problem to improve the disaster project's implementation. However, we believe that these measures might have been undertaken somewhat earlier to prevent, rather than react to, the crises that developed in the project.

In September 1983, the AID headquarters engineer, who helped the mission design the project's road and bridge component, suggested that the

mission use dollar contracting on the project rather than the local currency, due to the inflation problem. However, because dollar contracting was generally prohibited by Bolivian law and because the AID mission's local employees were being paid in local currency, mission management chose to work within the existing business environment and contract in pesos.

The AID mission began paying its local employees in dollars in April 1984, but similar action was not taken with regard to the contracting for the disaster project until February 1985. The mission found that no local firms would perform under peso contracts for four of the project's five small bridges. Through the Bolivian National Road Service, the mission obtained a favorable decision from the Bolivian Comptroller General to contract in dollars. Since then, disaster project contracting has met with little difficulty.

Peru

In Peru, the mission believed there was a need to avoid additional delays in approving major Peruvian government construction projects and saw an opportunity to finance some projects which were already under way. In March 1984, 8 months into project implementation, the mission requested that AID headquarters waive formal U.S. advertising for host country construction contracts exceeding $500,000. The mission said that originally, according to the project strategy, it did not believe a waiver would be needed. AID granted the waiver within 2 weeks of the request, allowing a $1.5 million cap for individual contracts and a $10 million ceiling for the total value of contracts issued under this waiver.

Problem Identification and Resolution and Project Administration

In its disaster reconstruction projects with the governments of Bolivia, Ecuador, and Peru, AID retained the ability to reprogram funds within each of the projects. The AID agreement with Ecuador clearly established with the government of that country a special level of priority and emergency treatment for the disaster project activities. This mutual agreement was not evident in the project agreements with the other countries. All three missions held frequent and numerous project meetings to monitor the project. However, they varied in terms of how rapidly and effectively they identified and resolved implementation problems. Also, while all three missions considered the disaster projects important, priority treatment was consistently reflected in the flow of project documentation for clearances through only one of the three missions.

Disaster Project Agreements Can Establish Priority

In the project grant agreement covering construction components between the United States and the government of Ecuador, various clauses specify emergency and priority treatment for the disaster reconstruction project. This clearly established the ground rules to be applied by both parties in delivering the assistance. This level of priority and emergency treatment was not strongly emphasized in the agreements with the governments of Bolivia and Peru.

In the project agreement with Ecuador, AID reserved the right to terminate the agreement if conditions precedent were not met within 15 days. For Bolivia and Peru, the time frames were 90 days. In another example, Ecuador covenants say that "in view of the emergency character of the activities, it shall cause the institutions participating in the Project to implement the work in a priority manner..." No similar clauses were included in the agreements with Bolivia and Peru. While we did not see evidence specifically linking project delays in Bolivia and Peru with the lack of priority established in the project agreements, we believe the seriousness demonstrated in attaching high priority to the project agreement in Ecuador had a favorable impact on the delivery of disaster assistance there.

Problem Identification and Resolution Can Be Timely and Effective

The AID mission clearly established goals and priorities with the government of Ecuador and more quickly resolved implementation problems than did the other two missions. This indicates that if priority is clearly established within the AID mission and the host country and AID demonstrates its willingness to take direct action to deal with unsatisfactory performance and to reward satisfactory performance in delivering the assistance, the likelihood for timely and effective delivery of the assistance is increased.

In Ecuador, the disaster reconstruction project grant was jointly administered by the mission and the Ecuadorian Development Bank with six implementing agencies. The project agreement set forth the principle that both would ensure that AID funds would not remain committed to activities that were not progressing satisfactorily while other high priority rehabilitation activities remained unfunded. To identify and resolve implementation problems promptly, AID monitored detailed monthly and/or quarterly reports which were submitted to the project officer, and monthly project committee meetings were held between AID mission and field staff from each of the six implementing agencies and the Ecuadorian Development Bank.

Records of these project committee meetings indicated that the project's status was regularly reviewed and implementation problems were discussed by all the principals and were resolved quickly. For example, in the first meeting on the water and sewer authority's subprojects, the committee reviewed the programmed works and their reported status. Based on the project monitor's field inspections, the committee noted discrepancies in project status reported by the water and sewer authority and decided that the project plans needed to be reprogrammed and reprioritized jointly by the Ecuadorian Development Bank, AID, and the water and sewer authority. The committee agreed that a reprogramming of funds was also in order. The second disbursement of funds was made contingent on receiving a properly prepared schedule of expenses. In 3 months, the water and sewer authority component was reprogrammed and reprioritized and was under way.

In another example, the irrigation and hydraulic works authority reported to the project committee in May 1984 that a contractor was not performing satisfactorily on one of the works. The committee considered rescinding the contract and recontracting the work. The option was presented to the contractor, and by the next month, the work had advanced considerably. However, by August 1984, problems with the contractor had resurfaced, and in September 1984, the contract was rescinded. The irrigation and hydraulic works authority awarded a new contract on an emergency basis in November, and the subproject was completed by the new contractor in January 1985, before the anticipated completion date.

Implementation problems confronted the U.S. missions in Bolivia and Peru. Although numerous project meetings had been held and mission management had given special attention to the projects, the missions appeared, in many cases, slow to identify and resolve implementation problems, and in some cases, the problems persisted at the time of our review.

In Bolivia, disaster project meetings were initially held daily, and later, three times weekly. Moreover, the mission took some extraordinary actions to resolve the unusual implementation problems it has encountered. However, in the case of difficulties with the road and bridge component and the Bolivian highway authority and the need for contracting host country construction services in dollars, the mission was slow to react to the problems. For example, it took the mission from October 1983, when the project was approved, until mid-1984 to find that the highway authority had misrepresented the condition and types of equipment it had promised to assign to the project. This was due partly to the

delay in contracting a heavy equipment supervisor for assignment to the field in March and April 1984. But once he found that only inoperable vehicles and equipment—some with major parts missing—were actually assigned to the project, it was not until August 1984 that the issue was raised at the mission director's level. In September 1984 he, in turn, raised it with the Bolivian Minister of Transportation. The mission did not persuade the highway authority to contract out, rather than do the work itself, for much of the highway reconstruction until early 1985.

The issue of dollar contracting for four of the five small bridges was raised with the highway authority and then with the Bolivian Comptroller General in February 1985 and was resolved in March 1985, 18 months into project implementation. While the mission had valid reasons for not raising the issue prior to April 1984—the local nationals employed at the AID mission were still being paid in local currency (discussed on pp. 53 and 54); the reasons for subsequent delays until February 1985 were unclear.

In Peru, with three exceptions, nearly a year elapsed after the project was authorized before the needed engineering consulting firms were on board to prepare technical designs and supervise construction works. The mission said that such technical assistance began at 3 of the 14 Peruvian organizations; however, for 11 of the Peruvian departmental development corporations we visited, such technical assistance did not arrive until the summer of 1984. In addition, in a major water and sewer reconstruction subproject in the department of Piura, serious implementation problems and contractor difficulties have persisted, despite intervention on the part of the departmental development corporation and AID. The mission had considered and rejected the possibility of rescinding the contract. It was concerned that the momentum of the construction work might be interrupted. According to monitoring reports, the work had been experiencing the same difficulties, at least since October 1984, with the streets destroyed and sewers open in up to 16 different places in the city and raw sewage flowing, but few workers were on the job. The conditions were the same at the time of our field visit in May 1985.

Level of Priority Reflected in Slow Documentation Flow

AID officials in all three countries felt that the disaster projects were accorded a high priority within the missions and believed that much attention had been given the projects at the mission director level. However, in reviewing documentation, such as project implementation letters

and project implementation orders for technical services and commodities, we found that in certain cases, it flowed slowly through clearance levels in the missions. In Bolivia and Peru, AID project officials said that this had contributed to delays.

In Ecuador, most of the project implementation letters were prepared, cleared, and signed for the disaster project within 2 weeks of correspondence from the host government agencies. The AID mission's timeliness in preparing and contracting technical project staff was discussed earlier on page 44. In contrast, some key project implementation orders for technical services required more than a month to be processed through the AID mission in Bolivia for approval. In addition, while some implementation letters for the road and bridge component in the Bolivia disaster project were prepared, cleared, and signed within 2 days to 3 weeks, in several instances the AID mission took over 1 month to respond to host government agencies' correspondence with key implementation letters. For example, the Bolivian Departmental Development Corporation submitted its plans for constructing 3 large, 1 medium, and 30 small irrigation systems to the AID Mission for approval in January 1984. The mission took about 3 months to respond with its approval and agreement to make the first disbursement.

Agency Comments and Our Evaluation

The Agency expressed concerns that the draft did not fully reflect certain administrative constraints and the political and economic environment within which AID missions must operate, and expressed disappointment that the draft report did not acknowledge "successes" experienced in the overall U.S. response to El Nino's impact on the Andean countries.

We are sensitive to the varying environments within which AID personnel must operate and are aware that often unstable governments are struggling for their survival in the midst of troubled economies. Thus, the magnitude of AID tasks at missions is enormous. Achieving significant program objectives quickly is extremely difficult when falling economies, shortages of local skills, and continuous fears of coups contribute to host governments' inabilities to adequately support either disaster reconstruction assistance or development assistance project goals. However, in the face of all these difficulties, we believe the efficiency and effectiveness of disaster assistance would be enhanced by systematically giving priority treatment to time-sensitive segments of disaster reconstruction assistance projects.

We have provided additional information in the report on the extent of emergency assistance programmed for victims of the 1982-83 El Nino disaster. Because we did not evaluate the effects of that assistance, we can only say that certainly many people benefitted greatly from the OFDA efforts in the Andean countries and the Public Law 480 foods which the AID missions helped provide.

Conclusions and Recommendations

AID's OFDA assists disaster victims worldwide, but often certain time-critical disaster assistance is beyond OFDA's mandate and is thus included in the Agency's long-term reconstruction phase of disaster assistance. Where AID has overseas missions, this phase of disaster assistance is typically the responsibility of the AID geographical bureaus in Washington and the missions overseas.

Many people benefitted from the global efforts of the international community, of which the United States was the major contributor, to assist El Nino victims in Bolivia, Ecuador, and Peru. Certainly, the international community's commitments of more than $367.1 million, and particularly the $295.5 million programmed by the U.S. government, have had a lasting effect on the 1982-83 victims of El Nino and their surroundings. However, AID should seek to deliver time-critical disaster assistance more efficiently and effectively.

AID experienced difficulties in nearly every phase of its efforts to deliver the time-sensitive segments of the overall El Nino disaster reconstruction project assistance. Generally, the difficulties in planning, programming, and delivering the time-sensitive aid—some of which continue—affected the assistance reaching the victims. While no criteria are readily available for determining precisely how long the delivery of time-sensitive disaster reconstruction assistance should reasonably require, the economy of areas affected by a disaster and the well-being of individual victims establish a criterion requiring that immediacy be applied to every phase of an effort to deliver such assistance. Short-term high priority, supported at top levels in AID, should be placed on each step, or process, in delivering time-sensitive aid.

The AID system and regulations for designing, programming, and carrying out assistance programs do not distinguish between disaster reconstruction and development assistance projects. Thus, in the El Nino project assistance efforts, AID programmed, and sometimes designed and implemented, the reconstruction phase of disaster assistance much like development assistance projects, often without flagging time-critical segments of the project for special attention. This, we believe, is because AID's primary mission is to improve developing countries' abilities to provide basic services and implement their own economic assistance programs through long-term institution-strengthening efforts in development assistance projects. Disaster assistance is not normally a recurring aspect of AID's annual assistance program. Thus, without specific guidelines to cover such assistance, the Agency uses the methodologies

with which it is familiar—those geared to long-term development assistance.

AID is permitted to reprogram regular funds for responses to disasters. In addition, the Congress has specifically provided AID a tool for flexibly and quickly responding to disasters, by permitting AID to borrow from, and later reimburse, unobligated development assistance moneys. Also, the Foreign Assistance Act grants AID special procurement and contracting authority to expedite the delivery of disaster assistance. However, in the case of El Nino, AID made only minor use of these authorities. Because of these factors, U.S. delivery of highly visible time-critical assistance to disaster victims was often slow. (See ch. 2.)

We did not determine the effects of applying regular development assistance programming, designing, and implementation guidelines on disaster reconstruction assistance in geographical areas other than Latin America. We believe, however, that disaster reconstruction assistance provided in other parts of the world is susceptible to the same kind of problems and delays in the absence of AID guidance to distinguish procedures for disaster reconstruction from those for development assistance.

The AID task force's efforts relative to future programming of pesticides for developing countries may be useful for developing guidelines on providing pesticides through commodity import programs or other nonproject assistance. It may also be useful to consider whether such assistance could meet the regulatory requirements and be delivered within time-critical time frames, if provided as part of a disaster reconstruction assistance endeavor to expedite a country's agricultural recovery. If such time frames cannot be met, while satisfying the safety and environmental concerns, AID may wish to adopt a policy of not providing such assistance in response to disasters. If this policy were adopted, other donors could provide pesticides in the event of a disaster to assist the stricken country in agricultural recovery.

The experience in Latin America, particularly in Ecuador, demonstrates that AID can better manage and more quickly deliver time-critical disaster reconstruction assistance if it limits its coverage and institution-building objectives and designs the project for the most expeditious method of efficiently and effectively delivering the assistance. In addition, greater success in achieving the objective of reaching disaster victims with time-critical reconstruction assistance is more likely when AID fully uses existing procurement and waiver authorities, when necessary,

and applies short-term high priority to the project administratively and otherwise.

Recommendations

We recommend that the Administrator, AID, establish a clearly defined program category specifically for delivering time-critical disaster reconstruction assistance. Such a category of assistance would address only time-critical elements of rehabilitation and reconstruction assistance beyond the scope of OFDA's mandate, which for compelling humanitarian and political reasons should be provided quickly.

In addition, we recommend that the Administrator, AID, require that guidelines governing time-sensitive disaster reconstruction assistance be established and issued. Such guidelines would permit missions which do not have personnel experienced in dealing with disaster situations to better achieve their objectives and deliver such assistance in a timely manner. These guidelines should include instructions for

- determining the extent to which time-sensitive disaster reconstruction assistance is needed and identifying which of these needs the United States can most effectively provide;
- considering carefully host country agencies' current implementing capabilities, based on AID and other donor agencies' experiences;
- placing less emphasis on institution building in disaster reconstruction project design and instead concentrating on the most expeditious method of efficiently and effectively delivering the disaster assistance;
- preparing to take a more direct role in ensuring that the disaster project is effectively implemented;
- confining project coverage to a limited, seriously affected geographical area or region;
- treating the disaster reconstruction project as a short-term high priority to be appropriately staffed;
- using existing procurement, contracting, and waiver authorities, and providing for streamlined administrative procedures when necessary; and
- using expertise on commodity import/procurement and engineering, either from within the Agency or on a contract basis, to assist in detailed design and planning and, if needed, for implementing the projects.

Agency Comments and Our Evaluation

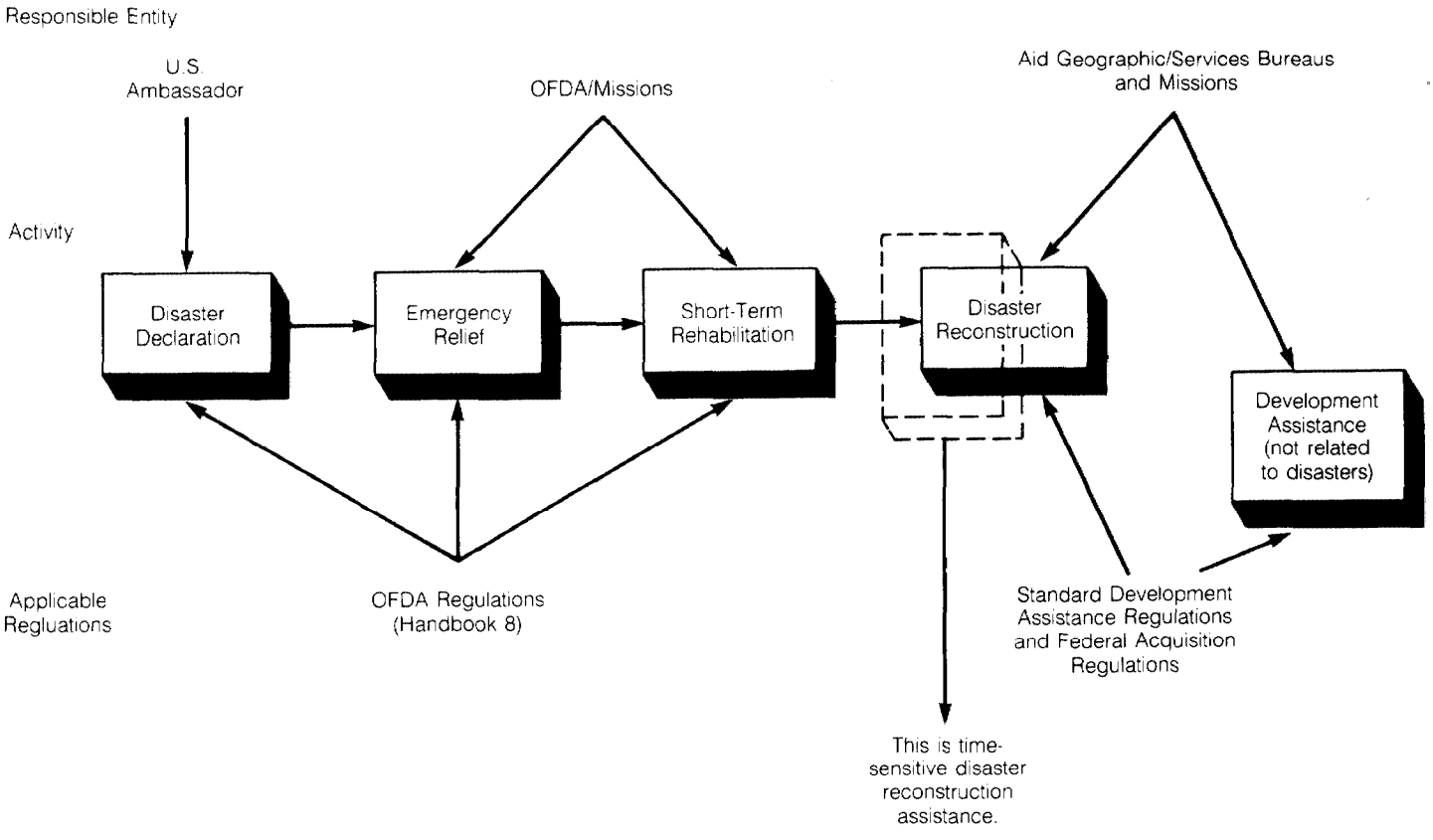
In its comments on a draft of this report, AID's Bureau for Policy and Program Coordination stated that it considered our recommendations in concert with representatives of the Bureau for Latin America and the Caribbean; the Office of Foreign Disaster Assistance; and the Procurement Policy, Planning, and Evaluation staff, and they concluded that additional programming steps to bridge the gap between disaster assistance and regular development assistance are not needed. AID stated that the "bulk of the delays encountered" were caused by the host governments' "inertia, or inability, to get organized" and that AID's assistance "should supplement and not supplant that of the host government."

We recognize that recipients of U.S. development assistance have significant organizational problems and shortfalls in skills essential for achieving development, including managerial skills, and thus have difficulty carrying out many AID-funded projects. We also recognize that the Foreign Assistance Act sets forth the principle that U.S. development assistance is to be used in support of, rather than substitute for, the recipient countries' self-help efforts and that development planning is to be the responsibility of each sovereign country. We also are aware that complex social and political issues in developing countries often create hurdles which can hinder quick and effective administration of a development project or program.

Disaster reconstruction assistance is primarily for bringing a stricken community to a state beyond immediate self-sufficiency or to improve the preexisting state of the community. Longer-term planning is required for designing, initiating, and accomplishing disaster reconstruction programs than is needed for immediate relief efforts. However, we do not believe that the Congress intends for funds either appropriated, or deobligated/reobligated, and earmarked for disaster assistance purposes, to be an augmentation to the long-term development project portfolios of AID missions in disaster stricken countries. Instead, we believe the Agency should improve its methods and abilities to effectively and efficiently use such funds to respond to the needs of the victims of the disasters. Furthermore, we believe that in cases of major disasters affecting nations, communities, and large segments of a population—El Nino, for instance—effective and efficient servicing of the needs of disaster victims requires more than (1) OFDA programming to attack and resolve immediate, life or death emergency problems during a 150-day period and (2) geographic bureaus' and in-country missions' application of general development assistance procedures. This approach will not provide all services needed by the disaster victims in a timely fashion. Some of the needed services may have less time-critical significance

than others, but services and supplies such as water and sewage systems, shelter, and medicine, which directly affect the health and well-being of disaster victims, have important time-sensitive elements. Our recommendations address the importance of recognizing and giving more prompt attention to servicing those types of time-sensitive elements, and we continue to believe that AID should consider our recommendations as an alternative for improving the delivery of time-critical disaster assistance.

Types of Assistance, Responsible Entities, and Applicable Regulations



Recipients of U.S. Government Disaster Assistance, 1964-83

Greatest incidence (10 or more declared disasters)		Moderate incidence (five to nine declared disasters)	
Country	Declared disasters	Country	Declared disasters
India	24	Fiji	9
Brazil	21	Guatemala	9
Indonesia	20	Mali	9
Peru	18	Pakistan	9
Philippines	17	Sudan	9
Nicaragua	16	Algeria	8
Bolivia	15	Chad	8
Ecuador,	15	Italy	8
Bangladesh	13	Lebanon	8
Burma	12	Madagascar	8
Colombia	12	Thailand	8
Ethiopia	12	Zaire	8
Haiti	12	Dominican Republic	7
Korea, Rep.	12	Mauritania	7
Turkey	12	Mauritius	7
Nepal	11	Morocco	7
Niger	11	Yugoslavia[a]	7
Senegal	11	Austria	6
Burkina Faso	11	Benin	6
Chile	10	Botswana	6
Costa Rica	10	Djibouti	6
El Salvador	10	Gambia	6
Honduras	10	Greece	6
Panama	10	Jamaica	6
Sri Lanka	10	Kenya	6
		Laos[a]	6
		Malaysia	6
		Mexico	6
		Paraguay	6
		Portugal	6
		Somalia	6
		Tunisia	6
		Uganda	6
		Vietnam[a]	6
		Afghanistan[a]	5
		Cyprus	5
		French Caribbean	5
		Liberia	5

Greatest incidence (10 or more declared disasters)		Moderate incidence (five to nine declared disasters)	
Country	Declared disasters	Country	Declared disasters
		Tanzania	5
		Togo	5
		Yemen Arab Republic	5
		Zambia	5

[a]Countries which, for political or economic reasons, are unlikely to request or need U.S. government disaster relief assistance. The determinations are based on historical data or current political reality; they should not be construed to reflect future U.S. government action.

GAO note: This table of 67 countries excludes those which have least incidence (one to four declared disasters 1964-83).

Source: Abstracted from the OFDA Disaster History File and the OFDA Summary Tables FY64 - FY83, Disaster Relief Assistance and Related Data.

Construction Components of Time-Sensitive Disaster Assistance Reviewed in Ecuador

Disaster Declared: 12/30/82 (flood)
Project Approval Date: 9/24/83
Original Project Completion Date: 3/31/85 (18 mos.)

Title of project component	Date work contracted or begun	Physical completion as of 3/85	Comments
Potable Water and Sewer Rehabilitation:			
Manabi Province			
23 water and sewer works initially programmed	Works begun between 1/84-9/84	17 works 100% 2 works 90% 4 works dropped	Because of their weak performance in the project, AID reprogrammed funding from Manabi and Los Rios Provinces to finance works elsewhere. (See below.)
Los Rios Province			
22 water and sewer works initially programmed	Works begun between 2/84-8/84	15 works 100% 2 works 50% 5 works dropped from program	
Esmeraldas Province			
14 water and sewer works initially programmed	Works begun between 1/84-7/84	10 works 100% 1 work 95% 3 dropped from program	Because of their strong performance in the project, AID programmed additional works in Esmeraldas, El Oro and Guayas Provinces
4 new works	Works begun 9/84	4 works 100%	
El Oro Province			
25 water and sewer works initially programmed	Works begun between 2/84-7/84	18 works 100% 1 work 50% 6 works dropped	
4 new works	Works begun between 9/4-11/84	3 works 100% 1 work 70%	
Guayas Province			
12 water and sewer works initially programmed	N/A	12 works 100%	Completed by September 1984.
6 new works	Works begun between 10/84-11/84	2 works 100% 1 work 30% 1 work 15% 2 N/A	
Irrigation/Dikes and Levees/River Defenses			
36 separate works, including river rechanneling initially programmed	Works begun 11/83	37 works 100% 1 work 99%	Two works were added to original program, financed with remaining subproject funds. Two contractors were rescinded for nonperformance and were re-let by the irrigation and hydraulic works authority and remained within the program.

GAO note: Programmed works were dropped because (1) they were not eligible for priority disaster reconstruction financing; (2) technical reasons, or (3) the water and sewer authority could not accomplish all works within project deadlines.

Source: Compiled by GAO from data provided by AID offices in Ecuador.

Construction Components of Time-Sensitive Disaster Assistance Reviewed in Bolivia

Disaster Declared: 3/22/83 (flood) 4/20/83 (drought)
Project Approval Date: 10/11/83
Original Project Completion Date: 10/12/85

Title of Project Component	Date Work Contracted or Begun	Physical Completion	Comments
Road/Bridge Reconstruction (Flood areas)			
Santa Cruz-Cochabamba Hwy (40km)	N/A	N/A. Bolivian government agency cleared some roads and did some earthmoving work.	Originally, the Bolivian government's National Road Service was to reconstruct the road by direct administration. However, partly due to the Agency's inefficiency, several strikes and unwillingness to assign personnel, working equipment and materials to the project, AID convinced the Agency to contract out most road construction work. Bids were being solicited in 3/85. Slow delivery of AID-procured construction materials and equipment for the work also caused delays.
Taruma Bridge (90 meters) First bid/section Second bid/selection	AID approved 12/1/83 7/84	N/A As of 3/85, 70%	For first solicitation, AID requested waiver of U.S. advertising requirements (10/83) for host country contracting exceeding $0.5 million. One bid was received but was declared non-responsive. For second solicitation, AID did not request a waiver and advertised in the Commerce Business Daily; no bids received from any U.S. firms and only one bid received from local firm. Contract issued to local firm.
Five small bridges First four small bridges Fifth small bridge	4/85 Designs not submitted as of 3/85	N/A	National Road Service did not submit bidding documentation until 9/84. On 12/17/84, AID approved the contract awards for 4 of 5 small bridges. However, when SNC began award procedures, contractors could not agree to perform due to the 4000% inflation rate in Bolivia. AID through SNC requested GOB Comptroller General decision to permit contracting in dollars instead of pesos and received favorable decision by 3/85.
Water Projects (Drought areas)			
Reconstruction of municipal water systems Sucre	N/A	Cancelled 10/84	AID and host country determined that an emergency potable water system at Sucre would not have resolved the community's long term needs, and would have been too expensive for the community to operate and maintain.
Potosi Reconstructing canals, access roads, and rehabilitating potable water storage lagoons	10/84	One access road by 12/84	The Bolivian agency submitted its implementation plan in 9/84. As of 4/85, work could not continue for lack of AID-procured construction equipment. One access road was reconstructed with rental equipment by the end of 1984 (before rainy season Nov.-Mar.).

Title of Project Component	Date Work Contracted or Begun	Physical Completion	Comments
Irrigation Systems (Departmental Development Corporations)			
CORDEOR - Oruro 3 large systems 1 medium system Up to 30 micro systems	4/84 (Implementation Plan approved)	As of 4/85, -3 large systems 30% -3 micro systems 100% -7 micro system designs	CORDEOR submitted implementation plan in 1/84, approved by AID in 4/84. Slow delivery of AID-procured vehicles, cement mixers and compactors has hampered progress on this component. Medium-sized system was being considered for cancellation in 4/85. In the sub-project, promotion in the field to gain community participation was a problem.
CORDECO-Cochabamba 3 medium systems	8/84 (Implementation Plan approved)	As of 4/85, -1 system 20% -1 system 5%	CORDECO submitted implementation plan in 6/84, approved by USAID in 8/84. USAID was to procure heavy equipment and vehicles for the sub-projects. CORDECO was slow to submit first 2 designs (9/84). Third design was submitted in 3/85 (initial proposal substituted due to poor survey information). Work progressing slowly due to lack of AID-procured equipment and the need to redesign one system while under construction.
CORDECH - Sucre 5 small systems	5/84 (Implementation Plan approved)	As of 3/85, -1 system 5% Most other work not begun at that time	CORDECH's implementation plan was approved by AID in 5/84. AID agreed to procure a vehicle and small construction equipment for the sub-projects. Although CORDECH was initially the strongest of the three regional organizations, political reappointments affected its performance in the project. AID was considering cancelling it as of 4/85.

Source: Compiled by GAO from data provided by AID/Bolivia.

Construction Components of Time-Sensitive Disaster Assistance Reviewed in Peru

Disaster declared: 2/8/83 (Flood) 6/3/83 (Drought)
Project Approval Date: 7/20/83
Original Project Completion Date: 6/30/86 (3 years)

Title of project component	Date Work Contracted or Begun	Physical Completion	Comments
Irrigation/Systems			
Piura - flood (5 valleys)	1/1/84 (See Comments)	100% as of 6/30/84	AID agreed on 2/6/84 to finance completion of these works. Approximately 80 percent of Piura irrigation works already completed and financed by other donors up to 12/31/83.
Puno - Drought (9 small systems)	Work begun between 3/84 and 10/84	As of 5/85, 3 of 9 systems nearing completion	
Tumbes - Flood (3 districts)	1/1/84 (See comments)	Most works 100% as of 5/85	AID agreed on 2/16/84 to finance/reimburse GOP for expenses beginning 1/1/84. Approximately 40 percent of Tumbes irrigation works already completed/financed by other donors.
Road/Bridge Reconstruction			
Piura - Flood (4 bridges)	3-between 10/83 and 1/84 (See Comments) 1-N/A	—3 bridges 100% by 11/30/84 —1 bridge not begun as of 5/85	In 5/84, AID agreed to reimburse GOP for three bridges which were already under construction. One additional bridge was proposed and approved in early 1984.
9 roads or sections	- - -	As of 5/85, 4 roads 100% —1 road 89% —1 road 70% -1 road 50% -1 road not begun -1 road % N/A	Between 5/84 and 9/84, AID agreed to reimburse GOP for six roads/sections which were already under construction or with contracts about to be awarded. One additional road AID agreed to finance had not yet been bid upon. Two roads/sections financed by 2/85.
Puno - Drought/Undeclared Flood 1984 Community roads improvement/ construction (220 km.)	5/84		Road component in Puno does not relate to drought damages incurred from 1983 El Nino disaster. We were told road damages occurred as a result of flooding in 1984. According to OFDA, no official declaration of a 1984 flood disaster was made.
Resettlement Areas Lots and Services			
Piura - Flood 7 sub-projects, lots with public water taps	1 on 3/27/84 1 on 4/04/84 1- unknown 4- not begun as of 4/85	As of 5/85, —1 100% —2 95% —4 N/A	The CORDE proposed these sub-projects in 9/83. As of May 1985, 1 of the 7 originally proposed sub-projects was completed and operational. In two others, lots had been prepared, water pipe procured/installed, but remained unconnected to water sources. Four sub-projects reprogrammed for 1985 due to budgetary constraints.
Puno - Drought NA			

Title of project component	Date Work Contracted or Begun	Physical Completion	Comments
Tumbes - Flood 7 sub-projects lots with public water taps	7/84	See comments	The CORDE proposed these sub-projects in 8/83. Three works re-programmed to provide financing for lots only. Lots were complete as of 12/84. Water lines not operational as of 5/85. Lots were being assigned by CARE. Three other works which include installing water lines, but no outlets/taps, were nearing completion in 5/85. 1 work was dropped.
WATER/SEWER REHABILITATION			
Piura - Flood 3 sub-projects/sections	1 AID appv'd. 6/84 1 AID appv'd. 11/84 (Section) 1 not yet begun	1 - 50% as of 5/85 1 - 100% as of 3/85 (See comments)	One work involving purchase/installation of water main section to complete water supply line to city of Talara was complete. Major work for complete reconstruction of water and sewer in city of Sullana was begun by IDB, and taken over by AID. This work was 50 percent complete in 5/85. Several problems with the contractor were evident from monitoring in October 1984. Problems continuing as of 5/85, with sewers open in several places, and insufficient equipment and labor allocated to project by the contractor.
Puno - Drought 150 wells with hand pumps	AID appv'd. 5/84	As of 5/85, 34 wells 100% complete	Twenty-three percent of planned wells completed in nearly 66 percent of project time.
Tumbes - Flood 5 sub-projects	Late 1984/early 1985	As of 5/85 1 - 100% complete 1 - 90% 1 - 70% 1 - unknown	

Source: Compiled by GAO from data provided by AID officials in Peru.

Disaster Projects, Importation of Agricultural Inputs

Country	Project Paper/ Amendment Approved	Efforts to Import Commodities	Commodities Received	Planting Seasons Missed [a]	Comments
Ecuador					
(Fertilizers, seeds, pesticides)	9/24/83	8/84 - 12/84	2	9/84–3/85	Delays occurred largely because GOE's Central Bank and Ministry of Finance were slow to agree on loan import arrangements (5 mos.) and to furnish AID instructions and initial eligible goods list (2 mos.); Ecuadorian importers were still being identified in 6/84 (1.5 mos.); some importers had difficulty meeting the 100% local currency deposit requirements to import goods.
Bolivia					
(Fertilizers)	10/11/83	10/15/83	1	12/83[b]	AID offices in Bolivia, with headquarter's assistance, made an emergency direct purchase of fertilizer—delivering the commodities rapidly. Missing one planting season can be attributed primarily to the overall delay in project authorizations—6 months after drought was declared.
(Fertilizers)	5/4/84[c]	12/84–3/85	2	3/85[d]	Delays occurred because (1) there was lack of coordination between AID headquarters and AID offices in Bolivia over policy for procuring pesticides under non-project assistance; (2) AID was still identifying eligible goods and Bolivian importers up to 12/84; (3) there was no project manager between 6/84 and 10/4.

[a]Based on the date the project paper or amendment was authorized.

[b]Received in Bolivia, but first distributed to users in early 1984.

[c]Amendment No. 1 to the original project agreement.

[d]Commodities began to arrive in March 1985; but only 11 of 75 commodity shipments had arrived by April 1985.

Source: Compiled by GAO from data provided by AID.

Disaster Projects, Medicine Procurement

Country	Project Authorized	Efforts to Import[a] Medicine	First Medicines Delivered to Regions	Comments
Peru	5/83[b]	5/10/83	5/83	For emergency disaster relief phase, AID officials were granted a waiver to purchase medicines locally and noncompetitively. Medicines were delivered within 1 month.
	4/30/84[c]	5/22/84	3/18/85	Delays occurred because AID requested a waiver to purchase a malaria drug (not readily available in U.S.) from non-U.S. suppliers in 1/85—eight months after issuing initial project implementing orders for procuring commodities. Delays also attributed to three changes in Ministry's officials coordinating the project. The current coordinator has been a major constraint to overall progress. Up to 5 months' delay resulted from the Ministry's inability to retrieve medicines from Peruvian Customs.
Bolivia	10/11/83	8/22/84	Unknown[d]	Delays occurred because AID designed sub-project with over-reliance on a weak Bolivian Ministry with no rural medicine distribution system to implement the project. In addition, an AID contractor hired in 1/84 to assist the Ministry was ineffective. This resulted in seven months delay in delivering medicines. In 5/84, AID contracted a private voluntary organization, which had been distributing medicines in a rural area of Bolivia since 1983, to implement the sub-project.

[a]Date of project implementation order for procuring commodities.

[b]Project funds were reprogrammed by AID officials in Peru from Integrated Primary Health Project.

[c]Add-on to the disaster reconstruction project.

[d]As of 4/85 - 75 percent of the medicines had arrived in-country but very few had actually been distributed.

Source: Compiled by GAO from data provided by AID.

Comments From the Agency for International Development

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

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

ASSISTANT ADMINISTRATOR

APR 7 1986

Mr. Frank C. Conahan
Director, National Security and
International Affairs Division
General Accounting Office
Room 4804
441 G Street, Northwest
Washington, D.C. 20548

Dear Mr. Conahan:

See comment 1.

The response of the Bureau for Latin America/Caribbean (LAC) to GAO's draft report,"Disaster Reconstruction Assistance - A Better Delivery System Is Needed" is attached.

As requested by LAC in paragraph A of its memorandum, the Bureau for Policy and Program Coordination (PPC) has reviewed the substance of the LAC comment in recommending that AID be asked to "consider the establishment of a new program category." PPC has convened several meetings with representatives of LAC, the Office of Foreign Disaster Assistance and the Procurement Policy, Planning and Evaluation Staff to review this report and gather comments and suggestions regarding the GAO recommendations. The committee consensus is that additional programming steps to bridge the gap between disaster assistance and regular development assistance are not needed. The bulk of the delays encountered were those resulting from host government inertia or inability to get organized. It is AID's view that our assistance should supplement and not supplant that of the host government. To foster this emphasis on self-reliance, AID has worked closely with host government personnel in their responses to disasters.

We hope LAC's detailed response and this letter will be useful to the General Accounting Office in completing its report.

Sincerely,

Allison B. Herrick (Acting)
Program and Policy Coordination

Enclosures: a/s

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

ASSISTANT
ADMINISTRATOR

APR 6 1988

ACTION MEMORANDUM

TO : AA/PPC, Richard Derham

FROM : AA/LAC, Dwight Ink

SUBJECT: LAC Bureau Comments On Draft GAO Report, "Disaster Reconstruction Assistance - A Better Delivery System Is Needed"

Action Requested

The LAC Bureau has reviewed the subject report and has received comments from our USAIDs in Ecuador, Peru and Bolivia. Comments below relate both to the principal GAO recommendation and to the GAO's findings on how AID, especially the three USAID Missions, implemented disaster assistance in the Andean countries following El Nino. We request that these comments form part of the Agency's response to GAO.

A. LAC Comment on GAO Recommendation

Although we are not convinced that AID needs a new program category for disaster reconstruction activities, we believe the idea warrants further review. Therefore, we request that the recommendation be re-worded so that AID is asked to consider the establishment of a new program category, rather than make a recommendation that AID establish such a category. We believe AID should be given the opportunity to determine if a new program category is needed or if, with perhaps some modifications (e.g., an addition to HB 3 chapter on Special Development Activities and/or changes in the the Mission Director's authorities during disasters), present procedures are adequate.

B. LAC Comments on GAO Findings

See comment 2.

We have significant problems with parts of the GAO's factual analysis of our disaster assistance programs in the Andean countries. We believe the GAO has examined only part of AID's response to the 1982-83 disasters. By selecting only certain aspects of AID's response, the GAO report distorts the picture. Therefore, the report does not do justice to what we believe was a major Agency success story. We believe that the report should be revised in order to represent fairly AID's assistance efforts. This would require describing the emergency assistance provided by OFDA, our emergency food program, the AID supported PVO activities, and the reprogramming of part of the existing DA, PL 480 and HG portfolio.

See p. 28.

Our specific comments are in six areas:

1. Omission of Critical Elements of AID's "Time-Sensitive" Response

See comment 3.

In conducting this audit the GAO considered reconstruction efforts which followed the more immediate relief assistance AID provided. The report thus ignores the OFDA emergency disaster assistance, our emergency food programs, the reprogramming of existing DA and HG activities and even the disaster assessment activities done by all three USAIDs. In ignoring these important programs, the report distorts in a major way AID's total response to the Andean disasters. This omission, is critical since the report is concerned about AID's "time-sensitive" activities.

See comment 4.

The bulk of the time-sensitive activities AID carried out fell in program categories not reviewed by the GAO:

-- We provided major amounts of emergency PL 480 Title II food to avert wide-spread food shortages. Our food program was prompt and expeditious; it was a major part of our response to the disasters.

-- Virtually all of the approximately $2 million OFDA emergency assistance was of a time-sensitive nature. All of it was provided promptly, including medicines which were urgently required.

-- Two USAIDs quickly reprogrammed funds in their existing pipelines to meet other emergency requirements. In Bolivia, for example, PL 480 Title III counterpart funds, reprogrammed soon after the Ambassador's disaster declaration, provided critical agricultural inputs and allowed PVOs to build water and irrigation systems in the Altiplano.

-- USAID/Peru used OFDA, reprogrammed DA and HG, and emergency PL 480 resources to finance immediate relief activities. OFDA resources were used to finance time-sensitive activities such as opening the Piura-Paita Road, restoring potable water services, and cleaning clogged sewer lines. Reprogrammed DA/HG funds financed emergency health needs and provided resources for families whose homes had been destroyed or damaged. PL 480 funds provided PVOs with resources to implement feeding and other urgent relief efforts.

See comment 4.

-- In Ecuador, OFDA funding was used to build a temporary bridge to replace a washed out structure. This was accomplished before the onset of the rainy season and maintained access to one of the most vital agricultural regions on the coast.

Without this information, the report presents an incomplete picture of the circumstances within which AID made its programming decisions, designed its reconstruction projects, and conducted its overall recovery effort. The report leaves the impression that AID did not move quickly when human life and suffering was involved. We believe this is a distortion and does a disservice to AID and to the scores of AID employees who spent hundreds of overtime hours (virtually all unpaid) making certain that the truly time-sensitive activities were quickly executed. Further, these activities were given priority over ongoing portfolio projects.

2. Confusion Over the Nature and Purpose of AID's Reconstruction Activities

See comment 5.

The GAO report seems to misinterpret AID's reconstruction effort. The report implies that reconstruction, as the final stage of AID's disaster assistance response, should have been provided on an emergency basis, without regard to AID's normal management practices. We disagree with this implied conclusion.

We feel that few of the disaster reconstruction activities were actually of a time-sensitive nature, as defined by the GAO. We believe disaster reconstruction assistance corresponds more to normal development assistance activities than to emergency disaster assistance. Therefore reconstruction assistance should be carried out accordingly, using sound management procedures --- timeliness being only one criterion for determining implementation actions.

See p. 7.

Disaster literature cautions that once basic relief needs are met (i.e., once a road is opened, the homeless are sheltered, provision has been made for water, food and medicines are supplied), definitive reconstruction should be handled on a careful, less urgent basis. Damage should be carefully assessed, technical plans drawn up, works properly contracted, beneficiaries brought into the effort whenever appropriate, and institutions strengthened to properly coordinate and supervise the process. Some reconstruction activities are more urgent and of higher priority than others. These activities would not necessarily be the highest priorities in the relief phase. The GAO's time-sensitive criterion is more appropriate to evaluate short-term relief efforts than long-term reconstruction projects, which require detailed planning and longer implementation periods.

See pp. 28 and 29.

For example, it was never intended that the Peru reconstruction project be completed in 12-18 months. It is incorrect to evaluate the Peru project against this time-frame as was done in the report. The Project Paper and Project Agreement clearly anticipated that the Peru project would require at least three years to complete. Currently, the Peru project is on schedule, has benefited hundreds of thousands of disaster victims, and will be virtually completed within the three-year implementation period. Judged by these standards, it has been a highly successful AID project. Evaluated

against other standards, the project has also been highly effective. At the end of 1985, the AID disaster reconstruction project was more than 80 percent complete, while the IBRD-funded program ranged from 23 percent to 56 percent complete. We believe that AID has the most successful disaster reconstruction project ever undertaken in Peru.

3. Inclusion Within Scope of Audit of Some Activities Which Were Not Time-Sensitive

See comment 6.

The report defines time-sensitive assistance as those activities which, without a quick response, will allow severe economic disruption, inadequate food supplies, and unsanitary conditions to continue and worsen. While this a reasonable statement of what happens if time-sensitive disaster reconstruction activities are not undertaken promptly, the rationale used by the GAO to determine which activities are time-sensitive is unclear. We get the impression the report pre-determined the activities considered to be "time-sensitive."

See p. 42.

See pp. 58 and 59.

For example, the medicine component of USAID/Bolivia's disaster recovery project, proposed initially as a contingency in the case of epidemics, was not time-sensitive as suggested in the GAO report. Construction of the Taruma bridge and the rehabilitation of secondary bridges and roads were not time-sensitive in that the rivers and roads were passable once the flood waters receded. The urban water systems were rehabilitation efforts or backup systems; the departmental development corporations' irrigation efforts were designed to reduce the impact of future droughts. These activities, as well as housing in Peru and Ecuador, do not fit the report's definition of time-sensitive.

4. Insufficient Analysis of the Context in Which Assistance was Rendered

See p. 44.

The report does not define the administrative constraints faced by AID or the political and economic environment within which the USAIDs operated. These realities determined many of the USAIDs' choices and precluded others. In Bolivia, for example, the government was unstable and preoccupied with its own survival, and getting any government official to make decisions or issue directives was difficult. Strikes and labor disputes existed throughout the public and private sectors. GOB economic policy was inconsistent and Bolivia's five digit inflation was unmanageable. These factors complicated the ability of USAID/Bolivia to establish and maintain a high priority for the reconstruction project before senior GOB officials. The Mission had limited ability to resolve implementation problems quickly. These considerations received only passing mention in the GAO report.

If the report had considered the political and economic context in which AID was carrying out its disaster assistance program, a more complete, accurate and fair understanding of factors limiting time-sensitive implementation would have been presented in the report.

See p. 42.

5. Failure to Appreciate Role of Institution Building in Reconstruction Efforts

The GAO Report appears to underestimate the importance of institution building and strengthening, particularly in the case of the Peru disaster reconstruction project. Its finding that institution building slowed down project implementation in Peru is, we believe, not accurate. We believe that AID's history of financing reconstruction projects clearly demonstrates that institution-strengthening is often needed for effective reconstruction implementation.

In the design of the Peru reconstruction project, institution building in INADE and institution strengthening in the CORDES were means to an end. They were never objectives unto themselves as stated in the report. It is ideal, when a disaster strikes, to have a strong relief agency waiting in the wings to assume the coordination and implementation roles. Peru and Bolivia were not so fortunate; they had no organization available to serve as a national level coordinating agency. In Peru the USAID did a thorough analysis of all alternatives; we agree with the Mission that the combination of the newly created INADE and the existing CORDES were the most appropriate mechanisms for implementing the AID reconstruction project in that country. The most likely alternative, the sectoral ministries, was rejected as the ministries are notoriously slow and inefficient. The one major AID-financed reconstruction subproject that was implemented through a sector ministry -- health -- was badly delayed in part because the project did not include sufficient institution-strengthening support for that ministry. Likewise, the IDB/IBRD experience in using sectoral ministries for their reconstruction programs has been disappointing. While INADE and the CORDES have had their weaknesses, their track record in the reconstruction program has, by any measure, been superior to that of the sector ministries.

See comment 7.

USAID/Peru is convinced, and LAC agrees, that the institution-building and strengthening component in the AID reconstruction project enhanced, rather than hindered, the rapid implementation of the Peru reconstruction program. While the report criticizes USAID for including an institution-building/strengthening component in its project, it provides no analysis of alternative delivery systems.

See pp. 13, 14, 16, 17, 53, and 58.

6. Failure to Acknowledge the Successes

The GAO report emphasizes the shortcomings of the rehabilitation effort to the detriment of its successes. To assess the bottlenecks in the AID's disaster response mechanisms, it is essential to review the successes, and their sometimes innovative features, along with the problems. Only a more balanced review can reveal the strengths and weaknesses in AID's procedures and regulations. The case presented in the report would be enhanced by a more balanced and comprehensive analysis of the reconstruction effort.

The following are additional GAO comments on the Agency for International Development's letter dated April 7, 1986.

GAO Comments

1. Our recommendations are not intended "to bridge the gap between disaster assistance and regular development assistance." We see disaster reconstruction assistance not as an addition to the Agency's development assistance portfolios, but as a concentrated effort to assist victims—people and nations— recover from the effects of a disaster. Our recommendations are intended to improve the current mechanisms available, and their use, to efficiently and effectively plan, program, and carry out disaster reconstruction assistance projects administered by AID geographic bureaus and overseas missions. Some segments, or components, of long-term disaster reconstruction assistance projects are time-sensitive, and in our view should receive more attention than the Agency's regular development assistance regulations, procedures and practices provide.

2. We applaud AID's Office for Foreign Disaster Assistance, Bureau for Latin America and the Caribbean, and missions in the three Andean countries for the emergency assistance they quickly provided disaster victims in Bolivia, Ecuador, and Peru in response to the 1982 and 1983 declarations of disasters. We recognize those efforts in chapters 1 and 2. However, as we stated in the executive summary and chapter 1, we did not evaluate the emergency relief or the short-term rehabilitiation phases of the overall U.S. response to El Nino of 1982 and 1983.

3. As stated in chapters 1 and 2 of the report, we have acknowledged the extent of immediate relief assistance, including Public Law 480 food, provided disaster victims in Bolivia, Ecuador, and Peru. We have added information on the Housing Guarantee program funds channeled to disaster areas in Peru and the regular development assistance funds reprogrammed into the disaster reconstruction assistance project in Bolivia and Peru.

We do not agree, however, that those forms of disaster assistance in the Andean countries were ignored in the draft report and thus the reported U.S. response to the El Nino disaster was distorted. In the introductory section of the report, we referred to the OFDA assistance and the Public Law 480 food provided the El Nino victims in the Andean countries. We continued to alert the reader that the report focuses on how AID handled time-sensitive components of the disaster reconstruction assistance

projects in Ecuador, Bolivia, and Peru. We also pointed out our methodology for identifying time-sensitive elements of the disaster reconstruction project, which included advice provided by AID officials in Washington, D.C., and others with experience in disaster situations, and the language contained in official Agency documents.

4. We concur that OFDA assistance and Public Law 480 food and other assistance provided prior to the initiation of the disaster reconstruction projects were in all likelihood, time-sensitive activities, and we have given additional recognition to the early emergency assistance in chapters 1 and 2. We also realize that in planning and programming the disaster reconstruction assistance project, much consideration was given to past circumstances in the Andean countries. We commend the Agency employees—both direct-hire and local nationals—who worked diligently, contributing much of their own time to execute emergency relief assistance. But we reiterate that our report focused on those time-sensitive components of disaster reconstruction assistance projects which without a quick response would allow poor health and unsanitary conditions, economic disruption, and inadequate food supplies to continue and worsen. In that context, we do not mean to imply that the Agency did not move quickly when human life and suffering were involved in the Andean countries. For instance, we are aware that via the emergency relief and short-term rehabilitation phases of the disaster assistance program (1) many tons of food, (2) dozens of 3,000-gallon water tanks, (3) funding of various voluntary agencies' disaster rehabilitation projects, and (4) other short-term assistance were provided. We are also aware that AID programmed sewer jets and vacuums for cleaning sewers, assistance to open the Piura/Paita road, and other emergency projects, including the local procurement of potato seeds, to assist victims of El Nino soon after the disasters were declared in Peru. However, after all of the early emergency assistance was delivered, unrepaired damages remained in Bolivia, Ecuador, and Peru which adversely affected the people. In fact, the October 25, 1983, amendment to AID's disaster assistance project, initiated nearly 4 months earlier in Peru, stated that "the Project proposed in this amendment will provide additional funds to finance relief activities, to provide humanitarian assistance and alleviate suffering, and for reconstruction and rehabilitation of vital social and economic infrastructure." At that time $48.5 million of the projects' total $65 million was budgeted for subprojects, including those displayed in appendix V of this report. We believe, therefore, that more effort should be exerted to improve the Agency's approaches to shorten the delivery of particular time-sensitive disaster reconstruction assistance.

5. We do not believe that all subprojects of disaster reconstruction assistance projects are to be implemented on an emergency basis without regard to AID's management practices. In chapter 5, we point out that AID's primary mission is to improve developing countries' abilities to provide services and implement their own economic assistance programs. Because disaster reconstruction assistance is not a normal recurring aspect of AID's annual assistance planning and because there are no specific planning and implementation guidelines, AID uses its regular development assistance programming procedures to implement disaster reconstruction assistance projects. AID's position is that "disaster reconstruction assistance corresponds more to normal development assistance activities than to emergency disaster assistance." Although the Agency takes this position it (1) titled the project in Peru "Disaster Relief and Rehabilitation and Reconstruction," (2) stated in the original project paper that the purpose of the project "is to establish and make operational...a reconstruction fund through the financing and implementation of technical assistance and emergency relief and rehabilitation activities," and, as is stated on pages 29 and 30, (3) stipulated that during the 3-year life of the project, funding would be provided to priority disaster related subprojects that address key relief and rehabilitation requirements which can be largely, if not entirely, disbursed within 6 to 12 months. Those statements appear to link disaster reconstruction with disaster assistance rather than with development assistance projects.

We have made no attempt to establish specific criteria to determine under what conditions justification for using an emergency basis to deal with the effects of a disaster ceases and normal development assistance project regulations, procedures, and practices begin. However, we have identified a number of instances where disaster reconstruction projects have time-critical elements. For example, we state on page 11 that limits are placed on OFDA both in forms of time and capability. We point out that while OFDA can, and does, clean out water and sewage lines, it is not capable of reconstructing broken water and sewage systems. We believe that certainly the latter are due more attention than normal development assistance projects, including institution-building investments.

6. We did predetermine, based in large part on the Agency's own justification for funding, which of these elements were time-critical. Various documents we reviewed at each of the missions consistently used terms referring to emergencies or urgent conditions when describing projects submitted to Washington for approval in 1983.

7. As we stated on page 42, we appreciate the role of institution building in the development assistance process. Further, in countries and geographical regions susceptible to repeated natural disasters, we see the need for host governments to increase their ability to prepare for and cope with the effects of such occurrences. We do not analyze alternative systems available for the delivery of assistance needed as a result of El Nino. Neither do we state that all institution-building components should be eliminated from future disaster reconstruction assistance projects. We have, however, recommended that the Agency take certain steps (see pp. 63 and 64) which we believe would assist AID missions and geographic and support bureaus to respond more effectively to time-sensitive needs created by disasters such as El Nino. One provision we included in the recommendations is that guidelines for governing time-critical disaster reconstruction assistance projects should include instructions to place less emphasis on institution building and instead to concentrate on the most expeditious method of efficiently and effectively delivering the disaster assistance.

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