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AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C.

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OFFICE OF THE AUDITOR GENERAL
AREA AUDITOR GENERAL - LATIN AMERICA

AUDIT REPORT OF
REGIONAL OFFICE FOR CENTRAL AMERICAN PROGRAMS
HUMAN RESOURCES DEVELOPMENT
PROJECT No. 596-11-660-100

Audit Report No. 1-596-74-73

Date Issued: April 30, 1974

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PART I

PURPOSE AND SCOPE

The Area Auditor General, Latin America, performed an initial audit of AID Grant Project No. 596-11-660-100, Human Resources Development, made available to the Government of Belize through AID's Regional Office for Central American Programs (ROCAP). The primary purpose of the audit was (i) to determine the accomplishments of the project, (ii) to evaluate ROCAP effectiveness in planning, monitoring, and evaluating project activities, (iii) to evaluate host country participation, and (iv) to determine the effectiveness of management and accountability of AID funds that were used to finance commodities, participant training, and contract services.

*in amount
of \$306,000*

The audit included a review of records and other data in the offices of ROCAP, the U.S. Consulate in Belize, and the Belize Ministries of Education and of Trade, Commerce, and Industry. The audit also included a review of principal contracts for technical services and interviews with selected returned participants. We reviewed disbursements totaling \$280,000 (Exhibit A).

The audit covered the period June 13, 1968 to December 31, 1973, and was made in accordance with generally accepted auditing standards, giving due consideration to AID regulations and procedures. Audit emphasis was given to activities representing current operations as of December 31, 1973. Detailed examination of individual transactions was limited to the extent necessary to determine the effectiveness of operations and internal controls, and to ascertain the degree of reliability of accounting and reporting data.

PART II

BACKGROUND

The Agency for International Development, through the U.S. Consulate in Belize and ROCAP, entered into an agreement with the Government of Belize, in June of 1968, to provide grant funds for three areas of development, as shown in the following summaries of sub-project activities.

Civil Service Training - Project No. 596-11-660-100.1

The purpose of the sub-project was to strengthen the permanent civil service of Belize by providing grants for training in the U.S. of Belizian government officials in priority areas within the various government agencies. Since the beginning of the project, 31 Government of Belize employees have received training in the U.S. for periods of from three weeks to ten months with total AID expenditures of \$106,000 over a period of six years.

Vocational Education - Project No. 596-11-660-100.2

The Government of Belize has established a vocational training center to train adults and school age drop-outs from ages 14 to 16 in the areas of carpentry, electricity, masonry, plumbing, and auto mechanics. AID agreed to provide grant funds for tuition assistance in adult education, for construction materials necessary for on-the-job training, and for limited participant training in the U.S. AID funds were also provided for contract technical advisory services to assist in identifying demands for skilled workers, to develop training programs to meet those demands, and to establish standards of competence and job skills. The advisory services were provided by Volunteers for International Technical Assistance, Inc., formerly known as the Bi-National Development Corporation. The sub-project made provision for AID expenditures of \$81,000.

Investment Promotion - Project No. 596-11-660-100.3

Beginning in March of 1971 AID entered into a series of yearly agreements with the Government of Belize to provide grant funds for the purpose of developing an institutional structure to expand private foreign and domestic investment in Belize. The Government of Belize obtained the services of Thomas H. Miner and Associates, Inc., and Investment Development Consulting Firm, to assist in identifying investment potential and establishing a long-term plan to promote selected investment projects. More specifically, the contractor was charged with assisting the Government of Belize in the organization of an Investment Promotion Center and in training Government of Belize officials in the direction of the center. Pre-investment surveys were made in livestock and mechanized field crop industries as well as caribbean market potentials and offshore industry possibilities. A total of \$119,000 has been programmed for AID expenditures for the four year period.

119
21
106

306

PART III

SUMMARY

The contractors for advisory services have made important contributions to advancements in the Human Resources Development Program. Under assistance from the contractors an Investment Promotion Center has been established in the Ministry of Trade and Industry and the Belize Vocational Training Center has improved its quality of training.

Some participants have achieved considerable improvement in their job positions based on training received in the Civil Service Training Project. (Finding A, page 4).

Areas that stand in need of corrective action or action for improvement are summarized as follows:

The Government of Belize has placed low priority on the implementation of the project and has not adequately fulfilled its commitments relating to project activities. (Finding B, page 4).

ROCAP has not prepared Project Appraisal Reports (PAR) or Evaluations of Contractor Performance and, therefore, has not outlined corrective action based on comparisons of project objectives with results of operations. (Finding C, page 6).

Adequate follow-up procedures have not been established for participant training. The Consul General in Belize does not have adequate procedures and records to assure that all participants are recognized for their accomplishments and the Government of Belize has not provided sufficient information regarding the current work and activities of returned participants to enable ROCAP to evaluate the effectiveness of the program. (Finding D, page 7).

Construction of a house with material purchased by the "Revolving Fund for Building Materials" was not completed and there is no current possibility that it can be carried out within the limits of the Project Agreement. (Finding E, page 8).

PART IV

STATEMENTS OF FINDINGS AND RECOMMENDATIONS FOR THE DIRECTOR, ROCAP

A. Achievements

Although the overall project has not attained its major objectives, we noted the following important accomplishments:

1. Technical assistance provided by Thomas H. Miner and Associates, Inc. has had a pointed influence on the investment climate in Belize. An Investment Promotion Center has been established in the Ministry of Trade and Industry, a review and analysis has been made of the economic climate and investment potential, priorities of specific projects have been established, and pre-investment studies have been made in selected areas. Both ROCAP and the Government of Belize were commendatory in their acceptance of the Contractor's services. If the Government of Belize were to take advantage of the advancements made in this program, significant impact would be felt in the improvement of investment possibilities in Belize.

2. The advisory services of Volunteers for International Technical Assistance, Inc. have been acceptable both to ROCAP and the Government of Belize. Under assistance from these contract services, the Belize Vocational Training Center has been able to improve its quality of training based on the technical advancement of the director and teachers. Through Volunteers for International Technical Assistance, Inc. assistance, standards of competence and skills have been established to assure workers of high ratings and increased earning capacity upon completion of training.

3. Of the 31 participants trained in the U.S. for strengthening the permanent civil service of Belize, some have achieved considerable improvement in their job positions based on the training received.

B. Host Country Participation

The Government of Belize has placed low priority on the implementation of the project and has not adequately fulfilled its commitments relating to the timely achievement of project objectives. The objectives have, therefore, been achieved only

in limited areas and a possibility now exists that further delays and losses will occur because the Government of Belize does not have definite plans to continue some of the programs begun with project funds.

Civil Service Training

The Civil Service Training Project was envisioned at its outset as an on-going training program to provide continuous upgrading of government management. The Government of Belize agreed to continue salary support to those employees in training and to pay travel costs to and from the U.S. This project was supplemental to the overall Government of Belize training program which consisted mainly of training in Great Britain with British grant assistance. Recent attempts to cut expenditures have influenced the Government of Belize in all levels of government. Officials stated during our audit that host country funds were no longer available for the ROCAP training project and that no further employees would be recommended for training.

Vocational Education

The Belize Vocational Training Center was built with funds from British grant assistance and equipment was provided with grants from the United Nations. U.S. contributions to the project were to be in four areas (i) technical assistance to train leaders and teachers in vocational education, (ii) limited participant training in the U.S. for the directors of the Center, (iii) a revolving fund for tuition loans to adult vocational students, and (iv) a revolving fund for materials purchase for the construction of a house by the young full-time students of the center.

Adults were to be trained in the program under the assumption that the demand for skilled labor would significantly increase due to several large scale construction activities that were planned for Belize at that time. When the construction projects did not materialize, the adult students leaving the center could not find work and were unable to repay the loans they had received during training. ROCAP has recently received a refund from the Government of Belize of the unused amount of the revolving fund.

Although the training efforts of the contract have been considered successful, the Government of Belize is now contemplating the placement of vocational training under the direction of the Belize Technical College. If that decision is made, the training efforts under this project would be largely nullified since the training was based on a training center approach and it was mainly for reaching persons not in school. The ROCAP funded contract for training has been terminated and no further financial assistance is looked for from ROCAP.

Investment Promotion

The Government of Belize agreed to furnish counterpart trainees in the Investment Promotion project to give continuity to the program after the initial input by the consulting contractor. The Belizian director of Investment Promotion, who received the most significant training, had been moved to another department of the government and the remaining technician was devoting only part-time to activities which developed under this project. The Government of Belize has consistently been late with counterpart funds and government officials state that sufficient Government of Belize funding is not now available to increase their staff to the amount called for in the project agreement nor are funds available to continue the contract with the consulting firm. Unless the Government of Belize continues the contract and provide counterpart trainees, it appears very unlikely that any significant benefits will accrue directly to the project.

Recommendation No. 1

ROCAP should, in coordination with the Consul General of Belize, encourage the Government of Belize to provide the necessary resources to carry-on the project.

C. Project Appraisal Report

ROCAP has not prepared annual Project Appraisal Reports (PAR) for FY 1974 with its Evaluation of Contractor Performance for the two contracts under the project.

Although the major portions of the project have already been terminated through mutual agreement between ROCAP, the U.S. Consul General in Belize, and the Government of Belize,

no significant new actions would be proposed. However, a final evaluation of project activities would be valuable in outlining Transferrable Lessons Learned for use in any future assistance agreements with the Government of Belize.

Recommendation No. 2

ROCAP should prepare a Project Appraisal Report (PAR) or other analysis showing the current status of the project with an evaluation of project activities to date and a Contractor Performance Evaluation Report for each of the two contracts in the project.

D. Participant Training

Adequate follow-up procedures have not been established for the participant training program. The Consul General in Belize has held post-training interviews with some participants but no procedures are established or documentation maintained to assure that all participants are interviewed and recognized for their training accomplishments. ROCAP has made repeated attempts to obtain data regarding the placement and current activities of returned participants, but the Government of Belize has not furnished the required information and sufficient records are, therefore, not available at ROCAP or at the U.S. Consulate in Belize to evaluate the effectiveness of the participant training program.

In our interviews with the Government of Belize training officer and selected returned participants, we determined that four participants had retired after receiving their training, that some participants had remained in the U.S., and that other participants are now working in positions other than those for which they were trained. At the same time, however, some returned participants have been promoted to higher positions in the government in direct relation to training received.

The Government of Belize has recently shown a lessening interest in the ROCAP participant training program since training funds are being provided them from other sources. At present, no participants are under training in the U.S.

Recommendation No. 3

ROCAP should:

a. Require the Consul General in Belize to report on the extent of contact made with returned participants for recognition of their accomplishments;

b. Require the Consul General to obtain and submit to ROCAP the necessary documentation from the Government of Belize to ascertain the degree to which participants are returning to the positions for which they were trained, effectively utilizing their training, and transmitting to others their newly acquired knowledge and skills.

E. Revolving Fund for Building Materials

Construction of a house with funds provided in April of 1971 under Project No. 596-11-660-100.2 was not completed. Due to delays in construction and rising costs, there is now no possibility that the project will be completed within the scope contemplated by the project agreement.

Under Project Agreement No. 71-4, \$3,000 was provided by ROCAP to the Government of Belize for use by the Belize Vocational Training Center as a revolving fund for purchase of building materials. The materials were to be used for the construction of a low cost house by the students of the Training Center, the house to be sold for replenishment of the fund for use in other similar projects.

Construction was discontinued in its early stages and no work has been carried out on the project for over two years. The Government of Belize reported in March of 1973 that, due to the rising cost of building materials, estimated total cost of construction would be \$6,500 instead of the \$3,000 originally contemplated. Nearly \$2,000 was spent in the initial stages of construction which brought the house to approximately one fifth completion. The remaining \$1,000 in the fund would not be sufficient for completion of the project and no further funds are being pledged by the Government of Belize. The director of the Training Center reported during our audit that the students now

under training at the Center would not be sufficiently trained to work on the house until the latter part of 1974 at which time material costs will assuredly be much higher than the 1973 estimate.

It appears, therefore, that there is no immediate possibility for completion of the project and that the current estimated cost of completion would be beyond the scope of the Project Agreement.

Recommendation No. 4

ROCAP should request the Government of Belize to furnish an accounting of expenditures made to date from the Revolving Fund for Building Materials maintained by the Belize Vocational Training Center and should require the return to ROCAP of the unused balance for deobligation.

PART V

GENERAL COMMENTS

A. Exit Conference

A formal exit conference was held on April 4, 1974 to discuss the audit report with ROCAP Director and his staff.

B. Prior AID Auditor General Audit Reports, Inspections, and Appraisals

This was the initial audit of Project No. 596-11-660-100.

EXHIBIT A

Human Resources Development - Belize
Project No. 596-11-660-100
Summary of Project Disbursements to December 31, 1973

<u>Pro Ag</u> <u>No.</u>	<u>Obligated</u>	<u>Disbursement</u>	<u>Unliq.</u> <u>Balance</u>
Civil Service Training <u>Sub-Project 596-11-660-100.1</u>			
68-23 Participant Training	\$ 25,879	\$ 25,879	\$
69-24 Participant Training	29,872	29,872	
69-24 Other Costs	126	126	
- Direct PIO/Ps (various)	44,834	44,834	
MOD PIO/T 90013	3,833	3,833	
U.S. Direct Costs	<u>1,853</u>	<u>1,853</u>	
	<u>\$ 106,397</u>	<u>\$ 106,397</u>	<u>\$</u>
Vocational Education <u>Sub-Project 596-11-660-100.2</u>			
68-24 Contract Services	\$ 15,000	\$ 15,000	\$
68-24 Other Costs	10,000	10,000	
69-26 Participants	4,622	4,622	
Commodities	6,500	6,500	
71-4 Contract Services	30,000	30,000	
72-15 Contract Services	10,330		10,330 ^{1/}
Direct PIO/P 20007	<u>4,270</u>	<u>4,270</u>	
	<u>\$ 80,722</u>	<u>\$ 70,392</u>	<u>\$ 10,330</u>
Investment Promotion <u>Sub-Project 596-11-660-100.3</u>			
70-12 Contract Services	\$ 20,000	\$ 20,000	\$
Direct PIO/T 10032	25,800	25,800	
72-16 Contract Services	36,000	36,000	
73-5 Contract Services	36,000	20,000	16,000
Direct AID Costs	<u>1,265</u>	<u>1,265</u>	
	<u>\$ 119,065</u>	<u>\$ 103,065</u>	<u>\$ 16,000</u>
Total	<u>\$ 306,184</u>	<u>\$ 279,854</u>	<u>\$ 26,330</u>

^{1/} This amount was to be deobligated subsequent to Dec 31, 1973.

