



Auditor General

AUDIT REPORT
P.L. 480, TITLE II FOOD PROGRAMS
USAID/ECUADOR

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EXECUTIVE SUMMARY

Introduction

The P.L. 480, Title II program in Ecuador, implemented through two voluntary agencies: Cooperative for American Relief Everywhere, Inc. (CARE) and Catholic Relief Services (CRS), is primarily humanitarian. The objectives of the program are designed to address a serious nutritional deficit. A 1976-77 study indicated that 40 percent of the Ecuadorean population under 5 years of age were malnourished. The commodities distributed under the P.L. 480, Title II program are used as supplemental feeding to help combat malnutrition and improve feeding habits and practices.

Both CARE and CRS provide P.L. 480, Title II commodities to the Ecuadorean Ministry of Health which are combined with other commodities to produce "leche-avena". This commodity is distributed to recipients under Maternal/Child Health programs which represent 85 percent of the P.L. 480, Title II program in Ecuador. One program is run by the Ministry of Health and the other program is run by CRS's counterpart organization. CRS also distributes commodities under other programs at schools and institutions. P.L. 480, Title II commodities were reportedly distributed to 111,200 individuals during fiscal year 1979.

Scope

The purpose of this audit was to evaluate the performance of the voluntary agencies in operating their programs and to assess USAID/Ecuador monitoring of these programs. Since the voluntary agencies participate in the Maternal/Child Health program operated by the Ecuadorean Ministry of Health, a review of that program was also made. This audit covers activities from October 1, 1977 to March 31, 1980.

Conclusions and Recommendations

The Maternal/Child Health program operated by the Ecuadorean Ministry of Health lacked cohesiveness and managerial know-how to adequately reach the targeted group of recipients. Specifically the quantity of "leche-avena" produced, which is the center piece of the program, has not been enough to keep the program running on a continuing basis. There were problems in coordination, control, production, distribution and warehousing. The program also lacked effective management. The Ministry's attempts to operate a nation-wide program have not been effective and the size of the program should be reduced (page 4).

The accountability for P.L. 480, Title II commodities needs to be improved. CARE and CRS were reporting the commodities as distributed even though they had not reached the intended recipients. The Ministry of Health had delivered about 700 metric tons less "leche-avena" to CRS than required based on the quantity of commodities provided by CRS (page 10).

The surveillance of the P.L. 480, Title II program needs to be improved by all parties involved. More visits to processing plants, warehouses and provincial headquarters need to be made and these visits need to be better documented. Also, when these visits disclose problems a program is needed to ensure that action is taken to correct the situation (page 13).

Most of the recipients we queried at distribution sites did not know that the people of the United States were contributing any of the products being distributed. The plastic bag used to package the "leche-avena" only identifies the Government of Ecuador as a donor. Also, there were no banners or posters at distribution sites that would inform the recipients as to the source of the products they receive (page 16).

P.L. 480, Title II commodities delivered to one province as part of a special 3-month drought relief program were not distributed and action needs to be taken to dispose of them (page 17).

We made 14 recommendations for the improvement of the P.L. 480, Title II program in Ecuador. The recommendations are listed in Appendix A of this report.

BACKGROUND

General

The P.L. 480, Title II program in Ecuador, implemented through two voluntary agencies: Cooperative for American Relief Everywhere, Inc. (CARE) and Catholic Relief Services (CRS), is primarily humanitarian but constitutes an integral element of USAID/Ecuador's health and nutrition strategy. A National Institute of Nutrition study from 1976-77 indicated that 40 percent of the population under 5 years of age (some 550,000 children) were malnourished. It was estimated that 25 percent of these children were suffering from second and third degree malnutrition. No further studies had been made, but in USAID/Ecuador's annual budget submission presented in May 1979 it was projected that 158,300 children would be suffering from second and third degree malnutrition by 1981.

The Ecuador P.L. 480, Title II program objectives are designed to address the serious nutritional deficit through the CARE and CRS feeding programs. By supplementing the deficient diets of these children with fortified foods, USAID/Ecuador hopes to reduce the many adverse effects stemming from malnutrition. The adverse effects include physical and mental under-development, reduced productivity, and shortened span of working years and clearly affects the socio-economic development of the individual and ultimately of the country.

Distribution of P.L. 480, Title II commodities began in Ecuador in 1955 and had continued over the years. During fiscal years 1978, 1979, and the first 6 months of 1980, a total of 6,750 metric tons of P.L. 480, Title II commodities were imported into Ecuador at a cost of about \$2.4 million not including transportation.

CARE Program

CARE operates in Ecuador under a basic agreement between the Government of Ecuador and CARE. The agreement was published in Official Bulletin No. 65 of January 25, 1962. Through the 1960's and early 1970's, CARE operated large feeding program in conjunction with the Ministries of Social Welfare, Education, Health and Agriculture. In 1976 CARE's participation in these large feeding programs was phased out.

The National Nutrition Program, sponsored by the Ecuadoran Ministry of Health, designed a Maternal/Child Health program to provide needy pregnant and nursing mothers and children under 6 years of age a locally processed nutritional supplement. The nutritional supplement was called "leche-avena" and consisted of 70 percent plain rolled oats, 15 percent whole powdered milk and 15 percent defatted soy flour. CARE and the World Food Program began assisting the National Nutrition Program in 1975 on the implementation of its program.

The World Food Program entered into an agreement with the Ministry of Health to provide the plain rolled oats needed to process the nutritional supplement "leche-avena" beginning in 1976. An agreement between CARE and the Ministry of Health was signed and became effective January 1, 1977 for CARE to provide the defatted soy flour necessary to make the "leche-avena" needed for the Maternal/

Child Health program. Both of these agreements covered activities through calendar year 1979. New three year agreements became effective January 1, 1980 to continue the program.

The agreements between the Ministry of Health and CARE list the conditions for continuing the food distribution program. They also include information on the type and quantity of commodities, number of beneficiaries, and the Government of Ecuador's contribution to the program.

Under the P.L. 480, Title II program, CARE has been requesting and receiving defatted soy flour which has been used by the Ministry of Health to manufacture the "leche-avena" distributed under the Maternal/Child Health program. CARE receives the defatted soy flour upon its arrival at the port of entry into Ecuador and delivers the commodity to the processing plant where it is mixed with the plain rolled oats and whole powdered milk. The mixture is a blended dry flour and is packed in one kilogram plastic bag and labeled "leche-avena" at the processing plant. Up to September 1979, the processing of the "leche-avena" was done by commercial plants. The Ministry of Health's own processing plant opened in October 1979.

The Ministry of Health distributes the processed "leche-avena" through its more than 600 hospitals, health centers and posts under the Maternal/Child Health program. Through the distribution of the nutritional food supplement "leche-avena", the Ministry of Health intends to avoid cases of malnutrition in the vulnerable groups (pregnant and nursing mothers and pre-school children up to 6 years of age). These distributions should provide an incentive for mothers and children to visit the health centers on a regular basis and improve child feeding habits.

The Ministry's Maternal/Child Health program was targeted to reach 90,000 individuals in 1977 and by the end of calendar year 1979 to reach 165,000 individuals. The Ministry reported that during fiscal year 1979 it distributed food to 48,500 recipients.

CRS Program

CRS has been distributing P.L. 480, Title II commodities in Ecuador since 1955. The agency operates under a basic agreement signed November 9, 1955, between the Governments of the United States and Ecuador. CRS implements its program through its Ecuadoran counterpart the Commission of Promoción Humana which is the relief and development agency of the Episcopal Conference of Ecuador.

CRS supported feeding programs under which P.L. 480, Title II commodities are distributed include Maternal/Child Health, school feeding, other child feeding, and homes for the elderly. Overall CRS reported feeding 62,700 individuals during fiscal year 1979 and planned to feed 63,500 during fiscal year 1980. To accomplish the task during fiscal year 1980, an estimated 2,510 metric tons of commodities would be needed.

All P.L. 480, Title II commodities are received at the ports of entry by CRS and/or its counterpart. The commodities for all programs except the Maternal/Child Health program are transported, warehoused and distributed without further processing by CRS's counterpart. Soy fortified oats are imported for the Maternal/Child Health program. After these oats are received in Ecuador, they are turned over to

the Ministry of Health to be processed into "leche-avena". These oats go to make up 85 percent of the "leche-avena" because they are soy fortified at the time they are received. Thus, only the Ministry's whole powdered milk is added to the CRS provided oats to make the "leche-avena" for the CRS Maternal/Child Health program.

After the "leche-avena" has been processed, the Ministry of Health is to deliver the product to CRS's counterpart warehouses in sufficient quantities to provide the agreed upon number of rations for the CRS Maternal/Child Health program. CRS's counterpart then handles the distribution of the "leche-avena" to the recipients. The plan was for the Ministry of Health to take over the CRS Maternal/Child Health program between 1979 and 1981.

Prior Audit Reports

The P.L. 480, Title II program in Ecuador was last reviewed by the Area Auditor General for Latin America in 1977 as part of an overall audit of the AID program in that country (Audit Report No. 1-518-77-41 issued on June 24, 1977). While the P.L. 480, Title II program was discussed in the background section of that report, no findings on the program were reported in the body of the report.

Scope

The purposes of this audit were to evaluate the performance of voluntary agencies in planning, executing, and coordinating the two P.L. 480, Title II programs in Ecuador; and to examine the extent and completeness of USAID/Ecuador monitoring of these programs. Because CARE was supporting the Maternal/Child Health program operated by the Ecuadoran Ministry of Health and not distributing food directly to recipients, we made a review of the Ministry's program and CARE's part in it. This audit covered P.L. 480, Title II operations from October 1, 1977 to March 31, 1980. Certain transactions prior to October 1977 were reviewed as necessary. We reviewed USAID/Ecuador files and held discussions with USAID/Ecuador personnel. At the voluntary agencies we examined files and interviewed local and U.S. personnel. To observe food program operations, we visited 12 warehouses, 28 health centers and posts, 6 public markets and 5 institutions.

At the warehouses, we observed the adequacy of physical facilities and operational procedures on receiving and issuance of commodities, and selectively tested the inventory controls of commodities. At Maternal/Child Health distributions and institutions, we checked adequacy of the food ration and distribution continuity. We inspected public markets to determine if P.L. 480, Title II foods were being sold.

Our review was made in April and May 1980. A draft of this report was submitted to USAID/Ecuador for review and comment. Its comments, received on July 29, 1980, were considered in finalizing this report.

AUDIT FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Overview of the Ministry of Health's Program

The Ecuadoran Ministry of Health operates a Maternal/Child Health feeding program to which CARE contributes 15 per cent of the food. Despite the recognized need and international support, the program was not working well. Generally the program was ineffectively managed. It lacked continuity; coordination and control; adequate food production and distribution capacity, and adequate warehousing facilities. The Maternal/Child Health feeding program was forced onto an existing health services structure that was ill prepared to assume the new responsibilities. For the most part, the tasks of the new program were absorbed without additional material or personnel resources being provided.

There have been some positive effects of the Maternal/Child Health program. The production, handling, and distribution of the "leche-avena" was the center piece of the Maternal/Child Health program in Ecuador. The product has been well accepted by pregnant and lactating mothers. Overall, "leche-avena" has provided a good food supplement for young malnourished children. Newspapers have often reported on the acute shortage of milk products in Ecuador. Therefore, under-privileged mothers and their children look upon the Ministry's health centers to provide this necessary, scarce food supplement. When the program operates effectively, mothers and children flock to the health centers to receive the donated rations.

There has been increased patronage of related health services when a well organized "leche-avena" program operates. For example, midwife health services program can be administered better when mothers and infant children come to the health centers on a regular basis. The inoculation program has also benefited from the Maternal/Child Health feeding program. Health and sanitation education programs have also reached targeted groups more effectively in this manner.

The situation at the time of our review was in such a state of affairs that it was doubtful the program could be significantly improved as structured because resources were not available to effect corrective measures on a nationwide basis. We are recommending that the Ministry of Health withdraw from some areas now under its program and concentrate available resources on a reduced number of areas selected on the basis of need. As more product becomes available, transportation and warehousing are improved, and management systems are in place and working, the program could be gradually expanded.

As of March 31, 1980, there were some areas where both the Ministry of Health and CRS Maternal/Child Health programs were operating. To dampen the adverse effect of a Ministry of Health pullback and reduce the number of areas where both programs were operating, CRS should be requested to strengthen its food distribution in those areas vacated by the Ministry of Health.

Lack of Program Continuity

Because of nationwide distribution and low availability of "leche-avena", recipients were neither receiving the full ration nor getting the food as scheduled.

We calculate that only 50 percent of the recipients were being reached and these individuals got only about half the food they should have received.

To determine the viability of the "leche-avena" program, we visited 17 health centers in six provinces. While discussing the operational problems with medical officers, nutritionists, and auxiliary nurses of the Ecuadoran Ministry of Health, we heard many complaints that during the past 2 years the program has been interrupted and "leche-avena" was frequently not available for distribution. The scarcity of the product at the health centers has caused many recipients to resort to large scale absenteeism from the program. Recipients, as well as many medical services employees of the Ministry of Health, have lost interest in the "leche-avena" program.

USAID/Ecuador commented, in reply to a draft of this report, that it found significant interest among Ministry of Health employees in the Maternal/Child Health program and little evidence of incomplete rations being provided when "leche-avena" is available in distribution centers. USAID/Ecuador also commented that employees only discouragement was when supply problems occur. Our review showed that the supply problems occurred frequently.

While reviewing the available records, we noted many instances where "leche-avena" was distributed only a few days during the month. For example in Guayas Province, ten of the Maternal/Child Health centers we selected for review had no "leche-avena" available from April to May 1979. This condition was not isolated. An analysis of December 1979 reports provided to the Ministry of Health by local and provincial authorities (11 of 20 provinces reporting) showed that only 50 percent of the planned number of recipients were getting some food. The numbers reached ranged from 80 percent in Cañar Province to only 10 percent in Loja Province. The value of a nutritional feeding program is based on the quality of the food being distributed and on regular distributions of the full food ration. The food meets all quality requirements but the full ration and timeliness factors were not being met. In our opinion, the program as being implemented at the time of our review has virtually no nutritional impact.

Lack of Program Coordination and Control

In April 1980, we requested the Ministry of Health to provide us with copies of the latest status reports of "leche-avena" receipts and distributions for each province in Ecuador. We also asked for a consolidated report of all the activities. We found the data was not available because all provincial health centers had not reported. Four months after the close of calendar year 1979, the Ministry of Health had received only partially completed status reports from 11 of 20 provincial offices. In our opinion, the data being received was so fragmented and incomplete that it was of little use for coordinating and controlling the program.

In our visits to field sites, we discussed the lack of information with provincial directors and Maternal/Child Health personnel. At the provincial level, the blame was attributed to (1) not having enough staff to compile the data if available and (2) not being delegated the authority to require distribution points to provide data on distributions made. The authority was held by the National Nutrition Office and has not been delegated to the provincial offices.

At the distribution level, the reasons for not reporting were: (1) a lack of personnel and a large turnover, (2) when reports are not turned in no one at a higher level complains or makes a formal follow-up to determine why the reports were not submitted, and (3) the lack of program continuity has caused operating personnel to lose interest in the program.

Ministry of Health officials were aware that the "leche-avena" data collection system was in a state of disarray. In February 1980, the statistical control office of the Ministry introduced a new and improved reporting procedure. Nutrition program information was integrated into the national health statistics systems. We were told that one of the advantages of the new system is when reports are not submitted sanctions are authorized such as fines and official reprimands. But, the new system was off to a slow start. Training had not been provided. Consequently, the provincial health centers can not readily provide the data requested by the Ministry of Health.

In its comments on a draft of this report, USAID/Ecuador reported that coordination and control of the Maternal/Child Health program should be greatly improved by the new Ministry of Health information system. USAID/Ecuador reported that the system was in place in most of the provinces. We agree that if the system is effectively operated it will improve coordination and control of the Maternal/Child Health program.

Production and Distribution of "leche-avena"

From 1976 to September 1979, "leche-avena" was manufactured by commercial plants, while the Ministry of Health's own processing plant was under construction. The plant, financed by CARE, the Ministry of Health and the United Nations Development Program, costs about \$600,000. The plan was to have the new Ministry of Health's plant be the sole processing facility for all "leche-avena" distributed under the Maternal/Child Health program.

Several problems were encountered. The Ministry's plant was late coming on line. Due for completion in September 1976 it was not finished until September 1979, because of technical and financial difficulties.

In the meantime, production of "leche-avena" under contract was not satisfactory for two reasons. The commercial plant in Guayaquil was old, inefficient and unsanitary. Losses in processing were approximately 6 percent and distribution points complained of a high incidence of insect infestation. The contract with the plant in Guayaquil was cancelled in 1977 and processing was arranged with a commercial firm located near Quito. The Quito plant was more efficient but could allocate the Ministry of Health only part of its milling capacity for processing "leche-avena".

The new Ministry of Health's plant opened in October 1979, but the processing problems were not resolved. Because of a shortage of funds, the Ministry purchased a packing machine that proved inadequate for the job. The machine was not well built and its packing capacity was too low. The plant can manufacture 2 tons of "leche-avena" per hour. The packing machine capacity was only 1.2 tons per hour. Furthermore, the machine broke down frequently due to poor quality materials. In May 1980, the plant was operating at only 38 percent of its capacity

and was processing 6 tons of "leche-avena" per 8 hour shift. Much of the product was being packed manually.

To assist in removing the production problems, USAID/Ecuador signed a grant agreement with CARE for \$106,000 to purchase one or two packing machines and a conveyor belt for the plant's warehouse. The grant agreement was signed in March 1980. CARE started procurement of the equipment and estimated that the machines will arrive in Ecuador by October or November 1980.

The Ministry has experienced problems distributing "leche-avena" both from the processing plants to provincial warehouses and from warehouses to distribution points.

The transport from processing plant to warehouse was held up because the Ministry of Health had trouble obtaining trucking. CARE told us that it took 4 to 5 months after services were provided before a trucker received payment. Consequently, truckers were reluctant to contract with the Ministry of Health because of the delay in receiving payment. In May 1980, CARE was negotiating with the Ministry of Health for an \$18,000 transportation revolving fund. The fund would be administered by CARE. The contract and payment for trucking would be handled by CARE and reimbursement would eventually be made by the Ministry of Health. This arrangement should solve the problem of getting the "leche-avena" to the warehouses.

Transportation from warehouses to distribution points entails a more basic problem. The provinces had no assigned vehicles for delivering "leche-avena" to distribution points. The provinces get the "leche-avena" out to distribution points as best they can. In connection with the AID grant of funds to CARE for the packing machines and conveyor belt, CARE and the Ministry of Health signed an agreement whereby the Ministry would attempt to acquire funds from the Government of Ecuador to purchase 20 pick-up trucks. The trucks would be used for the distribution of "leche-avena" from warehouses to distribution points. To us, the obligation of the Ministry to acquire the pick-up trucks did not appear very firm. The lack of transportation in the past has caused spotty deliveries of "leche-avena" to distribution points. We believe that once production increases (only 38 percent at time of audit) the transportation problems will escalate.

In its reply to a draft of this report, USAID/Ecuador stated that, in addition to the packing machines being funded with the grant made to CARE, the Ministry of Health has ordered another packing machine with its own funds. It was also reported that the Ministry plans to work 3 full shifts a day to expand production and that the Ministry's 5 year nutrition plan specifically calls for the acquisition of vehicles for transportation to the provinces. USAID/Ecuador reported that these facts reflect the Ministry of Health's strong efforts to improve production and distribution of "leche-avena". We agree that when these items are purchased, installed, and available for use there should be an improvement in production and distribution activities.

Inadequate Warehousing Facilities

Warehousing facilities were generally inadequate at all three levels. The main Ministry of Health warehouse facilities located near Quito were more

suited to storage of general merchandise. The buildings were vulnerable to dust and rodents. At the provincial level, space was limited, and sometimes unsuited for the storage of food. At the health center level, no special areas had been designated as storage space for food. A general upgrading of storage facilities was needed.

There were four warehouse units situated next to the Ministry of Health's food processing plant. According to the Ministry's evaluation of the Maternal/Child Health program, these units were not constructed for the purpose of storing food products but were constructed just as general warehouses. Access by rodents and dust was easy. We noted some damage and contamination. The Ministry recognized the shortcomings of the warehouses in its review May 1980 of the feeding program and made recommendations to make the warehouses adequate for food storage.

During our field visits, we inspected warehouses in several provinces. We saw "leche-avena" in several warehouses that had been damaged by rodents. In the province of Manabí, no warehouse facilities existed and "leche-avena" was being stored in the hallways of the main hospital. In the province of Guayaquil, "leche-avena" was stored in a general warehouse belonging to the Ministry of Health. The warehouse was inadequate for storing food products and during a recent rain, water leaked into the building and damaged 190 bags of "leche-avena" (1800 kilos valued at about \$1,800).

Warehouse facilities in health centers and sub-centers to store small quantities of "leche-avena" were non-existent in all areas visited. Generally, food was stored in any available space. We noticed in some centers that little care was taken in storing the "leche-avena". For example, at one of the centers we visited "leche-avena" was stored in a broom closet that had no proper ventilation. Signs of mouldiness were evident. At another center that we visited "leche-avena" was stored next to the entrance of a public bathroom. No one seemed to consider that the "leche-avena" might become contaminated.

A general upgrading of warehousing facilities and instructions on how to properly store and care for a food commodity was needed. In the 1980 agreement with CARE, the Ministry agreed to attempt to acquire funds for the construction of two additional warehouses near the processing plant.

Conclusion

The Ministry of Health's efficiency and effectiveness in implementing the Maternal/Child Health feeding program had not matched the enthusiasm of the participants. At the time of our review, the program was having little impact and could not continue as it was. It appeared the Ministry of Health had neither the managerial talent nor the resources to take across the board corrective action.

The program is a good one and should be saved. An investment has been made in processing facilities and the product "leche-avena" was well accepted by pregnant and/or lactating mothers and pre-school children.

In our opinion, the Ministry of Health should curtail country-wide distribution. A number of provinces, based on need, facilities and provincial management skills, should be selected as a base for the Ministry's Maternal/Child

Health program. The program could then be expanded as product availability, logistic capabilities and management improves. To dampen the adverse effect of a Ministry of Health's pullback, CRS could step up its activity in the provinces the Ministry of Health vacates.

USAID/Ecuador advised us in its reply to a draft of this report that the Ministry of Health's evaluation in 1980 had made a recommendation for the concentration of its Maternal/Child Health program in a few provinces. We saw no evidence that this was being done at the time of our review (April-May 1980). However, USAID/Ecuador advised us in its comments (July 1980) that concentration of the Ministry's program was being implemented in six provinces. We fully agree with the Ministry's efforts to concentrate its program into an area that it can effectively serve. Since a decision has been made and is being implemented to concentrate the Ministry's program in a few areas, we are making no recommendation on the size and location of the program.

Overview of the CRS Program

The CRS program was generally well managed and had been moderately successful in getting supplemental foods to eligible recipients. There has been an overall upward trend in actual distributions from year to year. Shown below are the percentages of actual distribution in relation to planned distributions.

<u>Program</u>	<u>Fiscal Year</u>		
	<u>1978</u>	<u>1979</u>	<u>1980*</u>
Maternal/Child Health	61	45	67
School Feeding	40	64	79
Other Child Feeding	53	61	113
Institutions	59	60	62
Average	<u>54</u>	<u>55</u>	<u>85</u>

*excludes emergency feeding program

CRS's performance has been impeded by two factors:

1) The Ministry of Health could supply only 54 percent of the "leche-avena" needed for the CRS Maternal/Child Health program. The recipients under the Maternal/Child Health program represent over 50 percent of the total beneficiaries under CRS's program. During fiscal year 1980, the amount of food distributed has increased because CRS has been using other commodities in place of "leche-avena".

2) There seemed to be a reluctance on the part of CRS's counterpart personnel to distribute full rations to eligible recipients. The impression we were given was that these individuals did not want to run out of commodities. We believe this is born out by the high beneficiary rates in relation to much lower distribution rates. Even though 89 percent of the planned beneficiaries were reportedly reached during fiscal year 1979 only 55 percent of the food planned to be distributed was reported as actually being distributed. The figures for the first half of fiscal year 1980 were 100 percent of the recipients reached with 85 percent of the food distributed, not considering emergency programs, (Exhibit B).

CRS field end-use and supervision had not been adequate for the past 16 months. With adequate field supervision to fill the communications gap, CRS's performance should show steady improvement.

The long range plan to have the Ministry of Health absorb CRS's Maternal/Child Health program over a 3 to 5 year period (1976-1981) was never formed into a concrete plan and was abandoned early on, when it became apparent that the Ministry had neither the necessary material nor personnel resources. At the time of our audit, there were no plans for the Ministry of Health to absorb the CRS program. During our review, we were advised by CRS that should the Ministry of Health wish to restructure its program then CRS would be willing to realign its program to best fit the Ecuadoran nutritional needs.

Since the Ministry of Health is restructuring its Maternal/Child Health program, we believe that CRS should be contacted to realign its program.

Recommendation No. 1

USAID/Ecuador, in conjunction with the Ecuadoran Ministry of Health, should initiate discussions with CRS directed towards expanding CRS's feeding programs to cover those areas vacated by the Ministry of Health.

Improved Commodity Accountability Needed

CARE and CRS have not properly accounted for P.L. 480, Title II commodities turned-over to the Ministry of Health for the processing of "leche-avena". We found no evidence that the Ministry was requested by the voluntary agencies to provide an accounting of the P.L. 480, Title II commodities received for processing and distribution. The voluntary agencies (CARE and CRS) consider the commodities distributed and report the commodities as distributed to USAID/Ecuador at the time they are turned-over to the Ministry of Health.

AID regulations provide that the cooperating sponsors (includes U.S. registered voluntary agencies, such as, CARE and CRS) are responsible for the use of and accounting for commodities from the time the sponsor acquires control until the commodities are properly utilized. The cooperating sponsors' responsibilities include warehouse inspections, physical inventories, end-use checks, and ensuring that the commodities are utilized to accomplish the purposes and goals of the approved programs.

CARE's Commodity Accountability

Under its agreement with the Ministry of Health, CARE provides defatted soy flour for the manufacture of "leche-avena". The "leche-avena" was distributed by the Ministry through approximately 600 locations.

CARE's agreement with the Ministry of Health provides that reports and statistical data concerning production and distribution of "leche-avena" would be

provided upon request. However, we found no request for information had been made.

CARE's periodic Commodity Status Report to USAID/Ecuador shows zero unless a shipment is received. When a shipment is received the quantities are reported. But the report shows the commodity as fully distributed when it is turned over to the Ministry of Health for processing. The Recipient Status Reports submitted by CARE to USAID/Ecuador always show zero.

The seriousness of the lack of information cannot be over-emphasized. CARE obtained the defatted soy flour on the basis that some 96,000 individuals would be provided rations during fiscal year 1979. Without information being accumulated and reported, it is difficult, if not impossible, to determine whether the goals and objectives are being accomplished.

We were unable to reconcile Ministry of Health commodity recipients, production, and distribution to physical inventories. In our review of CARE field inspection reports and in our own field visits, we noted considerable damage to "leche-avena", after it left the factory. The disposal of the damaged commodities was not documented at the local level and these losses generally were not reported to the Ministry of Health. For example, at Imbabura approximately 400 kilos of "leche-avena" was destroyed by rats and an additional 300 kilos was missing. The approximate value of the commodity that was destroyed or missing was \$700. No one knew what happened to the damaged product and no explanation was given for the missing commodities.

In order for CARE to account for the proper use of P.L. 480, Title II commodities from the time it gains control of the commodities up to the time they are properly utilized, an accounting is needed for commodities turned over to the Ministry of Health. CARE officials agreed that there was a need for an accounting from the Ministry so that it could properly account to USAID/Ecuador for the commodities. In reply to a draft of this report, USAID/Ecuador advised us that the Ministry of Health had agreed to make data available on P.L. 480, Title II commodities in the future. However, there was no mention whether USAID/Ecuador had requested CARE to provide needed data on a regular basis.

Recommendation No. 2

USAID/Ecuador should advise CARE to obtain periodic reports from the Ecuadoran Ministry of Health on the utilization of the P.L. 480, Title II commodity turned-over, distribution of processed goods, and number of recipients served. This information should be provided to USAID/Ecuador on a quarterly basis.

CRS's Commodity Accountability

The agreement between CRS and the Ministry of Health did not require any periodic reporting on the P.L. 480, Title II commodities used to process "leche-avena". Under the CRS/Ministry agreement which became effective in

October 1977, CRS turns over soy fortified rolled oats for mixing with whole powdered milk provided by the Ministry to make the "leche-avena" for the CRS Maternal/Child Health program.

The CRS provided oats constitute 85 percent of the "leche-avena" for this program because they are already soy fortified at the time they are received in Ecuador. After the "leche-avena" has been processed, it is transported by the Ministry to CRS regional warehouses for distribution by CRS's counterpart to approved locations.

In CRS's periodic status reports, it showed the soy fortified rolled oats as distributed when they were turned over to the Ministry of Health for processing. When the "leche-avena" was returned for distribution it was accounted for on CRS's internal reporting but was not reflected on the reports submitted to USAID/Ecuador.

Between October 1977 and September 1979, CRS provided the oats. In September 1979, CRS stopped providing the oats because the Ministry of Health was not providing an appropriate quantity of finished product to CRS's warehouses. CRS did not maintain exact records on the quantity of oats supplied in comparison with the finished product received. "Rough" calculations showed that CRS was receiving less than 50 percent of the quantity expected.

During our audit, the Ministry and CRS agreed to meet and reconcile their records. Our cursory review of this reconciliation disclosed unsupported figures and mathematical errors in distribution lists. We undertook a reconciliation of the raw materials and processed "leche-avena" through accumulation of basic source documents such as bills of lading and shipping reports, receiving reports, production reports, distribution lists supported by way bills and receipts. We were unable to reconcile Ministry distribution lists to CRS receipts because of mathematical errors in the lists and some of the CRS receipt documentation were missing and others were incomplete. Based on the best information available, we calculated the amount of "leche-avena" due CRS as of March 30, 1980 to be about 700 metric tons.

CRS supplied oats were being processed into "leche-avena", but the milled product was sent to the Ministry's Maternal/Child Health programs rather than to CRS warehouses. The Ministry explained to us it attempted to supply an equal ratio of requirements to both the Ministry's and CRS's programs. Since production was meeting less than 50 percent of the needs it was not possible to give CRS what it required. The Ministry could not adequately explain why it used CRS supplied oats to make "leche-avena" for consumption in the Ministry's program when it had abundant raw materials of its own.

The Ministry agreed that an amount of "leche-avena" was due CRS but the exact amount needed to be negotiated. It contended that calculations do not take into consideration losses of raw materials due to spoilage, handling and shrinkage during processing. Unfortunately, the losses were not documented. The Ministry also emphasized that it could not give CRS the "leche-avena" owed right away because of reduced production.

Even though physically held by the Ministry of Health, CRS reports to USAID/Ecuador should report these commodities as in inventory. For CRS the flow

of raw materials to the Ministry and the return of the processed "leche-avena" should be reported in the commodity status reports. The report should show any commodities held by the Ministry as inventory and "leche-avena" held at the provincial level as inventory. CRS officials agreed there was a need for an accounting from the Ministry.

USAID/Ecuador commented in its reply to a draft of this report that the Ministry of Health had agreed to provide data on P.L. 480, Title II commodities in the future. USAID/Ecuador also advised us that the Ministry and CRS with USAID participation had successfully negotiated the amount of "leche-avena" owed to CRS and tentatively agreed on a delivery schedule.

Since there was no mention in USAID/Ecuador's reply of a requirement for reporting in the Ministry/CRS agreement nor the amounts and timing of "leche-avena" to be delivered, we have retained our recommendations.

Recommendation No. 3

USAID/Ecuador should require CRS to have an appropriate clause inserted in its agreement with the Ministry of Health for commodity accountability reporting.

Recommendation No. 4

USAID/Ecuador should require CRS to include the receipt and distribution of "leche-avena" on its Commodity Status and Recipient Status Reports.

Recommendation No. 5

USAID/Ecuador should require CRS to report on its negotiated agreement with the Ministry of Health for the amount and scheduling of "leche-avena" to be delivered.

Field Surveillance

In our review of the field surveillance activities of the voluntary agencies, we found weaknesses which need to be corrected in order to improve commodity management.

Although CARE was a minor partner in the Ministry of Health's Maternal/Child Health program, providing just 15 percent of the food input, it had a disproportionate role in field surveillance. However, it was not effective because (a) a field staff working in an advisory role lacks clout, (b) Government counterparts had not been assigned who could take corrective action, (c) the quality of reports needed to be improved, and (d) surveillance had been concentrated too much at the distribution point level.

CRS needed to increase its field surveillance staff and institute a policy of documenting field visits.

CARE Surveillance

The CARE field staff consisted of one full time and two part time staff members who made approximately 200 end-use checks a year. The staff completed preprinted review forms and wrote narrative statements on what they found. A copy of the reports was given to the distribution point, CARE retained a copy and a third copy was sent to the Ministry's Nutrition Division.

We reviewed these reports in detail and found the reports to be ambiguous. The reports contained generalized statements without identifying the specific exception. For example, the report would state that operations at the center were relatively good although operations were not in compliance with some unspecified regulations. The specific corrective action needed was not cited. Without specifics the end-use reports were of little use.

CARE's field surveillance was limited to reviews at the distribution point levels. Many of the problems at that level were directly related to actions not taken at the province level. For example, distribution level reports depend on record keeping and report forms instructions and general program guidance to be provided by the province. CARE field reports were filled with instances where the reason for a deficiency could be traced to the province. Not having record keeping forms and report forms was a common problem. Because CARE field surveillance was not done at the province level the causes for the deficiencies had not been corrected.

CARE's field inspectors complain that little attention has been paid to their reports or oral recommendations. The deficiencies noted were usually the same visit after visit. They attributed their ineffectiveness to the advisory capacity they fill. They have no authority to request specific corrective action. This authority rested with the Ministry but the Ministry had no field staff. Although CARE provided the Ministry with all the data it collected, the Ministry had not corrected the situations noted.

In summary, CARE needs to improve the quality of its reports and to broaden its coverage to include visits to the processing plant and provincial headquarters. Also, action needs to be taken to correct the adverse situations noted so implementation of the program can be improved.

Recommendation No. 6

USAID/Ecuador should request CARE to evaluate its field visit strategy, improve its reporting techniques, and take actions necessary to make its field surveillance more effective.

Recommendation No. 7

USAID/Ecuador, in conjunction with CARE, should develop a program with the Ministry of Health to effectively correct situations which are adversely effecting the implementation of the P.L. 480, Title II program.

CRS Surveillance

Monitoring of the CRS activities were found to be less than satisfactory. Activities of CRS's counterpart and local centers were only reviewed once a year at the most, since the cooperating sponsor had only one field supervisor to cover all of the organization's activities in Ecuador. Serious problems have gone unchecked for considerable lengths of time without management's knowledge. For example, during our visit to two Maternal/Child Health centers, we found no records were being kept, except for a listing of recipients. Therefore, the centers could not account for the commodities provided for distribution, nor were they providing reports to CRS headquarters in Ecuador. This situation would have been surfaced by the timely visit of a field supervisor.

The field supervisor also acted as a direct link to CRS headquarters. CRS attributed its failure to distribute only 67 percent of the approved ration (although 95 to 100 percent of the beneficiaries were reportedly being reached and more than adequate commodity stocks were on hand) to poor communications with its counterpart and the local centers. The people making distributions have not overcome their reluctance to give full rations. CRS advised us that more frequent visits by field supervisors and assurances that more commodities will be provided would solve this problem.

We noted that no field reports or other written records of visits were made by the field supervisor. We were told the field supervisor orally instruct field personnel who immediately take corrective action.

CRS recognizes that it does not have sufficient staff and it does need to document activities in the field. Additional staff depended on available funding which was short. CRS agreed to start documenting the visits made by its field supervisor.

Recommendation No. 8

USAID/Ecuador should request CRS to increase its field surveillance staff to a level adequate to monitor and supervise its activities.

Recommendation No. 9

USAID/Ecuador should request CRS to adopt a policy of documenting field surveillance visits and to develop an acceptable reporting system.

Marking and Publicity

Generally, recipients did not know that P.L. 480, Title II commodities were donated by the people of the United States. In the case of "leche-avena" the product was packaged in a plastic bag which identified only one of the donors. Three donors contributed to the product. Only the Government of Ecuador was identified on the package.

We found that banners or posters were not displayed at distribution centers and other media was not used to inform recipients that food was furnished by the people of the United States and was not to be sold or exchanged. Section 211.6a. of AID Regulation II requires that repackaged food should identify the donor on the new package. The food supplement product "leche-avena" was manufactured up to October 1979 at commercial plants for the Ministry of Health. Subsequent to October 1979, the food supplement has been manufactured in a Ministry of Health operated plant. The ingredients to manufacture the food supplement came from the United States, World Food Program and the Government of Ecuador. The marking on the package gave recognition only to the Government of Ecuador.

CARE showed us a USAID/Ecuador letter dated April 16, 1975 which stated, in part, that the "leche-avena" package did not have to bear the labeling stipulated by AID Regulation II. Three reasons were given; (1) the transitory nature of Title II inputs, (2) present political climate, and (3) requirements of regulation II were not applicable because they refer to repacking of commodities under contracts between cooperating sponsors and commercial facilities. CARE had no budget for a publicity campaign in Ecuador and relied on the local press for no cost publicity.

CRS distributed "leche-avena" in the same package as was distributed under the Ministry of Health's Maternal/Child Health program. We saw no posters at the CRS distribution sites we visited.

At distribution sites, we queried various recipients about the source of the food. Most did not know the commodities came from the United States and other donors.

We do not agree fully with the rationale of USAID's April 1975 letter and believe the reasons given for not marking "leche-avena" packages are no longer valid. The P.L. 480, Title II program goes on; the political climate has greatly improved; and who does the contracting for the repackaging has no bearing on marking requirements. We believe the marking requirements should have been made a part of the Ministry/voluntary agency agreements covering the Maternal/Child Health program under which "leche-avena" is distributed. The program represented 85 percent of the P.L. 480, Title II program in Ecuador. Overall, the voluntary agencies need to strengthen their publicity programs to make recipients aware the food received has been donated by the people of the United States of America and other donors.

USAID/Ecuador in reply to a draft of this report stated that it and the U.S. Embassy wished to maintain a low profile on the Maternal/Child Health program. However, it did agree to discuss with the Ministry of Health the need to identify the donors on the "leche-avena" package and would seek to achieve labeling politically acceptable to all donors and the Ministry of Health. USAID/Ecuador also commented that any publicity program CARE and CRS might implement must take into

account what is practicable and must be with the cooperation of the host governments.

We agree that the labeling on the "leche-avena" package must be acceptable to the organizations contributing to the product and that publicity programs must be practicable. Since action in marking and publicity are still pending, we make the following recommendations.

Recommendation No. 10

USAID/Ecuador should agree with all donors and the Ministry of Health on appropriate labeling for the "leche-avena" package.

Recommendation No. 11

USAID/Ecuador should require CARE and CRS to implement an appropriate and practicable publicity program in accordance with the requirements of AID Regulation II.

Drought Relief Program

On November 30, 1979, USAID/Ecuador approved a special three-month project for CRS to organize and distribute P.L. 480, Title II food in two provinces-- Manabí and Loja-- to the drought affected population. Serious nutritional problems existed among the population of these provinces. This was confirmed by various national journalists and verified by officials of CRS and another voluntary agency (OXFAM). The project was intended to benefit about 12,000 families. Food commodities were distributed from December 1979 to about March 1980. The food distribution program did not interfere with CRS's regular program.

Program Implementation

We visited the drought affected areas in Manabí and Loja provinces and verified the severe toll the 2 year drought was taking on the campesino population. In Manabí province 7,000 families were to be fed. Food distribution totaled 10,597 bags or 529,850 lbs. of rolled oats and 6,245 bags or 312,250 lbs. of fortified corn soya meal (CSM) flour. According to the available records, CRS distributed about 11,000 bags of rolled oats or 380 bags more than originally programmed. All but 16 bags or 800 lbs. of the CSM program was distributed. The 16 bags of CSM were returned to the inventory of the regular CRS program.

The original plan for the drought relief program for Loja province called for assisting 5,000 families. The receipt of P.L. 480, Title II food commodities, however, was disproportioned to the program because Loja Episcopal received 10,622 bags or 531,100 lbs. of rolled oats and 1,719 bags or 85,950 lbs. of CSM and WSB flour.

When the Loja program was curtailed in March 1980, CRS had not distributed all the food received for the drought relief program. We found large

stocks of rolled oats still in the warehouses. There were 2,802 bags or 140,100 lbs. of rolled oats in the Loja Episcopal warehouses (literally in the hallways of a Seminary), and 718 bags or 35,900 lbs. in the Celica canton warehouse. We were told by officials of the Loja Episcopal that the shortfall in distribution occurred because the beneficiaries were unable and unwilling to pay for transporting the donated food from Loja to their villages. Roads were in bad condition and transportation costs were high.

We inspected the commodities. We did not note any damage or spoilage. Loja is located in the Sierra, at an altitude of 8,500 ft., and food does not spoil quickly. CRS has sufficient stocks on hand to meet the needs for its regular program and the stocks from the drought relief program were excess to needs.

The Loja Episcopal officials told us that in their estimation drought affected areas still exist in other localities within the province, where the excess commodities could be used. But, they had not contacted anyone seeking authority to continue the drought relief program in the new localities.

Completion reports have not been prepared and submitted to USAID for the Manabí and Loja drought relief programs.

Recommendation No. 12

USAID/Ecuador, in conjunction with CRS, should review the drought relief program in Loja province to determine if the commodities held at Loja and Celica can be properly used. If the commodities cannot be used in the area appropriate disposal action should be taken.

Recommendation No. 13

USAID/Ecuador should obtain a final status and project completion report for the Drought Relief Program.

Need for USAID/Ecuador Monitoring

USAID/Ecuador made no administrative reviews of the voluntary agencies and conducted no field visits to warehouses and distribution points in monitoring the P.L. 480, Title II program. USAID/Ecuador advised us that the program was being monitored through regular meetings in Quito among its designee, CARE, CRS, and Ministry of Health officials. We believe our report clearly shows that more effective monitoring is needed.

The entire AID program to Ecuador including the P.L. 480, Title II program was being phased out starting in 1973. During this time, both the US and Ecuadorean staff was being continually reduced in number. According to USAID/Ecuador, from 1976 until September 1979 there was only one to three US direct hire staff and a declining number of Ecuadorean staff. This very small staff had to do contingency planning for a new AID program, monitor a number of regional programs still ongoing in Ecuador as well as monitor the P.L. 480, Title II program.

Consequently, it would have been impossible for USAID/Ecuador, under the circumstances that existed during this period, to have monitored the P.L. 480, Title II program with more intensity than it provided.

In 1978 a new constitution was approved for Ecuador and a new government was elected in April 1979. With the occurrence of these events, AID/Washington decided not to close out the AID program but to expand it. Thus, more people were being assigned to USAID/Ecuador and the staff was concerned with project development and design.

USAID/Ecuador advised us in reply to a draft of this report that during the period 1978-80 there were regular Mission meetings to review the implementation status of the P.L. 480, Title II program. During these meetings many of the problems discussed in this report were identified and action was being taken to resolve the problems at the initiation of the review. For example, the provision of grant funds to provide packing machines. While there was no time available for field visits, USAID/Ecuador stated that it was monitoring the P.L. 480, Title II program through the regular meetings being held.

USAID/Ecuador may have been doing all it could reasonably be expected to do during a period of phase out to monitor the P.L. 480, Title II program. We believe the findings in this report demonstrate the need for improved monitoring of the program, particularly since other AID activities in Ecuador are now expanding. We also believe now is the time to make changes in the monitoring of the P.L. 480, Title II program.

Recommendation No. 14

USAID/Ecuador should establish a P.L. 480, Title II monitorship procedure and allocate sufficient staff time to carry it out.

EXHIBIT A

STATISTICAL SUMMARY - CARE PROGRAM
October 1, 1977 - March 31, 1980

Quantity Imported (000's Lbs)

	<u>Gross</u>	<u>Marine/ Customs Loss</u>	<u>Net</u>
FY 1978	797	33	764
FY 1979	710	3	707
FY 1980 ^{1/}	<u>1,195</u>	<u>8</u>	<u>1,187</u>
	<u>2,702</u>	<u>44</u>	<u>2,658</u>
	<u>100%</u>	<u>1.6%</u>	<u>98.4%</u>

Total value excluding transportation \$398,730

Quantity Imported/Ordered Compared to Annual Estimated Requirements (AER)
(000's Lbs)

	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980^{1/}</u>	<u>Average</u>
AER	1,148	1,569	1,912	1,543
Received/Ordered	797	710	1,195	901
	<u>69.4%</u>	<u>45.3%</u>	<u>62.5%</u>	<u>58.3%</u>

Actual Distributions Compared to Planned Distributions (000's Lbs)

	<u>FY 78</u>			<u>FY 79</u>			<u>FY 80^{1/}</u>		
	<u>Plan</u>	<u>Actual</u>	<u>%</u>	<u>Plan</u>	<u>Actual</u>	<u>%</u>	<u>Plan</u>	<u>Actual</u>	<u>%</u>
Maternal Child Health	525	313	59.6	682	273	40	833	117	14

Beneficiaries Reached Compared to Plan

	<u>FY 78</u>			<u>FY 79</u>			<u>FY 80</u>		
	<u>Plan</u>	<u>Actual^{2/}</u>	<u>%</u>	<u>Plan</u>	<u>Actual</u>	<u>%</u>	<u>Plan</u>	<u>Actual</u>	<u>%</u>
Maternal Child Health	115,000	80,000	69.6	96,000	48,500	50.5	127,500	^{3/}	

^{1/} 6 months

^{2/} CARE does not maintain data on beneficiaries data from Ministry of Health.

^{3/} Data is not available

STATISTICAL SUMMARY - CRS PROGRAM
October 1, 1977 - March 31, 1980

Quantity Imported (000's Lbs)

<u>Fiscal Year</u>	<u>Bread Flour</u>	<u>Wheat Soy Blend</u>	<u>Rolled Oats</u>	<u>Dried Milk</u>	<u>Corn/Soy Milk</u>	<u>Oil</u>	<u>Total</u>
1978	495	595	2,048	454	486	313	4,391
1979	400	624	2,700	546	770	250	5,290
1980 ^{1/}	<u>380</u>	<u>345</u>	<u>1,235</u>	<u>390</u>	<u>-</u>	<u>185</u>	<u>2,535</u>
Total	<u>1,275</u>	<u>1,564</u>	<u>5,983</u>	<u>1,390</u>	<u>1,256</u>	<u>748</u>	<u>12,216</u>

Total value excluding transportation \$1,986,700

Quantity Received/Ordered Compared to Annual Estimated Requirements (AER)
(000's Lbs)

	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>Average</u>
AER	6,226	5,097	5,117	5,480
Received/Ordered	4,391	5,289	4,638	4,773
	70.5%	104%	90.6%	87.1%

Actual Distributions Compared to Planned Distributions (000's Lbs)

	<u>FY 78</u>			<u>FY 79</u>			<u>FY 80^{1/} / ^{2/}</u>		
	<u>Plan</u>	<u>Actual</u>	<u>%</u>	<u>Plan</u>	<u>Actual</u>	<u>%</u>	<u>Plan</u>	<u>Actual</u>	<u>%</u>
Maternal Child Health	2,624	1,598	60.9	2,200	982	44.6	920	617	67.1
Other Child Feeding	1,452	577	39.8	1,452	925	63.7	726	570	78.5
School Feeding	1,815	965	53.2	1,815	1,099	60.5	907	1,027	113.2
Elderly	416	245	58.9	416	248	59.7	208	129	62
Emergency Program	-	-	-	-	-	-	-	<u>1,224</u>	-
	<u>6,307</u>	<u>3,385</u>	<u>53.7</u>	<u>5,883</u>	<u>3,254</u>	<u>55.3</u>	<u>2,761</u>	<u>3,561</u>	<u>129.2</u>

^{1/} 6 months

^{2/} The high percent overall is due to the emergency program and the high performance of the school feeding program

Beneficiaries Reached Compared to Plan

	FY 78			FY 79			FY 80 ^{1/}		
	<u>Plan</u>	<u>Actual</u>	<u>%</u>	<u>Plan</u>	<u>Actual</u>	<u>%</u>	<u>Plan</u>	<u>Actual</u>	<u>%</u>
Maternal Child Health	50,000	35,000	70	42,000	35,000	83	35,000	35,333	101
Other Child Feeding	10,000	9,500	95	10,000	9,920	99	10,000	9,458	95
School Feeding	15,000	14,000	93	15,000	14,500	97	15,000	17,227	115
Elderly	<u>3,500</u>	<u>3,500</u>	<u>100</u>	<u>3,500</u>	<u>3,300</u>	<u>94</u>	<u>3,500</u>	<u>2,983</u>	<u>85</u>
	<u>78,500</u>	<u>62,000</u>	<u>79</u>	<u>70,500</u>	<u>62,720</u>	<u>89</u>	<u>63,500</u>	<u>65,001</u>	<u>104</u>

LISTING OF RECOMMENDATIONS

Recommendation No. 1

USAID/Ecuador, in conjunction with the Ecuadoran Ministry of Health, should initiate discussions with CRS directed towards expanding CRS's feeding programs to cover those areas vacated by the Ministry of Health. (Page 10)

Recommendation No. 2.

USAID/Ecuador should advise CARE to obtain periodic reports from the Ecuadoran Ministry of Health on the utilization of the P.L. 480, Title II commodity turned-over, distribution of processed goods, and number of recipients served. This information should be provided to USAID/Ecuador on a quarterly basis. (Page 11)

Recommendation No. 3

USAID/Ecuador should require CRS to have an appropriate clause inserted in its agreement with the Ministry of Health for commodity accountability reporting. (Page 13)

Recommendation No. 4

USAID/Ecuador should require CRS to include the receipt and distribution of "leche-avena" on its Commodity Status and Recipient Status Reports. (Page 13)

Recommendation No. 5

USAID/Ecuador should require CRS to report on its negotiated agreement with the Ministry of Health for the amount and scheduling of "leche-avena" to be delivered. (Page 13)

Recommendation No. 6

USAID/Ecuador should request CARE to evaluate its field visit strategy, improve its reporting techniques, and take actions necessary to make its field surveillance more effective. (Page 14)

Recommendation No. 7

USAID/Ecuador, in conjunction with CARE, should develop a program with the Ministry of Health to effectively correct situations which are adversely effecting the implementation of the P.L. 480, Title II program. (Page 15)

Recommendation No. 8

USAID/Ecuador should request CRS to increase its field surveillance staff to a level adequate to monitor and supervise its activities. (Page 15)

Recommendation No. 9

USAID/Ecuador should request CRS to adopt a policy of documenting field surveillance visits and to develop an acceptable reporting system. (Page 15)

Recommendation No. 10

USAID/Ecuador should agree with all donors and the Ministry of Health on appropriate labeling for the "leche-avena" package. (Page 17)

Recommendation No. 11

USAID/Ecuador should require CARE and CRS to implement an appropriate and practicable publicity program in accordance with the requirements of AID Regulation II. (Page 17)

Recommendation No. 12

USAID/Ecuador, in conjunction with CRS, should review the drought relief program in Loja province to determine if the commodities held at Loja and Celica can be properly used. If the commodities cannot be used in the area appropriate disposal action should be taken. (Page 18)

Recommendation No. 13

USAID/Ecuador should obtain a final status and project completion report for the Drought Relief Program. (Page 18)

Recommendation No. 14

USAID/Ecuador should establish a P.L. 480, Title II monitorship procedure and allocate sufficient staff time to carry it out. (Page 19)

LISTING OF REPORT RECIPIENTS

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