

R E P O R T

Status of Commodity Procurement for AID Projects
in Somalia as of March 1st, 1980

Agricultural Project 0101

Rural Health Delivery 0102

Kurtumwaary Settlement 0103

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This report issues from efforts to expedite the purchase of commodities for several AID projects in the Democratic Republic of Somalia and will be responsive to questions regarding the availability of commodities and transportation of those commodities by expeditious means to Somalia.

The projects that this effort is addressed to are an agricultural project, a rural health delivery project and a pilot project to house previously nomadic people in an agricultural resettlement community. The aggregate dollar value of the PIO/Cs involved in these projects is approximately \$5,000,000.

It is easy to imagine that the purchase and shipment of this quantity of items ranging from electricians tape to large diesel trucks could result in procurement problems -- and it has. It is also easy to understand that the effort is complicated by purchasing hundreds of items for highly specific purposes to be ultimately delivered to the "customer" 8,000 miles away.

The slow delivery of commodities to Somalia for use in AID projects is the obvious reason for an effort to expedite deliveries. Because solutions are required, the search for impediments to buying and shipping would seem to be a necessary early investigation. After some days of research it has not been possible to isolate one specific reason for the lava-like flow of commodities to Somalia.

There are several reasons that very little is moving with alacrity, and these reasons will be examined in this report. It should be said immediately that I have not found any individual or collective villains on whom to place blame. I will also say in candor that I looked for such entities. Not from any personal vendettas, but because people are supposed to make things move. If they do not, then the obvious blame can probably be placed on someone. This makes for facile if not workable, solutions.

The quantitative aspects of the procurement of these commodities are not really formidable. If it were simply to buy quantities of nails or wheat in the same multi-million dollar amounts, there would be specifications for this, and the size of the order would be basically irrelevant. That is not the case here. The first problem is that every item (and there are hundreds of them) is specifically described to fulfill a specific function in a remote location and a hostile environment. When American manufacturers do not produce the exact product specified, or do not produce in sufficient immediate quantities, decisions must be made to change the order to a similar workable substitute. These decisions cannot usually be made by anyone engaged in the purchasing activity. They must be made by the in-country USAID mission or by the original designers of the project.

Describing the problem and asking for a decision to change the order, item or specifications can be an intricate process. Intricate because many items (medical equipment, construction equipment, agricultural equipment) are highly technical, and a change in an item may make that item incompatible with another piece of equipment. If it were only changing one brand of tongue depressors for another, it would be easy.

Describing the problem, as presented above, is technical and intricate and is not always done well. Communications are complicated by being passed through several people before ultimately becoming a letter or cable. The chances for mistaken descriptions or other misunderstandings are many. The message still must get to a Mission thousands of miles away--and replied to. Communicating (and there is a lot of it) is one of the factors that contributes a large amount of the confusion and delay in the purchase and delivery of commodities.

Another contributing factor are the rules and regulations that have been incorporated into the purchasing process to make the disposal of large sums of money fair to suppliers and as free as possible from manipulation of the cash-flow. These are good reasons

for the rules, but conforming to these rules takes time. Conforming, in many cases, requires communications with the Mission or host government, and these communications are as subject to delay and misinterpretation as the other messages previously discussed.

Communications that are not always clear and regulations that are restrictive to purchasing are two of the most inhibiting factors to be found in the purchasing process. They are especially serious because they are an element in every procurement activity.

These problems will not be easy to solve, but they must be addressed so that any unnecessary rules or cable traffic can be simplified or eliminated. A continuation of the existing system will be a continuation of the existing delays.

All available files have been checked and the PIO/Cs relative to the Somalia projects (all changed or cancelled numbers have been eliminated from this index) are the following:

PIO/Cs Relevant to Somalia Projects

649-0101-5-80001	AG	\$ 550,000
649-0101-4-80003	AG	\$ 24,000
649-0101-4-80005	AG	\$ 99,500
649-0103-4-90005	K+NY - Kurtunwaary	
649-0103-4-90006	K+NY	\$ 250
649-0103-4-90007	K+NY	\$ 865,545
649-0102-4-90011	Health	\$1,000,000
649-0102-4-90012	Health	\$ 182,000
649-0102-4-90013	Health	\$ 40,000
649-0101-4-90015	AG	\$ 160,000
649-0101- -90017	AG	\$ 1,866
		remaining
649-0102-4-90026	Health	\$ 90,000
649-0102-4-90027	Health	\$ 30,000
649-0101-4-90033	AG	
649-0102-4-90034	Health	

The current status, as of the end of February, 1980, of all the pertinent Somali PIO/Cs listed above will be explained here. Many PIO/Cs have dozens of items.

PIO/C Number: 649-0101-4-80003
Original Value: \$24,000
Residual Value: Not known
This PIO/C could not be found by AAPC, SER/COM or in any other file in Washington.

PIO/C Number: 649-0101-4-80005
Original Value: \$99,500
Residual Value: None
This PIO/C was for agricultural program furniture and the order was placed with Sears Roebuck on February 5, 1980. Purchase Order Number 5302. This order is scheduled for shipment in May 1980. It will possibly be containerized.

PIO/C Number: 649-0103-4-9005
Original Value: Approximately \$2,000
Residual Value: None
These commodities were purchased and shipped in August 1979.

PIO/C Number: 649-0103-4-90006
Original Value: \$250
Residual Value: None

PIO/C Number: 649-0103-4-90007
Original Value: \$865,545
Residual Value: Unknown at time of this report.
There have been purchase orders issued for amounts as high as \$196,000 but these orders, if accepted by the vendor, do not show on the computer run for January 22 as being finalized. The same computer run has a hand-written notation "awaiting quotations." This appears to apply to the total PIO/C and is simply not true.

The purchasing of commodities on this PIO/C was initially delayed by some misunderstandings and later by restrictive regulations already referred to. The USAID Mission in Somalia has recently exerted efforts to simplify and expedite the purchasing processes. Trucks, tractors and other tools and heavy equipment have now had purchase orders issued; lumber is at this writing waiting to be loaded at Pensacola on the "Nancy Lykes."

This particular PIO/C is being monitored on nearly a daily basis because of the initial delays and the importance of the commodities to in-country USAID goals. The monitoring of these purchases on such a close time/production basis has revealed some inherent difficulties in the purchasing agents operations. This will be discussed in more detail in the conclusions/recommendations of this report.

PIO/C Number: 649-0102-4-90011
Original Value: \$1,000,000
Residual Value: \$328,000

These are pre-fabricated houses, dormitories and classrooms for the rural health program. They are currently under construction in Miami, and the contractor (Parnel Fab) is trying to get them finished by the end of March. It seems likely that the contractor will succeed.

PIO/C Number: 649-0102-4-90012
Original Value: \$182,000
Residual Value: Same as original.

This order is for 13 passenger vehicles with spare parts. This was delayed because there was an ongoing effort to standardize the specifications for passenger vehicles and light trucks. As late as February 7, 1980, AAPC was waiting for clarification on this questions when, in fact, SER/COM had approved the USAID/Somalia Standardization plan for U.S. manufactured G.M. utility vehicles, passenger vehicles and light trucks by cable no. 251368, dated September 24, 1979. This approval should have been communicated to AAPC at the same time, or shortly thereafter. I have been informed by SER/COM that this is usually done either in the cable distribution or by sending a xerox copy of the unclassified cable to the purchasing agent. If this was done, the purchasing agent did not make this information available to his staff. Whatever the case, this is another example of garbled communications. These vehicles are now on order, but AAPC does not know the production schedule or the delivery date.

PIO/C Number: 649-0102-4-90013
Original Value: \$40,000
Residual Value: \$40,000

This order is for furniture and on February 7 AAPC said that they were waiting for pro-forma invoices from Sears expected on February 15. In a telecon with AAPC on February 25 I was informed that Sears had not sent the invoice. I asked when it would be sent, and AAPC said they would check and find out. Obviously, AAPC has no follow-up procedures on these orders. They only wait to be triggered into action when a document comes from some outside source: An invoice, a bid, a cable from the Mission. These are the stimuli that trigger reaction and response. There is no system to stimulate response from a non-action or an elapse of time. There appears to be nothing in the system that will ring bells because any part of the process is late or stopped or non-responsive. The status of this order at the end of February is the same as it was at the beginning of February.

PIO/C Number: 649-0101-4-90015
Original Value: \$160,000
Residual Value: Not known

This PIO/C is for a varied list of items: major appliances, farm shop tools, farm supplies and training aids. Because of this the purchasing activity must be divided among several vendors. This complicates purchasing and the supervision of the status of individual items in the purchasing chain. This would seem to be one of the situations in which the computer would be a valuable tool for the surveillance, item by item and step by step, of progress through the purchasing process. Queries to the staff of AAPC and a reading of the computer runs give an equally cloudy answer: In December bids were being evaluated. In January some items were being purchased, some items were awaiting bids and some bids were being evaluated. This information is not definitive. To know exactly what items are in what stage of procurement or shipping would require a person to compare the PIO/C line item by line item with the files at AAPC. If the files at AAPC are comprehensive and current, this could probably be

done in an hour or two. The staff at AAPC does not want to devote an hour or more to such a study to give definite answers to the status of PIO/C line items (this is not to say that the people at AAPC have not been cooperative. They have been very helpful to the extent that they could be, given the restraints of their operation). However, definite answers are the only valuable ones. These must be produced in an efficient way even for the operation of AAPC's purchasing system: If AAPC cannot give me quick and correct answers, they cannot get these answers easily for themselves for their hour-by-hour in-house operations.

AAPC is using a computer and a lay man would think that this would be the tool to give quick answers. In this case it is not working.

PIO/C Number: 649-0101-5-90017
Residual Value: \$1,866 in spare parts yet
to be purchased.

These spare parts are for two Chevrolet Suburbans that have been purchased and shipped in the latter part of 1979.

PIO/C Number: 649-0102-4-90026
Original Value: \$90,000
Residual Value: Same

This PIO/C is for two Diesel trucks and one Chevrolet Suburban. This was received by AAPC in February, and the purchasing process is just beginning.

PIO/C Number: 649-0102-4-90027
Original Value: \$30,000
Residual Value: Same

This PIO/C is for one 3/4 ton., 4x4 truck equipped as a tow-truck. This was received by AAPC in February, and the purchasing process is just beginning.

PIO/C Number: 649-0101-4-90033 and
649-0102-4-90034

The above two PIO/Cs were produced so recently that the numbers above are the only information available in Washington in late February.

CONCLUSIONS AND RECOMMENDATIONS

Regulations that are too restrictive to the purchasing process, requiring too many reviews or acceptance by too many persons or entities should be simplified. Step by step reviews that are primarily to keep people honest or guard them from honest mistakes should be the first areas for study. The honesty of people is questionable in many cases where large sums of money are involved, but a person or entity charged with an on-going overview of operations could be used in lieu of step-by-step concurrence. This could relieve purchasing to flow like a freeway instead of pausing intermittently at every stop sign.

Communications that are garbled are not always (but frequently are) due to the inarticulate prose of the writer. This is aggravated by being conscious of the need for brevity in cables. The result is something less than an art form known as "telegamese." There are (or were) remedial writing courses given by the Department of State that recognizes this deficiency in many people regardless of their level of education or obvious competence in the rest of their work. This is not the only problem in communicating. The other is that usually several people or entities should receive copies for action or information. This does not always happen as in the case of PIO/C Number 649-0102-4-90012 mentioned earlier in this report. This was a case where a purchase order could have been made for vehicles in October 1979 but was still pending in February 1980 because everyone involved did not know that a decision to purchase General Motor vehicles had been made and approved in September 1979. The system for disseminating information is well established. The only recommendation in this respect is that it is necessary to pay closer attention to the channels of distribution that are already a part of the system.

Shipping schedules by the few steamship lines that are eligible for this type of business (more restrictive regulations) and also will call at Mogadisciu are always tentative. To take advantage of every oppor-

tunity to ship commodities it is necessary to know these schedules, tentative as they are, and especially to know when they are changed. For this some system of monitoring should be established. It does not appear that anyone is doing this on a systematic basis at this time.

The purchasing agent, in most cases AAPC, has a staff that is too small for the workload. This is a fact and not an opinion. The fact is discernible from a telephone conversation this writer had in February with AAPC's Director of Purchasing. When asked for a variety of information on several PIO/Cs, the Director of Purchasing refused to collect this information (questionnaires on 12 PIO/Cs had been previously sent to AAPC in New York) on the grounds that he did not have the time. He said: "If I spend the time to fill out all of those questionnaires, purchasing for other (than Somalia) Missions would suffer." This statement needs no translation: If I work for you, I don't have time to work for them. In other words, they do not have the personnel to work on all PIO/Cs from all the Missions on a continuing basis.

There is no way to tell what percentage of their man hours each day can be applied to any Mission or Missions. It is obvious that attention to purchasing and shipping is done when AAPC is triggered by events or communications and have the time for it. It is equally obvious from the results that there are innumerable delays that could be minimized by closer attention to follow-up procedures and more intimate monitoring if there were a larger staff for this.

The computer should be another tool for monitoring and triggering attention but, at this time, the computer seems to be a very dull tool: The computer runs for January were for only six PIO/Cs when, in fact, there were at least eleven in progress, and the information on these six was so incomplete as to generate more questions than answers.

Another recommendation that would be possible to implement and would minimize many of the problems noted in this report would be the employment of technical expeditors. How this would be funded is a problem out of the scope of this report, but on large projects with a large amount of technically intricate items to be purchased, expeditors are nearly a necessity and in most cases would cost 1% or less of the total amounts purchased. This would be especially true if, for example, one agricultural expert were the expeditor (in Washington) for several agricultural projects.

In conclusion, it can be said that the failure of the purchasing system is a failure in being responsive on a timely basis. The findings and recommendations in this report do not constitute a panacea. In most cases the recommendations suggested here can be implemented and will speed the delivery of commodities. The system works. It does not work fast enough to satisfy the goals of the Agency or the goals of the individual Missions.