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INADEQUATE RESULTS BEING ACHIEVED
FROM AN A.I.D. GRANT TO
AGRICULTURAL MISSIONS FOUNDATION, LTD.

Audit Report No. 0-934-81-71

April 30, 1981

In mid-1978, an AID grant of \$585,000 was provided to Agricultural Missions Foundation, Ltd. (AMF) to improve and expand its program. However, few of the grant objectives have been achieved:

- Private cash donations to AMF have not increased as planned; and
- Many of the planned qualitative and quantitative improvements in the projects financed by AMF have not occurred.

Also, AMF's management in terms of project design, monitoring and evaluation needs to be improved. Accordingly, AID must reassess its relationship with AMF and obtain assurance that AMF can effectively improve its management and increase the level of private contributions before additional funds are authorized.

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EXECUTIVE SUMMARY

Introduction

Agricultural Missions Foundation, Ltd. (AMF), founded in 1970, is a non-profit organization established by a group of individuals, most of whom are Southern Baptists. Chiefly, by working through missionaries, it seeks to assist the rural poor of developing nations increase the productivity of their farms through the use of improved agricultural and livestock practices. On July 31, 1978, AID awarded AMF a three-year grant of up to \$585,000. The AID grant, one of many grants AID has made to strengthen PVOs' capabilities, was to assist AMF achieve the following objectives:

1. Increase its technical assistance capabilities for project programming and for teaching project planning, management and evaluation skills to small farmers and missionary personnel overseas;
2. Increase its administrative capacity for capturing and supervising larger flows of domestic resource contributions to projects abroad; and
3. Redirect future project promotion away from dependency on external donations and technical assistance toward projects involving local self-financing mechanisms and reliance on host country para-technicians.

Through September 22, 1980, AID had obligated \$493,000 under the grant.

Purpose and Scope

The purposes of this review were to evaluate the accomplishment of program objectives, to ascertain the adequacy of AID grant monitorship, and to determine the allowability of costs charged to the grant. Our review was performed in accordance with generally accepted auditing standards and included an examination of records and discussions with AID and AMF officials in Washington, D.C., and Tupelo and Yazoo City, Mississippi. Our review was limited in that it did not include visits to the overseas project locations.

AMF Cash Donations Not Increasing As Expected

The AID grant was to be disbursed to AMF over a three-year period on a declining basis, i.e., a large increment was to be disbursed in the first year and lesser increments during the second and third years. AMF indicated in the proposal it submitted to AID justifying the grant that cash donations would be increasing as AID funding decreased. Thus, by the end of the third year, the expanded AMF program would continue without AID support. We found, however, that AMF's cash contributions have not significantly increased since 1977. In view of this situation, AMF does not believe it could maintain the current level of operations without further AID assistance (pp 2-3).

Major Program Objectives Not Being Achieved

One of the major objectives of the grant was to improve AMF's management capabilities. Yet, in the more than two years that have elapsed, AMF has not significantly improved its project planning, management and evaluation capabilities. Indicative of this was our review of five project files which showed that identifiable targets were not established to measure the success of the projects and that data was not systematically obtained on the implementation of the projects. AMF, in effect, neither contributed substantively to the design of the projects it financed nor did it know whether those projects were having a development impact.

Another of AMF's objectives was to increase farmer participation in projects by requiring a matching contribution and repayment of the assistance provided. Again, from a review of AMF's files, we found no examples where farmers made a matching cash contribution to the projects. Nor did we find any evidence that farmers were making the required repayments which were to be deposited to revolving funds for financing additional projects.

Lastly, in its proposal, AMF indicated that \$87,000 of AID funds would be used for financing projects during the first two years of the program. However, through August 31, 1980, AMF had only used \$7,736 of AID funds to finance nine projects. Thus, in a quantitative sense the program is also experiencing problems (pp 3-5).

Questionable Relationship With The Institute Of Cultural Affairs

AMF indicated in its program proposal that one of the major bottlenecks in assisting the rural poor was the limited number of agricultural missionaries. To address this problem, AMF proposed having missionaries recruit, train and supervise paratechnicians (agricultural extension agents). However, of the 64 paratechnicians financed with AID funds through August 31, 1980, 50 were employees of the Institute of Cultural Affairs (ICA), another non-profit organization. Under this arrangement, AMF made donations of AID funds to help support ICA's employees working on ICA projects in India. This action was not in accord with AMF's program proposal which indicated it was to develop its own capacity, not fund another organization's program. Moreover, certain financial practices used by AMF in dealing with ICA and others appeared questionable such as advancing funds for 9- to 12-month periods and not requiring reporting on actual disbursements (pp 5-6).

AID Oversight Needs Improvement

AID oversight of AMF's program could have been improved. In terms of reporting, the grant agreement stipulates that AMF should provide AID with semi-annual progress reports on the program. Yet, despite this requirement, only two of the required four reports were made. Neither of the two reports, which we reviewed, provided an adequate assessment of program progress. In terms of evaluation, AID Handbook 13 requires that AID perform an evaluation mid-way through the grant. We were informed that an 18-month evaluation had been performed, but not documented. The absence of adequate reporting and documentation has resulted in AID having less than full knowledge of the status of grant implementation (pp 6-7).

Conclusions and Recommendations

AMF is not achieving the stated objectives of the AID-financed grant, and according to the Bureau for Private and Development Cooperation, it seems unlikely that it will do so by the end of this three-year grant. Its management is deficient in terms of project design, monitoring and evaluation. The objective of increased cash donations has not been met; in fact AMF's current donations are not significantly larger than they were prior to AID's award of the grant. There is little evidence that AMF's concept of local participation in matching contributions or revolving funds based on repayment is viable or effective. Paratechnicians are not being supported by project participants as planned. We believe AMF should not be considered for additional funding until AID can assure itself that AMF can effectively improve its management and increase the level of private contributions. In our view, Agency officials have no assurance that the benefits being derived from this project are commensurate with the cost of the project. The Agency can ill afford to spend money without this assurance. Accordingly, we recommend the Assistant Administrator, Bureau for Private and Development Cooperation (AA/PDC):

- Evaluate AID's support of Agricultural Missions Foundation, Ltd. (AMF) to assure itself that AMF can effectively achieve the development objectives specified in the grant, improve its management and increase private contributions. If a determination is made to continue providing support to AMF, AA/PDC should:
 - (a) define the desired relationship between AMF and the Institute of Cultural Affairs, (b) assure that AMF submits reports as required, (c) instruct AMF to limit its advances to implementing agents to 90 days requirements and (d) assure that AID grant oversight meets the requirements of AID Handbook 13.
- Require Agricultural Missions Foundation, Ltd. to establish a system requiring reporting by grant sub-recipients of the nature and amounts of actual disbursements.

Management Comments

The Bureau for Private and Development Cooperation stated that its present view of AMF's progress and its program is more positive than that outlined in this report. It regards the problems we have described as resulting from over-optimism on the part of AMF and the Bureau. Nonetheless, AA/PDC substantially agrees with the two principal recommendations of this report. The evaluation, in fact, has been scheduled prior to the release of this report. The Bureau's comments, where appropriate, have been considered in the text of this report.

BACKGROUND

Agricultural Missions Foundation, Ltd. (AMF), founded in 1970, is a non-profit organization established by a group of individuals, most of whom are Southern Baptists. Chiefly, by working through missionaries, it seeks to assist the rural poor of developing nations to increase the productivity of their farms through the use of improved agricultural and livestock practices.

On June 3, 1977, AMF submitted an unsolicited proposal requesting a \$585,000 grant from AID to assist in expanding and redirecting its operations. AMF requested grant assistance on a declining basis over three years in order to support its efforts to:

- "1. Increase its technical assistance capabilities for project programming and for teaching project planning, management and evaluation skills to small farmers and missionary personnel overseas;
- "2. Increase its administrative capacity for capturing and supervising larger flows of domestic resource contributions to projects abroad; and
- "3. Redirect future project promotion away from dependency on external donations and technical assistance toward projects involving local self-financing mechanisms and reliance on host country paratechnicians."

The first two objectives were to be achieved by expanding the AMF Mississippi-based professional staff from one to three employees and defraying such costs as travel expenses, furniture and equipment and consultants' fees. The third objective was to be accomplished through a new design for overseas projects involving small farmer resource contributions and a new revolving fund concept; and the creation of a corps of agricultural extension agents (termed paratechnicians) to extend the outreach of the agricultural missionaries and eventually to be supported by the poor small farmers they are assisting.

On July 31, 1978, the Acting Assistant Administrator of the Bureau for Private and Development Cooperation authorized a \$585,000 grant as proposed by AMF and on August 31, 1978, AID made a grant of \$242,000 to provide the first years' funding for this program. As of September 22, 1980, the total amount obligated under this grant was \$493,000.

PURPOSE AND SCOPE

The purposes of this review were to evaluate the accomplishment of program objectives, to ascertain the adequacy of AID grant monitorship, and to determine the allowability of costs charged to the grant. Our review was performed in accordance with generally accepted auditing standards and included an examination of records and discussions with AID and AMF officials in Washington, D.C., and Tupelo and Yazoo City, Mississippi. Our review was limited in that it did not include visits to the overseas project locations.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Cash Donations Not Increasing As Expected

It was originally planned that AID support to AMF would be on a declining basis, that public support to AMF would approximately triple after three years and that upon completion of the AID grant, AMF would be able to continue its new higher level of program operations without further AID assistance. Increasing donations from the public was one of the major objectives of the AID grant to AMF. These plans have not materialized.

AMF's grant proposal emphasized that AID's support was to be provided on a declining basis over three years. The proposal indicated that AMF would be able to continue the program after the three-year grant period without further AID support. The AID document, which requested the Assistant Administrator of the Bureau for Private and Development Cooperation (AA/PDC) to approve the grant, and on which the approval was predicated, stated that AID support was to be furnished on a declining basis. Yet, according to all available information, AID support will be provided on an increasing basis. For example, during the first 23 months of this program, AID support averaged about \$10,000 per month. It is estimated that AID support will average at least \$15,000 per month during the final 13 months. Thus, instead of dependence on AID being reduced over the three-year grant period, as planned and authorized by AA/PDC, it will be increasing. We were advised by PDC officials that the increases in AID support were attributable to the slow start-up of AMF.

In order for AMF to continue the present level of operations without further AID assistance, it would have been necessary for AMF to have almost tripled its 1977 fund raising level. This was indicated in AMF's grant proposal as follows: "Within the next three years AMF could easily triple the value of contributions it can mobilize." Yet cash contributions to AMF have only been as follows:

1977	\$158,502.32
1978	125,689.46
1979	102,877.38
1980 (through August 31)	131,927.76

These figures indicate that 1980 donation levels had not risen significantly over 1977 donation levels.

AMF officials indicated to us that it was very unlikely that they could maintain their current level of operations upon completion of the grant. AID was considering the funding of an additional three-year grant of \$750,000 to continue its support of AMF. A long-term relationship therefore could be evolving because of AMF's inability to generate cash donations to support the on-going program.

In commenting on our draft report, the Bureau for Private and Development Cooperation (AA/PDC) said that a dependence, relationship was not being established, we misinterpreted planned levels of donations to AMF, and

contributions to AMF were higher than we indicated. As discussed below, we disagree with the Bureau's comments:

- a. AA/PDC stated, "We do not believe that AMF has a financially dependent relationship with AID nor do we intend to encourage one." AA/PDC subsequently states that "AMF will need further AID assistance to maintain current levels of operations" and talks of providing half the support to continue this program after the current grant expires. This continued support, in our opinion, can create a dependency relationship and is not consistent with the intended funding objectives of the grant.
- b. AA/PDC implies that our 1979 public cash donation figure of \$102,877 is substantially in error because "in 1979 AMF also received a gift of stock valued at \$300,000." We found that the L.D. Hancock Foundation, a separate corporate entity, received the above noted stock and not AMF. Our \$102,877 cash donation figure included all cash receipts by AMF from the L.D. Hancock Foundation, which totaled \$43,696.37 in 1979.
- c. AA/PDC reported that for all of 1980 public donations were 37 percent higher than those of 1977. While we must treat the 1980 cash donation figures furnished us by AA/PDC as unverified, data available in our files indicate that the bulk of the reported increase was questionable. (See ICA transaction discussed on page 6 of this report.)
- d. AA/PDC implies that our statement regarding the need for AMF to almost triple its public fund raising levels from those of 1977 is wrong. AA/PDC recognized that AMF in its proposal gave the implication that AID support would not be needed after three years. We found that the third-year program originally proposed by AMF was \$370,000. However, aside from this program AMF carries on other activities the cost of which is estimated at \$50,000 per year. Thus, if AMF were to wholly support the AID-assisted program after year 3 it would require \$370,000 plus \$50,000 for other AMF activities or a total of \$420,000 which would represent 265 percent of 1977 donations or almost tripling its 1977 levels.

Major Program Objectives Not Being Achieved

We found that AMF had not significantly increased its project design and evaluation capabilities. Nor has it been successful in achieving major portions of its stated objectives such as redirecting the nature of the projects it was financing, achieving targeted levels of projects and establishing a corps of self-financed agricultural extension agents.

Projects are generally developed and submitted to AMF by agricultural missionaries. AMF then reviews these requests and, if approved, provides the necessary funding to the agricultural missionary for project implementation. A system was to be devised by AMF to track the performance of these projects.

In its grant proposal, AMF stated that:

"One of the most important products of the proposed grant will be the development of an information system capable of generating timely and objective data for evaluating program performance and final impact."

Central to this evaluation system was the design of projects which would establish planned indicators and targets for every program objective, describe how each indicator would be measured, and determine what course of action would follow a positive or negative indicator measurement. Most of this data was to be collected routinely by project participants and agricultural missionaries for immediate use at the local level to improve project outcomes.

Our review of AMF files on five of the projects financed with AID monies showed that targets were not established during the project design process, that data regarding project status and progress was not systematically obtained and, with one exception, that the limited data which was available as regards project status was subjective rather than objective and did not clearly show the status of the projects.

A representative project file was that relating to the Philippine Goat Project to which AMF provided \$3,184 (of which \$1,592 were AID funds) in response to a 1978 request by a Philippine missionary. These funds were for a Dairy Goat Project to enable families to establish dairy goat herds. AMF files did not show how many dairy goats were to be purchased or were purchased, how or when the recipients were to repay, or if repayments were made. In brief, no targets were set and no evaluations were made. A more recent example was a May 1980 Animal Traction Project in Upper Volta. AMF provided \$1,844 to this project (of which \$922 were AID funds) for the purchase of 2 ox teams and related animal traction equipment. AMF files did not show when or how repayments were to be made, what were to be the indicators of success, or when evaluations would be made. In effect, AMF knew little about the implementation of these projects.

As regards project design and financing, AMF stated in its proposal that:

"Rural development experience worldwide clearly demonstrates that the ability of small farmers to benefit from programs for increasing their production and income is almost directly proportional to the extent of their participation in program decision-making and the level of their own resource contributions."

In order to reflect this principle of greater small farmer participation, AMF stated in its grant proposal that it would: (1) increase farmer participation in project design, (2) require farmers to make matching contributions to project financing and (3) establish revolving funds requiring the small farmers to repay the funds received so that these payments could be used for financing additional projects. Our review of AMF files showed no indication of increased farmer participation in project design subsequent to the September 1978 grant. We found no case wherein farmers made a matching cash contribution toward project financing. AMF

files did not indicate the status of farmer repayments to revolving funds, if any. Not only could we find little improvement in the quality of AMF projects as a result of this grant but, in addition, we found that the amount of revolving fund project financing through August 31, 1980 had not reached 10 percent of the levels forecasted by AMF in its proposal. As of August 31, 1980, AID funds totaling \$7,736 had been used for nine projects. The nature of the projects financed, generally, furnishing small animals such as ducks, goats and chickens to poor farmers, was not a grant innovation but a continuation of pre-grant types of activities.

Under the grant program proposed by AMF, missionaries would recruit and train extension agents termed "paratechnicians." It was planned that AID would finance the cost of a paratechnician for the first year, that AMF would finance the paratechnician's second year and that the farmers would finance the paratechnician thereafter. However, by August 1980, AMF recognized that paratechnicians could not be supported by project participants during the third or even fourth year. We have serious doubts that paratechnicians will, within the foreseeable future, be supported by farmers.

AA/PDC, in commenting on our draft report, stated, "It is AMF's view that the Evaluation Section of the proposal quoted in the audit report describes a system by which AMF will evaluate its overall program. The indicators referred to were not to be applied in the case of each individual field project." PDC officials agree, however, that individual projects need to be evaluated.

Questionable Relationship With The Institute Of Cultural Affairs

Through September 12, 1980, AMF granted \$53,014 in AID funds to the Institute of Cultural Affairs (ICA) to support ICA's personnel. In this regard, we question the nature and extent of AMF's relationship with ICA as well as certain financial practices used by AMF in dealing with ICA.

AMF stated in its program proposal that one of the major bottlenecks in assisting the rural poor was the limited number of agricultural missionaries. To address this problem, AMF proposed having agricultural missionaries recruit, train and supervise paratechnicians (agricultural extension agents). However, of the 64 paratechnicians financed with AID funds through August 31, 1980, 50 were associated with ICA, a non-profit organization with experience in the area of socio-economic human development. In making this arrangement with ICA, AMF made a donation of AID funds to cover the agreed to costs of those ICA employees working as agricultural extension agents in India on an ICA program which started long before any AMF involvement. This raises the issue as to whether AID intended AMF to use the major portion of its paratechnician funding to donate to an ICA program or to have AMF develop its own program. If AID had wished to support an ICA program, it could have contributed directly to ICA. In this regard, an earlier Inspector General report (No. 80-16, dated January 9, 1980) entitled, "Questionable Results Arising From The Implementation Of An AID Grant To The Institute Of Cultural Affairs" raised serious questions about ICA's implementation procedures and its use of AID funds. In response to that report AA/PDC stated that it did not plan to consider any new support to ICA until it has been able to provide adequate documentation of the value of its development approach. Under

these circumstances, we believe AID should re-evaluate AMF's relationship with ICA.

AMF's procedure for accounting for ICA's share of ICA program costs was handled in an unusual manner. In one recent case, for example, AMF agreed to pay half of the \$52,400 costs related to certain ICA staff. AMF had ICA mail AMF a check for \$26,200. AMF then added to this amount an additional \$26,200 of AID funds and mailed a check for \$52,400 to ICA. The \$26,200 check from ICA was treated as a donation received by AMF and the \$26,200 of non-AID funds included in the \$52,400 check to ICA were treated as an AMF donation to ICA. We believe this manner of handling ICA's share of its own program is misleading and unnecessary.

A third issue, as regards ICA and one other recipient of AID funds, was the practice of releasing funds to the sub-grantee for the payment of paratechnician salaries for the next 9 to 12 months. This is not a fiscally prudent practice. U.S. Treasury regulations stipulate that advances should not exceed 90 days.

In view of the foregoing, we concluded that the Assistant Administrator of the Bureau for Private and Development Cooperation should: (1) determine whether the current AMF relationship with ICA is within the intent of the grant, (2) determine the acceptability of AMF's new procedure for accounting for sub-grantees' shares of program costs, and (3) instruct AMF to limit its advances for financing paratechnicians' salaries to no more than 90 days requirements.

AA/PDC, in its response to our draft report, stated that, "Under the Paratechnician Program, 114 paratechnicians have been recruited and trained in nineteen countries," as of October 10, 1980. We would note that of these 114 paratechnicians, 90 were associated with the Institute of Cultural Affairs' (ICA) program. We believe that this reinforces the issue raised above of whether AID should be funding AMF or ICA when the bulk of actual overseas paratechnicians are primarily related to ICA programs. AA/PDC states as regards ICA paratechnicians, "AMF came along and introduced the paratechnician component, which turned out to be a main and effective component of the total ICA program." Our examination of AMF records showed no support for this statement. In fact, available ICA records show that ICA had agricultural paratechnicians more than a year before AMF received its grant.

Shortcomings In AMF Reporting

AMF's reports to AID were not being submitted as required and did not contain adequate information as regards program status.

A major tool available to AID for measuring success or failure of institutional development grant programs is from the conclusions which can be drawn from the grantees' reports. The AID grant requires AMF to submit semi-annual progress reports. As of September 30, 1980, four semi-annual reports covering the period through August 31, 1980 should have been submitted, but only two reports covering the period through September 1979 had been prepared and submitted to AID.

The two reports which had been prepared to date do not meet the criteria required by Paragraph 2H4 of AID Handbook 13. The reports do not reflect all grant activities that occurred during the periods reported on and do not relate expenditures to activities, showing a correlation between the two. Instead, they selectively describe certain projects in a subjective fashion. The reports, in our opinion, failed to address adequately the shortfalls in the AMF program.

In view of the foregoing we concluded that PDC/PVC should initiate steps to assure that the grantee report promptly, as required, and that each project involving AID funding for revolving funds and/or paratechnicians should show program problems, amounts financed, objectives and progress toward objectives.

In responding to our draft report, AA/PDC stated that three progress reports had been submitted by AMF rather than two as we stated. We disagree. The third report referred to by AA/PDC was a proposed budget revision together with explanations and was not a progress report. AA/PDC stated it determined that annual grantee reports were sufficient instead of the semi-annual reports specified in the grant agreement. However, it never documented this decision nor revised the grant agreement to so state. PDC also indicates that through oral communication and visits it has been able to keep track of AMF's progress.

AID Needs To Evaluate The Grant

The required mid-term AID evaluation of the grant was not documented.

Paragraph 2B3b(3) of AID Handbook 13 requires that mid-way through the grant AID conduct a special comprehensive review to ascertain the grantees' progress and accomplishments, and to investigate ways to increase the effective utilization of grant induced capacity. This evaluation should be documented. Nevertheless, we found that a comprehensive review had not been documented more than two-thirds of the way through this three-year grant. While we were informed that such an evaluation had been performed and other assessments made, they were for the most part oral and undocumented.

Although AID did not properly document a mid-period comprehensive review, it did include in its 1981 Congressional Presentation a proposed additional three-year grant of \$750,000 to continue and increase support of AMF. Therein, AID included the following comments as regards the status of the existing grant:

"Through an institutional development grant, A.I.D. has helped support ag-missionaries in training and supervising small farmers and in establishing small revolving loan fund projects. For the latter, AMF and A.I.D. make matching contributions equal to that contributed to each project by the local farmers. Through the grant, ag-missionaries established 45 revolving loan funds as planned. More than 150 para-technicians have been trained, far exceeding the number originally planned."

This appraisal, apparently done in 1979, is misleading for the following reasons:

1. At the time it was written, local farmers had made no measurable contributions to revolving funds while the above narrative indicates that matching contributions had been made.
2. At the time it was written, only 6 and not 45 loan funds had been established. In fact, as of August 31, 1980, AMF records showed that only 9 revolving funds had been established.
3. As regards paratechnicians, AMF had, as of August 31, 1980, only contributed towards the support of 64 rather than the 150 stated.

PDC/PVC agreed that the above statement of program status was misleading and attributed this to the two-year lead time then required for furnishing information for the Congressional Presentation and their assumption that the program would be on schedule.

Inasmuch as evaluations were not documented and the AID statement of program status was substantially misleading, we believe AID should perform and document an in-depth evaluation of the AMF program before any additional financing is provided. We were advised that this evaluation is scheduled to take place during the fourth quarter of fiscal year 1981.

Costs Allocated To Grant

As of August 31, 1980, AMF had received \$241,680 in payments from AID. AMF records in turn showed \$237,409 in charges to the AID grant. Our audit determined that the \$237,409 of costs incurred and charged to the grant were allowable costs under the terms of the grant (subject to the qualification noted below). The costs charged to the grant were as follows:

Salary Support	\$ 88,137.94
Operating Cost Support	88,804.16
Revolving Funds (Projects)	7,736.41
Paratechnicians	50,750.90
Consultants	<u>1,979.83</u>
Total	<u>\$237,409.24</u>

The costs incurred by AMF for revolving funds and paratechnicians, in most cases, represented advances made by AMF to sub-recipient implementing agents (that is, missionaries and ICA) for estimated future sub-recipient disbursements. AMF, however, had neither established a system of reporting nor was it receiving reports on the nature and amounts of actual disbursements by the recipients. AMF consequently did not know whether the funds it advanced to the recipients were being used for the purposes intended. Needless to say, it was also unable to provide AID with an accounting for the use of the funds.

CONCLUSIONS AND RECOMMENDATIONS

At the two-year mark in this grant, the AID grant to AMF has not resulted in the qualitative and quantitative improvements in projects to help the rural poor planned by AMF. It appears to have created an unplanned dependency relationship. It is unknown what impact, if any, the program has had on development. AID's oversight of the grant was inadequate in that required reports were not received, the required mid-period evaluation was not documented and the available data did not clearly indicate the status and problems of the program. In addition, several aspects of AMF's relationship with ICA appear questionable. In our view, Agency officials have no assurance that the benefits being derived from this project are commensurate with the cost of the project. The Agency can ill afford to spend money without this assurance. Accordingly, we recommend:

Recommendation No. 1

The Assistant Administrator of the Bureau for Private and Development Cooperation (AA/PDC) should promptly evaluate AID's support of Agricultural Missions Foundation, Ltd. (AMF) to assure itself that AMF can effectively achieve the development objectives specified in the grant, improve its management and increase the level of private contributions. If a determination is made to continue providing support to AMF, AA/PDC should: (a) define the desired relationship between AMF and the Institute of Cultural Affairs, (b) assure that AMF submits reports as required, (c) instruct AMF to limit its advances to implementing agents to 90 days requirements and (d) assure that AID grant oversight meets the requirements of AID Handbook 13.

Recommendation No. 2

The Assistant Administrator of the Bureau for Private and Development Cooperation (AA/PDC) should require Agricultural Missions Foundation, Ltd. to establish a system requiring reporting by grant sub-recipients of the nature and amounts of actual disbursements.

AA/PDC stated that it was in substantial agreement with the above recommendations.

LIST OF REPORT RECIPIENTS

Deputy Administrator	1
Assistant Administrator, Bureau for Private & Development Cooperation (AA/PDC)	5
Director, Office of American Schools & Hospitals Abroad	2
Office of Legislative Affairs	1
General Counsel	1
Office of Financial Management	1
DS/DIU/DI	4
IDCA's Office of Legislative & Public Affairs	1
Inspector General	1
RIG/A/Cairo	1
RIG/A/Manila	1
RIG/A/Panama	1
RIG/A/Karachi	1
RIG/A/Nairobi	1
IG/PPP	1
IG/II	1
PPC/E	1