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AUDIT OF
THE FOOD SECURITY MANAGEMENT
PROJECT IN PAKISTAN
PROJECT NO. 391-0491

AUDIT REPORT NO. 5-391-89-04
MAY 5, 1989

AGENCY FOR INTERNATIONAL DEVELOPMENT
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May 5, 1989

MEMORANDUM FOR James Norris
Director, USAID/Pakistan
FROM: *Thomas Anklewich*
Thomas Anklewich, Acting RIG/A/Singapore
SUBJECT: Audit of the Food Security Management
Project in Pakistan, Project No. 391-0491
(Audit Report No. 5-391-89-04)

The Office of the Regional Inspector General for Audit/Singapore completed its audit of USAID/Pakistan's Food Security Management Project No. 391-0491. Five copies of the audit report are enclosed for your action.

Your comments to the draft report are summarized after each finding and included in their entirety as Appendix 1 to this report. Based on your comments, I have closed Recommendation No. 1 and Recommendation No. 4 part (a) and resolved the remaining recommendations. These recommendations will be closed upon completion of planned or promised actions. Please advise me within 30 days of the additional actions taken to implement the recommendations.

I appreciate the cooperation and courtesy extended to my staff during the audit.

EXECUTIVE SUMMARY

The Food Security Management Project in Pakistan was approved in August 1984. The project was to assist the Government of Pakistan to meet its food security objectives by (1) establishing an economic analysis network, (2) improving the system for collecting basic agricultural data, and (3) improving the public sector grain storage network. As of December 31, 1988, \$13.7 million of the \$35 million obligated was expended. The project completion date is June 30, 1991.

Our office made a performance audit to assess the project's progress, evaluate USAID/Pakistan's project management, determine whether technical assistance and commodities were effectively used, and determine whether the Government of Pakistan met its commitments. The audit found that:

--USAID/Pakistan's \$3.7 million expenditure to improve Pakistan's economic analysis network may be jeopardized because the Government did not meet its commitments to establish and fund an organization to administer the network.

--Improvements in the system for collecting basic agricultural data were delayed over two years because the Government did not meet its commitments. Although new technology is now available to facilitate extending these improvements nationwide, doubts remain about the Government's commitment to provide access to this technology and to meet its funding and staffing requirements.

--USAID/Pakistan was not adequately monitoring the use of project commodities costing over \$3 million because it did not have the information needed to ensure commodities were being effectively used. Our audit identified equipment valued at about \$340,000 which was not being used due to maintenance and/or installation problems or which was excess to current needs.

--USAID/Pakistan, in some cases, was not obtaining the information needed to enable it to effectively monitor certain technical assistance expected to cost over \$6.2 million.

To correct these problems, the report includes recommendations to (1) ensure an organization to administer the economic analysis network is established and funded, (2) continue agricultural data collection efforts only if the Government provides firm commitments to meet its obligations, and (3) improve monitoring of project commodity utilization and technical assistance. USAID/Pakistan generally concurred. Their comments are summarized after each finding and presented in their entirety as Appendix 1.

Office of The Inspector General

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THE FOOD SECURITY MANAGEMENT PROJECT
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PART 1 - INTRODUCTION

A. Background

The Food Security Management Project was designed to assist the Government of Pakistan meet its food security objective in a manner consistent with the efficient use of national resources, the overall economic development of the country, and an improved standard of living for farm families and the population at large. Although Pakistan is more or less self-sufficient in food (some years production of wheat, its major food, falls slightly short of total demand, in other years it yields a small exportable surplus), it needs to manage the national food system more efficiently. The need for good management is further emphasized by the importance of the agricultural sector to Pakistan's economy. In 1985, agriculture accounted for 24 percent of the country's gross domestic product, 51 percent of its employment, and indirectly, for 52 percent of the value of goods exported.

The project has three components, Economic and Policy Analysis, Agricultural Data Collection, and Post-Harvest Management. These components are implemented independently of one another, through different Government agencies and different technical assistance contractors. Their major link is through USAID/Pakistan's effort to assist the Government's various food and agriculture organizations.

Economic and Policy Analysis - This component assists the Government to establish, institutionalize and strengthen the capacity of an economic analysis network. This network, to conduct relevant and timely economic and policy research, is expected to be made up of public and private institutions in Pakistan that produce or utilize agricultural economic analysis. This component also finances a program of special studies on selected topics. Technical assistance is provided by Chemonics International Consulting Division for the economic analysis network and by the International Food Policy Research Institute for the special studies program. The counterpart Government organization is the Directorate of Agricultural Policy in the Ministry of Food, Agriculture and Cooperatives (MINFAC).

Agricultural Data Collection - This component assists the Government to improve the system for collecting basic agricultural data using area sampling frame methodology. Technical assistance is provided by the National Agricultural Statistics Service of the U.S. Department of Agriculture. The counterpart organization is the Federal Bureau of Statistics.

Post Harvest Management - This component assists the Government to improve the provincial public sector grain storage network by (1) introducing improved management systems, (2) rehabilitating grain storage warehouses and (3) strengthening the system for transfer of technologies for storage design, grain quality maintenance, and pest control. Technical assistance for transfer of technology is provided by Kansas State University, for vertebrate pest control by the Denver Wildlife Research Center of the U.S. Department of Agriculture, and for warehouse rehabilitation by Experience Incorporated. The counterpart Government organizations are the Food and Agriculture Division of the MINFAC for technology transfer, the Pakistan Agricultural Research Council for vertebrate pest control, and the Pakistan Agricultural Storage and Services Corporation for warehouse rehabilitation.

The project grant agreement was signed on August 27, 1984. The project assistance completion date was extended from June 1989 to June 30, 1991 primarily to complete the rehabilitation of the grain storage warehouses. The other project components are to be completed by June 30, 1990. The project was evaluated to assess its effectiveness and the report was issued in February 1988.

The estimated life of the project funding is \$35 million. As of December 31, 1988, accrued expenditures were \$13.7 million. As shown below, most of A.I.D. funds were used for technical assistance, rehabilitation of grain storage facilities, studies, training, and commodities.

A.I.D. Obligations and Expenditures
As of December 31, 1988 (in \$000)

<u>Project Element</u>	<u>Obligations</u>	<u>Expenditures</u>
Technical Assistance	\$ 9,927	\$ 7,130
Storage and Rehabilitation	7,546	--
Other Costs	6,614	2,275
Training	4,140	1,919
Economic and Policy Studies	3,100	273
Commodities	2,678	1,940
Contingency	675	--
Evaluation	<u>320</u>	<u>81</u>
Total	\$35,000	\$13,668
	=====	=====

B. Audit Objectives and Scope

The Office of the Regional Inspector General for Audit/Singapore made a performance audit of the Food Security Management Project in Pakistan. The audit was made to review A.I.D.'s assistance to the Government of Pakistan for economic and policy analysis, agricultural data collection, and post harvest management. The specific audit objectives were to (1) assess the project's progress in meeting its objectives and identify any problems hindering its effectiveness, (2) evaluate USAID/Pakistan's management of the project, (3) determine whether project technical assistance and commodities were being effectively used and (4) determine whether the Government of Pakistan met its project commitments.

The audit was conducted at USAID/Pakistan in Islamabad and also included trips to observe project activities and inspect project funded commodities in Lahore, Karachi, and Hyderabad. Discussions were held with USAID officials, the technical assistance contractors, and appropriate Government officials. The audit was conducted between November 1988 and February 1989. It covered the period from August 27, 1984 through December 31, 1988 and accrued expenditures of \$13.7 million. The reviews of internal control and compliance were limited to activities related to the report findings. The audit was made in accordance with generally accepted government auditing standards.

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Part II - Results of Audit

The Food Security Management Project had only limited success in meeting its objectives, mainly because of implementation delays in all three of the project's components. USAID's management was satisfactory but improvements in monitoring commodities and technical assistance were needed. The Government of Pakistan did not meet all of its project commitments.

Under the economic analysis component, a number of very useful studies were produced that played a role in shaping Pakistan's agricultural policies. However, most of the study work was performed by consultants who will not be a part of Pakistan's economic analysis network. USAID did not incur any expenditures for the rehabilitation of grain storage facilities. The audit, however, did not disclose any adverse impact on other project components because the storage facilities had not been rehabilitated. Furthermore, USAID appears to have taken the appropriate action in delaying the expenditure.

The Government of Pakistan did not establish the Directorate of Agricultural Policy, but only established a skeleton Directorate that did not have a place in the Government nor the required staffing and funding. Implementation of the area sampling frame procedures for collecting agricultural statistics was delayed over two years and arrangements for completing phase II of the component were not made. USAID did not monitor project-funded commodities effectively and did not arrange to have the information needed to assess the effectiveness of project-funded technical assistance.

The report includes recommendations for institutionalizing and funding the Directorate and implementing phase II of the area sampling frame procedures. The report further recommends deobligating or reprogramming project funds if those recommendations are not implemented. The report also recommends improving USAID/Pakistan's commodity monitoring procedures and establishing plans and benchmarks for monitoring the effectiveness of project technical assistance.

A. Findings and Recommendations

1. The Directorate of Agricultural Policy Needs to be Permanently Established.

The Government of Pakistan did not establish the Directorate of Agricultural Policy as part of its regular budgeted operations as required in the project agreement. This situation occurred because of (1) the low priority placed on the establishment of a Directorate by the Government of Pakistan, and (2) USAID/Pakistan's lack of effective action to ensure that the Government adhered to the project agreement. Without a functional Directorate to establish and oversee Pakistan's economic analysis network, USAID/Pakistan has no assurance that project funding of \$7.5 million will have its intended impact of strengthening Pakistan's agricultural economic and policy analysis capabilities.

Recommendation No. 1

We recommend that USAID/Pakistan require the Government of Pakistan to develop an implementation plan with key target dates to ensure that the Directorate of Agricultural Policy is established. Target dates should be provided for:

- a. the formal establishment of the Directorate;
- b. the incorporation of Directorate activities into the Government's regular budget operations;
- c. the assumption of the Directorate's local currency costs by the Government; and
- d. the transfer of technical, operational, and management responsibilities to the Directorate. These responsibilities include activities such as completing economic policy studies; preparing the scope of work for contract and research studies; drafting, publishing and disseminating results of research; and all necessary personnel and administrative activities. The Directorate should be fully functional by June 30, 1990, when the technical assistance is scheduled to end.

Recommendation No. 2

We recommend that USAID/Pakistan:

- a. assess the progress made by the Government of Pakistan in establishing and implementing the plan discussed in Recommendation No. 1; and

- b. deobligate/reprogram the remaining \$3.8 million funds for the Economic Policy Analysis component under the Food Security Management Project and discontinue any plans for future funding of this component, if the Government has not complied with or made adequate progress on the plan by June 30, 1989.

Discussion

The Government of Pakistan was required to establish a Directorate of Agriculture Policy within the Planning Unit of the Ministry of Food, Agriculture and Cooperatives (MINFAC) by June 1987. The purpose of this Directorate was to establish, maintain, and manage an economic analysis network comprised of universities and organizations involved in agricultural matters. This network was to be integrated into Pakistan's economic and agricultural policy formulation and decision-making. The technical assistance contractor, Chemonics International Consulting Division, was to work with the Government of Pakistan to establish the Directorate and provide assistance necessary for it to become a fully functional entity.

The institutionalization of the Directorate did not occur. In fact, at the time of the audit (January 1989), the Directorate was only a skeleton organization with two professional positions (Director and Deputy Director) and various support personnel funded by the Government. Most of the agricultural policy analysis work was carried out by the U.S. technical assistance contractor or consultants using eight professionals who were funded by A.I.D. under the Chemonics' contract. Four of the eight worked directly for Chemonics in developing the capabilities of the other four who were envisioned to be eventually hired by the Directorate. In addition, Chemonics hired six administrative personnel who were also to be hired by the Directorate.

The Chemonics' Chief of Party informed us that Chemonics intended to pay the salaries of the four professional and six administrative personnel envisioned as eventual Directorate employees only through May 1989. The Government has not made a commitment to pay the salaries after May 1989.

There were two major reasons why the Government did not permanently establish and fund the Directorate. First, the Government encountered budgetary constraints and assigned a low priority to the establishment of the Directorate. Also, an internal debate as to which Government organization would be responsible for Directorate activities was not resolved in a timely manner.

Secondly, USAID/Pakistan continued to fund Directorate activities even though the Government did not meet its major commitments. For example, USAID/Pakistan prematurely cleared a condition precedent in December 1985 that required the Government to establish the Directorate and did not ensure that the Government met project covenant 5.5 to include the Directorate in its regular budget. USAID/Pakistan later obtained Government agreement to establish the Directorate by December 31, 1988, as one consideration for a \$50 million program grant agreement under the Agricultural Sector Support Program. The Government, however, once again did not honor this commitment.

Starting in December 1988, USAID/Pakistan accelerated its actions to get the Directorate established. These actions included the hiring of a consultant to make recommendations as to how the Government should institutionalize the Directorate.

The lack of a permanent place within the Government curtailed the development of Directorate personnel. Specifically, Directorate personnel did not assume responsibility for performing certain management, operational and technical activities. As a result, the technical assistance contractor took on many of these activities such as preparing terms of reference for contract and internal research studies; drafting, publishing, and disseminating results of research; hiring and evaluating staff; and procuring equipment and services. In addition, the Directorate staff did not complete an economic policy study by themselves.

This management and operational role diverted the contractor's attention from its technical assistance advisory role. Therefore, the Directorate personnel were not becoming experienced in performing these activities. Accordingly, once the technical assistance ends, there will be no assurance the Directorate personnel will be able to effectively carry out these duties and responsibilities.

The February 1988 project evaluation report stated that every effort should be made to ensure that the Directorate is formally institutionalized within the Government. The evaluation recommended that the Government make the Directorate a formal part of the Ministry with recurring budgetary provisions that would include not only the Director, his Deputy and the administrative staff, but also all the professional staff.

The Directorate must be provided a permanent place in the Government and the people who have been trained under the technical assistance contract made full-time Government employees by no later than July 1, 1989, which is the start of

the next fiscal year. Otherwise, it will be difficult to retain the ten professional and administrative personnel funded by Chemonics as well as the Chemonics staff. Without these personnel to act as a Directorate cadre to manage Pakistan's agriculture economic analysis network; USAID's past expenditures, amounting to \$3.7 million for the project's Economic and Policy Analysis component, will have had little impact.

USAID/Pakistan should not expend any of the remaining \$3.8 million earmarked for the Economic and Policy Analysis component or obligate additional funds for this component until the Government develops a plan to establish the Directorate. Without this commitment, USAID/Pakistan has no assurance that the component is a priority item of the Government and therefore worthy of USAID/Pakistan's future assistance. Once the Government commitment is obtained, any future USAID/Pakistan assistance should be directed at assisting the Directorate employees to improve their technical and management capabilities.

Management Comments

USAID/Pakistan concurred with the finding and recommendations. They requested closure of Recommendation No. 1 based on the Secretary and Minister of Agriculture's approval of a plan to merge the Ministry's planning unit with the Directorate of Agricultural Policy. The merger will form a new unit within the Ministry. It is expected the Government will establish the positions and budget for the new unit by May 1989. Thereafter, USAID intends to monitor the Government's actions to ensure the plan is implemented.

Office of Inspector General Comments

Based on USAID's comments and the documentation provided, Recommendation No. 1 is closed upon report issuance. Recommendation No. 2 is resolved and will be closed when the Government implements the plan.

2. Better Government of Pakistan Support is Needed to Complete the Agricultural Data Collection Component.

Use of area sampling frame procedures to collect agricultural statistics was delayed more than two years because the Government of Pakistan did not provide the aerial photographs, staff and funding as it agreed to do in the grant agreement. As a result, the project did not produce the statistics and forecasts needed to make effective agricultural policy decisions. Unless the Government provides the aerial photography or other area sampling frame media such as satellite imagery, the second phase of the Agricultural Data Collection component will be delayed. This will limit the effectiveness of the Agricultural Data Collection staff and the technical assistance contractor.

Recommendation No 3:

We recommend that USAID/Pakistan:

- a. obtain approval from the Government of Pakistan for unrestricted access to the satellite imagery, or other area sampling frame media that may be appropriate, needed to complete the implementation of the Agricultural Data Collection component;
- b. ensure that the Government of Pakistan provides the staff needed to complete implementation of the Agricultural Data Collection component by the planned completion date;
- c. review with Government of Pakistan officials the problems encountered in providing funds for the Agricultural Data Collection component and develop a plan to ensure that local currency will be available to pay salaries and other local operating costs;
- d. deobligate/reprogram the remaining \$4.8 million for the Agricultural Data Collection component and discontinue plans for future funding of this component if the Government does not provide adequate support in the implementation of a, b and c above by June 30, 1989; and
- e. develop a monitoring plan for completing the Agricultural Data Collection component that will be used for monitoring project progress if the above agreements are obtained.

Discussion

The objective of the Agricultural Data Collection (ADC) component is to improve the collection of agricultural statistics in Pakistan through the introduction of area sampling frame (ASF) methodology. Under the present system, many of Pakistan's agricultural statistics were not compatible in that each of the four provinces had a different system for collecting basic production statistics.

ASF is a statistical procedure in which the selection of samples is based on land use characteristics rather than on political boundaries. A pictorial representation of the land is used to identify land use strata such as; cultivated 60-100 percent rain fed and irrigated, cultivated 30-59 percent, cultivated 0-29 percent, non-agricultural land, land reserved for national security, urban, village, forest, orchards, and water. Samples for projecting agricultural estimates are selected from each of the land use stratum. Because of better methods of stratification and sample selection, fewer samples are required and the results are statistically measureable. Crop forecasts are available sooner and, consequently, are more useful for making policy decisions.

Implementation of the ADC component has fallen far behind schedule. This component was divided into two phases. Phase I was to be completed in April 1986, and phase II in June 1989. Phase I, however, was only completed in January 1989, and project officials estimated that phase II will be completed in 1993.

The project design was overly optimistic regarding the Government of Pakistan's commitment to support and implement the component. The Government delayed providing aerial photography, restricted its use, and did not provide the required staffing and operating funds.

Aerial Photography - Unavailability of aerial photography was the main cause of the excessive time needed to complete phase I. The Government, under the terms of the grant agreement, was to provide written assurance that the aerial photos and topographical maps required for implementation of the ASF methodology would be made available to project personnel. Although it was recognized that political and security reasons could limit access to materials for certain areas, these instances were not expected to present insurmountable problems. The Government provided the required statement, but the Ministry of Defence (MOD) delayed making photographs available. Although they had agreed to respond within four weeks, the MOD often took more than six months to act on a request. The MOD also placed restrictions on access and use of the photographs.

The ASF for phase I has been completed. Phase II will need new photographs, however, because the photographs used in phase I were taken in 1976 and are outdated and incomplete. A new medium, involving satellites, can now be used in place of aerial photography and at much less cost. However, at the completion of the audit, the Government had not approved the use of satellite imagery for the project. Because of the experience with the aerial photography in phase I; we believe that before agreeing to continue with phase II that USAID should obtain approval from the Government, including the MOD, for unrestricted use of satellite imagery for the project.

Staffing - When fully implemented, the ASF will require fewer people than were needed for the old data collection system, but additional people will be required initially to operate the old system while installing the ASF system. The Government made provision for the additional personnel in its authorizing document for the component. The lack of professional staff for frame construction, however, was a problem from project inception. The technical assistance advisors estimated that a minimum of 40 people are required if the national frame is to be completed by 1993, but at the time of the audit, only 15 people were assigned.

The project was also short of field people for making the crop and objective yield surveys. The 30 people working in the field on survey activities at the time of the audit were not sufficient to carry out the surveys in the seven districts under phase I. According to the technical assistance advisors, an additional 59 people were needed to do the surveys properly. When the national ASF is completed additional personnel will be required for the transition to the new data collection system.

Operating Funds - The Government was late getting operating funds to the project. The following are examples of the problems caused by these delays:

- Salaries for enumerators and project managers in the field were delayed four months during 1988. As of January 1989, workers were not paid for almost two months. Payment of travel allowances to field workers was also delayed.
- Provincial project managers and workers paid many operating expenses, such as maintenance and fuel costs, "out of pocket" until they could be reimbursed. One provincial project leader said he advanced an employee funds to attend a training course and in other cases he borrowed funds from other provincial agencies to cover operating expenses.

-- Two printing presses have been in storage since October 1987, about 15 months, because project officials did not have funds to pay for the installation.

Although the Government was to establish an account for paying local costs, such as salary, maintenance, and fuel; this account was never established or operated as agreed. The February 1988 project evaluation report noted that funding was a problem from the project's beginning, but USAID did not get involved until late 1987. The evaluation report stated that USAID had resolved the funding problem, but our audit showed that the problems continued as demonstrated by the examples described above. USAID needs to take immediate action to resolve these funding problems if this project component is to succeed.

Because of the implementation delays resulting from insufficient Government support, the ASF system was not installed. As a result, the Government was not obtaining accurate crop forecasts when it needed them for planning agricultural exports and imports and for making policy decisions. The need for this information was particularly evident after the flood in the Fall of 1988. Requirements for food imports had to be revised, but accurate crop statistics were not available. In addition, the delays increased the cost of the project. The Government must employ additional staff to operate the two statistical systems and some technical assistance will be needed for a longer time.

The ADC component's implementation record indicates that if USAID does not make careful plans, based on firm and enforceable commitments from the Government; this component for which USAID has already expended \$3.7 million may never be completed. At the time of the audit the Government was evaluating the results of phase I in preparation for making the decision to go ahead with phase II. If the decision is made to continue with phase II and USAID receives the commitments from the Government needed to complete the component, a plan should be prepared for completing the ADC component by the planned 1993 date. Experience to date has demonstrated that this is a difficult component to manage and close monitoring is needed if the component is to be successfully completed. The plan, with well defined benchmarks, is essential for monitoring progress so that problems can be identified early enough to enable project officials to take effective corrective actions.

Management Comments

USAID/Pakistan concurred with the finding and recommendation. The Government informed USAID that the Ministry of Defence verbally approved the project's use of satellite imagery.

Once the written approval is received, USAID expects the technical assistance team to use this imagery for training purposes.

During the next quarter, USAID in conjunction with the Government and the technical assistance team will develop a new implementation plan which will include detailed staffing patterns, benchmarks, training objectives, etc. to complete the component. USAID expects the ADC component to be continued under its Agricultural Sector Support Program. USAID stated that the grant agreement amendment for this Program will include an implementation plan with firm Government commitments concerning funding and staffing.

Office of Inspector General Comments

Recommendation No. 3 is resolved and will be closed when the use of satellite imagery is approved, a component monitoring plan is developed, and the Government meets its staffing and funding commitments.

3. USAID/Pakistan Needs to Develop A Better System to Monitor Use of Project Commodities.

Project commodities valued at \$340,500 were not utilized because either they had maintenance/installation problems or they were not needed. This occurred because USAID did not establish a system to obtain information on commodity utilization as required in A.I.D. Handbooks. As a result, USAID could not determine whether the \$3 million in commodities provided to the Food Security Management Project were effectively utilized and thereafter take corrective action.

Recommendation No. 4:

We recommend that USAID/Pakistan develop a commodity utilization reporting and monitoring system by:

- a. compiling and maintaining a complete listing, which is periodically updated, of the commodities provided to the Food Security Management Project, showing the type, value, and location of the commodities;
- b. requiring project technical assistance contractors and/or Government of Pakistan implementing agencies to periodically report on the status and utilization of the project commodities; and
- c. developing a plan to ensure that project locations receiving commodities are periodically visited by USAID project officials and/or technical assistance contractors and that during such visits officials review the adequacy of the location's inventory control procedures, test the existence and condition of project commodities, and review commodity utilization.

Recommendation No. 5:

We recommend that USAID/Pakistan:

- a. review the current and anticipated use of underutilized commodities valued at \$340,500, which are identified in Exhibit 1, to determine if the commodities should be transferred to other USAID activities or otherwise disposed of; and
- b. identify any other project commodities which are not effectively utilized and take the appropriate transfer and/or disposal action.

Discussion

A.I.D. Handbook 15, Chapter 10, states that missions are responsible for reviewing project progress reports to verify that commodities financed by A.I.D. are being effectively used in the project. If not, the commodities should be transferred to other projects or otherwise disposed of as approved by the mission.

USAID lacked overall systematic information for monitoring commodity utilization. For example, project officials did not have current and complete information on the type, value, and location of project commodities. This occurred, in part, because commodities were provided from several sources--at least five technical assistance contractors under the Food Security Management Project and one other USAID project. Project officials were not requiring technical assistance contractors or Government of Pakistan implementing agencies to report on equipment utilization. As a result, USAID project officials lacked the information essential to monitor commodity utilization.

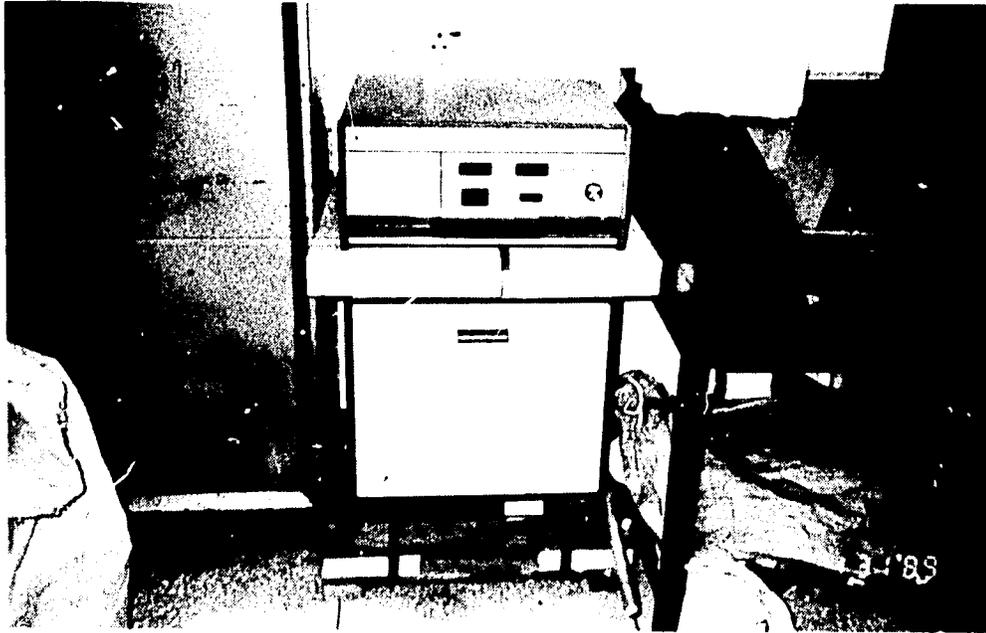
For example, equipment valued at \$340,500 was not being utilized at five of seven project locations visited by the auditors because it was not maintained or installed properly, or because it was not needed. A detailed listing of equipment utilization problems found during these site visits is shown in Exhibit 1. A brief summary of some of the problems follows:

--At the Agricultural Data Collection cell in Lahore, 13 of the 24 USAID funded motorcycles were still in storage. The cell did not have sufficient staff to use all the motorcycles. The Lahore site also had one vehicle, valued at about \$10,000, which was inoperable and undergoing repair work due to a lack of adequate preventive maintenance.



These motorcycles have remained in storage since May 1987 because the Government lacked sufficient staff to use them.

- At the Federal Bureau of Statistics (FBS) office in Karachi, a printing press valued at about \$60,000 was installed in June 1988. Although USAID and the technical assistance contractor officials believed it was being utilized, the press was not operational during our visit and appeared never to have been used. FBS officials said additional wiring was needed before they could operate the press and that they had requested the appropriate Government agency to perform the work.
- A \$12,000 grain inspection X-ray unit, shown in the picture below, was provided to the National Agricultural Research Center in Islamabad in October 1987. The unit was never installed. Personnel at this location told us that they did not know how to use the equipment and did not have the funds to operate and maintain it. The technical assistance contractor, when informed of this problem, said that the equipment would be relocated to project facilities in Lahore where it could be used effectively.



This \$12,000 grain inspection X-ray unit received in October 1987 had never been used.

USAID officials were aware of some of the commodity utilization problems noted above, but they were not systematically compiling information needed to monitor commodity use and taking appropriate corrective actions when needed. For example, USAID knew that the number of motorcycles purchased under the project could not be effectively used and had transferred some motorcycles to another project. USAID, however, did not know that the \$12,000 X-ray machine, located at the National Agricultural Research Center, was never used since it was transferred to the facility in October 1987 - a period of 15 months. Also, they did not know that certain laboratory equipment at the Pest Management Research Institute in Karachi was not or could not be used. Lacking the needed information, USAID was not in a position to take appropriate action to correct these problems.

In view of the large volume increase in commodities that is planned for some project activities that will be continued and expanded under the Agricultural Sector Support Program, we believe it is essential that USAID/Pakistan develop a better system for monitoring project commodity utilization. The establishment of such a system should better ensure commodities are effectively and efficiently used.

Management Comments

USAID/Pakistan concurred with the finding and recommendations. They prepared a listing of all the project commodities and instructed the project technical assistance advisors to report on the status and utilization of commodities. Also, they are taking action to ensure the equipment identified in the audit is effectively utilized.

Office of Inspector General Comments

Based on USAID's comments and the documentation provided, part (a) of Recommendation No. 4 is closed upon report issuance. Parts (b) and (c) of Recommendation No. 4 and Recommendation No. 5 are resolved and will be closed when the corrective actions are completed.

4. USAID/Pakistan Needs to Measure the Progress and Effectiveness of Technical Assistance.

USAID/Pakistan was not obtaining the information needed to assess the effectiveness of the technical assistance and the related project component as required by A.I.D. Handbook Three. This occurred because USAID did not (1) develop specific qualitative and quantitative benchmarks for assessing certain technical assistance activities and (2) require the technical assistance contractor to periodically report on those benchmarks. Lacking this information, USAID's ability to effectively monitor technical assistance costing over \$6.2 million was reduced.

Recommendation No. 6:

We recommend that USAID/Pakistan:

- a. require the technical assistance contractors for the Agriculture Data Collection and Economic Policy Analysis project components to establish qualitative and quantitative benchmarks for assessing progress in training and developing project staff in assuming project responsibilities and to report on the progress and problems in meeting these benchmarks; and,
- b. require the technical assistance contractor for the Post Harvest Management project component to establish qualitative and quantitative benchmarks for assessing progress in achieving the project purposes of (1) strengthening the capabilities of the Pakistan Agricultural Research Council institutions for testing and developing improved grain storage technologies and (2) providing training to enhance the skills of researchers and those responsible for training programs; and to report on the progress and problems in meeting these benchmarks.

Discussion

The Foreign Assistance Act, Office of Management and Budget Circular A-117, and A.I.D. Handbook 3 all require a management system that includes quantitative indicators to measure the progress of a project. The Handbook also states that there must be a reporting system which keeps all parties advised of the current status of project activities and deviations from the plans.

Our review of work plans and progress reports prepared by the project's technical assistance contractors for all three components showed that for certain activities the contractors needed to establish benchmarks and report on progress in meeting these benchmarks.

For example, under the Agriculture Data Collection component, one of the objectives of the technical assistance team was to develop counterpart staff capabilities to assume total responsibility for component activities. The workplan, however, did not establish benchmarks to measure progress in achieving this objective. The workplan did not specify, for instance, what would be the focus in developing the counterpart staff capabilities, i.e., what type of advice and training would be provided and how long this effort would take. It was therefore not possible to determine from the workplan and progress reports whether or not the technical assistance was achieving its objectives or how much longer such assistance was needed.

The technical assistance contractor under the Post Harvest Management component established four project purposes. Upon reviewing the contractor's work plan and progress reports, it was difficult to determine where the project stands in terms of achieving two of these purposes.

-- One project purpose was to provide training to enhance the skills of researchers and those personnel responsible for training programs. However, no benchmarks were established and little qualitative or quantitative information was provided in progress reports to assess the progress and problems in achieving this purpose. The contractor's September 30, 1988 progress report noted problems in selecting candidates for short term overseas training. But it was not clear from the progress report what impact this problem was having on achieving the project purpose or what was needed to ensure that any adverse effect was minimized.

-- A second purpose was to strengthen the capabilities of the Pakistan Agricultural Research Council institutions for testing and developing improved grain storage technologies. However, no benchmarks had been established nor had information been reported to enable USAID to determine the progress and problems in achieving this purpose.

The technical assistance contractor under the Economic Policy Analysis component generally prepared informative work plans and progress reports. These documents established component objectives and provided sufficient information for USAID to monitor progress in achieving these objectives. One deficiency was noted, however, when attempting to assess

performance in achieving the objective of institutionalizing the Directorate of Agricultural Policy. Since the contractor was providing training and guidance to the staff, benchmarks should have been established which would have allowed USAID to monitor the progress of the Directorate staff in assuming component responsibilities. Examples of these responsibilities would include preparing terms of reference for contract and internal research studies; negotiating and awarding contracts; monitoring contractors' performance; preparing periodic research work plans; drafting and publishing results of research; and disseminating and publicizing research results. Since benchmarks were not established, it was difficult to determine the level of proficiency reached by the Directorate staff and whether more technical assistance was needed.

We recognize that it is difficult to develop quantitative benchmarks as required by A.I.D. regulations for some types of technical assistance, such as developing the capabilities of host country staff to carry out project activities. In these cases, subjective qualitative indicators should be established to provide some basis for USAID to monitor the progress and effectiveness of the technical assistance. As an example, the technical assistance contractor for the Agriculture Data Collection component could have established the following qualitative benchmarks for its objective of developing the staff's capabilities to assume total responsibility for component activities: (1) staff preparation of area sample frame without supervision and with limited errors; (2) staff design and implementation of crop surveys without supervision and with limited errors; etc. Thereafter, USAID should require the technical assistance contractor to periodically report on progress in achieving both the qualitative and quantitative benchmarks.

The Food Security Management project is heavily involved with establishing and improving the capabilities of Government organizations through technical assistance. Lacking benchmarks and timely reporting on those benchmarks, USAID does not have adequate information to assess the effectiveness of the \$6.2 million technical assistance effort in achieving the specific institutional capabilities objectives of the three project components. With this information, USAID will be better able to make adjustments in the technical assistance to ensure the institutional objectives are met.

Management Comments

USAID/Pakistan concurred with the finding and recommendation. The technical assistance teams will be preparing their final year workplans which USAID will ensure includes quantitative and qualitative benchmarks for assessing benchmarks.

USAID/Pakistan disagreed with the audit report conclusion that the lack of benchmarks reduced their ability to effectively monitor technical assistance. They cited monthly meetings of the technical assistance chiefs of party and the project officers as an example of effective project monitoring.

Office of Inspector General Comments

We agree the monthly meetings cited by USAID/Pakistan are an effective means of project monitoring. We continue to believe, however, that USAID/Pakistan's overall ability to monitor technical assistance is reduced by the lack of specific quantitative and qualitative benchmarks to assess technical assistance activities. These benchmarks or indicators are required by A.I.D. regulations and are needed to objectively monitor progress against anticipated results and adjust activities as needed.

Based on USAID/Pakistan's response, the recommendation is considered resolved and will be closed when the agreed to action is completed.

B. Compliance and Internal Control

Compliance

The audit disclosed two compliance issues. Finding 1 discusses the Government of Pakistan's failure to establish the Directorate of Agricultural Policy and to fund its costs from the regular budget in accordance with the grant agreement. Finding 2 discusses the Government's failure to provide the aerial photography, staffing and funding in accordance with the grant agreement and project implementation letters. The audit review of compliance was limited to the findings presented in this report.

Internal Control

USAID/Pakistan's management controls need to be improved in two areas. Finding 3 discusses the need for better controls in monitoring commodity utilization. Finding 4 discusses the need to develop benchmarks for improved monitoring of the technical assistance contractors. The audit review of internal controls was limited to the findings presented in this report.

C. Other Pertinent Matters

1. The Need of Further Technical Assistance for the Agricultural Data Collection Component Should Be Evaluated.

Government of Pakistan and U.S. Department of Agriculture (USDA) officials told us that the professional staff in the Agricultural Data Collection (ADC) Cell of the Federal Bureau of Statistics have the capability to construct the area sampling frames and also to make the related samples and surveys. With this capability, Government officials stated that the ADC Cell does not need a long-term technical assistance effort but rather short-term technical assistance directed at specific topics. USDA officials identified several of these technical assistance topics such as price surveys, livestock surveys, etc. We suggest that USAID/Pakistan evaluate the need for further long-term technical assistance and make the appropriate changes in the technical assistance contract.

2. Funding for Project Training Should be Reassessed.

The Food Security Management project encountered problems in meeting its participant training targets. The February 1988 project evaluation noted all three components were significantly behind schedule in achieving the planned long-term and most of the short-term training levels.

As of December 31, 1988, USAID obligated over \$4 million for training, but, only about \$2 million was expended. Although the project paper anticipated 50 individuals would receive long-term training in the U.S., only two individuals completed degree training and 16 others were in training as of October 31, 1988 which represented only 36 percent of the project's goal with about 2 years remaining.

Reasons cited for not achieving targets included Government of Pakistan delays in nominating and clearing candidates and the inability of candidates to meet English language and other qualifications. Virtually all the technical assistance contractors and host Government implementing agency officials we interviewed complained of Government delays in nominating and clearing candidates and of the inability to send qualified candidates for training on a timely basis.

Recent changes to the Government's overseas training restrictions could further hamper efforts to meet training targets. According to USAID officials, the Government will no longer approve short-term overseas training of less than three months. Since many courses to which USAID has been sending

participants are less than three months in duration, USAID may encounter difficulties in getting Government approval for these courses.

In view of the problems encountered to date in meeting project training targets and potential future problems, we suggest USAID review the funds allocated for training to determine if the \$2 million in unspent funds can be effectively and efficiently used within the remaining project period. If not, these funds should be deobligated.

AUDIT OF
THE FOOD SECURITY MANAGEMENT PROJECT
IN PAKISTAN
PROJECT NO. 391-0491

PART III - EXHIBITS AND APPENDICES

26

SUMMARY OF EQUIPMENT UTILIZATION PROBLEMS
FOUND DURING AUDIT SITE VISITS

<u>Location</u>	<u>Description</u>	<u>Value</u>	<u>Date Rec'd</u>	<u>Utilization Problem</u>
USAID WHSE/ Karachi	2 printing presses	\$120,000	10/87	USAID holding presses until the Government has prepared sites and has sufficient funds. No site preparation being done due to lack of funds.
FBS/ Karachi	1 printing press	\$ 60,000	6/88	Press not being used and appeared never to have been used. Government officials advised additional wiring was needed.
PMRI/ Karachi	2 environ- mental chambers	\$46,000	8/88	Neither chamber could be used. Contractor hired to install chambers was not adequately performing. One chamber damaged in shipment. No insurance claim had been filed.
"	1 seed counter	\$ 4,600	5/88	Equipment had never worked. No actions taken to solve problem.
"	1 gas chromato- graph	\$ 71,000	10/88	Equipment not installed. Key installation contractor employee injured and unable to complete installation.

SUMMARY OF EQUIPMENT UTILIZATION PROBLEMS
FOUND DURING AUDIT SITE VISITS

<u>Location</u>	<u>Description</u>	<u>Value</u>	<u>Date Rec'd</u>	<u>Utilization Problem</u>
PMRI/ Karachi (cont'd)	21 pieces of lab equipment	\$ 6,500	5/88	Equipment had never been used.
ADC cell/ Lahore	13 m'cycles	\$ 10,400	5/87	Never used because implementing agency did not have sufficient staff.
"	1 vehicle	\$ 10,000	Unknown	Out of service due to lack of preventive maintenance.
NARC/ Islamabad	1 X-ray grain inspection unit	\$ 12,000	10/87	Never installed. Laboratory personnel did not know how to use equipment and lacked funds.
TOTAL VALUE		<u>\$340,500</u> =====		

AB



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MISSION TO PAKISTAN

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THE DIRECTOR

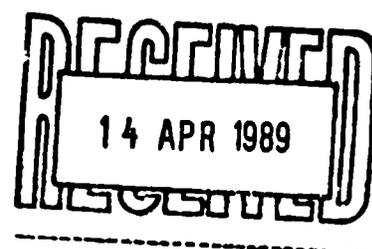
MEMORANDUM

10 APR 1989

TO : Mr. Reginald Howard, RIG/A/Singapore
FROM : James A. Norris, Director, USAID/Pakistan *JAN*
SUBJECT: Draft Audit Report on Audit of the Food Security
Management Project in Pakistan (391-0491)

Thank you for sending copies of the Draft Audit of the Food Security Management Project. My staff has reviewed this document in depth and our comments are attached.

Attachment: a/s



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USAID Mission Comments on
The Draft Audit Report of
The Food Security Management Project (391-0491)

Audit Report No. 5-391-89-3
March, 1989

GENERAL COMMENTS:

In general the Mission concurs with all six recommendations made by the audit team and in most cases is already taking actions to comply with these recommendations. The audit proved to be useful to the Mission in applying additional pressure on the Government of Pakistan to fulfill its obligations under the FSM grant agreement.

One grammatical comment. The report is written, for the most part, in the past tense. With fifteen months remaining in the project, the audit report should be written in the present. For example, instead of writing; "... Pakistan's economic analysis network may be jeopardized because the Government did not meet its commitments" this should be written: "...Pakistan's economic analysis network may be jeopardized because the Government has not yet met its commitments...." The attached draft has many hand-written corrections of this nature.

SPECIFIC COMMENTS:

Part 1 - Introduction, page 3.

The project assistance completion date has been extended from June 1989 to June 30, 1991, but for practical purposes all components of the project except godown rehabilitation will end on June 30, 1990. There are currently no plans to continue the other components under FSM after June 30, 1990. The only reason for extending the PACD to 1991 was to allow for the completion of the rehabilitation portion of the project. This point should be noted in the Audit Report.

Part II - Results of Audit, section A.1.

Recommendation No. 1:

The Mission agrees with recommendation no. 1 and feels that the Government of Pakistan has already met this recommendation.

A new merger plan combines the Planning Unit in MINFA with DAP into a new "Economics Wing" of MINFA headed by a Director General (DG) of grade 20. A copy of the approved merger plan is attached as Annex A.

The merger plan was approved by the Secretary and Minister of Agriculture on March 18, 1989. The Secretary of Agriculture transmitted (letter No. FSM/EPA-1(15)/88 dated March 22, 1989) this merger plan to the Ministry of Finance and the Management Services Division under the Cabinet for clearance and budget approval. This is necessary to establish the positions and the budget. In the interim, MINFA has agreed to hire all DAP staff against the Personal Ledger Account (non-lapsable) administered by Director General Maan.

Two meetings were held on April 5, 1989. The first was with D.G. Maan, the technical assistance team, ARD and Management Services Division. The Management Services Division had only a few questions for clarification and no objections. The second was with Dr. Maan, the TA Team, ARD and the Financial Advisor to MINFA. The Financial Advisor is new to MINFA and had no background on DAP. He had received the Merger Plan only three days earlier. After we briefed him on the plan, he asked several good questions, mainly on cost implications and staff numbers, and indicated that he would be in contact with Dr. Maan if he has further questions. Thus, both the Management Services Division and Financial Advisor to MINFA are well-briefed on the EAN and the Merger and we expect their approval.

The target schedule for the institutionalization of the new Economics Wing is as follows:

Management Services Division approval	April 30, 1989
Ministry of Finance approval	May 15, 1989

The Mission believes that Recommendation No. 1 has been met and should be closed. Specifically, the Government of Pakistan is; (a) formally establishing the functions of the Directorate of Agricultural Policy; (b) incorporating the Directorate's activities into the Government's regular budget operations; (c) assuming the Directorate's local currency costs; and (d) transferring the technical, operational and management responsibilities of the Directorate to the new Economics Wing of MINFA, which should be fully functional by June 30, 1990.

Recommendation No. 2:

The Mission agrees with recommendation no. 2. We have assessed the progress made by the Government of Pakistan and have concrete evidence, as outlined in the previous section, that the GOP is taking every step possible to establish the functions of a Directorate of Agriculture Policy within MINFA. We have little doubt that the merger plan will be approved, that the additional positions will be sanctioned and that the budget will be approved. Merging the nearly defunct Planning Unit with the DAP was a stroke of genius because it eliminates unnecessary positions at lower levels, establishes and reorients positions at higher levels and results in only a marginal increase in budget for the new unit over the previous two units while greatly increasing the professional staff. This significantly reduces the possibility of delays, questions or objections by the Ministry of Finance or the Management Services Division in the approval process.

While the Mission has confidence that the merger will be approved, along with the positions and the budget, we will be vigilant in monitoring progress in these areas to ensure compliance. This will be a condition before a follow-on project is approved.

Recommendation No. 3:

The Mission agrees with recommendation no. 3. The Secretary of the Federal Bureau of Statistics has informed this Mission verbally that the Ministry of Defense has approved the use of SPOT satellite imagery by the project. We are still waiting for the written approval. He also expects the Government of Pakistan to approve the extension of the project to phase 2 (nation-wide coverage) at its Special CDWP (Central Development Working Party) meeting to be held on April 29. A copy of the revised PCI is attached as Annex B. We will forward copies of the written approvals when they are received by USAID.

With this go-ahead by the Government of Pakistan, the technical assistance team will be receiving SPOT images soon in order to begin training in frame construction. This will be done for the seven districts already completed for comparison purposes and also because these areas need to be updated.

During the next quarter the Mission, the NASS technical assistance team and the GOP will review the revised PCI, the original project agreement and the PASA to develop a new plan with detailed staffing patterns, benchmarks, training objectives, etc as required to complete the project. This plan must include both phasing in the new ASF system and phasing out the old village master sample system. There will be an overlap during which both systems will be running side-by-side, but this is necessary. Out of these efforts a new scope of work for the NASS team, including revised scopes of work for any proposed long-term TA, will be prepared for continuation of the project under the Agriculture Sector Support Program. The ASSP grant agreement amendment will include a detailed implementation plan, with firm and enforceable commitments from the GOP, especially with regard to GOP provision of staff, funding (salaries for enumerators, etc.) and use of commodities.

Specific Comments:

The bottom paragraph on page 14 under the heading, "Discussion", is not accurate. We suggest that this paragraph be replaced by the following:

"ASF is a statistical procedure in which the selection of samples is based on land use characteristics rather than on political boundaries. A pictorial representation of the land is used to identify land use strata, such as cultivated 60-100% rain fed and irrigated, cultivated 30-59%, cultivated 0-29%, non-agricultural land, land reserved for national security, urban, village, forest, orchards, and water. Samples for projecting agricultural estimates are selected from each of the land use stratum. Because of better methods of stratification and sample selection, fewer samples are required and the results are statistically measurable. Crop forecasts are available sooner and, consequently, are more useful for making policy decisions."

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The last sentence on page 15 under Aerial Photography is awkward and confusing. We suggest this be rewritten as follows:

"Although they had agreed to respond within four weeks, the MOD often took more than six months to act on a request."

The second sentence of the first paragraph on page 16 should state that the photographs are also incomplete. Suggested wording for this sentence is:

"However, phase II will need new photographs because the photographs used in phase I were taken in 1976 and are outdated and incomplete.

On page 16 under Staffing the term "contractor" is used. It should be noted that the technical assistance team for Agriculture Data Collection consists of full-time US Government employees of the USDA National Agricultural Statistical Service on a PASA agreement with the Mission. These are not contractors.

Recommendation No. 4:

The Mission agrees with Recommendation no. 4. Annex C includes a complete listing of all the computers, vehicles, motorcycles and research equipment procured under the FSM project to date. We have also issued a memorandum (see Annex D) requiring project technical assistance contractors and PASA personnel to report on the status and utilization of project commodities, and also to report to the Mission any planned commodity purchases. With this information more readily available, Mission staff will be able to review commodity use and inventory control procedures as part of regular field visits.

Recommendation No. 5:

The Mission agrees with Recommendation no. 5. We have reviewed the equipment which the auditors identified in Exhibit 1 and our comments regarding each piece of equipment are in Annex E.

Recommendation No. 6:

The Mission agrees in principal with Recommendation no. 6 to establish qualitative and quantitative benchmarks for assessing progress in achieving the project objectives.

The Mission does not agree with the Audit statement on page 25, top paragraph; "Lacking this information, USAID's ability to effectively monitor technical assistance costing over \$6.2 million was reduced."

The Auditors attended at least two of the monthly meetings with the Chiefs of Party and the project officers. At these monthly meetings each COP reviews the progress and problems of the past month and sets out the program for the next month. There is time for discussion and interaction between the COPs and project officers of each component. Although we have not kept written minutes of these meetings for the record, this has resulted in better communication and increased coordination. For example, the vertebrate pest component has training modules as part of the STDT training in grain storage management, the EAN and STDT have

coordinated in a survey of flour mills, EAN, IFPRI and ADC have all coordinated in computer and statistics training. This has resulted in increased benefits across the project which otherwise would have been limited to the individual components. This is an example of effective project monitoring.

The technical assistance teams are in the process of preparing their final year workplans. The Mission will insure that each team includes qualitative and quantitative benchmarks for assessing progress and will send copies of these workplans to the Auditors. In addition, we will keep minutes at our monthly COP meetings which will be reviewed and approved by each COP and made part of the written records for the next audit.

Atch: Annex A: EAN Merger Plan
B: ADC PC-1
C: Listing of Commodities
D: Memo to Contractors on Commodities
E: Comments on Exhibit 1 -- Commodities

LIST OF REPORT RECOMMENDATIONS

	<u>Page</u>
<u>Recommendation No. 1</u>	5
<p>We recommend that USAID/Pakistan require the Government of Pakistan to develop an implementation plan with key target dates to ensure that the Directorate of Agricultural Policy is established. Target dates should be provided for:</p>	
<p>a. the formal establishment of the Directorate;</p>	
<p>b. the incorporation of Directorate activities into the Government's regular budget operations;</p>	
<p>c. the assumption of the Directorate's local currency costs by the Government; and</p>	
<p>d. the transfer of technical, operational, and management responsibilities to the Directorate. These responsibilities include activities such as completing economic policy studies; preparing the scope of work for contract and research studies; drafting, publishing and disseminating results of research; and all necessary personnel and administrative activities. The Directorate should be fully functional by June 30, 1990, when the technical assistance is scheduled to end.</p>	
 <u>Recommendation No. 2</u>	 5
<p>We recommend that USAID/Pakistan:</p>	
<p>a. assess the progress made by the Government of Pakistan in establishing and implementing the plan discussed in Recommendation No. 1; and</p>	

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- b. deobligate/ reprogram the remaining \$3.8 million funds for the Economic Policy Analysis component under the Food Security Management Project and discontinue any plans for future funding of this component, if the Government has not complied with or made adequate progress on the plan by June 30, 1989.

Recommendation No 3

9

We recommend that USAID/Pakistan:

- a. obtain approval from the Government of Pakistan for unrestricted access to the satellite imagery, or other area sampling frame media that may be appropriate, needed to complete the implementation of the Agricultural Data Collection component;
- b. ensure that the Government of Pakistan provides the staff needed to complete implementation of the Agricultural Data Collection component by the planned completion date;
- c. review with Government of Pakistan officials the problems encountered in providing funds for the Agricultural Data Collection component and develop a plan to ensure that local currency will be available to pay salaries and other local operating costs;
- d. deobligate/reprogram the remaining \$4.8 million for the Agricultural Data Collection component and discontinue plans for future funding of this component if the Government does not provide adequate support in the implementation of a, b and c above by June 30, 1989; and
- e. develop a monitoring plan for completing the Agricultural Data Collection component that will be used for monitoring project progress if the above agreements are obtained.

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Page

Recommendation No. 4

14

We recommend that USAID/Pakistan develop a commodity utilization reporting and monitoring system by:

- a. compiling and maintaining a complete listing, which is periodically updated, of the commodities provided to the Food Security Management Project, showing the type, value, and location of the commodities;
- b. requiring project technical assistance contractors and/or Government of Pakistan implementing agencies to periodically report on the status and utilization of the project commodities; and
- c. developing a plan to ensure that project locations receiving commodities are periodically visited by USAID project officials and/or technical assistance contractors and that during such visits officials review the adequacy of the location's inventory control procedures, test the existence and condition of project commodities, and review commodity utilization.

Recommendation No. 5

14

We recommend that USAID/Pakistan:

- a. review the current and anticipated use of underutilized commodities valued at \$340,500, which are identified in Exhibit 1, to determine if the commodities should be transferred to other USAID activities or otherwise disposed of; and
- b. identify any other project commodities which are not effectively utilized and take the appropriate transfer and/or disposal action.

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Recommendation No. 6

We recommend that USAID/Pakistan:

- a. require the technical assistance contractors for the Agriculture Data Collection and Economic Policy Analysis project components to establish qualitative and quantitative benchmarks for assessing progress in training and developing project staff in assuming project responsibilities and to report on the progress and problems in meeting these benchmarks; and,
- b. require the technical assistance contractor for the Post Harvest Management project component to establish qualitative and quantitative benchmarks for assessing progress in achieving the project purposes of (1) strengthening the capabilities of the Pakistan Agricultural Research Council institutions for testing and developing improved grain storage technologies and (2) providing training to enhance the skills of researchers and those responsible for training programs; and to report on the progress and problems in meeting these benchmarks.



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