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OFFICE OF INSPECTOR GENERAL

**AUDIT OF USAID/RWANDA'S
DISTRIBUTION OF P.L. 480
TITLE II NONEMERGENCY
ASSISTANCE IN SUPPORT OF
ITS DIRECT FOOD AID
DISTRIBUTION PROGRAM**

AUDIT REPORT NO. 4-696-08-003-P
April 30, 2008

Pretoria, South Africa



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MEMORANDUM

TO: USAID/Rwanda, Mission Director, Dennis Weller

FROM: Regional Inspector General/Pretoria, Nathan S. Lokos /s/

SUBJECT: Audit of USAID/Rwanda's Distribution of P.L. 480 Title II Nonemergency Assistance in Support of Its Direct Food Aid Distribution Program (Report No. 4-696-08-003-P)

This memorandum transmits our report on the subject audit. In finalizing this report, we considered management comments on the draft report and have included those comments in their entirety as appendix II.

The report includes four recommendations to strengthen USAID/Rwanda's management of the P.L. 480 Title II nonemergency direct food aid distribution. In response to the draft report, the mission concurred with these recommendations. Management decisions have been reached for recommendation nos. 1, 2, and 3. The mission has provided documentation demonstrating that recommendation no. 4 has been addressed; therefore, this recommendation has final action upon the issuance of this report. Please provide USAID's Office of Audit, Performance, and Compliance Division (M/CFO/APC) with the necessary documentation demonstrating that final action has been taken on recommendation nos. 1, 2, and 3.

I want to express my sincere appreciation for the cooperation and courtesy extended to my staff during the audit.

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SUMMARY OF RESULTS

The Agricultural Trade Development and Assistance Act of 1954, also known as Public Law 480 (P.L. 480), is the U.S. Government's principal mechanism of implementing its international food assistance initiatives. Under Title II of the P.L. 480 program—managed by USAID—the U.S. Government donates agricultural commodities to support emergency and nonemergency food assistance programs. USAID/Rwanda's P.L. 480 direct food aid distribution program seeks to mitigate food insecurity by promoting development projects that enhance household nutrition and increase agricultural production through food for work, direct distribution to vulnerable populations, and direct distribution to HIV/AIDS associations. The Regional Inspector General/Pretoria (RIG/Pretoria) conducted this audit to determine whether USAID/Rwanda's P.L. 480 Title II nonemergency assistance has been delivered to the intended beneficiaries and what has been the impact. (See page 3–4.)

In fiscal years 2006 and 2007, USAID/Rwanda generally delivered its commodities to its intended beneficiaries. Beneficiaries received food through feeding centers such as orphanages and schools for the disabled. In addition, other beneficiaries—such as certain farmers' association members (those selected for food-for-work projects)^{1 2} and HIV/AIDS association members identified as most in need of food rations—have received direct commodities (vegetable oil, bulgur wheat, and corn-soy blend). The audit found that the cooperating sponsors had established strong internal control over the storage of commodities. However, some feeding centers were also feeding people who were not intended beneficiaries. As a result, the intended beneficiaries received less of the USAID-provided rations than they would have received otherwise. These feeding centers supplemented USAID commodities with food from other sources to lessen the detrimental impact on the intended beneficiaries. (See page 5.)

The food aid program has improved health and increased agricultural productivity, which has improved overall food security for the populations targeted for this assistance. People affected by HIV/AIDS described how the receipt of USAID commodities helped improve their health. Some individuals stated that their health deteriorated when they ceased receiving the commodities, which resulted in their having to resume receiving food assistance. Vulnerable populations are also being fed at “safety net centers” that feed vulnerable populations (e.g., orphans, street children, disabled people, and the elderly) with USAID-supplied commodities. Food-for-work beneficiaries said that the food-for-work projects had resulted in soil conservation and improved farming techniques that increased crops yields. Consequently, they produced more food for their families and surplus crops for outside sale. (See pages 5–8.)

The report contains four recommendations to assist USAID/Rwanda in strengthening its management of the P.L. 480 Title II nonemergency direct food aid distribution program. Specifically, it addresses the need to (1) resolve the discrepancies between the number of stated and actual beneficiaries and the amount of stated and actual dietary support

¹ USAID uses the word “activity” to describe a set of actions that use resources such as commodities, technical assistance, and training to achieve specific operational-level results, such as vaccinations given, schools built, loans issues, and so on. This report uses the word “project” in lieu of “activity.”

² The food-for-work project in Rwanda promotes terrace building to help prevent soil erosion and increase crop production. The terrace builders are farmers who are paid in food commodities for their work.

provided to beneficiaries, (2) incorporate direct food aid into its performance management plan, (3) periodically verify cooperating sponsors' data, and (4) provide procedures to one cooperating sponsor for resolving outstanding claims. (See pages 10–16.)

In response to the draft report, the mission concurred with all four recommendations. A management decision has been reached for recommendation nos. 1, 2, and 3. The mission has already taken final action on recommendation no. 4 and that recommendation is considered closed upon the issuance of this report (see pages 10, 12, 14, and 16)

BACKGROUND

The Agricultural Trade Development and Assistance Act of 1954, also known as Public Law 480 (P.L. 480), is the primary basis for the Food for Peace Program and the principal mechanism through which the U.S. Government implements its international food assistance initiatives. Under Title II of the P.L. 480 program—managed by USAID—the U.S. Government donates agricultural commodities to support emergency and nonemergency programs. In some cases, direct relief, emergency feeding, and disaster assistance programs distribute food to individuals. In other cases, food is combined with other program elements and targeted to certain beneficiary groups in maternal-child health, school feeding, and food-for-work programs. P.L. 480 commodities are also imported and sold on the local market (monetized), providing an additional supply of food locally and generating local currency, which is then used to support local development.

Since Rwanda does not produce enough food to feed its population, food must be imported. The primary causes of food insecurity in Rwanda are high population density, small land parcels resulting in overcultivation of land, and inefficient agricultural techniques, with farmers having little or no access to improved technologies. In addition, climatic variations can result in periods of both drought and flood, with consequent soil erosion.

USAID/Rwanda's Title II nonemergency program is implemented through three cooperating sponsors that participate in direct distribution—Catholic Relief Services, World Vision, and Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance (ACDI/VOCA).³ The mission's direct food aid distribution program mitigates food insecurity by promoting development projects that enhance household nutrition and increase agricultural production through the following types of projects.

- Food for work – Building terraces to prevent soil erosion and increase crop production. Workers are paid in commodities.
- Direct distribution to vulnerable populations – Distributing commodities to feeding centers, known as safety net centers, which provide aid for vulnerable groups such as orphans, street children, the disabled, and the elderly.
- Direct distribution to HIV/AIDS Associations – Distribution of food commodities to people living with HIV/AIDS.

The commodities provided are corn-soy blend, bulgur wheat, and vegetable oil. These commodities were selected in 2006 after the Government of Rwanda changed its policy regarding food aid assistance. The Government of Rwanda had concerns about food aid commodities competing with Rwandan farmers as well as the potential for creating food dependency. Consequently, the commodities allowed for this program were limited to those not produced locally. The Government also required that people affected by

³ ACDI/VOCA is responsible for the Title II monetization projects and has a subgrantee carrying out its direct distribution program.

HIV/AIDS be graduated (removed) from commodity assistance after 6 months. As discussed later in this report, the mission is looking at a mechanism to improve the food security of food assistance program graduates.

The fiscal year (FY) 2006 Food for Peace budget for Rwanda was \$8.8 million, of which \$3.3 million was the estimated cost of direct distribution. In FY 2007, the budgeted amount was \$11.4 million, of which \$4.3 million was the estimated cost of direct distribution.

This audit focused on USAID/Rwanda's FYs 2006 and 2007 nonemergency direct food assistance projects and not on the monetization program, which is also found under Title II.

AUDIT OBJECTIVE

This audit was included in the Office of Inspector General's FY 2008 annual plan to answer the following question:

- Has USAID/Rwanda's P.L. 480 Title II nonemergency assistance been delivered to the intended beneficiaries, and what has been the impact?

Appendix I contains a discussion of the audit's scope and methodology.

AUDIT FINDINGS

Has USAID/Rwanda's P.L. 480 Title II nonemergency assistance been delivered to the intended beneficiaries, and what has been the impact?

USAID/Rwanda's implementation of the P.L. 480 Title II nonemergency assistance has generally resulted in the delivery of food commodities to intended beneficiaries, including HIV/AIDS-affected households, vulnerable populations,⁴ and persons involved with food-for-work projects. However, some of the centers feeding vulnerable populations were also feeding persons who were not intended beneficiaries. As a result, the intended beneficiaries received fewer program rations than they would have received otherwise.

The audit also determined that USAID/Rwanda's nonemergency assistance has had a positive impact on the communities targeted for this assistance. Improved health and increased agricultural productivity have, in turn, improved food security. These results are discussed in more detail below.

Food Aid Generally Reached the Intended Beneficiaries

USAID/Rwanda's P.L. 480 Title II nonemergency assistance provided through direct feeding or direct commodities distribution for FYs 2006 and 2007 generally reached the intended beneficiaries. Rations of vegetable oil, bulgur wheat, and corn-soy blend are provided to each feeding center. The rations are based on the number of beneficiaries to be fed in accordance with the agreements between the cooperating sponsor and the feeding centers. The centers use these commodities to prepare nutritious meals for program beneficiaries. Other beneficiaries, such as farmers' association members selected for food-for-work projects and HIV/AIDS association members identified as most in need of food rations, receive the same commodities to take home for use in preparing meals.

Although the cooperating sponsors had established strong internal control over transport and storage of commodities, some food rations at select feeding centers such as orphanages, schools for the disabled, and centers for street children were used to feed additional persons who were not intended beneficiaries. As a result, the intended beneficiaries received fewer program rations than they would have received otherwise. These feeding centers attempted to mitigate the effects of feeding additional people by supplementing the USAID-financed commodities with food they grew or obtained from other donors.

Positive Impact of USAID's P.L. 480 Food Aid

It is difficult to quantify the overall impact of the P.L. 480 program because USAID/Rwanda's cooperating sponsors are primarily collecting and reporting on

⁴ Orphans, street children, the elderly, and the disabled.

operational results, with less of an emphasis on impact.⁵ Despite the lack of such data, the audit team did note positive trends for the beneficiaries targeted by the mission's food aid program, such as improved health, increased agricultural productivity, and improved food security.⁶ Both the mission and its cooperating sponsors said that although impact indicators to measure the success of the food aid program have been discussed, identifying appropriate impact indicators is not an easy task.



Photo of people living with HIV/AIDS discussing the benefits they received from USAID donated commodities. (Photograph taken in Gikongoro in Southern Province, Rwanda, in October 2007 by a RIG/Pretoria auditor.)

People Living With HIV/AIDS – These beneficiaries are members of HIV/AIDS associations with which USAID/Rwanda's cooperating sponsors work to identify members most in need of food. During the audit, several beneficiaries relayed how food aid improved their health. These testimonials included the following:

- One woman, a widow with five children, weighed 99 pounds upon entering the food aid program in January 2006. In September 2007, she graduated from the program. She now weighs 211 pounds. Before receiving food aid, she described herself as being very desperate and hopeless, with no means to feed her family. After regaining her health, she obtained a loan from a microfinance institution to start a business buying and reselling sorghum. She noted that the food donations have contributed to her well-being more than the antiretroviral drugs used to treat HIV/AIDS.

⁵ The mission reported that in the case of food-for-work projects, some impact indicators are collected, such as the average yield of targeted crops, the number of targeted farmers receiving improved seeds, and the number of farmers trained in the use of improved technologies. For the most part, the reported results for these indicators showed positive impact.

⁶ As reported by USAID/Rwanda staff, cooperating sponsors, and program beneficiaries.

- One man was hospitalized before entering the food aid program in April 2005. After receiving food through the nonemergency assistance food program, his health improved and his weight increased from 88 pounds to 110 pounds. He graduated from the food aid program in October 2005. After graduation from the program, his health worsened. He reentered the food aid program in October 2007, and now weighs 114 pounds.
- Another man has been on antiretroviral drugs since April 2004. He was very sick and was hospitalized prior to receiving food aid. At the time, he weighed 84 pounds. He entered the food aid program in April 2005, graduated from the food aid program in December 2005, and reentered the program in October 2007, when his health worsened. He now weighs 121 pounds, which he attributes to the nutrients received from the food distribution program.

Safety Net Centers – These institutions feed vulnerable populations with USAID-supplied commodities. The cooperating sponsor builds the capacity of safety net centers by strengthening the centers' ability to obtain additional resources outside of USAID. Such support has included providing grants to develop and manage income-generating projects, and training on grants management and fundraising. As these safety net centers develop increased self-sufficiency, the intent is to wean them all from USAID assistance by FY 2009. In FY 2007, eight safety net centers—representing 67 percent of that year's target of 12 centers—were phased off of USAID assistance.



Photo of children having lunch in an orphanage that is a safety net center. They are eating USAID-donated commodities. (Photograph taken in Nyanza, Southern Province, Rwanda in October 2007 by a RIG/Pretoria auditor.)

The following is an example of the positive benefits of the safety net centers:

- A nutritionist working at a feeding center for street children said that even though she could not quantify the impact of the feeding intervention, she had observed a significant improvement in the overall health of street children at the center. She

noted that when children first arrive at the feeding center, their health is typically not good. After a few months at the center, their weights increase to normal levels and their health improves. She said that this improved health is entirely due to the USAID-provided food rations that they receive through the cooperating sponsor.

Food-for-Work Projects – USAID/Rwanda’s food-for-work project uses terrace building to help farmers prevent soil erosion and increase crop production. The terrace builders are paid in commodities for their work. As part of this project, the farmers also receive training in the use of improved farming technologies (such as bio-intensive gardening, which promotes food production techniques that utilize small pieces of land and are not labor intensive), as well as improved seed varieties and trees to grow on the terraces. Some of the cited benefits derived from the food-for-work activities were as follows:

- Members of a farmers’ association (living on a large hill) from the Nyamgabi district of the Southern Province said that soil erosion was a significant problem before they built the food-for-work terraces. They indicated that while the commodities received for food for work were an incentive, the bigger goal was to address soil erosion. Terracing done through food for work prevented water from washing away the topsoil. According to association members, terracing and improved farming techniques learned from the cooperating sponsor have resulted in a doubling of the crop yield. This greater crop yield has allowed association members to feed their families and sell surplus crops. Money earned from surplus crop sales has allowed the members to pay for school fees and books, purchase clothes for their children, and buy household items. Before terracing, none of the association members’ children had gone to school because their families could not afford to send them. All of the association members’ children are now attending school, including a nursery school for the preschoolers. Association members also said that food for work had brought the community closer through helping each other with terrace construction. This cooperation helped this community with reconciliation after the genocide.⁷
- Members of a farmers’ association (living in the drought-prone Mereba sector of the Eastern Province) said without food-for-work terracing and its associated training, they would not have had enough food to feed their families. As a result of the terracing, they have been able to feed their families and sell surplus food. Previously, this community had never had surplus crops. The extra income from selling surplus crops allowed the association members to purchase farmland, plots for homes, materials to construct homes, and livestock. The food-for-work program has also been a conduit for the members to address and resolve problems. Members also said that it has quickened the peace and reconciliation process after the genocide.

USAID/Rwanda is in the process of integrating the needs of its nonemergency food aid program with the assistance provided under the President’s Emergency Plan for AIDS Relief. One planned focus is the development of income-generating projects for people who are living with HIV/AIDS. USAID/Rwanda, one cooperating sponsor, and some food aid beneficiaries reported that a significant problem posed by the current food aid

⁷ In 1994, Rwanda suffered 100 days of violence targeted at the Tutsi and moderate Hutu population. Roughly 800,000 people were killed.

program for people living with HIV/AIDS is that once the recipients are healthy enough to graduate from the program, their food insecurity typically resumes, because they lack the outside income to purchase sufficient food or cannot produce enough food themselves. When their health fails again, they resume receiving program commodities. The new integrated program plans to address this issue. However, the mission has indicated that it lacks sufficient staff—including those with the skills to address nutritional HIV/AIDS issues. Mission officials are concerned that this weakness could undermine their ability to implement this integrated program.⁸

Notwithstanding these accomplishments, USAID/Rwanda could strengthen the oversight of its nonemergency assistance in several areas: (1) providing food assistance only to eligible beneficiaries, (2) developing a performance management plan that incorporates direct food aid, (3) improving data quality, and (4) resolving outstanding financial claims.

Some Beneficiaries Are Outside Targeted Population

Summary: Contrary to the terms of the agreements between one cooperating sponsor and its subgrantees, some feeding centers were feeding USAID-provided food rations to people who did not meet the age requirements in those subagreements. This is, in part, attributable to a lack of monitoring of feeding centers by both the mission and the cooperating sponsor. As a result, eligible beneficiaries have received less of the USAID-provided rations than they would have received otherwise.

Subagreements signed between one USAID/Rwanda cooperating sponsor and its subgrantees for feeding centers—referred to as safety net centers—outline the number of individuals to be fed under the food aid assistance program. Food rations are programmed based on meeting 80 percent of the daily kilocalorie intake of target populations. If more individuals than the number outlined in those agreements were fed with P.L. 480 program food rations, individuals in the target populations would not receive 80 percent of their kilocalorie intake from P.L. 480 rations.

In addition to identifying the number of individuals to be fed, these subagreements specify a maximum age of 17 for street children, orphans, and the disabled benefiting from the safety net centers visited by the audit team.⁹ Nevertheless, two of the five centers visited served individuals over the age of 17. At the program's largest feeding center, 289 of the 759 identified participants (38 percent) were older than age 17. At another center, all people who lived in the center were being fed both by USAID-provided food aid commodities and commodities provided by the Government of Rwanda. Moreover, food participants at this center included individuals between the ages of 21 and 49. Two other centers visited also had a higher number of participants than the numbers specified in their agreements.

As part of its approval of the cooperating sponsor's implementation plan, USAID/Washington approved the projects of safety net centers for street children and

⁸ USAID/Rwanda also expressed concerns that an upcoming move to the new U.S. Embassy compound would limit its ability to hire additional staff, since staffing levels cannot increase owing to space limitations.

⁹ Some safety net centers are responsible for feeding the elderly. However, none of the safety net centers visited during this audit were targeted at feeding the elderly.

orphans. Although USAID did not establish an age limit for the beneficiaries to be classified as orphans and street children, many of the safety net center participants were over the age of 21—some were over 30 years of age—clearly violating the terms of the subagreement between the cooperating sponsor and the safety net center. RIG/Pretoria believes that it was not the intent of this project to feed orphans and street children over age 17.

This situation arose, in part, because the cooperating sponsor had not adequately reviewed and followed up on the monthly reports provided by feeding centers to ensure that only the intended beneficiaries of the program were receiving food rations and that the numbers of beneficiaries served was commensurate with the levels stipulated in the agreements. In addition, neither the mission nor the cooperating sponsor had adequately monitored the safety net centers to ensure that P.L. 480 food rations were provided only to the intended beneficiaries as defined in the subagreements.

As a result, the intended beneficiaries at some safety net centers were not receiving the anticipated 80 percent of their kilocalorie intake from P.L. 480 rations. This audit makes the following recommendation to address this situation.

Recommendation No. 1: We recommend that USAID/Rwanda resolve the discrepancies between (a) the number of stated beneficiaries and the number of actual beneficiaries, and (b) the amount of stated versus actual support in terms of percentage of kilocalorie intake from P.L. 480 food rations.

Performance Management Plan Should Include Direct Food Aid

Summary: Contrary to USAID guidance, the performance management plan for USAID/Rwanda's strategic objective no. 7 did not incorporate the mission's direct food aid distribution program. According to the mission, direct food aid distribution was not included in its May 2006 performance management plan because of changes taking place within USAID at that time, which included both less emphasis on performance management plans and more emphasis on the new requirements for operational plan reporting. Yet, on December 1, 2006, an Action Memorandum approved by USAID's Administrator reiterated the requirement that USAID's operating units develop performance management plans and emphasized the importance of maintaining comprehensive performance management plan systems. Without an updated performance management plan, USAID/Rwanda lacks a critical tool for planning, managing, and documenting the performance of its food distribution program.

USAID's Automated Directives System (ADS), section 203.3.3, states that operating units must complete performance management plans for each strategic objective. A performance management plan is described as a "tool used by an operating unit and strategic objective team to plan and manage the process of assessing and reporting progress towards achieving a strategic objective." ADS 203.3.3.1 notes that performance management plans shall identify the performance indicators that will be tracked; specify the source, method of collection, and schedule of collection for all required data; and assign responsibility for collection to a specific office, team, or individual. Finally, ADS 203.3.4.6 provides for the regular updating of performance management plans as programs develop and evolve.

USAID/Rwanda's strategic objective no. 7 team, which is responsible for the mission's food aid distribution program, developed its current performance management plan in May 2006. However, this performance management plan does not address how direct food aid distribution is linked to the intermediate results for this strategic objective. The performance management plan contains only one relevant indicator—new technologies adopted. This indicator is derived from food-for-work projects and is found under the mission's intermediate result no. 7.1, which addresses expanded adoption of improved agricultural and business practices.



Photo of hillside terraces built by food-for-work beneficiaries. (Photograph taken in the Nyamagabi District, Southern Province, Rwanda, in October 2007 by a RIG/Pretoria auditor.)

According to mission officials, USAID/Rwanda recognized the importance of having an updated performance management plan. One official noted that the mission had not incorporated direct food aid distribution into the performance management plan for strategic objective no. 7 because of changes taking place within USAID at that time. These changes included less importance being given to performance management plans and increased emphasis being placed on new operational plan reporting and related indicators. While this audit recognizes that this was indeed a time of flux within USAID, a December 1, 2006, Action Memorandum approved by USAID's Administrator reiterated the requirement to develop performance management plans and the importance of maintaining comprehensive performance management plan systems.

In commenting on this situation, another mission official noted that until fiscal year 2007, the mission did not have any control over Food for Peace funding, which had previously been controlled by USAID/Washington. According to this official, now that the mission controls these funds, USAID/Rwanda will have control over operational plan reporting, which will be reflected in a performance management plan that includes food distribution.

Without an updated performance management plan, USAID/Rwanda has lacked a critical tool for planning, managing, and documenting for the performance of its food distribution program. Moreover, in the absence of a performance management plan specifically addressing food aid distribution, the mission does not have sufficient assurance that it is maintaining controls essential to the operation of a credible and useful performance-based management system. As a result, RIG/Pretoria is making the following recommendation to strengthen the mission's performance management plan:

Recommendation No. 2: We recommend that USAID/Rwanda incorporate the Public Law 480 direct food aid distribution into its performance management plan.

The Quality of Some Reported Data Is Questionable

Summary: ADS 203.3.5 states that performance data should be as complete and consistent as management needs and resources permit. Nevertheless, some of the reported accomplishments by USAID/Rwanda's cooperating sponsors in their Indicator Performance Tracking Tables did not meet the data quality standards for integrity, precision, and reliability. Several factors, such as a lack of data validation by cooperating sponsors, inconsistent monthly reports provided by feeding centers, limited review of data by mission staff, and staff reductions at the mission have contributed to these data quality problems. In the absence of a sound system to ensure the reliability of reported data, it is more difficult for the mission to properly manage the program and make sound management decisions.

High-quality data are an important element in making sound management decisions. This is recognized in ADS 203.3.5, which notes that performance data should be as complete and consistent as management needs and resources permit. Additionally, according to ADS 203.3.5.1, operating units should ensure that performance data meet the five data quality standards described below:

- **Validity:** Data should clearly and adequately represent the intended result.
- **Integrity:** Data integrity needs to be protected. Data integrity is at greatest risk of being compromised during data collection and analysis.
- **Precision:** Data should be sufficiently precise to present a fair picture of performance and enable management decisionmaking at the appropriate levels.
- **Reliability:** Data should reflect stable and consistent data collection processes and analysis methods over time. Operating units should be confident that progress toward performance targets reflects real changes rather than variations in data collection methods.
- **Timeliness:** Data should be timely enough to influence management decisionmaking at the appropriate levels.

A USAID/Rwanda data quality assessment of its operational plan indicators in fiscal year 2007 identified no problems. Nevertheless, this audit determined that there were

significant discrepancies between reported accomplishments and those supported by source documents for several key indicators reported in the cooperating sponsors' Indicator Performance Tracking Tables. As a result, the integrity, precision, and reliability standards identified in ADS 203.3.5.1 were not met. The following describes, by indicator, some of the problems identified in the reported data.

- Number of beneficiaries served – For fiscal year 2006, the cooperating sponsor calculated 6,861 for the number of beneficiaries by extrapolating them from the September 2006 monthly reports submitted from the feeding centers. However, 3,834 beneficiaries reported by the centers for the month of September did not match the source documents provided. In fiscal year 2007, the monthly reports prepared by the cooperating sponsor did not capture all the centers receiving food aid; they included only the centers that had submitted monthly reports. As a result, the quarterly reports and the subsequent annual report did not include all the beneficiaries served by all centers.
- Number of farmers trained in progressive terracing – For fiscal year 2006, the cooperating sponsor reported that 5,734 farmers had been trained in progressive terracing. In contrast, two different sources of supporting documentation maintained by the cooperating sponsor in its country office showed two different totals for this indicator, one amounting to 13,905 and the other to 14,145. At the provincial office level, hardcopy records at one provincial office showed 2,053 trained during this period. However, electronic supporting documentation totaling 2,356 and 2,116 was found at the cooperating sponsor's country office for this province. Similar problems were encountered for this indicator in fiscal year 2007.
- Number of farmers trained in preventing soil erosion – For fiscal year 2006, at the provincial level, hardcopy records at one provincial office showed 197 farmers trained during this period. However, electronic supporting documentation for 137 farmers was provided at the cooperating sponsor's country office for this province. Similar problems were encountered in testing data for fiscal year 2007 from two provincial offices for this indicator.
- Number of metric tons of food distributed to households living with HIV/AIDS – Discrepancies were identified in data reported by one cooperating sponsor versus the supporting documentation for one province in fiscal year 2006. That province provided supporting documentation for 115.194 metric tons, in contrast to the country office's electronic supporting documentation of 59.405 metric tons.

Data quality problems stemmed from several factors:

- Cooperating sponsors did not verify reported data from the feeding centers or from their own provincial offices.
- Feeding centers did not consistently provide monthly reports to their cooperating sponsor for the capture and reporting of data at the aggregate level.
- One cooperating sponsor did not have a Monitoring and Evaluation specialist until fiscal year 2007. This person had 50 percent of his time allocated to this

program. His responsibilities were limited to setting up a monitoring system and did not include conducting field visits to validate data.

- Another cooperating sponsor did not verify the reliability of data reported by provincial offices. Its review of data was limited to checking for aberrations.
- USAID/Rwanda's review of data reported by its cooperating sponsors was limited to checking for aberrations.
- USAID/Rwanda staff decreased over time, leaving fewer staff members to perform site visits and data validation.¹⁰ According to a mission official who was responsible for monitoring about 250 sites—coupled with other responsibilities, including the monetization segment of the program—the number of field visits that could be performed had dropped to about one-half of the visits performed prior to the staff reduction.

Fiscal year 2007 results reports issued in November 2007 by two cooperating sponsors indicated that the partners were proposing steps to improve the quality of their indicator data because of such data quality problems. Without an effective system in place to ensure that cooperating sponsors are carefully collecting data and providing complete and accurate reports, it is more difficult for USAID/Rwanda to make sound decisions and to properly manage its P.L. 480 program. As a result, RIG/Pretoria is making the following recommendation:

Recommendation No. 3: We recommend that USAID/Rwanda develop and implement a plan to periodically verify cooperating sponsors' data, including the verification of data during site visits.

¹⁰ Previously, the mission had a Food for Peace officer on staff. Although site visits were documented, there was no evidence of data validation being performed during those visits.



Photo of a farmers' association members' children who are now attending school. Prior to participating in USAID/Rwanda's food-for-work program, the association members were not able to send any children to school because they could not afford to pay for school fees. (Photograph taken in the Nyamgabi district, Southern District, Rwanda, in October 2007 by a RIG/Pretoria auditor.)

Outstanding Claims Should Be Resolved

Summary: Contrary to Title 22 of the Code of Federal Regulations, the mission did not regularly follow up and resolve outstanding commodity loss claims from one cooperating sponsor. The cooperating sponsor had previously been unsuccessful in making payments to the U.S. Government. USAID/Rwanda had been in regular e-mail contact with USAID/Washington trying to resolve the problem, but since January 2007 had not followed up on this issue with USAID/Washington. At the completion of this audit, the mission contacted USAID/Washington and was able to obtain guidance for assisting the cooperating sponsor on how to remit payments. However, at this time there has been no remittance for the outstanding claim.

Title 22 of the Code of Federal Regulations, section 211.9 (22CFR§211.9) states,

If a cooperating sponsor causes loss or damage to a commodity, monetized proceeds, or program income through any act or omission or failure to provide proper storage, care, and handling, the cooperating sponsor shall pay to the United States the value of the commodities, monetized proceeds or program income, lost, damaged, or misused, unless AID determines that such improper distribution or use, or such loss or damage could not have been prevented by proper exercise of the cooperating sponsor's responsibility.

A USAID/Rwanda cooperating sponsor has not been able to remit payment of \$18,338 in outstanding claims to the U.S. Government. The majority of this amount (\$15,118) dates back to fiscal year 2006 and was the result of the theft of commodities from the cooperating sponsor's warehouse. The balance was composed of outstanding claims from fiscal year 2007.

The cooperating sponsor had unsuccessfully attempted to remit payment to the U.S. Treasury via the account identified in 22CFR§211.9(g), which addresses the handling of claims proceeds. According to December 2006 e-mail correspondence from USAID/Washington to the mission, private voluntary organizations (PVOs) and field missions/posts have experienced difficulties remitting payment to the U.S. Treasury. The e-mail said that there did not appear to be a way to make such payments. The e-mail also noted the varying opinions within the Agency and PVO community on how those funds should be used; for instance, returning funds to Washington versus making them available for programming in the field. USAID/Washington's December 2006 correspondence stated that it needed additional time to obtain a legal opinion on the most appropriate action to take in accordance with applicable laws and regulations. The last correspondence between the mission and USAID/Washington was in January 2007.

Almost 2 years have passed since the majority of the loss was incurred. Because the outstanding claims due were not remitted to the Treasury, these funds were not available to be put to better use. On November 13, 2007, the mission queried USAID/Washington on how to proceed. An official for USAID/Washington's Food for Peace Office then provided the mission with a newly adopted Treasury Symbol account to which payment should be made.

In recognition of the mission's previous involvement in this issue and in order to facilitate resolution of this long-outstanding claim, RIG/Pretoria is making the following recommendation.

Recommendation No. 4: We recommend that USAID/Rwanda provide its cooperating sponsor with the revised procedures for paying outstanding claims and request that these claims be paid as soon as possible.

EVALUATION OF MANAGEMENT COMMENTS

In response to the draft report, USAID/Rwanda concurred with four of the five recommendations identified to strengthen USAID/Rwanda's management of the Public Law 480 (P.L. 480) Title II Nonemergency Direct Food Aid Distribution Program. The mission's comments and an evaluation of those comments are summarized below.

Recommendation no. 1 recommends that the mission resolve the discrepancies between the (1) number of stated beneficiaries and the number of actual beneficiaries and (2) the amount of stated versus actual support in terms of percentage of kilocalorie intake for the P.L. 480 food rations. The mission concurs with the recommendation and suggests that it has resolved the discrepancies between the number of reported and actual beneficiaries, and their reported and actual caloric intake from PL 480-supplemented rations. However, there is no evidence to support this statement other than what has been described in the following paragraph.

The mission noted in its response that by May 1, 2008, it will recommend to USAID's Food For Peace cognizant technical officer (CTO) based in Washington, D.C. and Catholic Relief Services (CRS) to revise its safety net centers' sub-agreements to explicitly address beneficiaries to resolve the discrepancy between the Food For Peace agreements with CRS, and the CRS sub-agreements with the safety net centers. Furthermore, the mission sent an e-mail to the USAID Food For Peace CTO based in Washington, D.C. on April 16, 2008, which recommended that the CTO instruct CRS to revise their safety net centers' sub-agreements by removing the age limit from the sub-agreements. It was further explained in that e-mail that the discrepancies identified during the audit was due to CRS sub-agreements with the safety net centers specifying a maximum age for beneficiaries, while the USAID agreement with CRS does not address a maximum age for beneficiaries. Based on the Mission's response and the e-mail support detailing the actions requested by the mission, a management decision has been reached on this recommendation.

Recommendation no. 2 recommended that the mission incorporate direct food aid distribution into the performance management plan for USAID/Rwanda's strategic objective no. 7. The mission noted that it will supplement its performance management plan with a food aid monitoring plan by July 31, 2008. The food aid monitoring plan will incorporate selected indicators from Washington's performance management plan for their Food for Peace program and the mission's operating plan. Based on the Mission's response, a management decision has been reached on this recommendation.

Recommendation no. 3 recommended that the mission develop and implement a plan to periodically verify cooperating sponsors' data, including the verification of data during site visits. The mission noted that it had amended its Mission Order on site visits to include a section on documenting verification of data. Further, it will develop and implement by July 31, 2008, a plan to periodically review data reported by its cooperating sponsors. Based on the Mission's response, a management decision has been reached on this recommendation.

Recommendation no. 4 in the draft report recommended that the mission require that its cooperating sponsors develop and report on impact indicators for its P.L. 480 food aid distribution program. Despite the fact that during the audit, the mission and its two cooperating sponsors stated that they had held prior discussions—which included USAID/Washington—regarding the use of impact indicators to measure the success of the food aid program, the mission now states in its response that its cooperating sponsors are already reporting on impact indicators to USAID’s Office of Food for Peace in Washington, D.C.

In addition, the mission’s response also cites a study that states determining the impact of food aid on people with HIV/AIDS can be problematic because the effects of the disease compromise the reliability of traditional measures of impact, such as body mass index, weight, and skin-fold measurements. However, these comments by the mission regarding the difficulty of measuring the impact of food aid on people with HIV/AIDS are not compelling, because the mission’s target population for food aid was far broader than just people with HIV/AIDS. Nevertheless, in light of the mission’s assertion that its partners are reporting on impact indicators to USAID/Washington, we have removed this recommendation from body of the report.

Recommendation no. 5 in the draft report (Recommendation no. 4 in this final report) recommended that the mission provide its cooperating sponsor with the revised procedures for paying outstanding claims and request that these claims be paid as soon as possible. The mission has provided evidence that the cooperating sponsor has now paid the amount of claim to U.S. Embassy Kigali. Therefore, final action has been taken on this recommendation upon the issuance of this report.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Pretoria conducted this audit in accordance with generally accepted government auditing standards. Fieldwork was conducted from October 10 to November 9, 2007, in Kigali and various locations in the Southern and Eastern provinces in Rwanda, which included visits to warehouses and distribution centers.

The objective of this audit was to determine if USAID/Rwanda's Public Law (P.L.) 480 Title II nonemergency assistance had been delivered to the intended beneficiaries, and what had been the impact. In conducting this audit, we assessed the effectiveness of internal control related to the nonemergency assistance program. We identified pertinent controls such as (1) the mission's documentation related to managing and monitoring the program, (2) the partners' reporting program status, (3) establishment and maintenance of site visit information, and (4) the mission's annual self-assessment of internal control in accordance with the Federal Managers' Financial Integrity Act for fiscal year 2007. In addition, we tested some aspects of internal control that selected cooperating sponsors had for their food commodities.

The scope of this audit included USAID/Rwanda's P.L. 480 nonemergency assistance carried out during fiscal years 2006 and 2007. It did not include projects involving monetization. In fiscal year 2006, \$3.3 million was budgeted and in fiscal year 2007, \$4.3 million was budgeted for direct food distribution.

We interviewed and reviewed documentation for all three cooperating sponsors. However, the majority of our audit efforts were focused upon the two cooperating sponsors, which represented 95 percent of direct distribution food commodities for fiscal year 2006 and 87 percent for fiscal year 2007.¹¹

Methodology

To answer the audit objective, we reviewed relevant P.L. 480 program documents such as development assistance program documents, annual estimates of requirements, call forwards, commodity status and distribution status recipient reports, and commodity loss and damage or misuse of commodities reports. We also reviewed commodity transportation records, inventory records, and commodity distribution records in relation to our review of controls over the receipt, storage, and delivery of food aid. We also reviewed monitoring reports prepared by the mission and the cooperating sponsors.

During site visits to cooperating sponsors' main country offices and field offices, we reviewed the documents, records, and forms the cooperating sponsors used to maintain accountability over program commodities as they move from port to warehouse to distribution center and finally to the beneficiary. We also tested the data quality found in annual results reports and observed program operations. We tested data that were

¹¹ The third cooperating sponsor was involved with monetization projects. This sponsor had a subgrantee that was responsible for carrying out food aid projects.

selected in concert with the mission and cooperating sponsors by comparing the reported data to supporting documentation. In addition, we interviewed responsible mission and cooperating sponsor staff.

We also met with food aid beneficiaries to determine how they had benefited from the commodities received. These beneficiaries included (1) recipients who had worked on food-for-work terracing projects, (2) vulnerable populations including orphans and the disabled, and (3) members of HIV/AIDS associations. When available, we reviewed data that were being collected on these beneficiaries, which in part included such individual data as weight and body-mass indices.

The nature of this audit did not lend itself to materiality thresholds; thus, none were developed. Instead, auditor judgment was used to answer the audit objective.

MANAGEMENT COMMENTS



U.S AGENCY FOR INTERNATIONAL DEVELOPMENT U.S.A.I.D MISSION TO RWANDA

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MEMORANDUM

TO: Regional Inspector General/Pretoria, Nathan S. Lokos
FROM: USAID/Rwanda Mission Director Dennis Weller /s/
RE: Draft Report on Audit of USAID/Rwanda's Distribution of P.L. 480 Title II Nonemergency Assistance in Support of Its Direct Food Aid Distribution Program (Report No. 4-696-08-XXX-P)

April 16, 2008

This memorandum transmits USAID/Rwanda's response to the Draft Report on Audit of USAID/Rwanda's Distribution of P.L. 480 Title II Nonemergency Assistance in Support of Its Direct Food Aid Distribution Program (Report No. 4-696-08-XXX-P).

The amended Draft Report includes five recommendations. The attached response includes specific actions responding to each of the recommendations (or a report of actions already completed) incorporating clarifications provided during recent communications between RIG and the Mission. In addition to the Mission's response to the draft audit findings, please also find attached a copy of an action already performed to

resolve recommendation #1 regarding the discrepancies found under the agreement with Catholic Relief Services.

We appreciate the courtesy and professionalism the audit team showed during its visit, and look forward to a continuing fruitful relationship.

We request that our response be included in its entirety in the final report of the audit.

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USAID/Rwanda
Response to
“Audit of USAID/Rwanda’s Distribution of P.L. 480 Title II Nonemergency
Assistance in Support of Its Direct Food Aid Distribution Program”
(Audit Report No. 4-696-08-XXX-P)”

USAID/Rwanda appreciates the time and effort that the Regional Inspector General (RIG) staff devoted to its review of work under Title II of PL 480, and in its preparation of its “Audit of USAID/Rwanda’s Distribution of P.L. 480 Title II Nonemergency Assistance in Support of Its Direct Food Aid Distribution Program (Report No. 4-696-08-XXX-P)” (RIG Draft). We are pleased that the audit team recognizes that “The positive impact of the food aid program has included improved health and increased agricultural productivity, which has improved overall food security for the populations targeted for this assistance”.¹²

We concur in the findings that “USAID/Rwanda’s implementation of the P.L. 480 Title II nonemergency assistance has generally resulted in the delivery of food commodities to intended beneficiaries” and that the program “has positively impacted the communities which have been targeted for this assistance through improved health and increased agricultural productivity.”¹³ USAID/Rwanda strives for continually improved performance, and we appreciate RIG’s “recommendations to assist USAID/Rwanda in strengthening its management of the P.L. 480 Title II nonemergency direct food aid distribution program.”¹⁴ Nonetheless, we believe that it would be useful to expand RIG’s description of the situation and discuss some of the RIG conclusions.

RIG’s five recommendations are to: (1) resolve discrepancies between stated and actual number of beneficiaries and percentage of calories provided by PL 480 rations”¹⁵, (2) “incorporate the Public Law 480 direct food aid distribution into [USAID/Rwanda’s] performance management plan”¹⁶, (3) “develop and implement a plan to periodically verify cooperating sponsors’ data, including the verification of data during site visits”¹⁷, (4) “require that [USAID/Rwanda’s] cooperating sponsors develop and report on impact indicators for its Public Law 480 food aid distribution program”¹⁸ and (5) USAID/Rwanda provide its cooperating sponsor with the revised procedures for paying outstanding claims and request that these claims be paid as soon as possible.”¹⁹

¹² Audit of USAID/Rwanda’s Distribution of P.L. 480 Title II Nonemergency Assistance in Support of Its Direct Food Aid Distribution Program (Report No. 4-696-08-XXX-P) (RIG Draft), p. 1

¹³ RIG Draft, p. 5

¹⁴ RIG Draft, p. 1

¹⁵ RIG Draft, p. 10

¹⁶ RIG Draft, p. 12

¹⁷ RIG Draft, p. 13

¹⁸ RIG Draft, p. 16

¹⁹ RIG Draft, p. 17

Recommendation No. 1. We recommend that USAID/Rwanda resolve the discrepancies between (1) the number of stated beneficiaries and the number of actual beneficiaries, and (2) the amount of stated versus actual support in terms of percentage of kilo-calorie intake from PL 480 food rations.²⁰

We agree that any discrepancies between actual and reported beneficiary count should be resolved, as should difference between actual and reported caloric intake by beneficiaries. The discussion preceding Recommendation No. 1, though, provides no facts to support a determination of actual discrepancies. USAID/Rwanda will continue to monitor the situation and work with USAID/W and its cooperating sponsors to resolve any discrepancies.

The RIG Draft discussion to support Recommendation No. 1 begins by saying that “Agreements signed between one USAID/Rwanda cooperating sponsor and its subgrantees for feeding centers—referred to as safety net centers—outline the number of individuals to be fed under the food aid assistance program.”²¹ Catholic Relief Services (CRS) is the only PL 480 cooperating sponsor that supports Safety Net Centers (SNCs) in Rwanda. This response will focus on CRS support for Safety Net Centers.

The RIG Draft section related to Recommendation No. 1 does not accurately reflect either the function of the SNCs or the purpose of support for cooperating sponsors. The RIG Draft closes a series of findings with “Finally, two other centers visited also had a higher number of participants than the numbers specified in their agreements.”²² These findings appear to be based on sub-agreements between CRS and SNCs; some of these sub-agreements are unclear and, in some cases, incongruent with the USAID/CRS Agreement. The major discrepancy is that only children under 18 years are explicitly included as eligible in these sub-agreements.

It is from this discrepancy that the RIG Draft analysis concludes in its summary preceding Recommendation No. 1: “Contrary to the terms of the agreements between one cooperating sponsor and its subgrantees, some feeding centers were feeding people who do not meet the age requirements in those agreements.”²³ The CRS program description, incorporated into the award, describes the caloric intake for various age ranges to be fed at SNCs²⁴:

The following table shows the portion of the daily recommended caloric intake for individuals provided by the daily ration, which constitutes between 73-137% depending on the age of the individual.

| Beneficiary as Prime | Daily Energy Needs | Approximate Provision Provided |
|----------------------|--------------------|--------------------------------|
| 0-4 yrs | 1290 | 137% k/cal needs |

²⁰ RIG Draft, p. 12

²¹ RIG Draft, p. 9

²² RIG Draft, p. 10

²³ RIG Draft, p. 9

²⁴ CRS DAP Amendment - Comprehensive Close-Out Strategy Amendment (COSA), p. 16

| | | |
|------------------|------|-----------------|
| 10-14 yrs | 2210 | 80% k/cal needs |
| 15-19 yrs | 2420 | 73% k/cal needs |
| 60+ yrs | 1890 | 93% k/cal needs |
| Whole Population | 2100 | 85% k/cal needs |

The PL 480 award to CRS explicitly includes the program description.²⁵ The program description explicitly addresses intentions to provide food for beneficiaries of all ages, including an age range of 60+ years.

The CRS proposal includes plans to assist a number of vulnerable populations, of all ages, through several mechanisms. SNCs are among the devices used to reach these vulnerable groups. “SNCs provide refuge for the most vulnerable, especially street and unaccompanied children, which make up the bulk of the population among SNCs, followed by the handicapped and elderly.”²⁶ The RIG Draft recognizes that “USAID did not establish an age limit for the beneficiaries,”²⁷ but seems to conclude that the only intended beneficiaries are orphans and street children. That conclusion leads the authors to “believe that it was not the intent of this project to feed orphans and street children over age 17.”²⁸ That belief, though, is irrelevant to analysis of the CRS agreement, and might mislead an uninformed reader to conclude that adults were not intended beneficiaries under the CRS award.

There is no basis whatever for the RIG Draft assertion that “neither the mission nor the cooperating sponsor had adequately monitored the safety net centers to ensure that P.L. 480 food rations were only provided to the intended beneficiaries.”²⁹ All the beneficiaries described in the RIG Draft are clearly within the vulnerable populations identified as intended beneficiaries of the CRS award.

The final RIG Draft conclusion before Recommendation No. 1 confirms the misunderstanding that Title II food was seen by RIG as the sole sustenance for those people at the safety net centers. The assertion that “As a result, the intended beneficiaries of this food aid at some safety net centers were not receiving the anticipated 80 percent of their kilo-calorie intake from P.L. 480 rations”³⁰ distorts the intent of the CRS award. An incorrect assumption was that food “from P.L. 480 rations” was to be provided in isolation from other food, apparently with the presumption that beneficiaries would be better served by a diet consisting only of Corn Soy Blend, Bulgur Wheat, and Vegetable Oil, the PL 480 commodities available in Rwanda³¹. At face value, this proposition is incongruous with USAID’s core tenet to leverage other resources when possible to advance programmatic, and in this case, nutritional objectives.

²⁵ Modification of Cooperative Agreement FFP-A-00-00-00086-10, effective 11 November 2006

²⁶ CRS DAP Amendment - Comprehensive Close-Out Strategy Amendment (COSA), p. 6

²⁷ RIG Draft, p. 10

²⁸ RIG Draft, p. 10

²⁹ RIG Draft, p. 10

³⁰ RIG Draft, p. 10

³¹ CRS DAP Amendment - Comprehensive Close-Out Strategy Amendment (COSA), p. 16

CRS undertook to provide from 73% to 137% of the minimum caloric needs of a range of vulnerable populations. The SNCs, under sub-agreements, agreed to provide a specific minimum daily ration to a minimum number of children at each SNC. The SNC sub-agreements, in an administrative oversight, do not address beneficiaries beyond the minimum number of children. There is nothing in the SNC sub-agreements, though, to forbid additional beneficiaries, and the CRS agreement explicitly contemplates these other beneficiaries. PL 480 commodities were to be a part of the food provided, allowing the SNCs to provide a more nutritious mixed diet. In the event, as the RIG Draft recognizes, the SNCs supplemented PL 480 corn-soy blend, bulgur wheat, and vegetable oil with other commodities provided through other funding. The RIG audit team was provided with documentation showing that PL 480 commodities were just over half of the food provided, with supplemental food providing upwards of 45% of the total. The supplements included beans, meats, milk, vegetables, sweet potatoes, potatoes, banana, small fish, rice, maize flour, cassava flour, and fruits, depending on the availability of commodities on the market near each center. The result was a more nutritious mixed diet for the beneficiaries. CRS and the SNCs are to be commended for marshalling other resources and providing an improved diet to additional beneficiaries.

USAID/Rwanda concurs with the recommendation that discrepancies be resolved. USAID/Rwanda has reviewed the situation described for Recommendation No. 1, and has resolved the suggested discrepancies between the number of reported and actual beneficiaries, and their reported and actual caloric intake from PL 480-supplemented rations. USAID/Rwanda will by May 1, 2008 recommend to the FFP Washington CTO and CRS that CRS revise its SNC sub-agreements to explicitly address beneficiaries beyond the minimum number of children. The recommended revision will resolve the discrepancy between the FFP agreement with CRS and the CRS sub-agreements with the SNCs.

Recommendation No. 2: We recommend that USAID/Rwanda incorporate the Public Law 480 direct food aid distribution into its performance management plan.³²

The Food for Peace (FFP) program is sufficiently complex that some confusion about monitoring, reporting and management responsibilities is understandable. FFP cooperating sponsors in Rwanda conduct activities under agreements with USAID/Washington's FFP office.^{33, 34, 35} The CTO for each of these agreements is with FFP Washington. "FFP Washington has its own Performance Management Plan (PMP) designed to measure progress on the Office's 2006-2010 Strategic Plan."³⁶ FFP Washington requires cooperating sponsors to provide information to support the Washington PMP. "A new set of indicators was developed to track the progress of this

³² RIG Draft, p. 13

³³ Catholic Relief Services: Modification of Cooperative Agreement FFP-A-00-00-00086-10, effective 11 November 2006

³⁴ World Vision: Transfer Authorization Award No.: FFP-A-00-04-00084-00, effective October 1, 2004

³⁵ ACDI/VOCA: Transfer Authorization Award No.: FFP-A-00-04-00073-00, effective October 1, 2004

³⁶ Food for Peace Information Bulletin (FFPIB) 07-01, p. 2

strategy. Accordingly, some changes have been made in reporting requirements applicable to Title II programs.”³⁷

The RIG Draft correctly states the ADS 203.3.3 requirement that the Mission maintain a complete PMP.³⁸ The RIG Draft, though, misstates the requirements of a complete PMP, and concludes that the Mission does not have adequate information to play its role in managing the program. The RIG Draft states, that “Contrary to USAID guidance, the performance management plan for USAID/Rwanda’s strategic objective no. 7 did not incorporate the mission’s direct food aid distribution program.”³⁹ The RIG Draft cites no guidance or actual requirements that would require the Mission PMP to have explicit indicators for the PL 480 program. The authority cited by the RIG Draft, a 2006 memorandum, reaffirmed existing Agency requirements to have a complete PMP.⁴⁰ ADS 203.3.3 sets out the requirements for a PMP, and USAID/Rwanda fulfills these requirements. USAID/Rwanda has a complete PMP.

The RIG Draft notes that “ADS 203.3.4.6 provides for the regular updating of performance management plans as programs develop and evolve.”⁴¹ This provision, though, clearly addresses updating information for existing indicators, not adding indicators. “Operating Units should update PMPs regularly with new performance information as programs develop and evolve.”⁴² The immediately following section advises that indicators can be added “for a compelling reason.”⁴³ To reinforce this, the Agency requires that “significant” changes in indicators require approval by USAID/Washington.⁴⁴

There is no Agency guidance that requires PMP revision for new activities; there is guidance to add indicators only for a “compelling reason,” and “significant” changes require Washington approval. It is clear that USAID guidance does not require, and in fact discourages, PMP revision with the addition or modification of activities.

USAID recognizes that performance is multi-dimensional, and that performance management requires more than reference to PMP indicators; “that performance indicators merely ‘indicate’ how a program is performing and do not necessarily tell the full story.”⁴⁵ The Agency also recognizes that effective management requires minimizing reporting and administrative burdens. “More information is not necessarily better because it markedly increases the management burden and cost to collect and analyze. Operating Units should also align their performance information needs with

³⁷ Food for Peace Information Bulletin (FFPIB) 07-02, p. 1

³⁸ RIG Draft, p. 10

³⁹ RIG Draft, p. 10

⁴⁰ RIG Draft, p. 10

⁴¹ RIG Draft, p. 11

⁴² ADS 203.3.4.6

⁴³ ADS 203.3.4.7

⁴⁴ ADS 203.3.4.7

⁴⁵ ADS 203.3.4.2

those of their partners, thereby lessening the reporting burden for partner organizations.”⁴⁶

FFP/Washington has the direct relationship with the cooperating sponsors, has its own PMP, and specifies the cooperating sponsors’ PMP requirements in its agreement. USAID/Rwanda has access to the cooperating sponsors’ reports to FFP/Washington, and uses that information. The RIG Draft recognizes the PL 480 program in Rwanda has been effective in achieving the program’s purposes.⁴⁷ Nonetheless the RIG Draft proposes that USAID/Rwanda expand its PMP—without sufficient justification in our opinion—and impose additional reporting requirements on the cooperating sponsors.

USAID/Rwanda has reviewed its Performance Management Plan, the cooperating sponsor reports to FFP/Washington, and the FFP/Washington PMP, and has verified that PL 480 indicators for direct food distribution are available to appropriately integrate PL 480 activities with Mission strategy. USAID/Rwanda will supplement its PMP with a PL 480 monitoring plan that incorporates selected indicators from the FFP Washington PMP and from the USAID/Rwanda Operating Plan. USAID/Rwanda will have the supplemental monitoring plan in place by July 31, 2008, to coincide with preparation for Mission Operating Plan reporting.

Recommendation No. 3: We recommend that USAID/Rwanda develop and implement a plan to periodically verify cooperating sponsors’ data, including the verification of data during site visits.⁴⁸

As the RIG Draft notes, ADS 203.3.5 provides that “performance data should be as complete and consistent as management needs and resources permit.”⁴⁹ This statement follows the ADS recognition that “There is always a trade-off between the cost and the quality of data,”⁵⁰ and the admonition that “Operating Units should balance these two factors to ensure that the data used are of sufficiently high quality to support the appropriate level of management decisions.”⁵¹

In its review of data quality, the RIG Draft identifies minor discrepancies in individual detail items reported to FFP Washington, but does not address the aggregate reported in the FFP Washington PMP. The discrepancies identified in the RIG Draft include numbers of farmers trained in terracing in one record as 14,145 and in another 13,905,⁵² a difference of 1.7%. In another example, the RIG Draft cites records of the number of farmers trained in soil erosion as either 1,097 or 1,083, a difference of 1.3%. Other examples include the possible under-reporting of the number of beneficiaries or the amount of food distributed.⁵³

⁴⁶ ADS 203.3.2.1.d

⁴⁷ RIG Draft, pp. 5-6

⁴⁸ RIG Draft, p. 13

⁴⁹ ADS 203.3.5, RIG Draft, p. 13

⁵⁰ ADS 203.3.5

⁵¹ ADS 203.3.5

⁵² RIG Draft, p. 13

⁵³ RIG Draft, p. 13-14

USAID/Rwanda appreciates the concern shown by the RIG audit team for improved documentation of the quality of data provided by implementing partners. USAID/Rwanda has amended its Mission Order on site visits to include a section to document verification of data and will develop and implement, by July 31, 2008, a plan to periodically review data reported by PL 480 cooperating sponsors.

Recommendation No. 4: We recommend that USAID/Rwanda require that its cooperating sponsors develop and report on impact indicators for its Public Law 480 food aid distribution program.⁵⁴

The Food for Peace (FFP) program is sufficiently complex that some confusion about monitoring, reporting and management responsibilities is understandable. FFP cooperating sponsors in Rwanda conduct activities under agreements with USAID/Washington’s FFP office.^{55, 56, 57} The CTO for each of these agreements is with FFP Washington. “FFP Washington has its own Performance Management Plan (PMP) designed to measure progress on the Office’s 2006-2010 Strategic Plan.”⁵⁸ FFP Washington requires cooperating sponsors to provide information to support the Washington PMP. “A new set of indicators was developed to track the progress of this strategy. Accordingly, some changes have been made in reporting requirements applicable to Title II programs.”⁵⁹ The FFP PMP explicitly includes impact indicators.⁶⁰

USAID/Rwanda has reviewed the cooperating sponsors’ reports to FFP Washington and the FFP PMP, and verified that the cooperating sponsors have developed and are reporting on impact indicators for the PL 480 program in Rwanda. Indicators of clinical impact of food aid on HIV/AIDS-related beneficiaries remain to be developed or verified. A recent study concluded that “there is a dearth of evidence, both in the literature and in the field, showing the impact of food aid on these HIV/AIDS related beneficiary groups.”⁶¹ After reviewing the data available on such measures as body mass index, mid-upper arm circumference, weight, and skin-fold measurements, the authors concluded that “HIV/AIDS brings additional problems in interpretation of anthropometric measurements that compromise the value of these traditional measures as indicators of the impact of TFA programs.”⁶² With the current state of knowledge, it is not possible to collect anthropometric impact data that is sufficiently accurate and meaningful to be included in formal USG reporting.

⁵⁴ RIG Draft, p. 16

⁵⁵ Catholic Relief Services: Modification of Cooperative Agreement FFP-A-00-00-00086-10, effective 11 November 2006

⁵⁶ World Vision: Transfer Authorization Award No.: FFP-A-00-04-00084-00, effective October 1, 2004

⁵⁷ ACDI/VOCA: Transfer Authorization Award No.: FFP-A-00-04-00073-00, effective October 1, 2004

⁵⁸ Food for Peace Information Bulletin (FFPIB) 07-01, p. 2

⁵⁹ Food for Peace Information Bulletin (FFPIB) 07-02, p. 1

⁶⁰ FFPIB 07-02, p. 2

⁶¹ Measuring the Impact of Targeted Food Assistance on HIV/AIDS-Related Beneficiary Groups, Kari Egge and Susan Strassner, C-SAFE Learning Spaces Initiative, November 2005 (Egge and Strassner), p.5.

⁶² Egge and Strassner, p. 11.

Recommendation No. 5: We recommend that USAID/Rwanda provide its cooperating sponsor with the revised procedures for paying outstanding claims and request that these claims be paid as soon as possible.⁶³

The RIG Draft claims that USAID/Rwanda failed in an obligation to require a cooperating partner to pay for missing commodities. In the Mission's view, this claim is based on a misinterpretation of the cited regulation. The statement in the RIG Draft, that "Contrary to Title 22 of the Code of Federal Regulations, the Mission did not regularly follow up and resolve outstanding commodity loss claims from one cooperating sponsor",⁶⁴ is incorrect in both the assertion that the Mission has an obligation to pursue the matter, and the finding that USAID/Rwanda was anything short of diligent in its actions.

The cooperating sponsor has an agreement with USAID/W, not with USAID/Rwanda. It is therefore, in the Mission's opinion, more appropriate to recommend USAID/W and not USAID/Rwanda describe to its cooperating sponsor procedures required by USAID/W. USAID/Rwanda remains willing to provide USAID/W's cooperating sponsors operating in Rwanda with appropriate information. USAID/Rwanda, as discussed below, will continue to review this matter with USAID/W and its cooperating sponsor.

The procedures by which cooperating sponsors pay outstanding claims is straightforward, as are the obligations. The cooperating partner is to pay USAID/Washington, which is to accept payment. USAID field missions have no role in the process. The procedure set out in 22 CFR 211.9 is simple and unambiguous:

(d) ... if a cooperating sponsor causes loss or damage to a commodity..., the cooperating sponsor shall pay to the United States the value of the commodities.... Payment by the cooperating sponsor shall be made in accordance with paragraph (g) of this section, except that the USAID or Diplomatic Post may agree to permit a cooperating sponsor to replace commodities lost, damaged, or misused with similar commodities of equal value.

....

(g) ... With respect to commodities, claims against nongovernmental cooperating sponsors shall be paid to CCC or AID/W⁶⁵

In describing the context of the recommendation, the RIG Draft states that "according to USAID/Washington, both private voluntary organizations and USAID field missions have experienced difficulty remitting such payments to the U.S. Treasury using the account number specified in 22 CFR 211.9."⁶⁶ This statement, ostensibly repeated from an unnamed person at "USAID/Washington", appears incorrect; there is no "account number specified in 22 CFR 211.9" for the payment at issue.

⁶³ RIG Draft, p. 17

⁶⁴ RIG Draft, p. 16

⁶⁵ 22 CFR 211.9

⁶⁶ RIG Draft, p. 17

There is an account specified in 22 CFR 211.9 for payments relating to loss to be paid by ocean carriers, or for loss to be paid by foreign government cooperating sponsors and third parties:

(g) ... With respect to commodities, claims against nongovernmental cooperating sponsors shall be paid to CCC or AID/W in U.S. dollars; *amounts paid by other cooperating sponsors and third parties in the country of distribution shall be deposited with the U.S. Disbursing Officer, American Embassy, preferably in U.S. dollars with instructions to credit the deposit to CCC Account No. 12X4336, or in local currency with instructions to credit the deposit to Treasury sales account 20FT401.*⁶⁷

USAID/Rwanda consulted with USAID/Washington and advised the cooperating sponsor of its obligation to pay. The cooperating sponsor promptly offered to pay as required. USAID/Washington requested that the cooperating sponsor delay payment until USAID/Washington developed a more convenient (for USAID/W) procedure for handling the payment. USAID/Rwanda relayed that request to the cooperating partner.

To supplement these communications with USAID/W and the cooperating sponsor, USAID/Rwanda has discussed possible means of payment with US Embassy Kigali. USAID/Rwanda has no capacity to modify USAID/W procedures. As of the date of the RIG Draft and this response, there was and is no “revised procedure” that USAID/Rwanda could provide to the cooperating sponsor. Resolution may be payment to USAID/W as discussed to date, or replacement of the commodities “with similar commodities of equal value”⁶⁸, as permitted by 22 CFR 211.9. USAID/Rwanda advised the cooperating sponsor of the payment mechanisms specified in 22 CFR 211.9 and requested that payment be made as soon as possible. The cooperating sponsor has paid the amount of the claim to US Embassy Kigali, which is holding the funds pending determination of an appropriate US Government accounting procedure.

⁶⁷ 22 CFR 211.9 (emphasis supplied)

⁶⁸ 22 CFR 211.9(d)

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