

55678  
129221

United States General Accounting Office

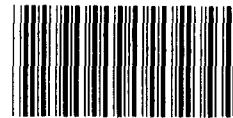
**GAO**

Report to the Administrator, Agency for  
International Development

March 1986

# FAMINE IN AFRICA

## Improving Emergency Food Relief Programs



129221

---

---

Vertical line on the left side of the page.

Vertical line on the right side of the page.



United States  
General Accounting Office  
Washington, D.C. 20548

National Security and International  
Affairs Division

D-217978

March 4, 1986

The Honorable M. Peter McPherson  
Administrator, Agency for International  
Development

Dear Mr. McPherson:

This report presents the results of our review of the fiscal year 1984 emergency food program for drought stricken Africa. We reviewed the program in Burkina Faso, Mali, Mauritania, Senegal, and Somalia to determine program results and to evaluate program management. These countries were among those most severely affected by the drought, and they received about 30 percent, or 147,000 metric tons, of the emergency food aid provided in fiscal year 1984. Much of the food arrived in-country during the traditional rainy season when distributing it to the most needy normally would be difficult.

The emergency food program was carried out under Title II of the Agricultural Trade Development and Assistance Act of 1954, commonly referred to as Public Law 480. Such emergency assistance is provided on a grant basis to affected countries and is normally of limited duration. Donated commodities are generally distributed free of charge to needy persons, but under certain circumstances, the United States approves of their sale, and sales were approved in several of the countries we visited.

Nonemergency feeding programs in developing countries, such as maternal child health programs, food for work projects, and primary school feeding, are also supported by Title II. Nonemergency food is also provided through Title I under which the United States provides developing countries with low interest, long-term credits to purchase excess U.S. agricultural commodities to augment their aggregate supply of food. Recipient countries normally sell Title I food through existing commercial channels. Although we did not review nonemergency Title I and Title II programs, this report contains some information that came to our attention while reviewing the emergency program in Somalia.

This letter summarizes our findings, conclusions, and recommendations. Appendix I contains more detailed information on our objectives, scope, and methodology and our findings.

## Success of the 1984 Emergency Assistance Program

U.S. emergency food alleviated the suffering of many people affected by Africa's drought during 1984. However, at the time of our visit to the five countries in November and December 1984, significant quantities of food had not been distributed due to a variety of problems, only some of which were under the Agency for International Development's (AID) direct control.

According to Public Law 480, commodities should be distributed to areas of greatest need, with priority given, to the extent feasible, to people suffering from malnutrition. For purposes of this report, the "most needy" are defined as (1) people living in areas which experienced large cereal shortfalls as a result of the drought and which missions indicated should receive aid and (2) categories of people, such as mothers and children, who the missions identified as having high levels of malnutrition.

AID provided emergency food to cooperating sponsors in-country, who in turn distributed it to the needy. At the time of our visit, cooperating sponsors had reported 68 percent of the food as distributed and 22 percent as undistributed, for 9 percent the status was unknown and 1 percent had been reported as lost. Fifty six percent of U.S. emergency food in Burkina Faso, Mali, Mauritania, Senegal, and Somalia had been distributed to people who met the most needy criteria as defined above and 12 percent to people who did not. The amount of food which had been distributed to the most needy varied widely—12 percent in Somalia, 34 percent in Mali, 56 percent in Senegal, 70 percent in Mauritania, and 98 percent in Burkina Faso.

AID's overall level of success was affected in varying degrees by difficulties in obtaining reliable estimates of cereal deficits, transportation problems, late arrival of food, lack of agreement on distribution plans before the food arrived, and inconsistent monitoring by the missions.

- In Somalia, where only 12 percent of the food reached the most needy, the food shortage was not as severe as originally projected because of unreliable estimates of cereal production, existing cereal reserves, and consumption requirements. Therefore, Somalia received more emergency food than it needed, and this contributed to the fact that 58 percent of it was not distributed. The remaining 30 percent which was supposed to be sold to residents of urban areas through commercial channels was sold to public institutions, including Somalia's armed forces.

- In Mauritania, transportation problems delayed the government's distribution of significant quantities of food
- In Burkina Faso, Mali, Senegal, and Somalia, some food could not be distributed as intended because it arrived too late for many reasons, including the timing of the missions' food requests to AID Washington and the time required in the United States to approve programs, obtain supplemental appropriations, and procure and transport the food to Africa
- In Somalia, Senegal, and Mali, large quantities of distributed food did not go to persons in the most needy category because AID either did not (1) require the distributing organizations to develop distribution plans or (2) reach agreement on the plans with the cooperating sponsor before the food arrived.

## Distribution Monitoring

Monitoring of emergency food distributions varied considerably from country to country. Monitoring activities may vary because AID's Handbook 9, its manual of guidelines and procedures governing Public Law 480 programs, does not define the amount of monitoring that is necessary to ensure proper accounting for U.S. commodities and because missions differ on the amount of monitoring they believe is necessary.

Missions in Senegal and Burkina Faso developed a more thorough and complete approach to monitoring than the other missions, including frequent visits to ports, storage sites, and distribution centers. Missions in Somalia, Mali, and Mauritania, however, relied more extensively on information provided by recipient governments and did less monitoring of the disposition of the commodities through field visits. In Somalia, where the mission performed little monitoring prior to our visit, mission officials did not know how much emergency food the military had purchased and were not aware of poor storage conditions. In Mauritania, the mission did not send a monitor to the port of Dakar, Senegal, and therefore did not become aware of problems in unloading and bagging food until after they occurred. More extensive monitoring in these countries would have enabled AID to identify distribution problems earlier and help resolve them.

## Other Problems Affect Nonemergency Programs in Somalia

During our review of the emergency program in Somalia, we noted the following difficulties with the nonemergency programs

- The government sold about 80 percent of the 290,000 metric tons of Title I food which it received between 1978 and 1983 to public institutions at prices below market value according to a 1984 AID study. This resulted in less funds being available for development projects.
- A government auction committee did not follow procedures developed by AID and the Somali government during a 1984 auction of over 25,000 metric tons of Title I and II commodities. According to the mission, the committee permitted public officials to participate in the auction and inappropriately rejected several high bids from private sector merchants in favor of lower bids.
- Government officials intercepted and sold 2,500 metric tons of fiscal year 1984 Title II, World Food Program, wheat flour for about 17 percent of the prevailing market price to friends who resold it for a profit. The flour was supposed to be sold and the proceeds used for a local development project.

## Conclusions

Although U.S. emergency food assisted many African drought victims, difficult terrain, inefficient transportation networks, and limited government capabilities for assessing food needs limited the extent to which fiscal year 1984 emergency food was distributed and reached the most needy in the five countries we reviewed. Beyond these factors, variances in the missions' planning and monitoring of emergency food distributions also limited the program's success. There appears to be a direct relationship between the amount of planning and monitoring performed by the missions and the extent to which food reached the most needy. We therefore believe that better planning for emergency distribution before the food arrives could improve future programs and that more extensive monitoring of emergency food distribution, such as occurred in Burkina Faso and Senegal, would enable missions to identify and resolve problems earlier.

The success of emergency programs also appears to depend on whether emergency food arrives when it is most needed and can be transported to drought-affected areas. Based on the results of AID's fiscal year 1984 program, earlier delivery of emergency commodities would make possible a larger percentage of food reaching the most needy. Although most food arrived during the traditional rainy season, only minor disruptions occurred in 1984 because of the continuing drought. However, delivery of emergency food during the rainy seasons could potentially

delay or preclude the delivery of significant quantities of food. Also, the arrival of large quantities of food shortly before a harvest can significantly limit program success, since cooperating sponsors may not be able to complete distribution when it is most needed before locally grown food becomes available.

Problems affecting AID's food program in Somalia were widespread and require special attention. The government's use of commodities provided under both Title I and II raises questions about the conditions under which the United States should provide Somalia with additional food assistance and about improvements the mission needs to make to ensure proper accounting for U.S. commodities. We identified some management problems, such as the need for distribution plans and better internal controls over the sale of commodities, which, if corrected, could contribute to more successful programs.

## Recommendations

To improve the prospects for emergency food to reach those most seriously affected by famine, we recommend that you.

- Require missions to review and approve cooperating sponsors' plans for distributing emergency food prior to its arrival. Missions should ensure that distribution plans specify the (1) geographic areas or categories of people that will receive aid, (2) amount each area or group will receive, and (3) transportation and distribution networks to be used.
- Require missions to submit emergency food requests as early as possible. Where appropriate, AID should encourage missions to submit partial requests based on preliminary estimates of cereal needs and follow up with supplemental requests once needs are better known.
- Strengthen AID Handbook 9 standards for monitoring emergency food. Such standards should specify the extent and type of monitoring needed to ensure proper accounting for commodities sold or distributed free, including visits to storage facilities, regional and local distribution sites, and villages.

Also, because of the problems identified, we believe AID's Title I and II programs in Somalia require special attention. Therefore, we recommend that you have the AID Inspector General review Public Law 480 food programs in Somalia, this would provide additional information on the results of Title I and II food programs and identify needed improvements.

## Agency Comments

The complete text of AID's comments and our evaluation are included in appendix III. AID agreed that the report reflected the problems and difficulties experienced in implementing and administering emergency food aid programs in developing countries. AID said that it is constantly seeking ways to improve the programming, implementation, and administration of these activities, and significant progress is being made. For example, a comprehensive food crop assessment methodology has been developed that should greatly assist in making more accurate and timely food need estimates. Secondly, pre-positioning of commodities in U.S. ports has been used to reduce drastically delivery time to at-risk populations in certain countries. Also, there has been considerable improvement in curbing delays of food deliveries under emergency programs.

We have not fully evaluated the success of these efforts; however, information on the 1985 emergency food program for the five countries in our review shows that the time required to approve programs, obtain commodities, and begin loading them for shipment, for the first 7 months of the fiscal year, was only slightly less than in fiscal year 1984.

AID disagreed in some instances with our definition of "most needy" and our computation of the amount of food that was distributed to the most needy. In some instances, AID's comments suggested that the explanations given and actions taken to correct problems at the individual country level obviated the need for our recommendations. Other recommendations were not commented on by the agency.

Our evaluation of AID's more substantive comments is contained in appendix I, and all of the agency's comments are included in appendix III. We have also modified the report, to the extent necessary, to clarify the material presented. With the exception of the recommended Inspector General audit in Somalia, our recommendations address improvements needed in AID's policies and procedures which are relevant to all countries and to future situations. We believe implementation of the recommendations will enhance AID's ability to provide timely future emergency food aid and assure that it reaches the people most seriously affected by famine. Regarding Somalia, AID commented that the AID Inspector General had conducted a review of the Title I and II programs in Somalia, found many of the same problems as we found, and the mission is taking corrective action. We inquired about the Inspector General audit and found that it was made 2 years before our review. Because the problems in Somalia relating to the Public Law 480 program have existed over a prolonged period of time—including the



---

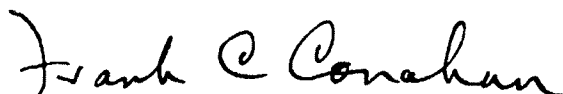
emergency and nonemergency programs—we believe the Inspector General should make another review to evaluate the extent to which improvements have been made in the programs and problems corrected.

---

As you know, 31 U S C 8720 requires the head of a federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to cognizant congressional committees, the Director of the Office of Management and Budget, the Secretaries of State and Agriculture, and other interested parties.

Sincerely yours,



Frank C Conahan  
Director

---

# Contents

---

Letter Report	1
---------------	---

---

Appendixes	Appendix I. Emergency Food Assistance to Africa Background	10
	Appendix II List of Organizations Visited	35
	Appendix III Comments From the Agency for International Development	36

---

Tables	Table I 1. Distribution Methods for Emergency Assistance Programs Reviewed by GAO	12
	Table I 2 Status of U.S. Emergency Food Aid As of November/December 1984	15

---

Figures	Figure I 1 Map of Africa Showing the Countries That GAO Visited	13
	Figure I 2 Average Time Elapsed for Approval, Procurement, Shipment, and Inland Transportation of Fiscal Year 1984 Emergency Commodities	22

---

## Abbreviations

AID	Agency for International Development
CRS	Catholic Relief Services
FAO	Food and Agriculture Organization
PVO	Private voluntary organization
WFP	World Food Program

R

# Emergency Food Assistance to Africa

In fiscal year 1984, the United States provided more than 500,000 metric tons of food valued at \$172 million to alleviate the effects of Africa's worst drought in recent history. Continuing widespread drought has caused many African countries to depend increasingly on food donations from the international community. In January 1985, the Food and Agriculture Organization (FAO) estimated that 20 African countries would need 5.7 million metric tons of food during 1985. In response to these worsening conditions, the Agency for International Development (AID), as of June 20, 1985, approved the donation of 1.5 million metric tons of U.S. emergency food to Africa in 1985 at a cost of about \$564 million.

## Background

The United States donates food to victims of earthquakes, floods, droughts, and civil strife under Title II of the Agricultural Trade Development and Assistance Act of 1954, commonly referred to as Public Law 480. Title II commodities are to be distributed in the areas of greatest need, with priority given, to the extent feasible, to people suffering from malnutrition. Emergency assistance is normally of limited duration and is provided to countries which lack the resources to purchase food commercially. Title II funds also support ongoing feeding programs in developing countries, with primary emphasis on maternal child health programs, food for work projects, and primary school feeding.

The United States provides emergency food destined for famine victims to cooperating sponsors, who in turn distribute it to the needy. Cooperating sponsors can be (1) governments, (2) multilateral organizations, such as the U.N. World Food Program (WFP) and the U.N. International Children's Emergency Fund, or (3) non-profit, U.S. private voluntary organizations (PVOS), such as Catholic Relief Services (CRS), CARE, and Lutheran World Relief. Cooperating sponsors are responsible for establishing distribution networks to reach disaster victims and for properly storing and accounting for commodities.

## Title II Program Management

AID, assisted by the U.S. Department of Agriculture, has primary responsibility for managing Title II programs. AID Washington establishes guidance, evaluates emergency requests, establishes formal agreements with host governments, and oversees implementation through its missions. An interagency committee—consisting of representatives from AID, the Departments of Agriculture, Commerce, State, and Treasury, and the Office of Management and Budget—makes overall policy decisions and

approves programs. Once approved, Agriculture's Kansas City Commodity Office arranges for purchasing, packaging, and transporting commodities to a U.S. port. Since June 1985, ocean transportation to a foreign port is arranged by a private contractor under contract with AID. When the commodities arrive overseas, cooperating sponsors are responsible for protecting the commodities and for transporting and distributing them to the needy and accounting for them.

AID missions perform an extremely important role in managing emergency relief efforts, both before and after the food arrives. The mission's duties include

- evaluating how much food countries need and submitting emergency program requests to AID Washington,
- reviewing distribution plans developed by cooperating sponsors which identify where, how, and to whom commodities will be allocated,
- reviewing cooperating sponsors' internal control systems and storage plans, and
- monitoring distribution to ensure that commodities are properly protected and accounted for.

Since commodities provided under the Title II program are both expensive and perishable, effective oversight and control by AID missions are essential to the program's overall success.

### 1984 Emergency Assistance Program

During 1984, 26 African countries received 505,000 metric tons of U.S. emergency food assistance. Programs ranged in size from 34 metric tons for Djibouti to 61,943 metric tons for Senegal. Recipient governments received 63 percent of the commodities, multilateral organizations received 19 percent, and PVOs received 18 percent.

Cooperating sponsors generally are required to distribute Title II commodities free of charge. However, in certain circumstances, such as famine or other disasters, the United States may allow cooperating sponsors to sell all or a portion of U.S.-donated commodities if (1) no other source of funds exists for transporting or storing the commodities or (2) a sale is the only effective mechanism for reaching the needy. In such cases, proceeds must generally be used to meet in-country distribution expenses and/or to support projects directly related to emergency relief or rehabilitation. Sponsors in 18 of the 26 countries were allowed to sell 219,256 metric tons of food, or 43 percent of the total provided.

The five countries we visited received 147,761 metric tons, or about 30 percent, of all fiscal year 1984 emergency food aid. As indicated in table I 1, 23 percent of the emergency food provided to these countries was designated for sales and the remaining 77 percent for free distribution.

Table I.1: Distribution Methods for Emergency Assistance Programs Reviewed by GAO

Country	Sales Recipient government	Free distribution		Total
		Recipient government	World Food Program	
Burkina Faso	14,957			23,235
Mali	8,215	1,774	10,000	25,809
Mauritania		19,447		20,277
Senegal		50,392	10,000	61,943
Somalia	11,490		5,007	16,497
<b>Total</b>	<b>34,662</b>	<b>71,613</b>	<b>25,007</b>	<b>147,761</b>
Percent	23	49	17	100

## Objectives, Scope, and Methodology

Because of congressional interest in the U.S. response to Africa's drought, the large quantity of aid provided to Africa in 1984, and the likely continuation of emergency assistance in future years, we reviewed the results and management of AID's Title II emergency assistance program to

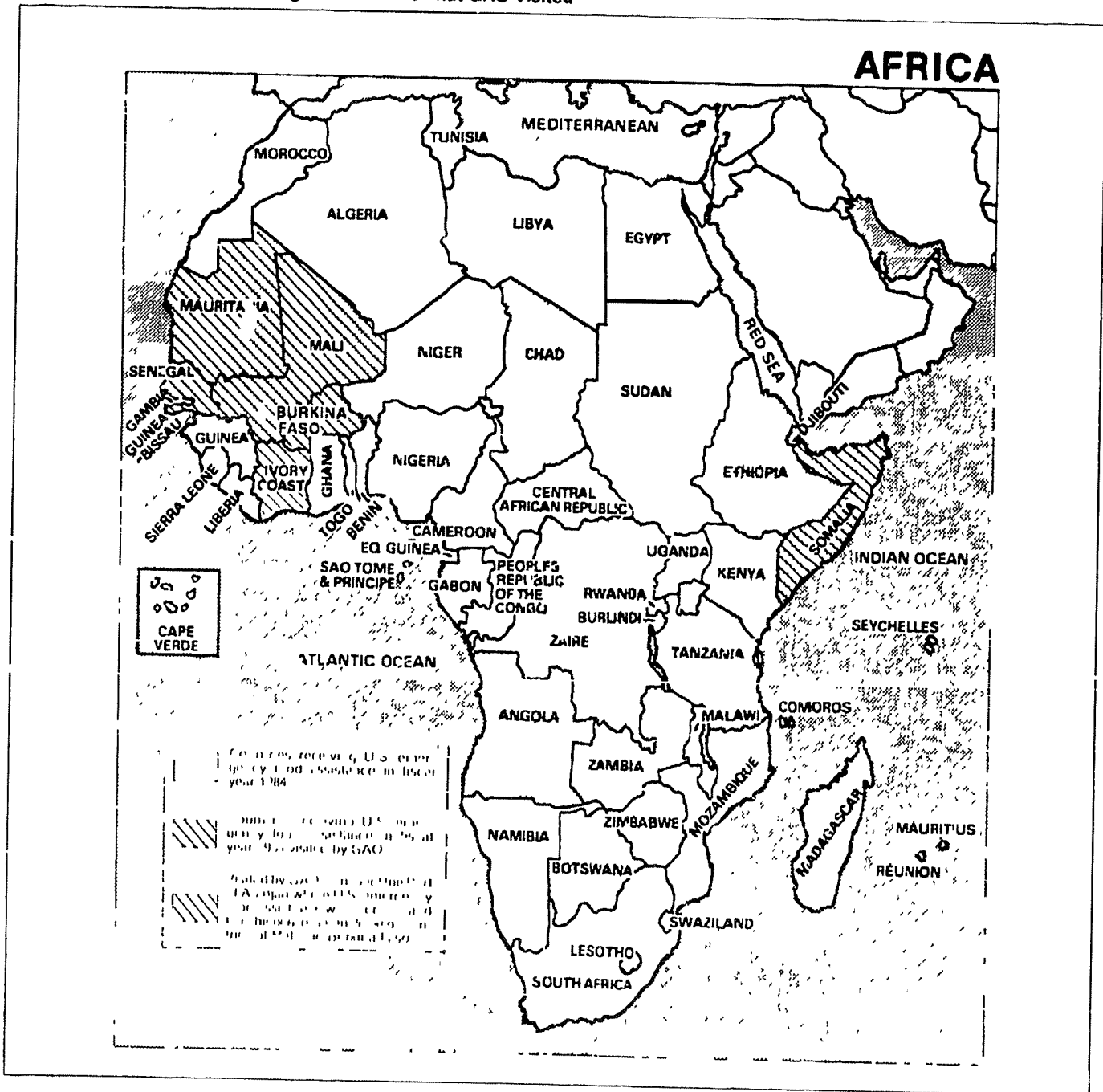
- determine the distribution of fiscal year 1984 emergency assistance and identify how much food reached the most needy;
- identify obstacles to distributing food;
- assess missions' planning efforts before the food arrived, and
- evaluate AID's efforts to monitor food distribution and ensure accountability.

We evaluated the programs in Burkina Faso, Mali, Mauritania, Senegal, and Somalia between November 3 and December 13, 1984. We selected these countries because of the large amount of assistance provided to them. We also visited AID's Regional Economic Development Services Office in Abidjan, Ivory Coast, during December 10 to 13, 1984. We reported separately on our concurrent reviews of the emergency food crisis in Ethiopia.<sup>1</sup>

<sup>1</sup>An Overview of the Emergency Situation in Ethiopia (GAO/NSIAD-85-70) Apr 12, 1985, and The United States Response to the Ethiopian Food Crisis (GAO/NSIAD-85-65) Apr 8, 1985

Appendix I  
Emergency Food Assistance to Africa

Figure I.1: Map of Africa Showing the Countries That GAO Visited



To identify obstacles encountered in delivering food, we interviewed mission officials and representatives of recipient governments, other donors, and various PVOS. We also analyzed time frames for requesting, approving, and delivering food and visited port, storage, and food distribution centers. Finally, to evaluate mission planning and monitoring efforts, we obtained documentation on mission activities and determined whether missions complied with the guidance in AID Handbook 9, the agency's manual of regulations which governs all Public Law 480 programs.

At AID headquarters in Washington, D.C., we interviewed AID officials, reviewed program guidance, obtained statistical information on Title II activities, and examined individual country files. Appendix II contains a list of organizations that we visited during the review.

We conducted our review in accordance with generally accepted government auditing standards.

---

## Significant Quantities of Food Did Not Reach the Most Needy

U.S. emergency food aid helped to alleviate the effects of drought to a considerable extent in most of the countries we visited. Overall success, however, was affected in varying degrees by difficulties in obtaining reliable estimates of cereal deficits, transportation problems, late arrival of food, lack of agreement on distribution plans before the food arrived, and inconsistent monitoring by the missions.

To determine the status of food distribution, we reviewed cables, project status reports, and other documents prepared by missions and cooperating sponsors. To identify how much food reached the most needy, we interviewed mission officials and reviewed distribution plans to identify which areas or categories of people the missions identified as needing assistance and compared this information with distribution reports showing where and to whom cooperating sponsors sent food. Based on our discussions with mission officials, we use the term "most needy" throughout this report to refer to (1) people living in areas which experienced large cereal deficits as a result of the drought and which the missions indicated should receive U.S. aid and (2) categories of people, such as mothers and children, to whom the missions directed aid because of their high level of malnutrition.



Appendix I  
Emergency Food Assistance to Africa

As of December 1984, records and reports prepared by the missions and cooperating sponsors showed that 100,851 metric tons of food or 68 percent of the 147,761 tons provided to the five countries had been distributed. Fifty six percent of the emergency food, or 82,108 tons, had been distributed to people most vulnerable to the drought's effects, as defined above, and 12 percent had been distributed to people less vulnerable to the drought's effects or sold to public institutions, including the military, which we believe should not have received emergency food intended to reach people suffering from malnutrition. Of the remaining 46,910 tons (32 percent),

- 32,781 metric tons, or 22 percent, had not been distributed at the time of our field visits, and some may have been no longer needed for emergency use
- 1,188 metric tons, or less than 1 percent, was lost, and
- 12,941 metric tons, or 9 percent, was of unknown status.

Table I.2 shows the status of U S emergency aid by country

**Table I.2: Status of U.S. Emergency Food Aid As of November/December 1984<sup>a</sup>**

In metric tons

Country	Total aid received <sup>b</sup>	To most needy	(% of total)	Distributed		Status unknown <sup>c</sup>	Losses <sup>d</sup>
				To other than most needy	Undistributed		
Burkina Faso	23,235	22,664	98	•	244	236	91
Mali	25,809	8,645	34	2,673	4,166	10,000	325
Mauritania	20,277	14,216	70	•	5,748	•	313
Senegal	61,943	34,583	56	11,170	13,030	2,701	459
Somalia	16,497 <sup>e</sup>	2,000	12	4,900	9,597	•	•
<b>Total</b>	<b>147,761</b>	<b>82,108</b>	<b>56</b>	<b>18,743</b>	<b>32,785</b>	<b>12,937</b>	<b>1,188</b>
Percent	100	56		12	22	9	1

<sup>a</sup>Amounts shown for each country reflect the status of commodities at the time of our visits during November 3 to December 13, 1984

<sup>b</sup>Amount unloaded at port of arrival

<sup>c</sup>Missions had not received distribution reports from cooperating sponsors for amounts in Burkina Faso and Senegal. For Mali, the 10,000 metric tons was donated through WFP, which is not required to report to AID on the status of distribution. We were unable to obtain the status of distribution from WFP or the government. If the amount for the WFP was not considered, then the amount for Mali targeted to most needy would be 55 percent.

<sup>d</sup>Reflects only documented losses; loss reports had not been filed in every case.

<sup>e</sup>Does not include 5,000 metric tons donated through WFP which had not arrived in Somalia as of November 22, 1984.

The results of the 1984 emergency programs varied significantly by country. In Burkina Faso, cooperating sponsors succeeded in distributing 98 percent of the food to people living in the northern and central areas most severely affected by the drought. Relief programs in the remaining countries were less successful in reaching the most needy. Transportation problems were a factor in Mauritania, and late arrival of food was a factor in Senegal. In Mali, mission distribution reports showed that one-third of all commodities reached the most needy; however, the status is significantly affected by lack of information on 10,000 metric tons provided to WFP, which is not required to report to the mission. WFP officials told us that the commodities were turned over to the government for distribution. During our visit, we were unable to obtain the distribution status from the government. If the amount for the WFP were subtracted from the total amount provided (25,809 minus 10,000 tons), then 72 percent of the food provided through the mission would have been distributed and the amount reaching the most needy would increase from 33 percent to 55 percent.

The program in Somalia was the least successful.

- 2,000 metric tons of the food, or 12 percent, reached the intended recipients.
- 4,900 metric tons, or 30 percent, had been distributed to public institutions, including 1,503 metric tons sold to Somalia's armed forces.
- 9,597 metric tons, or 58 percent, had not been distributed

In its comments on a draft of this report (appendix III) AID said that we should clarify our definition of the most needy, the statistics presented regarding the percentage of food distributed to the most needy, and the point we are making concerning the statistics presented. Our objective was to determine the disposition of food provided by the United States, that is, whether it was distributed to people who had been designated by the missions as most in need. As noted in our definition of the "most needy", such people would be anyone living in an area which had been designated to receive emergency commodities for general distribution and persons specifically targeted to receive emergency food such as specific feeding programs of the private voluntary agencies. Our determination of the percentage of food being distributed to the most needy contains no implication in and of itself as to what happened to the remainder of the food. This has to be determined by looking at the particular situation, and this is shown in table I.2. Thus, the message of our report is that although many people were reached with food, significant

quantities of food, for whatever reason, did not reach the most needy during the period of severe need

In its comments AID implies that all food distributed went to the most needy or to needy persons. This may have occurred, however, based on our review of AID mission records in these countries and discussions with mission officials, 12 percent of the food was not distributed in areas or to categories of people identified by the missions as needing assistance.

The AID comments raised questions about the statistics presented in table I.2 relating to Mali, Mauritania, and Senegal. These comments are highlighted and are discussed in detail in appendix III, pages 36 through 46.

In its comments on Mali, AID objected to our analysis which showed that 2,673 tons distributed did not reach the most needy and 4,166 tons were undistributed. The 2,673 tons identified as not reaching the most needy was sold in regions not designated by the mission as priority and without an approved distribution plan targeting most needy persons. AID's comments nonetheless indicate that the food went to the most needy. In its objections to our identification of 4,166 tons as undistributed, AID said that all rates of sale are creditably programmed by the Mali government at all levels to respond to market conditions and to assure no rupture in cereal supplies occurs. The 4,166 tons of undistributed commodities was targeted for sale primarily in the Mopti region. Although these commodities were in storage at the time of our November 1984 visit, appeals were made by the Mali government in August 1984 for additional emergency food aid for the Mopti region (see GAO comments 12 to 14, app. III).

For Mauritania, AID said that the 70 percent distributed to the most needy had little meaning without further explanation of factors, such as stock management policies and coordination with other donor distributions, and that the undistributed milk and butteroil were intended to support distribution programs through early 1985. We saw no indication in Mauritania that the undistributed food was due to "stock management policies and coordination with other donor distributions." It was all requested to alleviate the 1984 food situation. The storage life of the butteroil expired before the end of 1984 (see GAO comment 19, app. III).

For Senegal, AID questioned our figures showing that only 56 percent of the food reached the most needy, indicating that although some of the

food planned for northern Senegal, the hardest hit region, went to southern Senegal, there was great need in the South. About 11,170 metric tons (or 18 percent) provided to southern regions is not included in our computation of food going to the most needy primarily because mission documents refer to the southern regions as "non-priority regions" and FAO reported that these regions could cover 55 to 73 percent of their food needs through local production whereas the northern regions could cover 7 to 31 percent of their needs. Of the 11,170 tons that went to the south, mission monitors determined that 2,929 tons went to areas that did not need the food because sufficient supplies existed. If the remaining amount distributed in the southern regions were assumed to have gone to the most needy, then the portion of food delivered to Senegal and distributed to the most needy would increase from 56 percent to 69 percent (see GAO comment 22, app. III).

---

## Food Needs Difficult to Quantify

Due to the lack of reliable data on food requirements, missions in all five countries experienced problems in identifying the amount of emergency food needed. In Somalia, because of inaccurate data on food supplies, the United States provided too much food assistance, thereby potentially weakening the government's incentive to attain food self-sufficiency. In the remaining countries, we did not identify any adverse effects caused by the lack of precise data on food requirements.

Missions used recipient government cereal need forecasts in reviewing the amount of emergency food needed for each country. However, many mission officials believe that government data on cereal production, reserve stocks, imports, and population are often incomplete or inaccurate. In some countries, mission officials made field visits to confirm the extent of crop damage or compared information from a variety of sources, such as the National Oceanographic and Atmospheric Administration and WFP/FAO reports, against government estimates. The following examples illustrate the types of problems the missions experienced in estimating food needs.

- In Mauritania, mission officials and other donors believe the government underestimates cereal supplies, including production, reserve stocks, and expected food deliveries, and overestimates demand. On the demand side, the government lacks a firm population estimate. Moreover, between 1981 and 1984, the government increased its estimate of how much cereal each individual needs a year from 130 to 150 kilograms, thereby increasing Mauritania's annual cereal requirements by 34,000 metric tons. According to the mission, the government's decision

to increase the estimates of need was based on a subjective judgment that cereals had become more important to the Mauritanian diet

- In Senegal, the government, on the basis of its September 1984 projection of a 150,000 metric ton cereal deficit for 1985, submitted a request for emergency aid to the European Economic Commission in December 1984. A Commission official discounted the government's estimate because it was completed prior to the end of the growing season and was not revised to include the effects of excellent rainfall that occurred from mid-September to mid-October 1984. The Commission projected that Senegal would have a 250,000 metric ton surplus in 1985.
- In Somalia, mission officials believe much of the data provided by the government is inaccurate or incomplete. First, the cereal production estimate generated by the central government varied from the regional government estimate by an average of 20 percent, according to government officials. Second, the government did not have an estimate of private, on-farm cereal stocks for 1984, although many donors believed the amount was significant. Third, population estimates for the country vary greatly, recent studies by WFP and AID cited total population as 4.7 million and 6.4 million, respectively, excluding refugees.

Mission officials and the local European Economic Community representative stated that Somalia's actual 1984 food shortage was less than originally projected, thereby reducing the need for emergency assistance. Cereal production was higher than the government and WFP/FAO projected in December 1983, according to these officials and a September 1984 WFP/FAO report. Moreover, farmers sold more of their reserves than expected, according to the mission. As a result, total supplies for 1984—the year AID provided emergency food aid—exceeded the country's total demand as estimated by the mission and Somali government. We believe that this was one reason why, as of November 10, 1984, the Somali government had distributed only 6,900 metric tons or 42 percent of the 16,497 metric tons of U.S. assistance and 58 percent remained undistributed.

Providing Somalia with too much food aid could weaken the government's incentive to increase production and adhere to a policy of food self-sufficiency. According to one recent AID study, Somalia has the capacity to greatly increase its cereal production. Changes made by the government between 1982 and 1984 have resulted in increased planting and greater production. Too much food aid, therefore, could undermine recent policy reforms which give farmers an incentive to produce more

## Transportation Problems

In Mauritania, transportation problems limited the government's ability to distribute U.S. emergency food. This was a factor in 28 percent of the U.S. emergency food aid remaining undistributed as of November 1984. Transportation networks in the other four countries, although inefficient and sometimes strained, did not significantly impede distributions.

Transportation problems in Mauritania occurred from the time U.S. emergency food left the port of Dakar, Senegal, to its receipt in villages. Trucks transported food to Mauritania across the Senegal river on a ferry capable of transporting only 360 to 900 metric tons each day. Between June and August 1984, over 50,000 metric tons of cereal destined for Mauritania arrived in Dakar. According to government officials, delays occurred during this time as trucks queued, waiting to cross the river on the Senegal side. Once food arrived in Mauritania, a shortage of trucks prevented the government from transporting food beyond its 62 regional distribution points to isolated rural communities. As a result, the equivalent of only 60 kilograms of cereals per person was distributed throughout the year—considerably less than the 150 kilograms per person used by the government in its request to donors.

As of December 1984, the storage life of 1,188 metric tons of butteroil had expired, and it could have become unusable if not distributed quickly. In addition to the remaining emergency food, nearly 20,000 metric tons of U.S. wheat and sorghum provided through the Title II sales program also remained unsold. Despite the large quantities of stocks, the mission requested an additional 15,000 metric tons of food for its 1985 emergency food program.

Somalia's major port experienced some congestion in July and August 1984, when most food aid from the United States and other donors arrived. Transporting food from ports to in-country storage centers presented some difficulties in Mali and Burkina Faso but did not lead to long delays.

In Mali, problems occurred in transporting food from Abidjan, Ivory Coast, when a large volume of food arrived during June to August 1984 and the government was unable to locate sufficient trucks due to its low trucking rates and inefficient procedures. In Burkina Faso, the reluctance of a trucker's union to let non-Burkinabe truckers haul commodities temporarily disrupted the flow of commodities from Lome, Togo, to Burkina Faso. Overall, however, the transportation of commodities proceeded relatively smoothly.

Once food arrived in-country, sponsors generally provided proper protection for it. The warehouses we visited in Burkina Faso, Mali, Mauritania, and Senegal were well-built and adequately maintained. In addition, commodities were stacked to proper heights and, for the most part, had been fumigated. In contrast, storage conditions in Somalia needed considerable improvement. (See p. 28).

### Earlier Arrival of Emergency Food Needed

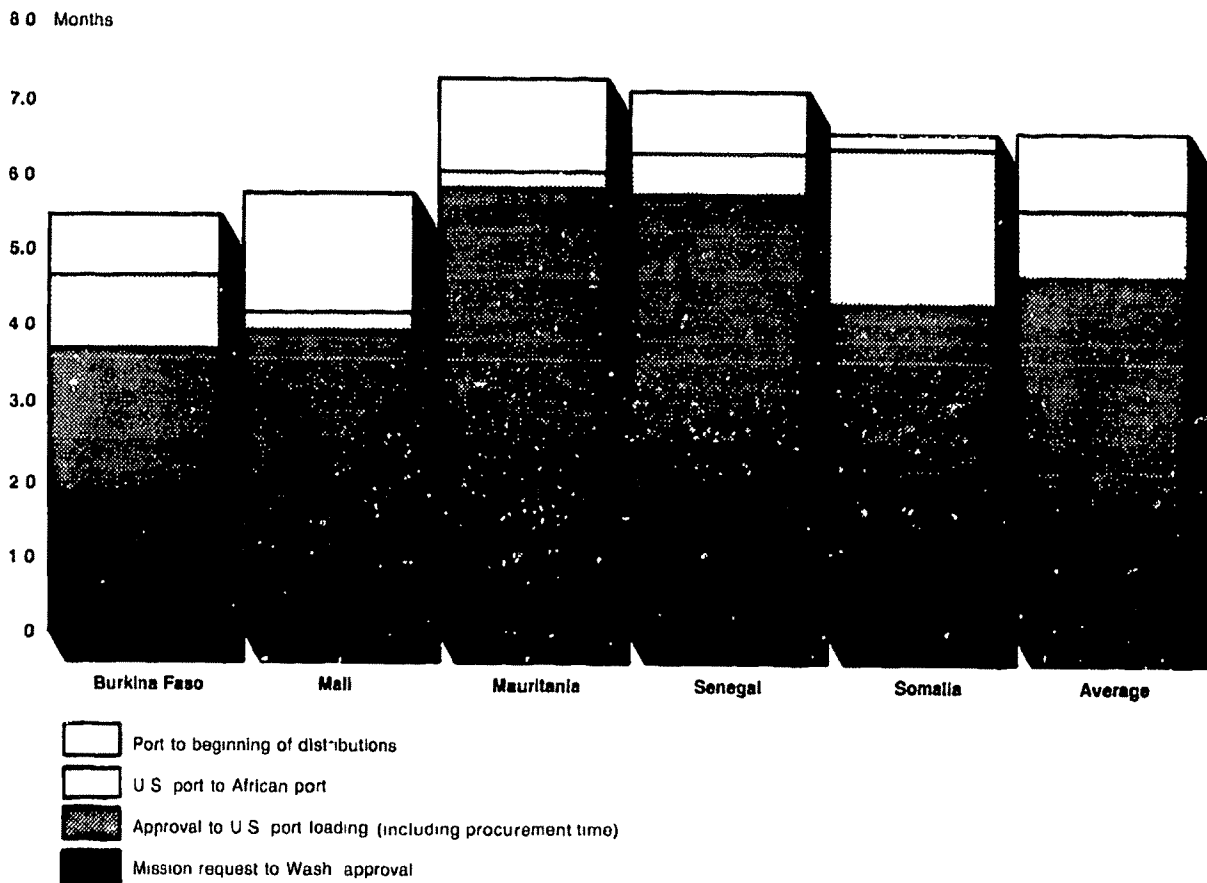
The 1984 emergency food aid generally arrived later than the times requested by the missions and often after the start of the normal rainy season. In Burkina Faso and Mali, the food arrived late partly because the missions waited until after the harvests in November 1983 to submit requests. The time required by AID Washington and Agriculture to approve programs and to procure and transport commodities also caused food to arrive later than planned. Some programs were disrupted because of these delays; however, major distribution disruptions were avoided largely because normally seasonal heavy rains did not occur due to the continuing drought, so the roads remained accessible in most areas. Nonetheless, significant distribution problems could have resulted, since 68 percent of the U.S. emergency aid arrived during traditional rainy seasons. If the time to approve programs and ship commodities could be reduced, it would aid in the delivery of U.S. food when it is most needed and can be distributed most efficiently.

For Burkina Faso and Mali, an earlier request might have enabled emergency food to arrive when it was most needed and/or prior to the countries' rainy seasons. The missions in both Burkina Faso and Mali waited 1 to 3 months after the cereal harvest, when better production estimates should be available, to submit their requests. In contrast, the missions in Mauritania and Senegal used preliminary cereal production estimates to submit partial food requests 1 to 2 months before the harvest. A mission official in Senegal stated that the intent was to get food in the pipeline as quickly as possible and then use post-harvest cereal estimates as the basis for a supplemental food request, if needed. While the Mauritania and Senegal missions submitted pre-harvest emergency food requests in September 1983 followed by post-harvest requests in November, the Mali and Burkina Faso mission waited until December 1983 and January 1984 to submit complete requests. For 1985, the Mali mission submitted a partial fiscal year 1985 food request in October 1984, before the harvest.

After the missions submitted their requests to AID Washington, it then took from 4 to 9 months to deliver the food to the five countries. For the

24 shipments made, the approval, procurement, and inland transport of food required an average of 6.6 months, as shown in figure I.1

Figure I.2: Average Time Elapsed for Approval, Procurement, Shipment, and Inland Transportation of Fiscal Year 1984 Emergency Commodities



Approval of emergency program requests took an average of 2 months. In addition to the time required to convene the interagency committee members and resolve their questions about proposed programs, other problems, such as funding, delayed program approval. For example, AID waited 5 months to approve a 25,000 metric ton sorghum shipment to Senegal because it could not do so until the Congress approved a supplemental appropriation. For Burkina Faso, AID waited for over 2 months to



approve 5,000 metric tons of food because of the need to obtain a supplemental appropriation. In Somalia, WFP's 10,000<sup>2</sup> metric ton program was not approved for 2 months because of difficulties in identifying a source of funds for in-country transportation expenses.

During fiscal year 1984, Title II funds could be used only to pay for the cost of commodities, ocean transportation, and, in the case of landlocked countries, inland transportation by truck or rail from ports to initial in-country storage centers. In the case of commodities for urgent and extraordinary relief requirements, beginning in fiscal year 1985 Title II funds can be used to cover certain in-country transportation costs—previously the cooperating sponsor's responsibility. This change to the law could help to eliminate delays due to cooperating sponsors' inability to finance distribution costs if sufficient Title II funds are available.

Once AID obtained program approval, Agriculture required an average of 3 months to procure and transport food to a U.S. port for shipment to Africa. The last shipment of 5,000 metric tons of food to Somalia, which AID requested Agriculture to purchase in June 1984, still had not arrived by November, while another shipment of 5,000 metric tons, initiated in May 1984, did not arrive until August. Mission officials could not explain the cause of these delays. In Mauritania, the procurement of 2,500 metric tons of butteroil required 4 months due to a disagreement between the mission and AID Washington on whether oil should be shipped in large drums or small cans.

Because of the problem in transporting food from the nearest port to in-country storage centers in Mauritania, 1.3 months elapsed between the time food arrived in port and the start of distribution, compared with an overall average of 0.8 months.

---

### Late Arrival Disrupted Programs

The success of AID emergency relief efforts rests largely on whether commodities arrive when they are most needed and can be transported to intended recipients. Because emergency aid arrived after these critical periods, some food deliveries to needy parts of Burkina Faso and Mali were delayed or canceled, and significant amounts of food sent to Senegal and Somalia remained in storage. More importantly, serious program disruptions could occur should future food aid arrive during normally heavy rainy seasons, which usually are between May or June and

---

<sup>2</sup>WFP had received only 5,007 metric tons as of Nov. 10, 1984.

October Routes to drought-prone areas in most countries we visited consist largely of secondary dirt roads, which deteriorate during a normal rainy season and often become impassable

U S emergency food shipments to Burkina Faso and Mali arrived during the 1984 rainy season when some roads became impassable and certain regions of the countries were cut off from food distribution. In Burkina Faso, over one-half of the U S food intended for two northern regions was not delivered because truckers, fearful that rains would deteriorate roads and result in damage to their trucks, refused to haul the food. Of the 2,550 metric tons scheduled for delivery in these regions, 1,438 metric tons were diverted to other, more accessible regions. In addition, the late arrival of U S commodities forced some CRS Maternal Child Health Centers to suspend for 4 to 5 weeks food rations to participating mothers and children. In Mali, a PVO postponed delivery of 400 metric tons of U S cornmeal to the western regions because the rains compounded problems with the already difficult terrain. The food was delivered after the rains ended but during the harvest.

In Senegal, which has a more developed transportation system and is less susceptible to rain delays, U S food aid still arrived later than expected and after it was needed. The last shipment of 25,000 metric tons of sorghum donated directly to the government arrived in July 1984, 4 to 6 months after the critical need period identified by the mission. In June, the mission unsuccessfully tried to cancel 10,000 metric tons of this shipment because the food was no longer needed. However, due to an error with the ship's bill of lading, the entire amount was consigned to the government of Senegal before AID could decide where it was needed elsewhere. As it was politically difficult for AID to request the food's return, the mission agreed with the government to allocate the food among PVOs and the government's free and sales programs. During our inspection of government warehouses in December 1984, we observed about 9,000 metric tons still in storage.

In addition to the government-to-government assistance, 10,000 metric tons of U S sorghum provided through WFP arrived in August 1984—1 month after the 25,000 metric ton U S shipment. Only 5,200 metric tons of the WFP shipment had been distributed by the time of our mid-December review, and no immediate distributions were planned for the remaining 4,800 metric tons. Because of the large quantities of food still in storage, neither AID nor the WFP planned to provide Senegal with emergency food aid for 1985, according to in-country representatives.

Late arrival of food may also be a reason why 58 percent of U.S. emergency food provided to Somalia still remained in storage as of November 1984. In requesting emergency assistance from WFP in March 1984, the government stated that food would be needed from April to July, the months preceding the major harvest. The first 5,000 metric tons of food did not begin arriving until the end of July 1984 and, as of November, only 1,615 metric tons had been distributed. At the time of our visit, government and WFP representatives had not reached agreement on who should receive the remaining food. The remaining 5,000 metric tons still had not arrived at the time of our review in November.

## Distribution Plans Not Approved Before Food Arrived

In the countries we visited, there appeared to be a direct relationship between the extent of planning before food arrived and the programs' success—as measured by the percentage of food that reached the most needy. AID's Handbook 9 addresses the importance of planning for the distribution of emergency commodities, but it does not provide detailed procedures. It states that the missions should review sponsor distribution plans, which show how commodities will be transported from the original entry point to final distribution sites. Although the Handbook does not specify when distribution agreements should be reviewed and approved, we found that when the missions required cooperating sponsors to develop distribution plans and approved those plans before the emergency food arrived, a higher percentage of total U.S. food aid reached the most needy.

For example, in Burkina Faso 98 percent of the U.S. emergency food reached the most needy. We believe this resulted largely because the mission required the government to identify the areas of the country in greatest need and to develop a distribution plan showing how much food each region and local jurisdiction would receive. Before the food arrived, the mission reviewed the distribution plan and included it in the formal agreement between the two governments. The agreement restricted the sale of all 15,000 metric tons of emergency food to the northern and central regions of the country. To complement the government sales program, the mission worked with CRS to develop a free distribution program in the same areas to reach people unable to pay for food and vulnerable to malnutrition.

Although transportation problems limited food distributions in Mauritania, 70 percent of the food provided reached the most needy. Before the food's arrival, mission officials, working with other donors and the government, designated certain regions in the country where each donor

would send emergency aid. Once commodities arrived, mission officials agreed to a change in priorities to relieve shortages in other regions caused by the late arrival of other donors' food.

In contrast, only 12 percent of emergency commodities provided to the Somali government reached the most needy. The mission did not require the government to develop a detailed distribution plan and instead gave it considerable flexibility over how and to whom commodities were sold. AID intended the program to increase the supply of food to urban areas because the farmers could not provide the cities with sufficient food due to the drought. Food was to be distributed in the urban areas through private sector sales. However, the government sold only about 7 percent of the U.S. food to the private sector. Instead, public institutions, including the military, received U.S. emergency food. Consequently, most U.S. emergency food was not distributed to those urban areas most in need.

In Senegal, where the drought severely affected the northern regions of the country, the mission did not finalize a distribution agreement with the government for the first U.S. food shipment until after it arrived. While the mission and government were discussing where the food should be distributed, the government agency responsible for distribution sent over one-half of the first shipment to the less needy southern regions. Mission food monitors determined that nearly 3,000 metric tons sent to these regions were not needed at that time because existing supplies were sufficient. According to a mission official, the government did not submit distribution plans prior to the arrival of subsequent U.S. food shipments because officials wanted to wait until after they knew how much food other donors would provide. In negotiations on subsequent distributions, the government's position that the food be distributed equally throughout the country rather than to just the most severely affected regions required the mission to compromise its position that all the food go to the north. Consequently, Senegal's less needy southern regions received 29 percent of the food verified by the mission as distributed.

In Mali, 34 percent of emergency food aid reached the most needy. For the government-to-government food aid, 2,673 metric tons of emergency commodities were sold in non-priority regions to pay for the cost of transporting 1,774 metric tons of free food to less accessible, yet severely affected, regions in the north. The mission and government developed a distribution plan for the free food but not for the sales food. The mission allowed the sales food to be sold in non-priority areas that

were closer to regional storage centers, thereby reducing transportation costs.

Each of the countries we visited except Somalia used PVOs to some extent to distribute food, and the missions were generally pleased with their distributions. Overall, PVOs were responsible for distributing 16,479 metric tons of food, or 11 percent of the total. In each case, the PVOs submitted detailed distribution plans to the missions before the food arrived. For example, CRS, which has 25 years experience in Burkina Faso, gave the mission a detailed description of the (1) areas most severely affected by the drought, (2) number and location of people the program would reach, and (3) amount of food to be provided.

---

### Stronger Program Monitoring Needed

Monitoring by the missions of the emergency food program in the five countries varied widely. Some missions relied heavily on information provided by governments and, in some cases, made few or no visits to ports, storage facilities, distribution centers, and villages that received food. On the other hand, some missions extensively monitored the programs and were in a better position to identify problems and take corrective actions.

We believe this wide variation in monitoring occurred because (1) AID missions have the authority to determine the amount and type of monitoring to be performed, with little to no AID Washington involvement, and (2) mission officials differ on the amount of monitoring they believe is necessary. Accordingly, we believe more specific guidance by AID Washington is needed to ensure greater consistency in monitoring.

---

### Missions Have Wide Flexibility

AID missions determine the amount of monitoring to be performed based on guidance contained in AID's Handbook 9. This document contains broad guidance on monitoring and states that missions should rely on host governments and PVOs as much as possible to determine whether food reaches the needy. According to the Handbook, basic monitoring tools include cooperating sponsor reports, field observations, and close liaison with sponsors. The Handbook also states that mission officials can use sample checks to assess the reliability of cooperating sponsors' systems. It does not require missions to visit ports, storage, and distribution centers, specify how often such visits should be made, or require missions to seek approval of their monitoring plans from AID Washington. Moreover, missions are not responsible for monitoring food which the United States donates through WFP.

The AID missions we visited independently determined the extent and type of monitoring needed to ensure that cooperating sponsors properly used and accounted for emergency food. In general, missions devoted most of their resources to monitoring government-to-government programs. This approach seems reasonable, since most PVOs we contacted employ their own food monitors and have fairly strict controls over the receipt and distribution of food. In contrast, the missions frequently cannot rely on governments to submit accurate and timely reports, according to mission officials. However, the missions can stay informed of the status of distribution through routine field visits to ports and regional and local distribution centers.

**Monitoring Was Extensive in Senegal and Burkina Faso**

In Senegal, where the United States provided the government with 50,392 metric tons of food for free distribution, three food monitors hired under short-term contract verified the status of 95 percent of the food. Using the government's distribution plan, monitors visited distribution sites throughout the country and verified amounts received by reviewing trucking receipts and local distribution lists and by talking to local officials. Monitors also spot checked local villages by asking inhabitants whether or not they received U.S. sorghum. After their return from field visits, monitors prepared trip reports highlighting their findings and entered information into a computer from which they later prepared status reports on each shipment.

In Burkina Faso, the mission closely monitored the government's sale of 14,957 metric tons of sorghum to drought-stricken areas. For each of the three government-to-government shipments, a mission representative went to the port of Lome, Togo, to observe unloading and to help resolve problems in trucking food to Burkina Faso. After food arrived in-country, monitors made numerous field visits to regional warehouses and sales centers to verify amounts received, sold, and stored. The monitors then prepared trip reports noting the quantity and condition of U.S. food on hand and updated a computer data base developed to track the status of U.S. food sales.

**More Extensive Monitoring Needed in Somalia, Mali, and Mauritania**

Mission officials in Somalia had not extensively monitored the government's sale of 11,490 metric tons of emergency food. Insufficient staffing, caused partly by the 4-month absence of the Food for Peace officer, may explain the limited amount of monitoring performed. However, as of November 10, 1984, more than 4 months after emergency food began to arrive and 2 months after the Food for Peace officer had

returned to work, the mission had prepared only one commodity status report and had not inspected food remaining to be distributed.

AID Handbook 9 requires that adequate storage facilities be available to prevent spoilage or waste of U.S.-provided food. During our visit to one government warehouse containing an estimated 3,935 metric tons of U.S. wheat, we observed the following questionable conditions:

- Bags had not been stacked on pallets or placed away from walls to insure proper ventilation to avoid spoilage.
- Wheat had not been fumigated, thereby increasing the likelihood of infestation.
- The warehouse floor was covered with 2 to 3 inches of grain which warehouse officials said would be rebagged and sold for human consumption.

Since mission officials had not visited the warehouse before our visit, they were not aware of the storage conditions at the warehouse, which was located about 15 minutes away from the mission.

In addition, several other important monitoring functions had not been done. We believe these functions should have been performed to improve accountability. For example, monitors had not

- verified quantities which the government reported as sold,
- requested the government to provide a list of public institutions that purchased food, or
- determined whether the government had deposited sales proceeds in a special account.

As a result, mission officials were not aware that the government had sold to the military at least 28 percent of the 5,285 metric tons of emergency food distributed under the government-to-government program or had failed to deposit sales proceeds in a separate account as required.

In its comments on a draft of this report, AID said that the military was among the public institutions that received food from the Somali agency responsible for food distribution, but there were no direct sales of Title II food to the military. AID said that since Title I and Title II commodities were treated in a similar manner it could not identify specific commodities sold to the military but that the Somali government had indicated that all sales to the military were Title I commodities. During

our visit Somali government agency officials provided us the information on sales of emergency wheat to the military. Emergency vegetable oil was commingled with regular stocks from which the military received 46 percent of all distributions each month; on this basis, the military would have received 46 percent of the emergency vegetable oil.

In Mali, the mission monitored the government's free distribution of 1,774 metric tons of food but spent little time monitoring its sale of 8,000 metric tons. Monitors visited regional and local distribution centers and villages and examined records documenting the amount of free food received and distributed. However, for the food sales, the mission relied exclusively on distribution reports submitted by the government, it did not visit sales centers to physically inspect commodities in storage and verify sales and losses. As of our November 1984 visit, the most current information from the government on rice sales was dated August 31, 1984, even though sales continued after this date. Mission officials had not made any sample checks to determine the reliability of the government's statistics.

In Mauritania, the mission monitored the distribution of U.S. food to 62 regional distribution points but made few sample checks at the village level and did not monitor the food's arrival at the port of Dakar. As of November 1984, monitors had visited only one of the three regions where U.S. food was distributed. During that visit, monitors contacted 16 of about 24,000 families in the country's drought stricken regions. In the absence of any mission representative at the port of Dakar, numerous unloading, bagging, and transportation problems occurred, delaying the movement of commodities northward to Mauritania. To counter these problems in the future, the mission director requested permission to hire another monitor to observe commodity unloading and to help resolve problems at the port.

Officials at some missions we visited had different views on the amount of monitoring needed. For example, mission officials in Somalia believed there was little need for monitoring food provided to the government for sale and were satisfied with the limited amount of monitoring performed. In commenting on a draft of this report, AID stated the Mali mission believed that its monitoring was fully adequate to manage and track all operations notwithstanding the fact that no site inspections were done of the sales program. In contrast, mission officials in Burkina Faso believed frequent site visits to storage and distribution centers were needed when commodities were sold by the government.



---

## Other Problems Limit Success of Title I and II Programs in Somalia

Under the Title I program, AID provides needy governments with low interest, long-term credits to purchase excess U.S. agricultural commodities. In Somalia, we found that:

- The government sold fiscal year 1984 emergency food and, according to a September 1984 AID evaluation, sold about 80 percent of all Title I food provided between 1978 and 1984 to public institutions at prices considerably below market value.
- Government auction committees did not follow procedures established by AID and the Somali government during two October 1984 auctions of over 25,000 metric tons of Title I and II commodities.
- In March 1984, government officials sold 2,500 metric tons of Title II wheat flour for considerably less than its market value to friends, who resold it for a profit.

As a result, fewer funds were generated for development projects to be funded with proceeds from the sale of Title I and II food, and some food did not reach the program's intended recipients.

---

## Stricter Controls Needed Over Sale of Emergency Commodities

The Somali government sold 71 percent of fiscal year 1984 emergency food distributed as of November 10, 1984, to public institutions—including the military—for considerably less than market value. The mission established few controls over the sale of commodities in its agreement with the Somali government and performed only limited monitoring. Contrary to AID Washington guidance, the mission did not require the government to sell emergency food at market prices or specify who was eligible to purchase food.

In June 1984, AID Washington informed the mission that emergency commodities should be sold to public institutions at arms-length, free market, private sector prices. However, about 4 months earlier, the mission executed an agreement which gave the government broad discretion over pricing. This agreement allows the government to determine sales prices and therefore does not specify how much money it is required to deposit into a separate account.

The mission's permitting the government to sell commodities at less than market prices will result in fewer funds being available for agricultural development projects. Because the mission did not have complete data on emergency food distribution, we could not determine how much more money would have been available had all food been sold at market value. However, since retail prices for wheat flour and vegetable oil in

Somalia as of August 1984 were at least 1 to 3 times higher than the prices which public institutions paid for commodities, the amount would have been significant. For example, had the government sold 320 metric tons of wheat flour at the August 1984 market price of 30,000 Somali shillings per metric ton instead of 13,600 shillings proceeds would have been about \$210,000 greater.

In contrast, the mission in Burkina Faso established restrictions over the sale of emergency food before the food arrived by negotiating an agreement with the government which specified

- the price at which the government must sell commodities;
- the amount the government could deduct from gross proceeds for operating expenses;
- the amount of proceeds the government must deposit in a special bank account, including the account number, and
- the manner in which the mission and government would approve the use of proceeds for projects intended to alleviate the effects of future droughts.

As of December 1984, the government in Burkina Faso had deposited funds in the special account, and AID had approved two development projects to be financed from these proceeds.

---

**Public Institutions  
Purchased Title I Food  
Below Its Market Value**

Between 1978 and 1984, Somalia purchased 290,700 metric tons of U.S. surplus food using Title I credits totaling \$96.6 million.

According to the AID mission, the Title I program has helped to improve U.S.-Somali diplomatic relations and has lessened Somalia's balance-of-payments problem. However, an AID evaluation team study found that from 1978 to 1983 the Somali government sold about 80 percent of Title I commodities to public institutions—primarily the armed forces and government employees—at highly subsidized prices. From 1981 through 1983, official prices for Title I commodities were less than one-half of free market prices. Moreover, in August 1984, free market prices ranged from 100 to 620 percent higher than the government's official selling prices.

The sale of commodities at below-market prices limited the Title I program's success in two ways, according to the study. First, it caused prices of agricultural products to remain artificially low, thereby providing a disincentive for farmers to grow more food. Second, it resulted

in fewer funds for agricultural and economic development projects, which are an important part of the Title I program.

To preclude Title I commodities from providing further disincentives to farmers, the study recommended that the mission encourage the Somali government to sell Title I commodities to private wholesalers at public auctions. The mission obtained the government's agreement to sell one-third of all fiscal year 1984 commodities in this manner. The study also recommended that the mission monitor the end use of Title I commodities more carefully in order to determine who benefits from the program.

During the first two auctions, government auction committees did not follow procedures agreed to by the mission and the Somali government. The auctions, held in October 1984, involved the sale of 21,387 metric tons of Title I rice and 3,707 metric tons of Title II emergency wheat. In a December 15, 1984, letter to the government, the mission director noted that AID food monitors observed the following discrepancies between the agreed terms of the auction and its actual conduct.

- Public officials and non-district residents were permitted to bid, although participation was supposed to be restricted to licensed, resident private traders. Most unqualified bidders were awarded food allocations despite protests from qualified bidders.
- Deadlines for receiving bids were extended without adequate justification or mission concurrence.
- The seven highest bids in Berbera were rejected without justification, and the price for rice and flour was arbitrarily set at about one-half the prevailing market price.
- Bids were accepted and commodities were awarded without the required 10-percent deposit in some cases.
- No vegetable oil was auctioned to the private sector; instead, the government sold all the vegetable oil to public institutions.

Because of these deviations from established procedures, 20 percent of the food did not reach the intended recipients — licensed private cereal and vegetable oil traders. Moreover, fewer funds will be available for development projects than if auction committees had permitted commodities to be sold at full market value. Through letters and meetings with the government, the mission has informed it of the irregularities and is attempting to develop procedures to prevent their recurrence.

---

**Nonemergency Title II  
Wheat Sold Improperly**

Government of Somalia officials in early 1984 intercepted and sold 2,500 metric tons of Title II WFP wheat flour upon its arrival at the port of Mogadishu. The wheat flour was supposed to have been sold by a government grain marketing agency and the proceeds used for a WFP local development project. Government officials sold the wheat for 6 Somali shillings per kilogram— about 17 percent of its free market value—to friends who resold it for 18 to 25 Somali shillings. The total government selling price was about \$3 million less than the market value. Thus, friends of government officials realized significant windfall profits, and it appears that the WFP project failed to receive the equivalent of about \$3 million, which it should have received if the commodities had been sold properly.

The local WFP representative responsible for monitoring the food met with government officials after the incident and concluded that WFP could do nothing about the loss since the entire shipment had already been resold. Government officials promised that future shipments should be sold at fair market prices.

# List of Organizations Visited

---

U S AID Headquarters, Washington, D C

Burkina Faso      U S Embassy  
 U S AID mission  
 Government of Burkina Faso  
 World Food Program  
 European Economic Community  
 Catholic Relief Services

Ivory Coast      U S AID Regional Economic Development Services Office  
 Abidjan Port Authority  
 World Food Program  
 Entrepots Maliens en Cote d'Ivoire

Mali      U S Embassy  
 U S AID mission  
 Government of Mali  
 Food and Agriculture Organization  
 World Food Program  
 League of Red Cross and Red Crescent Societies  
 Southern Baptist Mission

Mauritania      U S Embassy  
 U S AID mission  
 Government of Mauritania  
 World Food Program  
 Catholic Relief Services

Senegal      U S AID mission  
 Government of Senegal  
 Food and Agriculture Organization  
 World Food Program  
 European Economic Community  
 Catholic Relief Services  
 Church World Services

Somalia      U S Embassy  
 U S AID mission  
 Government of Somalia  
 Food and Agriculture Organization  
 World Food Program  
 CARE

---

# Comments From the Agency for International Development

Note GAO comments supplementing those in the report text appear at the end of this appendix

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON D C 20523

ASSISTANT  
ADMINISTRATOR

OCT 21 1985

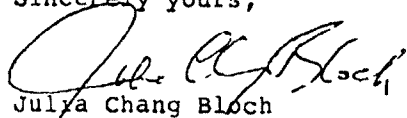
Mr. Frank C. Conahan  
Director  
United States General Accounting Office  
Washington, D.C. 20548

Dear Mr. Conahan:

In response to your request to M. Peter McPherson, enclosed are the Agency's comments on GAO's draft report, dated September 16, 1985, entitled, "Emergency Food Assistance to Africa--Recommendations for Strengthening Program Management (GAO assignment code 472051).

We appreciate the opportunity to review the draft report and are prepared to discuss the enclosed comments with members of your staff upon request.

Sincerely yours,

  
Julia Chang Bloch  
Assistant Administrator  
Bureau for Food for Peace and  
Voluntary Assistance

Enclosure: a/s

Appendix III  
Comments From the Agency for International  
Development

Agency for International Development  
Comments on the General Accounting Office (GAO)  
Draft Report on PL 480, Title II  
"Emergency Food Assistance to Africa--Recommendations for  
Strengthening Program Management"  
(472051), dated September 16, 1985

We appreciate the opportunity to review GAO's draft report concerning U.S. emergency food aid assistance for fiscal year 1984 in Burkina Faso, Mali, Mauritania, Senegal, and Somalia. In general, we believe the draft report reflects the problems and difficulties that the Agency experiences in implementing and administering P.L. 480 emergency food aid programs in developing countries. However, it contains a number of factual errors regarding speed of distribution, percent distributed to the most needy, sale of food, and accounting procedures. It also ignores the relationship of food aid to development, the importance of selling food to offset the potentially detrimental effects of free food aid, and the importance of coordination with other donors. The Agency is constantly seeking ways to improve the programming, implementation and administration of these activities and significant progress is being made. For example, a comprehensive food crop assessment methodology has been developed that should greatly assist in making more accurate and timely food need estimates. Secondly, prepositioning in U.S. ports has been used to reduce drastically delivery time to at-risk populations in certain countries. Also, there has been considerable improvement in curbing delays of food deliveries under emergency programs.

See comment 1

See comment 2

GAO Recommendations

The GAO report contains four specific recommendations for AID:

--Require Missions to review cooperating sponsors' plans for distributing emergency food prior to its arrival. Missions should ensure that distribution plans specify (1) the geographic areas or categories of people that will receive aid, (2) the amount each area or group will receive and (3) the transportation and distribution networks to be used.

--Require Missions to submit emergency food requests as early as possible. Where appropriate, AID Washington should encourage Missions to submit partial requests based on preliminary cereal needs estimates and follow up with supplemental requests once needs are better known.

--Strengthen AID Handbook 9 standards for monitoring emergency food. Such standards should contain more

Appendix III  
Comments From the Agency for International  
Development

specific guidance on the extent and type of monitoring needed to ensure proper accounting for commodities sold or distributed free, including requirements for site visits to storage facilities, regional and local distribution sites and villages.

--Also, because of the problems identified, we believe AID's Title I and II programs in Somalia require special attention. Therefore, we recommend that you request the AID Inspector General to review Public Law 480 food programs in Somalia. Such a review would provide additional information on the results of Title I and II food programs and identify needed improvements.

The Agency's comments on the above report's recommendations, findings and conclusions points out certain inaccuracies that should be corrected in the final report. With respect to recommendation one, normally the DCC Subcommittee responsible for approving these programs, approves PL 480, Title II emergency programs based on USAID Mission's requests which set forth in detail the emergency situation. The USAID request must include the following information: 1) affected country geographic areas, 2) categories of recipients eligible to receive aid, 3) identification of distribution centers, and 4) schedule for calling forward approved emergency commodities including inland transportation mechanisms for moving food commodities to distribution centers. Further, we believe that the comments outlined below for each country identified in the report show that corrective action where necessary is underway or has been taken to address the above recommendations. For this reason, and for clarifying a number of findings in the draft report, we request that these comments be appended to the final GAO report.

See comment 3

See comment 4

With regard to the recommendation concerning the Titles I and II programs in Somalia, AID/IG has conducted a review of the program and found many of the same problems as outlined in the GAO report. AID believes that little would be gained by further audit. However, USAID/Somalia advises that the GAO report should include in the final report that corrective actions are being taken to address these problems. According to the AID Mission in Somalia, the GSDR has deposited all local currencies generated through the 1984 Title II emergency relief program into a special account. To date, two transfers of 50 million Somali Shillings each were made to the Somalia Development Bank (SDB) for a supervised agricultural credit program. The first transfer, made in March 1985, was fully used for loans to small farmers and cooperatives. The second transfer is expected to be used over the next six months.

See comment 5

All Missions commenting on the draft report raised questions about the statistics presented regarding the percentage of food distributed to the "most needy". We believe that this aspect of the report needs considerable clarification. The



Appendix III  
Comments From the Agency for International  
Development

See comment 6

definition of "most needy" should be much more precise. More importantly, the point which the GAO is making concerning these statistics should be clearly stated. Is it that the food was poorly targeted, that food was wasted on people who were not in need, or that people in need did not receive food because it was diverted to the less needy? The perceptions or misperceptions which could be generated by the language used in the current report might have very serious consequences for U.S. food approvals and allocations in future emergencies. We request that the GAO look carefully at all of the Mission comments on this important point and assure that the final report states clearly the GAO's concern.

In addition to the above AID/W comments, the following section is based on information submitted by the respective USAID Missions:

Burkina Faso

The Burkina Mission believes that the draft report accurately reflects the problems and accomplishments of the FY 1984 emergency program in Burkina Faso. The Mission points out that steps were taken to speed up the request and delivery process which had positive effects on the FY 1985 program.

Now on p 20

The Mission would like to correct one factual error in the last paragraph on page 17 of the draft report. The report states that reluctance of the truckers union to haul commodities temporarily disrupted the flow of commodities. In fact, disruption was caused because the union would not let non-Burkinabe truckers carry cargo to Burkina at a time when the available tonnage exceeded Burkinabe trucking capacity.

See comment 7

Mali

USAID/Bamako does not believe that the draft report presents an accurate picture of food assistance in Mali. In summary, they believe that the food aid transport was acceptable in FY 84, and exceptional in FY 85; that 100 percent of USAID food went to needy persons or regions in FY 84, and that monitoring of American food assistance has been fully satisfactory. In particular, the USAID/Mission would like to address the following points:

Now on p 21

1) Page 17, Port offtake from Abidjan. The Mission agrees that there were port offtake problems in Abidjan during July and August of 1984 due to large quantities of food aid arriving at the same time. These delays however had no real impact on the arrival of USG food assistance to the needy population. In August of 1984, 28,000 MT were evacuated from the port of Abidjan which effectively cleared the backlog, and final distributions continued apace. In FY 85 offtake problems were eliminated through the payment of a 25 percent bonus to transports, which made trips to Mali profitable and vastly increased the available number of trucks for Malian routes.

See comment 8

Appendix III  
Comments From the Agency for International  
Development

Now on p 21

2) Page 17, Late Call Forwards. The Mission does not consider the food request placed in December, 1983 to be late. The multi-donor Mission (MDM) which evaluated the drought situation on behalf of all the donors and the GRM completed their assessment on December 12, 1983. It was upon this analysis that all donors based their assistance projection to prevent cereals market disequilibrium and to target their aid to the most needy populations. Factors critical to food aid planners, such as on-farm stocks, pest losses, etc. were not known prior to the MDM work. Approval of food assistance is based upon both a ration assessment of need and a cogent management plan. Both take time to develop. In years of large deficits or risk, the Mission will always attempt to place food in the pipeline while we complete our analysis. This has been done in both FY 1985 and FY 1986. In FY 1984, however, the Mission did not anticipate a large call forward; indeed the Mission wanted to evaluate the first year of food relief before committing ourselves to a second year. This placed a further constraint on early USG call forwards. In retrospect the sum total donor assistance and the Government of Mali's available stocks, substantially provided for Mali its cereal needs in FY 1984, and the USG made a valued contribution.

See comment 9

Now on p 24

3) Page 24, Delays In In-country Transport. The Mission disagrees with this section. First, no PVO handled cornmeal for the Mission in 1984. Secondly, a delay of the type quoted-- Delivery after the rains but before the harvest--poses no problems for the utility of food aid. Distributions just before the harvest have a beneficial impact on production. Hungry people usually try to harvest cereals before they are mature, thereby losing a large degree of the cereals weight and nutritional value. Free distributions help halt this practice.

See comment 10

Now on p 15

4) Page 10, Food Receipt by Most Needy. We disagree as to how GAO arrived at their percentage calculations of USG performance, and, even more so, we disagree with GAO's definition of most needy populations. GAO's figure of 8,645 MT (34 per cent) of 25,809 MT received by needy populations corresponds to no information in the Mission's possession, and is at bottom meaningless. The Mission can state that all Regions which received USAID assistance, or else the cereal market in each of these regions was so short of grain that Government intervention was required. Both these needs correspond to general guidance. We believe that GAO did not adequately review or analyse regional cereal deficits, and that they visited far too few areas to make decisions on which areas of Mali were quote unquote. Specifically, GAO objects to the sale of cornmeal in Koulikoro and Segou. While the GAO team visited neither of these regions, they had access to all pertinent information at the Mission. This information

See comment 11

See comment 12

indicates that important sections of Koulikoro, some as close as 90 miles north of Bamako, were gripped in famine, and that the impacts of this famine were evaluated and confirmed by USAID and State Dept. Medical Doctors. USAID and Southern Baptist actions and commodities were instrumental in alleviating suffering. To us, objecting to authorized sales of food in a specific region, and agreeing to free food in the same region is contradictory. Similarly in Segou and Mopto, reports of hunger were numerous and USG food provided a sound mixture of sales and free distributions.

See comment 13

5. The Mission also objects to GAO's statement that 4, 166 MT were undistributed. If the GAO is referring to free distributions, all were substantially completed by the time of their visit. If the GAO is referring to monetized commodities, it betrays a lack of Mali specific knowledge. All rates of sale are creditably programmed by the GRM at all levels to respond to market conditions and to assure no ruptures in cereal supplies occur. Also it is extremely important to note that the Malian rice harvest is commercialized in February, and not November as with coarse grains. GAO must agree that it would be unwise to liquidate all emergency rice stocks three months before the harvest.

Now on p 26

6. Page 29, Sales In Non-Priority Areas . The GAO report seems to indicate that USG cereals can only be distributed in the most affected areas. The GAO report omits the fact that other donors contribute to Mali, that cereals arrive on different cycles, and that needs change over the course of a year. The Mission programs cereals in concert with the GRM to best respond to Mali's overall needs. It would be poor programming if all donors insisted on supplying only Gao and Timuctoo, at the expense of the rest of the country, especially if the cereal need in these regions has already been met by other donors. The Mission policy is to respond to Mali's needs rationally, not the worst need irrationally. We would also like to note that USG reaction, time and financing was extremely rapid in FY 85. As a result almost 50 percent of USG assistance was targeted in the northern "most needy" region.

See comment 14  
Now on p 25

7. Page 26, Alleged GRM Failure To Submit Distribution Plans. The assertion that the Mission did not require the GRM to submit distribution plans contradicts the documents the GAO reviewed. The Mission first began P.L. 480 emergency activities in FY 83 with the monetization of 5,000 MT of rice to pay for the free distribution of 5,000 MT cornmeal. After this first year Mission opinion was that GRM implementation of the monetized component was far better than their ability to manage free distributions. As a result the Mission requested and received permission to monetize the entire FY 84 government-to-Government program, based on the idea that monetization was both sound drought relief and sound management strategy. With full monetization approved, the Mission began

extensive negotiations at both the political and technical level to nudge the GRM into stronger drought relief management, especially for free distributions. The result was that it was agreed to sell 8,000 MT and distribute 2,000 MT. The Mission placed language in the Transfer Authorization 4616 requiring the GRM to provide "a detailed plan of execution for sales and free distributions of these commodities before their arrival in country. These plans should include the quantity to be delivered to each sale or distribution point as well as an estimate of inland shipping, storage and handling costs." This Transfer Authorization was signed on June 2, 1984. On June 19, the Mission wrote a letter to the Minister of Interior to discuss these issues. On August 10, 1984, Interior provided an acceptable plan for free distribution to the arrondissement level, along with an invitation to bid on the transport element of this project to all major Malian transport companies. The Mission fully agrees with GAO that we placed much more emphasis on the free distribution aspects rather than the monetization. But this makes sense because OPAM's performance in monetizing commodities is fully acceptable while we felt Interior's management of free distributions was not. Therefore, the Mission would like to make the following three points clear:

A. To say that the Mission did not require or did not receive distribution plans from the GRM is false. In fact, the administration of free distributions was the single most important issue the Mission faced that year, and the issue it spent the most time on.

See comment 15

B. We have made our objections to GAO declaring certain areas as non-priority. We also object to GAO's statement that cereals were sold in certain areas because the Mission did not require distribution plans from the GRM. Obviously, since the Mission requested very specific inland points of entry, (Bamako for Koulikoro, Segou, and Mopti) we knew far in advance and decided jointly with OPAM where these commodities would be sold. We agree with the GAO that we did not receive from OPAM an advance list of sales points by circle. However, circle level sales plans are always written as part of normal OPAM-GRM work loads at the Regional (not National) level. This information is always available on request from USAID, and is always included in OPAM's (Office Des Produits Agricoles Du Mali) final reports.

See comment 16

C. The Mission would like to note that at the conclusion of FY 84 activities it felt that Interior's performance was still subpar and as a result we ran all free distributions in FY 85 through PVO's, with singular success.

Now on p 30

8. Page 35, Mission Monitoring. Mission readily admits to spending vastly greater amounts of time monitoring free

Appendix III  
Comments From the Agency for International  
Development

See comment 17

Now on p 27

See comment 18

distributions. Sales have the advantage of generating reflows which serve as an adequate control on sales and losses. However, to imply that the Mission ignores sales monitoring is simply not true. All information on sales is collected at the Regional level, and monitors follow the rate of sales fairly closely while working on free distributions. In the event of discrepancies (which have not yet occurred), naturally the Mission would fully investigate.

9. Page 30, Monitoring. Over the past three years Mission monitoring has been fully adequate to manage and track all operations. Current staff is five contractors working under direct hire supervision. Mission Food for Peace staff will continue at this level in FY 1986.

Mauritania

Now on p 2

The Mauritania Mission believes that the draft report statement that only 70% of the food had been distributed to the "most needy" (p.3) has little meaning without further explanation of factors such as stock management policies and coordination with other donor distributions. Specifically, the Mission notes that stocks of butteroil and NFDN which the GAO team found in Mauritania were intended to support distribution programs through early 1985.

See comment 19

Now on p 30

The Mission disputes the draft report's conclusion on the lack of USAID monitoring (p.35). The Mission states that from May 1984 to the time of the GAO visit, USAID/FFP personnel had made eight separate monitoring trips to the interior as well as visiting Rosso periodically and visiting Nouakchott storage areas and GIRM logistics offices almost daily.

Now on pp 3 and 27

The statements on pages 6 and 30 of the draft report that --- "missions in Somalia, Mali, and Mauritania, however, relied more extensively on information provided by recipient governments and, in some cases, made few or no field visits" (emphasis added) should either be deleted or clarified. As written, it has no meaning beyond innuendo.

See comment 20

Assuming that the statement is intended as a criticism of the Mauritania Mission, USAID notes that they did rely on existing reporting systems of the GIRM but built on these systems to create a unified accountability trail which was used to track all U.S.G. emergency assistance to final distribution. USAID notes that, in their exit interview, the GAO team commented favorably on the monitoring system developed by USAID. Finally, the Mauritania Mission comments on the GAO draft recommendation regarding distribution plans. The draft report implies that distribution plans should be developed and rigidly adhered to regarding geographic areas, categories of recipients and amounts each group will receive. The Mission points out

See comment 21

that in a constantly evolving emergency situation, when food is contributed by several donors, with less than perfect coordination, some flexibility is needed, especially by the largest donor, to adjust for arrivals, non arrival or delayed arrival of other donor commodities.

Senegal

See comment 22

The Senegal Mission takes exception to the GAO statement that only 56% of the food aid reached the "most needy". This statement is apparently based, at least partly, on the fact that part of the food which was originally planned for northern Senegal, the hardest hit region, in fact went to southern Senegal. The Mission points out that, although the north was most affected, there was also great need in the south. Further, the ration levels were adjusted so that they were higher in the north than in the south. The last distribution provided 15 KGS in the north vs. 10 in the south.

Now on p 24

The Mission also disagrees with the draft report's statement that food could not be distributed because it arrived too late, (p. 24-25). The Mission maintains that, through extraordinary efforts by the GOS in August and early September, FY 84 and through some borrowing from commercial stocks, all food which was planned for the emergency distribution program was delivered.

See comment 23

Now on p 25

Finally, the Mission disagrees with the draft report's contention that distribution plans were not developed and reviewed prior to the food arrivals (p. 26). The Mission states that, not only were plans prepared and reviewed by USAID but they were also the subject of lengthy, detailed discussions by the GOS/Donor Oversight Committee before agreement was reached on the final plan.

See comment 24

Somalia

A number of factors led to the serious food shortage in early 1984. The rains had failed in 1983 and were uncertain in 1984. The Saudi ban on livestock export hurt Somalia foreign exchange earning power ability to import food commercially. There was also uncertainty of stocks available in underground storage. These factors tripled food prices making an emergency Title II program in Somalia necessary. The food, however, arrived six months after it was requested and approved. If the Title II food had arrived quickly, commercial food prices would not have tripled between January and June 1984. AID acknowledges the difficulties of obtaining reliable, accurate data regarding food production in Somalia. However, AID believes it is now getting a reasonable estimate of production. AID efforts with NOAA to improve predictions will deal only with the current season. The growing season

Appendix III  
Comments From the Agency for International  
Development

mentioned in the GAO report is from April to August. The emergency need was in early 1984. Secondly, drought was predicted throughout East Africa, but Somalia was lucky to get some rain at the right time. Thirdly, in early 1984, the GSDR announced agricultural price liberalization. As a result, farmers released more grain than usual from their underground storage. Price liberalization, a policy reform AID had been pushing, also increased agricultural production during the following seasons. None of these factors could have been predicted when the disaster was declared.

As part of AID's efforts to increase private sector participation in Somalia's food distribution, Title II commodities were sold to the private sector under a newly established auction mechanism. Although the first auction had many flaws, the principle policy change of establishing food sales to the private sector was achieved.

Under the FY 84 Title I agreement the Mission secured GSDR commitment to allow 25 percent of the commodities to be auctioned to the private sector with future agreements to increase the portion sold to the private sector. Eventually it is planned to have all Title I commodities sold through the private sector at market value. This will result in full value of commodities being generated without subsidy and deposited for economic development purposes. Under the FY 86 Title I agreement the Mission proposes to increase the portion of Title I commodities sold through the private sector from the FY 85 level of 40 percent to 60 percent.

In the first auction, Title II commodities were sold to the Somalia agency responsible for purchase and distribution of food (ENC). ENC, which formerly imported food, now has its role reduced to distribution of donor food aid to public and private sector as well. The public institutions that receive food from ENC include hospitals, schools, government stores, and the military. However, no direct sales were made to the military. Since Titles I and II commodities were treated in a similar manner, we can not identify specific commodities sold to the military. The GSDR has indicated that all sales to the military were made from the Title I account.

Also, under the FY 85 agreement the GSDR is committed to revised improved auctioning procedures to correct irregularities in the FY 84 auctions. The FY 1985 auctions are underway now and we will not have final results until late October. In the meantime, FVA is arranging to have an AID/W official travel to Somalia late October to review the Titles I and II programs and make recommendations for further improvement, as necessary.

See comment 25

Appendix III  
Comments From the Agency for International  
Development

See comment 26

The USAID Mission takes exception to the GAO statement that no one was hired to replace the Food for Peace Officer during his sick leave. USAID/Somalia did hire someone to replace the Food for Peace Officer who was on sick leave during the period of arrival and distribution of Title II commodities. The Mission contracted a person for 90 days, and there was no hesitation on the part of the USAID in taking this action promptly as soon as the Mission was notified of the duration of the Officer's problem.

Regarding Title I, the report indicates a need for AID to give special attention to the problems identified in the report, i.e. secure market value for commodities sold under Title I to be used for economic development purposes and assure that the GDRS follows the agreed upon procedures established for auctioning Title I commodities to the private sector. We fully concur with the report suggestions. The Mission is well aware of both of these issues and has already taken steps to address them.



The following are our comments on AID's letter dated October 21, 1985.

---

## GAO Comments

1 We analyzed all of AID's comments and the evidence supporting our report and found no factual errors in the report regarding speed of distribution, percent of food distributed to the most needy, sale of food, and accounting procedures. As to the relationship of food aid to development, the main points in the report, especially relating to Somalia, are that too much emergency food could cause disincentives for local production and that better controls are needed over the collection of local currency sales proceeds which are to be used for development.

Regarding the sale of food, the report notes that the mission in Burkina Faso had a well-targeted sales program in the severely affected northern and central areas of the country and a complementary free distribution program in the same area designed to reach people unable to pay for food. In each country we visited, we talked with other donors and reviewed mission documents regarding coordination of the various aspects of the programs among donors.

AID comments appear to misinterpret much of the information presented in the draft report. Accordingly, we clarified the report to alleviate misinterpretation of the material presented.

2 For the 1985 emergency food program for the five countries in our review, we made a limited survey of the time required to approve programs and to obtain commodities and begin loading them for shipment. For the first 7 months of the fiscal year, the process required only slightly less time than in fiscal year 1984. As AID indicates, for certain other countries it has pre-positioned commodities at U.S. ports and is trying to improve the time required for the overall process. We have not evaluated the success of these efforts.

3 The content of the mission's emergency food assistance requests is not at issue in the report. Rather, our report shows that agreement with the cooperating sponsor on the distribution plan is needed and that in some instances no agreements were executed before commodities arrived in-country. The report shows that the programs were more effective in reaching the intended recipients when agreements were in effect prior to commodity arrival and distribution.

4 Aside from any improvements the individual missions in the five countries may have made, with the exception of the recommended IG

audit in Somalia, the recommendations address improvements needed in AID's policies and procedures which are relevant to all countries and to future situations. We believe implementation of the recommendations will enhance AID's ability to provide timely future emergency food aid and assure that it reaches the people most seriously affected by famine.

5 We asked the AID IG about the indicated IG review of the Public Law 480 program in Somalia and were informed that the IG has made no audit since our review. The AID IG told us that the audit referred to in the AID comments was made in 1982, which was 2 years before our review. The AID comments say that many of the same problems were found during that review. Thus, at the time of our review these problems had continued to exist for over 2 years, and it would seem that the mission should take appropriate action to correct the problems. AID comments state that the mission has taken corrective action on some of the immediate problems noted in the report. Because of the pervasive nature of problems relating to the Public Law 480 program over a prolonged period of time—including the emergency and nonemergency programs—we believe the IG should make another review to evaluate the extent to which improvements have been made in the programs and problems corrected.

6 One objective of our review was to ascertain the disposition or status of the emergency food aid provided to these famine stricken countries, especially, whether it was distributed to those persons who needed it most. In doing this, we tried to ascertain through our discussions with mission and recipient country personnel and review of available records to what extent the food went to people the missions indicated had the greatest need. Thus, as stated in the report, we have used the term "most needy" to refer to (1) people living in areas which experienced large cereal deficits as a result of the drought and which the missions indicated should receive U.S. aid and (2) categories of people, such as mothers and children, to whom the missions directed aid because of their high level of malnutrition.

A primary message in our report is that some quantities of food did not reach the most needy. This is evidenced by data obtained from the missions showing that 12 percent of food received and distributed did not meet the above definition of "most needy." The report, supplemented by comments 12 and 22 relating to Mali and Senegal, provides information on the disposition of this food. In addition, as shown in table I 2, 22 percent of the food remained undistributed after the period of greatest need.

in 1984 had passed. Also, the status was unknown for 9 percent and 1 percent was reported as lost.

7. The report has been revised to reflect AID's comment.

8. AID's comments agree that port offtake problems in Abidjan were experienced in July and August, but further state the delays had no real impact on the food reaching the population. It took about 9 weeks to unload and obtain transportation to Mali for 5,000 tons of rice, which arrived at Abidjan in May 1984, and 5,000 tons of cornmeal, which arrived in July 1984. A total of 4,166 tons of food from these shipments was undistributed at the time of our visit in November 1984.

9. In October 1983, the government of Mali declared a food emergency, based on preliminary food deficit estimates of 330,000 tons, and appealed for international assistance. After the "multi-donor Mission" completed its assessment of the situation in December 1983, the AID mission submitted its request for emergency assistance to AID Washington. As noted in the report, there was considerable variance in timing among the missions in submitting their requests—the missions in Senegal and Mauritania submitted early preliminary requests to get food in the pipeline, just as AID stated that Mali did for 1985 and 1986. The fact that the government of Mali declared a food emergency in October 1983—the second year of the drought—would seem to be sufficient justification for the mission to submit an early request for food assistance in fiscal year 1984.

Regarding the need for early arrival of food, a November 17, 1983, food monitor's report, covering the period from October 18 to November 8, asked the question:

"If we can help you, say, once a year, when is the best time to help you? The answer was quite surprising. Universally, people said not during the rains but during the hot season, April, May and June. \*\*\* I feel we should aim to do any further distributions before the rains start. This is the time when people feel they need aid, and given that distributions during the rains are impracticable, due to road and river conditions, as well as the possibility of spoilage, we run the risk of delivering aid too late to be of help to anybody if we wait until after the rains."

Similarly, a March 27, 1984, message to AID Washington regarding the consequences of late food arrivals stated that:

"If food does not arrive in/near deficit areas before August, the following consequences are anticipated:

"—A Road conditions during rainy season will prevent distribution to most severely affected populations, and food will be blocked in regional warehouses unable to be transhipped. Costs will be immeasurably increased, and objectives of assistance will not be achieved.

"—B Next year's harvests will be reduced as many farmers in deficit areas would be unable to continue plowing, planting and cultivating. July and August are high energy expenditure months in which above average calorie intakes and expenditures are necessary to complete farm work."

As noted in the report, the U.S. food that was distributed in Mali and other countries alleviated the conditions of many people, and we agree with AID that the "USA made a valued contribution." We made no judgments regarding the adequacy of food provided to Mali and cannot comment on AID's statement that Mali's cereal needs were substantially provided for in fiscal year 1984. We did note, however, that the government of Mali in August 1984 was making urgent appeals for more assistance for some areas. Our point is simply that all possible efforts should be made to provide food when it is most needed.

Because of the inordinate amount of time required to approve emergency food requests and to obtain commodities and shipping, we believe AID needs to take every reasonable action that is feasible in the circumstances to get food into the pipeline to facilitate its arrival in-country when needed. Thus, we believe AID should emphasize the need for early submission of emergency requests in its operating instructions. Early requests can be adjusted or even cancelled, if warranted, after the situation is fully assessed, or food in the pipeline can be diverted to other programs.

10 Mission records show that the Southern Baptist Mission distributed 4,860 tons of U.S. cornmeal in Mali. The Mission operates in Mali under the sponsorship of the African American Labor Center, a PVO registered with AID. The report states that 400 tons of cornmeal was delivered "after the rains ended but during the harvest" not "before the harvest" as quoted in AID's comments.

11 We made no determinations that any area or group of people in Mali were "unneeded" nor did we object to the sale of emergency food in any region, as indicated by AID's comments. Our report observes that in the absence of a distribution plan or other form of targeting, there is no assurance that the emergency food sold in these regions went to the

most needy. Comment 12 explains in detail the amount of food distributed in Mali and the effect of our definition of the most needy on how we categorized the food that was distributed.

12. A crucial difference between free food distribution and sales of emergency food in nonpriority regions was the targeting of the food to the most needy. Although the Southern Baptist Mission distributed free cornmeal in some regions that were not the most severely affected by food shortages, the food reached the most needy because it was targeted to families identified as such by missionaries working in these regions. Cornmeal sold by the Malian government in these regions, however, was not targeted but was sold on the open market.

Assuming that all the food distributed in Mali for which information was available—free distributions and sales—went to the most needy, then the percentage would increase from 34 percent to 44 percent (see table I 2—8,645 tons targeted to the most needy plus 2,673 tons indicated as not reaching the most needy as a percentage of 25,809 tons provided.) Table I 2 shows that the percent of food provided to Mali which reached the most needy is significantly affected by the amounts undistributed, status unknown, and losses. Also as shown in the table, the World Food Program was responsible for the amount for which the status was unknown and for which we could obtain no information. If the amount for the WFP were subtracted from the total amount provided (25,809 tons minus 10,000 tons), then 55 percent of the food for which the mission was responsible would meet our definition of being distributed to the most needy. Even at this level, however, substantial portions of the U.S.-provided food did not reach the most needy.

13. The 4,166 tons of undistributed commodities were targeted for sale primarily in the Mopti region but were in storage at the time of our visit. Although AID asserted that these commodities were held in reserve as prudent commodity management, appeals were made in August 1984 by the Mali government for additional emergency food aid for the Mopti region.

14. Our report does not indicate, as stated in AID's comments, that U.S. cereals can be distributed only in the most affected areas, but it does indicate that in the absence of a distribution plan targeting the most needy for the government sales program, there is no assurance that food sold on the open market in nonpriority areas goes to the most needy. We agree with AID that other donors provided emergency assistance to Mali, but this doesn't alleviate the need to target food to those most in need in

times of limited food availability. While AID indicated that food needs in the Gao and Timbuktu regions had already been met by other donors, during our visit in November 1984 to the Gao region, regional and local government officials told us that serious food shortages still existed in the region after emergency food contributed by the United States and other donors had been distributed and that more emergency food was desperately needed.

15 Our report clearly states that the Mali government and AID mission developed plans for free food distributions but, as pointed out in the report and indicated in AID's comments, this was not done for the sales food even though it was a requirement in the transfer agreement between AID and the government. We believe that for food provided through sales in areas less affected by food shortages, a distribution plan for these sales is essential to assure that the food is targeted to the most needy. Even if the Mali government's performance in selling commodities had been fully acceptable, as the mission suggests, we believe that this was insufficient reason to relax the requirement of a planning document for the sales food, thus losing this effective planning and control mechanism.

16 AID comments that we declared "certain areas as nonpriority" and that we stated that "cereals were sold in certain areas because the mission did not require distribution plans," are erroneous interpretations of the report. As explained in previous comments, areas were declared priority or nonpriority by the mission, and sales of food in the areas not declared as priority by the mission were not targeted to the most needy.

17 According to a mission food monitor in Mali, no monitoring is done at the end-user level for sales food. Also, our review of mission monitors' field trip reports for fiscal year 1984 free food distributions disclosed no reference to monitoring or follow-up of food sales. This is one of the examples of wide variations in monitoring among the missions and why we believe that AID needs to strengthen its handbook standards for monitoring emergency food. In contrast to little or no monitoring of sales of emergency food by the Mali mission, the mission in Burkina Faso extensively monitored the sales of emergency food in that country.

18 At the time of our review in November 1984, the mission had used two contract monitors for the fiscal year 1984 emergency program.

19 Undistributed emergency food in Mauritania consisted of 1,652 metric tons of wheat, 2,908 metric tons of milk, and 1,188 metric tons of

butteroil The request for this assistance and the documentation supporting its provision indicate that it was to be used to alleviate the 1984 food situation The butteroil was provided to complement and help to nutritionally complete the emergency ration of wheat and milk We were told that, ideally, all three commodities should be distributed simultaneously There was no indication that any of this food was not being distributed due to "stock management policies and coordination with other donor distributions " AID's comments state that the butteroil was intended to be distributed during early 1985 However, the transfer agreements specified an estimated delivery schedule of May and June 1984 and further stated that the butteroil had an approximate storage life of 3 months at 70°F and 6 months at 50°F, both of which would expire before the end of 1984 We observed 934 tons in storage which had a packing date of May 1984 (Although not a subject of this review, nearly 20,000 metric tons of U S wheat and sorghum delivered between July and August 1984 under the regular Title II, section 206, sales program remained unsold At the time of our review, the ultimate disposition of these commodities was being considered.

20 As noted in AID's comments, at our exit interview we commented favorably on the documentation system used by the mission in tracing the commodities to the 62 regional distribution points However, as explained in the report, the mission's monitoring at the village level beyond the regional distribution points was limited Commodities were distributed for the most part in three regions Monitors had extended their monitoring beyond the regional distribution points to the village-level in one region, but contacted only 16 families End-use checks at the village level had been planned but not made in the other two regions which distributed about 39 percent of the wheat, 23 percent of the milk, and 56 percent of the butteroil Also, as noted in the report, monitors had not visited the port of Dakar and dealt with the problems experienced there.

21 By suggesting that distribution plans should be reviewed and agreement reached with cooperating sponsors before the commodities arrive in-country, we did not intend to imply that such plans are to be inflexible During the review in Mauritania, we noted that the mission and the government reached agreement on the distribution plan and then by mutual agreement modified the plan to alleviate shortfalls caused by the late arrival of other donors' commodities As a matter of control and accountability, we believe that plans should be agreed on before commodities arrive and then modified as necessary under the circumstances

22 About 11,170 metric tons of U S emergency food aid (or 18 percent of the 61,943 tons provided) went to southern Senegalese areas and is not included in the "most needy" category based on the following considerations. According to FAO's November 1983 assessment of the food deficit, southern Senegalese regions could cover 55 to 73 percent of their food requirements through local production but the northern regions could cover only 6 to 31 percent through local production. Various mission documents refer to the southern regions as "non-priority regions" and to "excessive amounts having gone to non-priority areas." Of the 11,170 tons that went to the south, mission monitors determined that 2,929 tons went to areas that did not need the food because sufficient supplies existed. If the remaining amount distributed in the southern region were assumed to have gone to the most needy, then the portion of food delivered to Senegal and distributed to the most needy would increase from 56 percent to 69 percent. As shown in table I 2, substantial amounts of food remained undistributed at the time of our visit, and this reduced the percentage distributed to the most needy.

23 Table I 2 shows that 13,030 metric tons of emergency food aid delivered to Senegal had not been distributed. This amount was compiled from mission status reports and discussions with WFP representatives. Of government-to-government aid, 25,000 tons arrived in July 1984 and 10,000 tons of WFP aid arrived in August 1984. At a minimum, this was 4 or 5 months after the period of greatest need, which began between January and March 1984 according to the mission's request for emergency aid. Some village chiefs in the northern region told us that the time of greatest need started even earlier and that their food supplies were depleted. In June 1984, the mission determined that 10,000 tons of the last shipment delivered in July couldn't be distributed before the next harvest and therefore wasn't needed. Thus, we believe that it is reasonable that the late arrival of food in relation to when it was needed was a factor in some food not being distributed.

24 The mission is correct in its objection to the summary statement, as it related to Senegal, that distribution plans were not reviewed before the emergency food arrived. The detailed discussion in the draft report relating to Senegal accurately reflected that the distribution plan had been reviewed by the mission, but it had not been finalized and mutual understanding reached with the agency responsible for distribution before the first shipment arrived and distribution was made. The report has been clarified regarding the need not only to review the plans but to reach an understanding with the cooperating sponsor on the distribution plan before food arrives or, at least, before its distribution.



25 Because the Somali government did not keep detailed records of all sales, sources and exact amounts of commodities purchased by the military could not be determined, as indicated in the AID comments. However, Somali officials provided us with information showing that the military purchased 1,500 metric tons of emergency wheat, or 40 percent of the 3,785 metric tons sold. Somali government agency officials could not tell us which public institutions received emergency vegetable oil because it was commingled with regular stocks, and separate accounts for the emergency vegetable oil were not maintained. However, according to the agency's allocation plan, the military received 46 percent of all oil distributed each month, on this basis, it would have received 46 percent of the emergency vegetable oil.

26 The statement that AID objected to was from an earlier country summary provided to the mission and not from the report. The report suggests that insufficient staffing, caused partly by the 4-month absence of the Food for Peace officer, may explain the limited monitoring of the emergency program. The Food for Peace officer, who had returned to work before our review, told us that competing demands, such as monitoring other Public Law 480 programs, limited the extent to which he and his assistants could monitor the emergency program.