

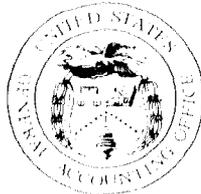
GAO

Report to the Chairman, Committee on
Foreign Affairs, House of Representatives

April 1989

FOREIGN AID

Issues Concerning U.S. University Participation





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

National Security and
International Affairs Division

B-203211

April 11, 1989

The Honorable Dante Fascell
Chairman, Committee on Foreign
Affairs
House of Representatives

Dear Mr. Chairman:

We have reviewed efforts by the Agency for International Development (AID) and the Board for International Food and Agricultural Development (BIFAD) to implement title XII of the Foreign Assistance Act of 1961, as amended. Title XII, enacted in 1975, encourages the involvement of U.S. land-grant, sea-grant, and eligible universities in AID's development efforts.

As you requested, we have focused on implementation efforts since our 1981 report on title XII, AID and Universities Have Yet to Forge an Effective Partnership to Combat World Food Problems (ID-82-3). Specifically, we evaluated (1) the impact of changes in AID's budgetary and administration environment on title XII implementation, (2) procurement and operation issues that hinder title XII implementation, and (3) whether there has been improvement in AID-university efforts to increase their commitment to supporting international agricultural development activities.

We are making recommendations to AID and BIFAD aimed at promoting a more effective partnership between AID and U.S. universities.

This review was performed under the direction of Nancy R. Kingsbury, Director. Other major contributors are listed in appendix II.

Sincerely yours,

Frank C. Conahan
Assistant Comptroller General

Executive Summary

Purpose

Title XII, the 1975 Famine Prevention and Freedom from Hunger Amendment to the Foreign Assistance Act of 1961, as amended, encourages the Agency for International Development (AID) to draw on the resources of U.S. land-grant, sea-grant, and other universities in implementing its international agricultural development programs. The legislation envisioned a partnership between AID and the universities through which they would work toward the goal of eradicating world hunger.

At the request of the Chairman of the House Foreign Affairs Committee and a former Member of Congress, GAO assessed the progress made by AID and the universities in fulfilling the title XII mandate since GAO's 1981 report on title XII. GAO's review addresses budgetary and administration issues, as well as procurement and operational policies.

Background

The Congress recognized the long-standing role of U.S. universities in providing agricultural development assistance overseas. At a time when university participation in these activities had declined sharply from the 1960s, title XII sought to re-emphasize and strengthen the contribution that universities could make to AID's development assistance programs.

Title XII directs AID to strengthen the capacities of eligible U.S. universities and encourages it to involve these universities in the planning, development, and implementation of institution-building, research, and other agricultural activities. The Board for International Food and Agricultural Development, consisting of seven presidential appointees, was established to assist with the implementation of title XII.

Results in Brief

The number of title XII projects, while fluctuating from year to year, has declined over the past 6 years, from a peak of 42 new starts in 1982 to 14 in 1987 and 8 in 1988. AID and Board officials attribute the decline to budgetary issues, changing congressional and AID priorities, and the reluctance of some AID staff to use title XII universities. This reluctance is due, in part, to negative perceptions of university performance and commitment. Furthermore, AID and the Board, after 13 years, have yet to fulfill some legislative and administrative responsibilities aimed at facilitating the implementation of the title XII mandate.

Principal Findings

Declining Budget, Changing Priorities Affected Title XII

Although the level of title XII project activity has fluctuated since 1976, many officials believe the downward trend since 1982 will continue. AID and Board officials believe the decline is due to (1) a decrease in the Agriculture, Rural Development, and Nutrition account (the primary funding source for title XII activities); (2) congressional earmarks and priorities that compete with title XII, such as an earmark for private voluntary organizations; and (3) AID's trend away from institution-building and other activities suitable for title XII involvement, toward an emphasis on strengthening the private sector in developing countries.

Special Procurement Mechanism Inconsistent With Competition in Contracting Act

AID has relied on a special procurement mechanism to ensure that projects meeting the definition of a title XII project are implemented by title XII-eligible universities. The procurement mechanism, called the title XII "set-aside," limited contractor competition for title XII designated projects to title XII-eligible universities. GAO found that some AID staff were reluctant to use the set-aside procurement method, even when the project clearly met the title XII definition, because they did not want to limit contractor competition. This reluctance is due to persistent doubts about U.S. universities' capabilities to effectively implement international development activities and opposition to any mechanism that limited competition for AID contracts.

Aside from AID's reluctance to use it, GAO has determined that AID's title XII set-aside procurement mechanism is not consistent with the Competition in Contracting Act of 1984. In GAO's opinion, AID can no longer provide title XII institutions a special procurement mechanism limiting open competition.

Some Responsibilities Not Fulfilled

GAO found that, 13 years after the advent of title XII, several legislative and administrative responsibilities of AID and the Board have yet to be fulfilled. For example, neither AID nor the Board accurately track title XII activities. Accordingly, each is in the process of updating its method of tracking title XII activities. GAO also found that the annual reports to the Congress, required by the legislation, have not been submitted since 1984.

AID and the Board are required to assess the effect of title XII. Although AID has issued several impact studies on university implemented projects, these studies, as well as individual project evaluations, do not fully discuss all issues pertinent to title XII. For example, the evaluations do not fully address university performance, a key factor affecting title XII.

The Board is also mandated to develop a roster of title XII universities with expertise in agricultural development. The Board, however, has yet to develop a comprehensive roster that can be easily updated and used to match university capabilities with AID's project needs.

Recommendations

GAO recommends that the Administrator of the Agency for International Development, in consultation with the Board for International Food and Agricultural Development, take several administrative actions to improve title XII implementation. GAO makes specific recommendations for (1) improving Agency tracking and reporting capabilities for title XII project activities, (2) re-instituting the legislatively required annual title XII report to the Congress, (3) evaluating title XII projects, particularly university contractor performance, and (4) requiring that information on university capabilities to undertake international development work be included in project proposals.

In addition, GAO recommends the AID Administrator issue guidance eliminating the procurement set-aside for title XII universities.

GAO also recommends that the Board for International Food and Agricultural Development develop a roster of university resources that can be used to match specific universities to AID project needs.

Agency Comments

AID and the Board commented that they have taken a number of steps since 1986 to improve title XII implementation and, as a consequence, believe a new title XII spirit of cooperation and collaboration has been generated. They also reported that they are in substantial agreement with most of GAO's recommendations. They said that they are developing a means to accurately track title XII projects, more fully evaluate title XII activities, and establish a registry of U.S. university resources. AID also acknowledged its responsibility to prepare a title XII report for the Congress annually and said that it will prepare the report due April 1, 1989.

Executive Summary

AID disagreed with GAO's view that the title XII set-aside procurement mechanism is not authorized under the Competition in Contracting Act. Because the AID procurement mechanism limiting competition is not "expressly authorized" as required by the Competition in Contracting Act, GAO continues to believe that AID must stop using it.

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Abbreviations

AID	Agency for International Development
ARDN	Agriculture, Rural Development and Nutrition
BIFAD	Board for International Food and Agricultural Development
CICA	Competition in Contracting Act of 1984
DA	Development Assistance
GAO	U.S. General Accounting Office
NASULGC	National Association of State Universities and Land Grant Colleges
OMB	Office of Management and Budget
PVO	Private Voluntary Organization

Introduction

In December 1975, the Congress enacted title XII, the Famine Prevention and Freedom From Hunger amendment to the Foreign Assistance Act of 1961, as amended. The Congress set forth a strategy to address the problem of hunger in developing countries by using the resources developed by U.S. land-grant, sea-grant, and other eligible universities. The legislation authorizes the President to strengthen the capacities of these universities in program-related agricultural institutional development and research, and encourages the Agency for International Development (AID) to enter into a partnership with U.S. universities in its efforts to alleviate hunger and malnutrition in developing countries.

Profile of the Title XII Program

Title XII formalized and strengthened long-standing relationships between AID and the U.S. agricultural university community at a time when U.S. university participation in AID activities had declined sharply from a high in the 1960s. Its mandate is to (1) build and strengthen the institutional capacity and the human resource skills of agriculturally developing countries so that these countries may participate fully in the international agricultural problem-solving effort and (2) introduce and adapt new solutions to local circumstances. The legislation encourages AID to use land-grant, sea-grant, and other eligible universities to implement projects that emphasize agricultural research, teaching, extension activities, institution-building, and participant training in the United States for scientists, teachers, and students. It was in these specific areas that the Congress felt the universities could contribute significantly to AID's efforts to alleviate hunger in developing nations. The legislation also called for involving the International Agricultural Research Centers and building on the existing programs of the U.S. Departments of Agriculture and Commerce. A 1982 AID policy determination clarified and expanded the purview of title XII projects to include agriforestry, aquaculture and "closely related fields."

An example of a completed title XII project in Sierra Leone, involving a combined team from Southern University and Louisiana State University, illustrates the types of title XII projects being implemented by U.S. universities. The project trained Sierra Leonean researchers, extension staff workers, and farmers in adaptive crop research and extension and provided new technologies for several crops which increased the quality and quantity of production and contributed to the nutritional status of rural farmers. Another example of a title XII project is a project in the Dominican Republic designed to repair the country's irrigation system infrastructure and to develop water management, conservation, and maintenance programs which will enable farmers to increase their farm

production and preserve natural resources. This project was initiated in 1986, and Utah State University was selected to provide the long-term technical assistance to the Dominican government and local farmers.

To assist in the administration of title XII programs, the Board for International Food and Agricultural Development (BIFAD), consisting of seven presidential appointees, was established. The Congress directed BIFAD to participate in the "planning, development, and implementation" of title XII activities, as well as to initiate recommendations and monitor the title XII program. The BIFAD support staff, composed of university personnel, foreign service officers, and AID employees, carries out day-to-day activities related to title XII.

Although the Congress found that universities needed a dependable source of federal funding to expand, or in some cases to continue their efforts to assist in increasing agricultural production in developing countries, it did not earmark funds for such activities, or require AID to ensure a minimum level of funding. Instead, the President is authorized to use any funds made available under section 103 (agriculture, rural development, and nutrition) of the Foreign Assistance Act of 1961, as amended. Although no special funding mechanism was established, AID determined that the title XII legislation provided it authority to limit contractor competition to title XII universities for projects meeting the title XII criteria. This procurement mechanism is called the "title XII set-aside." Since 1975, it is estimated that about \$1.29 billion in title XII-type AID contracts and cooperative agreements has been awarded to 74 U.S. universities or university consortiums.

Objectives, Scope, and Methodology

Our review, performed at the request of the Chairman of the House Foreign Affairs Committee and a former Member of Congress, assesses the progress in implementing title XII since 1981, when we issued a report on title XII, AID and Universities Have Yet to Forge an Effective Partnership to Combat World Food Problems (GAO-ID-82-3). At that time, title XII was a relatively new program; BIFAD was in the process of defining its role and purview, and many mission personnel were unaware of how to implement title XII activities in their countries.

During our current review, we assessed actions taken by AID, BIFAD, and the universities to implement the title XII mandate, such as

- the impact of budgetary and policy changes on title XII implementation;

- procurement, communications, and operational issues that hinder title XII implementation; and
- whether there has been improvement in AID-university efforts to increase commitment to support international development activities.

We determined how much AID has used university resources through contracts and cooperative agreements, and analyzed AID missions' and universities' views of title XII problems and accomplishments.

We performed work at AID headquarters in Washington D.C., and attended a BIFAD regional seminar with over 40 title XII university representatives to obtain views on title XII implementation and program improvement suggestions. To obtain AID officials' perspective on title XII implementation, we interviewed AID officials from the Africa, Latin American, and the Caribbean, and the Asia and Near East regional bureaus, the Bureau of Science and Technology, the Bureau of Program and Policy Coordination, the Office of Procurement, and the Training Division. We also analyzed the responses of 47 AID mission officials to a 1986 AID survey on title XII to gain their perspectives on the program. AID officials stated that they do not believe mission officials' views have changed substantially since 1986.

To obtain BIFAD officials' views on title XII implementation, we attended BIFAD meetings and conducted extensive interviews with its support staff. We spoke with 18 university representatives and with an official from the National Association of State Universities and Land Grant Colleges to obtain universities' perspective. We also reviewed 17 university responses to a 1986 AID survey on title XII.

To assess contracting and administrative procedures, we reviewed records related to AID's and BIFAD's efforts to implement title XII, including AID policies, procedures, and other pertinent instructions; records of BIFAD meetings, title XII project documents and cables; and AID, BIFAD, and university studies on various aspects of the title XII program.

Our work was performed between November 1987 and November 1988 in accordance with generally accepted government auditing standards. AID and BIFAD provided written comments on a draft of this report. The comments have been addressed in chapter 3, and are included in appendix I.

The Future of Title XII Is Uncertain

The title XII legislation, enacted in 1975, envisioned an expanding role for universities as they worked in partnership with AID in addressing world hunger problems. During the 7 years following enactment of title XII, the number of new title XII contracts and grants for technical assistance to host countries grew, reaching a peak in 1982. Since 1982, however, the number of new title XII-type projects started each year has declined by more than one-half. Furthermore, our analysis showed that by the end of fiscal year 1990, about 75 percent of the 142 ongoing projects will have terminated.

AID and BIFAD officials offered several major reasons for the decline: AID's agricultural development budget has decreased, there are fewer institution-building projects, and new congressional and AID policies have been adopted that emphasize other priorities.

Decline in Title XII Project Activity

The number of new AID-financed contracts and cooperative agreements set aside for U.S. universities to provide technical assistance to host countries has significantly declined since 1982. BIFAD has collected information on three categories of title XII projects.

1. Projects being implemented by title XII universities that were selected as primary contractors through the title XII set-aside procurement mechanism.
2. Projects being implemented by other title XII-eligible institutions, either the U.S. Department of Agriculture or the U.S. Department of Commerce.
3. Projects involving title XII universities that used open competition procurement procedures.

BIFAD collectively refers to all three categories of projects as "title XII-type projects."

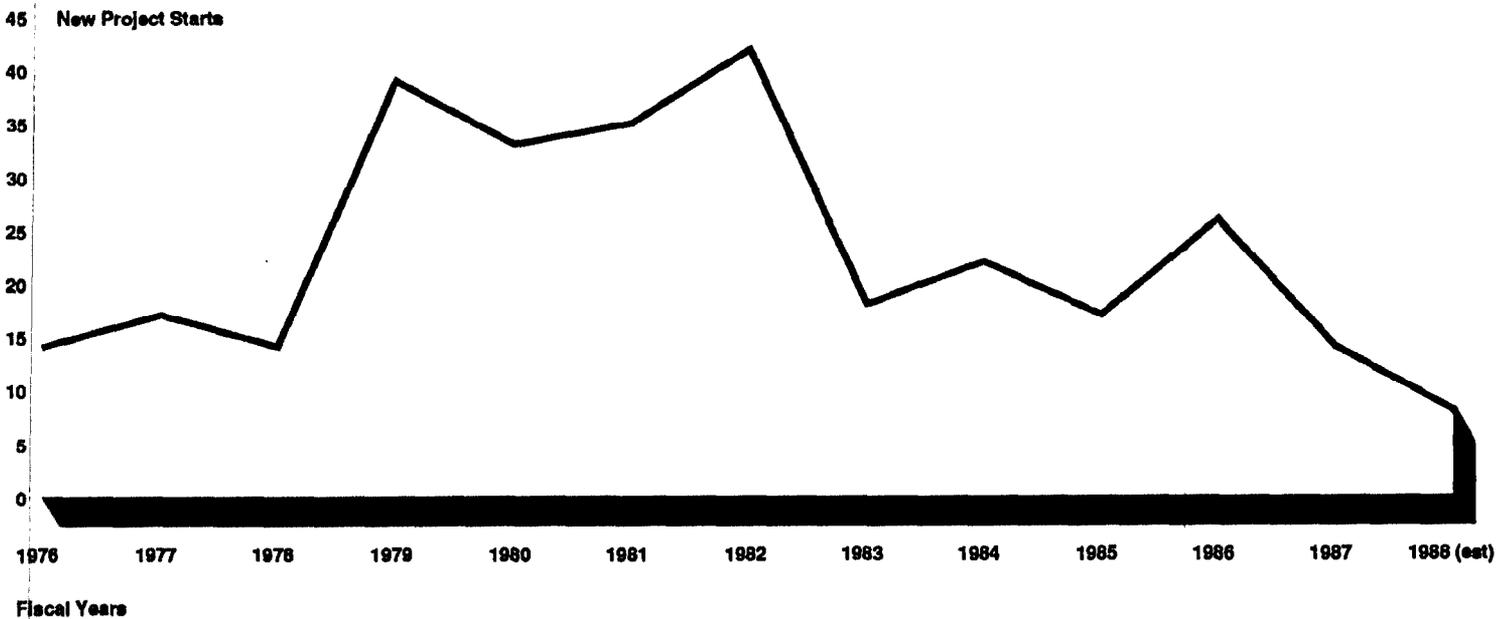
BIFAD Project Estimates Raise Concern About Future Title XII Activity

We analyzed BIFAD information on active and completed title XII-type projects and found two significant trends emerging since our 1981 report: (1) the number and dollar value of projects initiated annually has declined since 1982 and (2) the level of active projects and number of universities involved, though higher than in 1981, may significantly decline by the end of fiscal year 1990 as the majority of active projects terminate.

Volume of New Projects Has Rapidly Declined

The number of new title XII-type project starts increased from about 14 in 1976 to 42 in 1982. Since reaching a high of 42 new project starts in 1982, as shown in figure 2.1, BIFAD information shows that new starts have declined to a low of 14 in fiscal year 1987, and an estimated 8 new projects in fiscal year 1988.

Figure 2.1: Title XII-Type Projects by Year of Start



Projects include those involving title XII-eligible institutions, whether procured through "set-asides" or open competition.

Source: BIFAD title XII statistical information.

The dollar volume of title XII-type technical assistance contracts and cooperative agreements also grew until 1982, but with the decreasing number of new projects, the volume has declined 74 percent. In 1982, as seen in figure 2.2, over \$227 million was awarded through title XII-type projects, whereas in 1987 less than \$50 million was awarded.

Figure 2.2: Dollar Value Title XII-Type Projects by Year of Start



Dollar values include projects involving title XII-eligible institutions, whether procured through "set-asides" or open competition.

Dollar amount reflects technical assistance contract value, not total life of project funding.

Source: BIFAD title XII statistical information.

Level of Active Projects and Universities Expected to Drop

While the number of active title XII-type projects initiated since 1975 has remained relatively stable (137 title XII-type projects active in 1981 and an estimated 142 as of July 1988), our analysis shows that the majority will terminate shortly. Almost 75 percent of the currently active projects (106), are scheduled to terminate by the end of fiscal year 1990. Based on the declining number of new projects initiated in the past 5 years and the anticipated projects, AID and BIFAD officials believe that the projected decline in the number of active projects will not be countered by many new projects.

BIFAD information also indicates that the number of universities implementing title XII-type projects will be declining as active projects terminate. In 1981, 55 universities were involved in title XII-type activities. As of July 1988, BIFAD information shows that 72 universities have title

XII contracts or cooperative agreements. This number, however, may drop to 35 universities after fiscal year 1990 as the majority of active contracts terminate. A BIFAD official said that it is probable that the number of universities involved with AID through title XII-type projects may reach pretitle XII levels.

Budget, Policy, and Program Priority Changes Cited for Title XII Decline

The volume of title XII project activity has varied over the years. During the first 7 years, the overall volume increased. The increase reached a peak in 1982, following our report in 1981 and several efforts that highlighted the mandate. For example, in 1982 AID issued a new title XII policy determination, which clarified the definition of a title XII project and reaffirmed AID's commitment to the mandate; and in 1981 a joint resolution between BIFAD and AID on using universities for international agricultural development activities was issued.

AID, BIFAD, and university officials attribute the decline in title XII activity since 1982 to several factors: (1) budget decreases in AID's agricultural development account, the principal source of title XII funding; (2) fewer institution-building projects, partially due to greater emphasis placed on private sector initiatives; and (3) new program priorities.

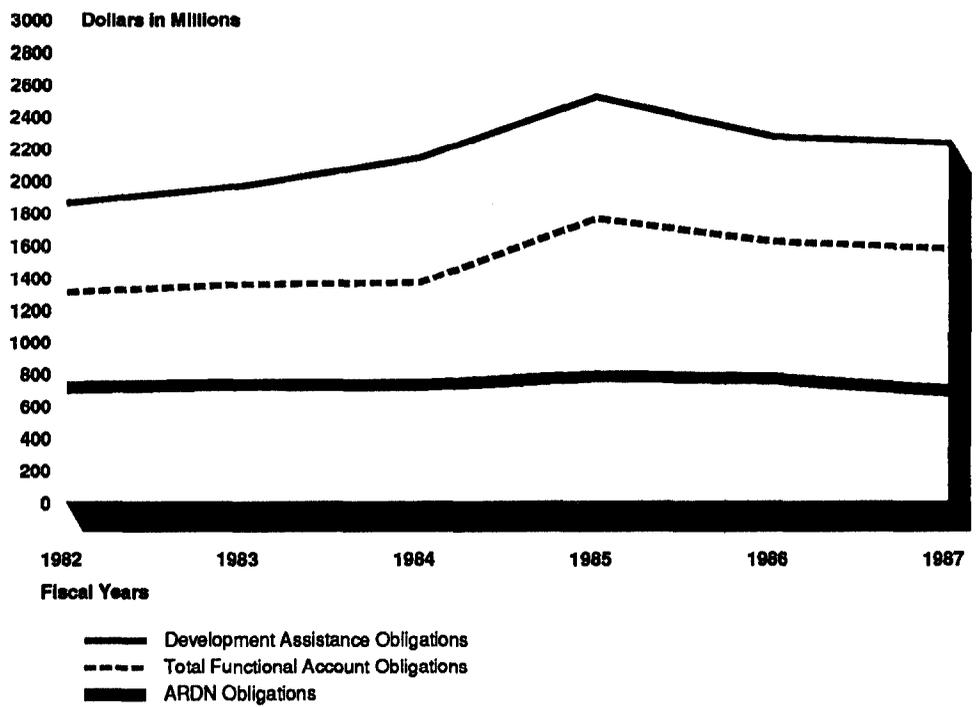
Budgetary Changes Affect Title XII Activity

Title XII projects have been financed principally from the Agriculture, Rural Development and Nutrition (ARDN) account, one of the eight functional accounts in the Development Assistance (DA) program. Annual budget obligations for the ARDN account, as seen in figure 2.3, increased from fiscal year 1982 through fiscal year 1985, when it reached a peak of almost \$775 million. Since 1985, however, ARDN obligations have declined 11.3 percent, to \$687 million in fiscal year 1987. Furthermore, ARDN's percentage of the total obligations provided for the eight functional accounts has fallen from over 54 percent in fiscal year 1982 to about 44 percent in fiscal year 1987. AID attributes the decline in ARDN funding to changing budget circumstances in recent years, including the decline in overall DA program funding, the creation of new functional accounts and programs, and congressional and AID emphasis on other programs and activities.

Development Assistance Budget Reductions Affect ARDN Account

ARDN funding levels have been affected by budget changes in the DA program, its source of funds. AID said that with the growing concern over the budget deficit, and the passage of the Gramm-Rudman-Hollings deficit reduction legislation, overall foreign assistance levels have dropped

Figure 2.3: Budget Trend Analysis



Functional Accounts include: ARDN, Population Planning, Health, Child Survival Fund, Acquired Immune Deficiency Syndrome, Education and Human Resource Development, Private Sector, Environment and Energy, and Science and Technology.

Source: AID Congressional Presentations, Fiscal Years 1982 through 1989.

considerably, particularly from the fiscal year 1985 peak. This overall decline, coupled with changes in foreign assistance program priorities, has reduced DA funding. Since reaching its peak funding level in 1985, DA program funding has dropped over 11 percent, from \$2.5 billion to \$2.2 billion.

Increased Competition for DA Funding

New functional accounts and programs are competing with the ARDN account for declining DA funds. Since our 1981 report, two new functional accounts, the Child Survival Fund and the Acquired Immune Deficiency Syndrome Prevention and Control Fund have been created. In addition, the Private Enterprise Revolving Account was created in 1984 and a new regional program, the Development Fund for Africa, was created in 1988. All of these accounts are being funded from the DA program. An AID official explained, however, that even though some of the

proposed fiscal year 1989 funds for the Development Fund for Africa were taken from the ARDN account, this action should not necessarily adversely effect title XII, since some of it may be used for title XII-type agricultural development activities. However, AID has not identified the number of potential title XII projects that may be funded from the Development Fund for Africa.

Congressional and Administration Preferences and Earmarking Determine Budget Allocations

AID and BIFAD officials said that congressional and AID priorities and budget earmarking are influencing the allocation of DA funding to functional accounts and special programs. A 1987 AID analysis of DA budget issues showed that in recent years, the Congress has changed the functional account priorities. For example, in fiscal year 1987, the Congress legislated higher levels than requested in some functional accounts, such as the Health and Child Survival accounts, and reduced others, including the ARDN account.

AID officials stated that, overall, the ARDN account has suffered from earmarking actions. AID reports that before fiscal year 1986, DA had been relatively free of funding restrictions other than those implicit within the functional accounts. Since then, the Congress has earmarked or directed a substantial portion of DA funds to particular accounts or activities. In fiscal year 1987, country specific earmarks/commitments were \$153 million, and functional earmarks were \$36 million. The Congress also established funding floors for Africa and Central America which, in effect, earmarked funds similarly to the fiscal year 1988 Development for Africa Fund earmark. Overall, the Congress earmarked about 45 percent of fiscal year 1987 DA funds.

Less Emphasis on Institution-Building Projects

Some AID and BIFAD officials believe that the decrease in title XII projects is also partially due to a decline in the volume of AID-funded institutional development projects. Institutional development projects are designed to establish and strengthen public and private institutions. Such projects have been traditionally viewed as appropriate for university contractors because long-term relationships can be established between university contractors and developing institutions.

Although accurate statistics on the volume of institution-building projects are not available, these officials believe that AID has been moving away from institutional development in recent years, as (1) AID has

determined that different types of projects are needed in some countries, particularly Latin American and Asian countries and (2) the private sector initiative has focused a greater portion of project activity on providing capital to enable private sector development rather than on traditional institution-building activities. Consequently, there have been fewer title XII opportunities.

Other AID officials disagree that its institution-building efforts have decreased. In an October 1987 letter to BIFAD, AID stated that it had not waived in its support of institutional development activities, nor was it convinced that support for such activities had been disproportionately reduced. In June 1988, AID reiterated its commitment to institution-building and proposed that AID and BIFAD work together to develop an information system for monitoring institution-building and research activities.

Competing Program Priorities Limit Title XII Activities

AID, BIFAD, and university officials believe that congressional and AID actions taken since our 1981 report have directly and indirectly curtailed AID's efforts to use title XII institutions. Since 1981, the Congress has directed AID to use private voluntary organizations (PVOs) and minority firms to implement development projects. More importantly, however, unlike its actions taken on the title XII mandate, the Congress earmarked funds to ensure that such contractors are awarded a minimum level of technical assistance contracts and cooperative agreements. The Congress has directed AID to make available a range of funding from its development and disaster assistance funding accounts to PVOs, currently a minimum of 13-1/2 percent. Similarly, since 1984, AID has been legislatively required to annually allocate 10 percent of its funds to specific types of minority contractors such as economically and socially disadvantaged enterprises. We found that for fiscal year 1987, AID reported that 34 percent of the \$351 million in DA funding awarded to PVOs was from the ARDN account. This amounted to over 17 percent of total ARDN funding in 1987. Similar information was not available on minority contractors.

In addition to congressional mandates to use PVOs and minority firms, some BIFAD, U.S. university, and AID officials believe that AID's emphasis on private sector development has contributed to a decline in title XII project activity. The private sector initiative, which focuses attention on strengthening and expanding the private sector as a means for achieving development objectives in developing countries, has concurrently led to

a preference of some AID staff to use U.S. private sector firms as contractors. Some AID staff believe that private sector firms are more appropriate than U.S. universities in working with private sector entities in developing countries.

Title XII Community Concerned About Trends

Some BIFAD, U.S. university, and AID officials are concerned that AID interest in title XII is declining. They believe that unless actions are taken to increase AID emphasis on the mandate, title XII goals will not be achieved. Some university officials are concerned about universities' ability to continue to maintain their international development capabilities, in light of the decline in the volume of AID projects awarded to universities. University officials said that they may find it difficult to encourage the staff to learn foreign languages and express interest in international work, when few opportunities to work overseas are available.

BIFAD officials said that, although they are philosophically opposed to earmarking, they have considered requesting the Congress to earmark title XII funds to ensure AID's commitment to the title XII mandate. In a draft of its fiscal year 1989 report to the Congress, BIFAD states that if earmarks for other program priorities cannot be reduced, the university community may insist that BIFAD sacrifice principle for expediency and seek a title XII earmark to protect both program priorities and the level of university involvement in AID activities.

Some U.S. university officials, sympathetic to AID's need to respond to a myriad of competing demands for limited funds, support efforts to integrate competing mandates in the agricultural development area by encouraging title XII institutions to form partnerships with other types of contractors. They indicated that there is considerable acceptance among universities of the appropriateness of jointly implemented title XII projects as long as (1) such efforts do not impinge on the title XII project designation, which ensures a title XII-eligible institution will be lead contractor and (2) private sector, PVO, and minority contractors are similarly encouraged to subcontract with title XII universities on nontitle XII projects. One university official said that joint undertakings with other types of contractors may be appropriate for some of the larger title XII projects with several components or for projects where it is apparent that a nonuniversity subcontractor would be more appropriate for a particular project segment. BIFAD also called attention to the joint venture concept on title XII as a way to increase the use of universities in AID projects.

Conclusions

We believe that the significant decline in title XII activities was inevitable in a continually evolving environment where new approaches to development assistance are periodically introduced and budgets fluctuate. Since title XII was enacted in 1975, new legislative and AID policies have been adopted that have reduced agricultural development funding and have focused AID's attention on different types of contractors and development projects. These changes make the future level of project activity under title XII uncertain.

Perception and Implementation Problems Continue to Hamper Title XII

Although budgetary, legislative, and administration developments have limited the funds available for title XII opportunities, we found that AID staff's perceptions of U.S. university capabilities and performance hamper implementation of the title XII mandate. In addition, AID and BIFAD have yet to implement several administrative responsibilities aimed at facilitating the use of title XII resources.

AID policy has been to limit contractor competition for projects meeting the definition of title XII projects. Such projects have been "set aside" for title XII universities and not subject to full and open competition regulations. In our opinion, limiting procurement to title XII institutions is not consistent with the Competition in Contracting Act of 1984 (CICA).

Problems Reported in Prior GAO Report

Our 1981 report concluded that nearly 6 years after the enactment of the legislation, progress in using and improving the capabilities of universities had been slow. Although title XII had succeeded in increasing overall awareness of the resources that universities had to offer in the field of international agricultural development, we reported that (1) overseas missions lacked proper guidance on how to implement title XII activities; (2) university policies regarding promotion, tenure, and salaries were not designed to foster faculty participation in overseas projects; (3) lines of authority between missions, host countries, and university contractors were blurred, causing misunderstandings and project implementation problems; and (4) university personnel often lacked the capacity to contribute significantly to AID's development program.

We made three recommendations to the AID Administrator to improve title XII implementation. We recommended that AID

- issue a policy directive clarifying its position on, and commitment to, implementing the title XII concept to combat world food problems;
- review all of its current guidelines and instructions on U.S. universities and other title XII institutions to define title XII activities; establish university procurement and contracting procedures; and delineate the operational roles and responsibilities of university contractors and mission staff; and
- develop better means of preparing, orienting, and assisting university contract staff for overseas assignments.

Since 1981, AID, BIFAD, and U.S. universities have taken actions to improve title XII implementation. In 1982, AID issued a policy determination on title XII and revised its project handbooks to clarify and

encourage title XII implementation. In 1986, AID, in cooperation with BIFAD, undertook an extensive survey of the title XII community relationship. A number of executive decisions were made by AID in response to issues raised in this survey. For example, AID established a policy allowing noncompetitive extensions of title XII projects. AID has also provided strengthening grants to 57 universities to encourage and help in their efforts to alleviate constraints on their effective participation in international development.

BIFAD also has worked to improve title XII implementation. Following the 1986 survey of the title XII community, two task forces were established by BIFAD, one on procurement and one on university commitment. Both resulted in actions by AID and BIFAD meant to improve title XII implementation. BIFAD has also sponsored training courses and seminars, conducted studies identifying areas for improvement, and encouraged universities to adjust their personnel policies to apply tenure and promotion criteria to faculty working overseas. AID and BIFAD believe that the above actions, particularly their self-appraisal process, have generated a new spirit of cooperation and collaboration with which to address the new challenges facing the title XII community.

Performance and Competition Concerns Limit Title XII Implementation

Despite the above actions, however, the volume of title XII activities has significantly declined and some AID staff believe that emphasis on title XII at AID overseas missions continues to be low. We found that some AID staff resist designating projects as title XII. AID's reluctance to designate title XII projects appears to be because of (1) university contractor performance and (2) competition in contracting. These factors, coupled with an AID staff perception that title XII is receiving relatively less emphasis today than in the past, have resulted in some projects, meeting the title XII definition, being implemented principally or solely by nontitle XII contractors.

Reluctance to Designate Title XII Projects

AID and BIFAD officials said that since 1982, fewer title XII projects were started partly because some AID staff resisted using university contractors and/or limiting contractor competition to title XII universities. In a sample of 23 title XII projects initiated since 1982, we found that for 7 of the 23 projects (about 30 percent), AID staff either resisted the title XII designation or insisted that if the project was designated title XII, the selected university contractor be required to subcontract with a nonuniversity contractor. The following are some examples of AID staff actions.

- AID's Mali mission resisted a title XII designation for a 1986 Mali Farming Systems Research Project because of concerns about university contractor performance. The mission finally agreed to the designation after BIFAD provided information about individual universities' capabilities.
- The Kenya mission and host country government proposed an open competitive procurement for a 1988 National Agricultural Research Project. This decision was supported by the AID regional bureau. After appeals by BIFAD, ultimately to the AID Administrator, this decision was reversed and the mission selected a title XII contractor.
- BIFAD appealed to AID about a 1987 Niger Applied Agricultural Research project. Despite previous agreement that this would be a title XII project, a subsequent mission decision advocated open competition. Eventually, however, the title XII set-aside was used, but the request for technical proposals encouraged universities to subcontract with a private sector firm.

BIFAD and university officials also cited several other title XII projects in which AID staff separated the participant training components and awarded them to the U.S. Department of Agriculture or private sector firms. They believe such practice minimizes university involvement in AID development activities.

Questionable University Commitment Cited as Barrier

AID staff said that, while they recognize the resource base existing in the university community, they are sometimes reluctant to use universities as contractors, because past experience has not met their expectations. AID officials and mission directors, in their responses to AID's 1986 title XII survey, frequently cited concerns about the level of university commitment to international development activities and university capabilities for implementing AID projects.

Although some universities have been involved in overseas development activities for decades, AID officials said most universities are not willing or able to assign faculty to long-term overseas projects. Moreover, in their view, most university staff do not want to stay overseas for more than 2 years because they are concerned that a longer assignment would jeopardize their competitive status on campus. Some mission directors also believe that often, many of the best faculty members are available only during lulls in the academic year, which do not always coincide with project demands. Consequently, according to AID officials, the experience of many missions is that universities too often offer staff who are either at the very early or very late stages of their careers, and

of little use to their department—essentially, AID gets those who are expendable.

Some AID staff believe that university faculty are frequently more concerned with their own agenda or research interests, while working on AID projects, than with project needs. The lack of foreign language and cross-cultural skills was also cited as a problem with university contractors. Many officials also believe that U.S. universities have not adapted their approaches and technologies to the needs of developing countries, and that they are not as flexible as private sector firms in restructuring project activities when the mission staff feels a change in scope is warranted. Finally, almost one-third of the mission survey responses stated that university contracts are more difficult to manage than private sector firms, due to university staffs' lack of familiarity with AID regulations and universities' tendency to delegate less authority to their field-based staff.

Title XII Procurement Policy

AID's title XII procurement policy, in effect during our review, stated that projects determined to be title XII activities would be "flagged as such," and according to AID and BIFAD officials, set aside for title XII universities. Contractor competition for such projects was limited to "eligible title XII institutions." The AID policy and regulations also provided for AID to select the institution "best qualified" to perform the work and then negotiate a price with that source.

AID and BIFAD officials said that the title XII procurement "set-aside" mechanism had been used since the inception of title XII. At the time title XII was enacted in 1975, AID already was limiting competition to university contractors for certain types of projects. According to AID officials, this procurement practice was justified because AID believed that university contractors were more qualified than other types of contractors for certain types of projects.

AID officials said that following passage of CICA in 1984, AID sought clarification on its university procurement practices from the Office of Management and Budget (OMB). AID's interpretation of OMB's response was that it could continue to limit competition for title XII projects to title XII universities under CICA. CICA permits an agency to use other than competitive procedures when a "statue expressly authorizes or requires" procurement from a specified source. AID believed the title XII legislation authorized limited competition.

AID, BIFAD, and university officials told us that the title XII set-aside procurement policy is essential for successfully implementing title XII. They said that unless competition for title XII projects is limited to eligible title XII universities, it is likely that nonuniversity contractors would be selected to implement projects meeting the title XII definition. They said that inherent differences between universities and private sector firms make it difficult for universities to be competitive under open competition procedures, where cost is considered a criterion in the contractor selection process. Universities, unlike private sector firms, support a complex overhead structure. Although this overhead provides universities unique technical and administrative backstopping capabilities, according to some AID officials, it also may mean higher overhead costs for universities vis-a-vis private sector firms. When a project is designated as title XII, however, AID reviews the proposals solely on the basis of technical merit, and then negotiates cost with the selected contractor.

Despite AID policy, many AID officials said that they were philosophically opposed to any type of mechanism that limited their choice of contractor and thus resisted designating title XII projects. They said open competition in contracting is the best means of ensuring that AID has access to the most qualified contractors. Consequently, some AID officials explained that they preferred not to designate projects as title XII projects unless university contractors were uniquely qualified to implement them. One AID official noted that there are increasingly fewer such projects because private sector capabilities to undertake a wide variety of development projects have improved in recent years and because AID projects are becoming more complex, often requiring the talents of several contractors to implement.

Our review of AID's 1986 title XII survey results also revealed AID staff concern about limiting competition for title XII projects. Thirteen of the 49 mission directors who responded to the survey said that they favored open competition for certain title XII-type projects. One mission director stated that "...we will all be better off when special procurement modes are eliminated and full and open competition is used on almost every project." Some AID officials and mission directors replied that they felt by using the title XII set-aside procurement mechanism, they were being forced to contract with a university not always best qualified for the job.

Title XII Set-Aside Procedures Inconsistent With CICA

Despite concerns raised about the ability of title XII universities to successfully compete for title XII projects under full and open competition regulations, we do not believe AID's source selection procedure is consistent with CICA.¹ Under CICA, federal agencies generally must use competitive procedures in obtaining goods and services. Competitive procedures are those that allow for full and open competition, which means that all responsible sources are permitted to compete. An agency may use other than competitive procedures only in seven specified circumstances. One of these circumstances is when a statute expressly authorizes or requires procurement from a specified source. AID's position is that title XII is such a statute, and that full and open competition therefore is not required in awarding contracts in connection with title XII programs.

We do not agree with AID's reading of title XII. Although it is clear that title XII is intended to encourage and promote the involvement of U.S. universities in AID-sponsored agricultural programs, and that AID has broad discretion in selecting the mechanisms it believes are most appropriate toward that end, we find nothing in title XII that "expressly authorizes" AID to restrict a procurement to title XII universities when it decides to contract in connection with a title XII program.

Further, aside from the limitation on sources, we are concerned that AID's regulation does not require that price be an evaluation factor in selecting the proposed awardee. In this regard, CICA requires that a solicitation state all significant evaluation factors, specifically including price. A source selection procedure based solely on technical merit may be used only when authorized or required by statute.

Reluctance to Use Title XII Can Be Addressed

Many AID, BIFAD, and university officials believe that the actions taken since 1981 have, for the most part, effectively laid the foundation for implementing title XII. While some officials favor expanding the title XII legislation to include a broader range of subject areas in which universities have strengths, such as the environment and natural resource concerns, they do not believe that expansion of the purview of title XII or further clarification of what constitutes a title XII project will curtail the impact of AID staff resistance. We believe that increased awareness of the title XII mandate and knowledge of positive title XII experiences may help minimize the effect of this reluctance on the program.

¹We reached the same conclusion with respect to a prior AID regulation on Title XII procurements. Federal Regulations Need To Be Revised To Fully Realize The Purpose of The Competition In Contracting Act of 1984 (GAO/OGC-85-14, Aug. 21, 1985)

Perceptions Can Be Addressed Through Updated Information

Concern about universities' capabilities and commitment to international development work has hampered the program from the beginning. AID, BIFAD, and university officials believe that U.S. universities have made significant progress toward improving their international development capabilities since we reviewed the title XII program in 1981. AID evaluations of its university strengthening grant programs support this view. Although recent evaluations cited some program administration problems, they have also shown that strengthening grant objectives are being met. For example, strengthening grants are credited with helping to develop world class centers of excellence and specialized expertise, such as the University of Florida's center of excellence in humid tropical agriculture. In addition, the grants have encouraged many universities to enact personnel policy changes designed to encourage faculty participation in overseas projects. A March 1988 AID-funded evaluation of one strengthening grant program estimated that as many as 300 overseas university staff assignments, over a 4-year period, are attributable to strengthening funds, and reported that universities are increasing on-campus international development orientation activities. This evaluation also estimated that 60 to 70 percent of strengthening grant expenditures were spent in support of ongoing and immediately foreseeable AID/university projects.

These improvements, however, have not eliminated negative perceptions of university capabilities held by some AID staff. AID, BIFAD, and university officials believe that lack of knowledge about overall title XII activities has negatively influenced and perpetuated some AID staff's perceptions of university contractors. We found that several AID staff, although stating that universities have improved their performance, could more readily cite specific examples of negative university contractor experiences than success stories.

One way to increase knowledge about universities' capabilities is through providing AID staff information on universities' efforts to comply with the National Association of State Universities and Land Grant Colleges (NASULGC) Basic Principles for College and University Involvement in International Development Activities. Partially in response to the negative perceptions of university commitment, NASULGC developed its principles in 1983 as a general guideline for improving members' performance. The seven principles focus on planning, maintaining, and improving professional practices in international development activities. These principles address the issue of university commitment to international development, a key concern of many AID staff. They encourage universities to (1) clearly articulate their support for international

development activities, (2) develop university tenure policies that encourage faculty interest in working overseas, (3) internationalize curriculum to prepare students for international work, (4) train campus administrative personnel to support overseas staff, and (5) address many other policy and administrative areas important to title XII implementation.

In 1987, AID and BIFAD formally adopted the NASULGC principles as a means for measuring university commitment to international development activities. AID currently encourages, but does not require, its contracting officers to evaluate university proposals against the principles and, according to AID officials, the spirit of these principles is incorporated into the university strengthening programs. We found, however, that neither NASULGC, AID, nor BIFAD knows to what extent universities are complying with the principles. A BIFAD official believes that most universities have complied with the principles in varying degrees, but could not provide data to demonstrate to what extent.

Essential Implementation Responsibilities Have Yet to Be Fulfilled

In our 1981 report, we cited several legislatively mandated responsibilities that AID and BIFAD had not fulfilled. Such responsibilities were intended to facilitate title XII implementation. Today, almost 7 years later, AID and BIFAD are still struggling to fulfill some of the responsibilities. These include requirements aimed at (1) maintaining accurate program statistical information, (2) keeping the Congress informed of title XII progress, (3) helping to match university resources with AID needs, and (4) evaluating program activities.

Data Collection Problems Exist

Neither AID nor BIFAD maintains accurate information on title XII activity. Both AID's and BIFAD's data systems have design and data collection problems that prevent them from accurately reporting title XII project information. According to AID officials, AID has not generated its own title XII information since 1985, when it discontinued a report generated by a computer system designed to monitor university implemented projects. AID officials said that the computer program used to generate the report was outdated and thus produced inaccurate data. They also told us that AID's centralized computer system for reporting on all AID procurement activities cannot reliably be used to generate title XII information, because it cannot distinguish between title XII activity and non-title XII activities.

AID officials said that a new computer system for monitoring contracts, grants, and cooperative agreements with universities, scheduled to be operational in December 1988, will be able to report on some aspects of the title XII program—university strengthening grants and the Collaborative Research Support Program. However, an AID official told us that the system is not designed to identify title XII projects from nontitle XII projects awarded to universities. Hence, the system will not be able to report on overall title XII activity.

BIFAD's data system is dedicated to monitoring only title XII university activities. However, BIFAD officials, as well as our analysis, indicated that BIFAD's title XII data system also provides incomplete and inaccurate data. For example, we discovered that BIFAD had listed several projects as title XII set-asides that were, in fact, won through open competition. A BIFAD official also told us that some of the reported contract amounts and lengths of projects were incorrect. BIFAD is in the process of updating and correcting its title XII information and is soliciting title XII university input on the AID projects they are implementing.

Annual Report Requirement Not Met

The title XII legislation requires that an annual report be submitted to the Congress on title XII activities for the prior fiscal year and projected activities for the subsequent 5 fiscal years. AID stopped preparing these reports in 1984 and has subsequently relied on limited title XII information in its Congressional Presentation to satisfy the reporting requirement.

We believe that preparing a title XII report is essential for keeping the Congress informed on title XII implementation, and can be a valuable process for identifying implementation problems and for focusing the title XII community's attention on forward planning. Our review of the title XII reports and Congressional Presentation information to date, however, revealed that AID and BIFAD have reported inaccurate and incomplete information. Hence, the value of the reports has been limited. For example, we found that AID projected approximately \$400 million in annual title XII funding from 1982 to 1986. Neither AID nor BIFAD officials could provide the basis for this statistic. A BIFAD official said that \$400 million represented a percentage of estimated agricultural projects that were expected to be title XII projects. Our analysis of BIFAD information indicates that annual title XII-type project funding involving universities peaked at about \$227 million in 1982 and averaged less than \$80 million the following 4 years.

Also, AID reported from 1985 through 1987 that "the interest of developing countries in title XII projects, as reflected in AID mission requests, has grown continuously," even though the average number of title XII projects these years was 30 percent lower than the prior 3 years. Moreover, none of the reports contain a 5-year projection of title XII activities as legislatively required. AID stated that its current budget systems do not permit detailed project projections so that the discussion for future years will perform be general.

BIFAD Has Yet to Develop an Effective Registry

The title XII legislation directs BIFAD to develop and maintain a current registry of universities having "capacity, experience, and commitment with respect to international agricultural efforts" to help match university capabilities with AID program needs. BIFAD officials said such knowledge of the universities is important because BIFAD is responsible for assessing university capabilities for implementing projects and crafting relationships between two or more universities to carry out a particular title XII set-aside project. BIFAD, however, has never developed an effective registry to assist it in fulfilling this responsibility.

Our 1981 report showed that BIFAD lacked an effective registry, but indicated that it was in the process of establishing an automated one. In 1982, BIFAD automated its list of university capabilities, but allowed it to become "dormant" in 1985. According to a BIFAD official, the system was too cumbersome and costly to keep updated, and neither AID nor the universities used it. Currently, BIFAD relies on its staff's personal knowledge of specific universities' capabilities and on outdated and unwieldy "source books," which list degree programs of title XII institutions to match universities with AID needs. A BIFAD official noted that these methods may lead to the exclusion of smaller universities whose capabilities are not well-known.

BIFAD officials said that an automated registry is being developed, which will have a simpler format and will be less of a burden on universities to keep updated. To this end, BIFAD has requested funds from AID for new computers, but could not tell us when the system would be on-line.

BIFAD Has Not Fulfilled Title XII Evaluation Responsibilities

The title XII legislation states that BIFAD is to participate with AID in monitoring title XII activities and assessing the effect of title XII programs in solving agricultural problems in developing countries. These evaluation responsibilities, which cover specific project evaluations as well as programs designed to strengthen university capabilities, have

been only partially fulfilled. We found that AID and BIFAD have actively monitored and evaluated university strengthening grant programs, but that limited progress had been made in evaluating title XII projects and disseminating "lessons learned" information. Moreover, 13 years after the title XII enactment, no overall program assessment has been done. Although AID is evaluating a series of completed university implemented projects to determine the future role of agricultural universities worldwide, these evaluations are not designed to address all issues relevant to title XII. For example, the impact evaluations do not focus on how contractor performance affected overall project impact, a key title XII issue. AID's 1986 title XII survey of its overseas mission staff and U.S. universities focused on how well the title XII relationship was working, not on title XII program accomplishments.

BIFAD has reviewed its evaluation responsibilities several times and, according to a BIFAD official, has recently begun to implement an evaluation strategy. In 1985, BIFAD commissioned a study of its role in title XII evaluations, which proposed a model for reviewing and disseminating lessons learned to universities from individual title XII projects. In 1986, BIFAD again studied its evaluation responsibilities and capabilities and, based on the recommendations from this study, adopted an evaluation strategy. The strategy calls for (1) BIFAD participation in AID's evaluation system, (2) increased university participation, (3) the AID Administrator being kept abreast of evaluation issues and (4) a system to be established for disseminating lessons learned from project evaluations.

In March 1988, BIFAD began to implement portions of its evaluation strategy. It requested information from AID missions on upcoming title XII evaluation opportunities, and BIFAD staff has been meeting with AID evaluation officers to coordinate and track evaluation efforts. However, the "lessons learned" feedback system, considered by one BIFAD official to be the crux of BIFAD's evaluation strategy, has yet to be implemented.

A BIFAD official attributed the delay in implementing a lessons learned feedback system to difficulty in identifying and obtaining AID project evaluations for review and to the lack of contractor performance information in most AID project evaluations. An AID official explained that AID's evaluation system focuses on project purposes and outputs and that contractor performance generally is not addressed as a separate evaluation component but is discussed if it has affected the accomplishments of project goals.

Conclusions and Recommendations

Budget decreases, changing program priorities, procurement policies and practices, and perceptions of inadequate university performance have combined to lessen the importance of title XII within AID. If title XII is to be revitalized, the Congress may need to reexamine its importance vis-a-vis other legislative and administration priorities.

Although AID and BIFAD have initiated a number of measures in recent years to improve title XII implementation, the overall importance of title XII within AID appears to have declined, and negative perceptions of university performance continue. Moreover, there are a number of administrative problems that we believe are hampering effective implementation of the program. We believe that problems with identifying and tracking title XII activities has hampered program monitoring, failure to submit required annual title XII reports to the Congress has limited congressional awareness of title XII implementation, and the absence of a title XII program evaluation has made it difficult to assess overall program implementation and impact. We also believe that it would be useful if universities were required to include information on their efforts to comply with the NASULGC principles when submitting contract proposals. The availability of such information to AID staff may help alleviate their negative perceptions about university commitment to international development. In addition, we believe that BIFAD's problems in maintaining a comprehensive registry of university resources has limited its ability to match university resources with AID needs.

Accordingly, we recommend that the AID Administrator, in consultation with BIFAD, implement the following recommendations aimed at improving title XII implementation.

- Develop a means of accurately tracking and reporting title XII project activities.
- Re-institute the mandated annual report to the Congress on title XII, and ensure that it includes accurate and complete data, including, anticipated title XII activities planned over the next 5 fiscal years.
- Make an evaluation of title XII projects, to include university performance, and distribute the results to AID missions and title XII universities.
- Require universities to include in their project proposals a statement, and supporting documentation, regarding the extent of their compliance with the NASULGC Basic Principles for College and University Involvement in International Development Activities.

We also recommend that BIFAD

- Place priority on developing a comprehensive and current registry of university resources to facilitate BIFAD's ability to match university capabilities with AID's needs.

While we recognize that university participation in title XII projects could be affected, we believe current AID guidance limiting competition to title XII universities is not consistent with CICA. Therefore, we recommend that the AID Administrator issue guidance eliminating the separate procurement set-aside for title XII universities.

Agency Comments and Our Evaluation

AID and BIFAD reviewed a draft of this report and said that they were in substantial agreement with most of the recommendations (see app. I). They stated the following:

- Joint activity is underway between AID and BIFAD to develop a means of accurately tracking and reporting title XII project activities, and that a consultant is reviewing AID's project tracking system and will be making recommendations for improving the system.
- AID will prepare an annual report to the Congress as required by the title XII legislation, beginning with the report due on April 1, 1989.
- BIFAD is developing a system for evaluating and monitoring title XII university performance, which would serve as a complement to the AID evaluation system that focuses on project purposes and outputs. We subsequently spoke with BIFAD officials who, explained that BIFAD is considering the feasibility of annually selecting several title XII projects for special evaluations. The evaluations would focus on pertinent title XII issues, such as contractor performance concerns.
- BIFAD is reviewing its registry of institutional resources concept and considering recommendations for a more simple system for matching university resources with AID needs.

AID and BIFAD said our recommendation that AID require universities to provide information on university efforts to comply with the NASULGC principles in their project proposals should not be required as a contractual agreement between AID and universities. Our recommendation was not intended to change AID's contractual agreements but to increase AID's knowledge about a specific university's ability to undertake international development projects. We believe that information on how a university has complied with the NASULGC principles would be useful to AID staff when they are evaluating competing university project proposals.

Therefore, we reaffirm our recommendation that AID require such information when judging the merits of university proposals to undertake title XII projects.

We believe the planned or ongoing activities cited by AID and BIFAD, when fully implemented, can improve the overall implementation of title XII activities.

AID disagreed with our view that procedures limiting certain procurements to title XII universities were inconsistent with CICA. AID believes the title XII legislation provides sufficient basis for exempting universities from open competition called for under CICA. We believe that AID's view is incorrect because title XII does not "expressly authorize" AID to restrict procurement to title XII universities. Therefore, we reaffirm our recommendation that AID eliminate its procedures limiting procurement to title XII universities.

Joint Comments From the Agency for International Development and the Board for International Food and Agriculture Development



BOARD FOR INTERNATIONAL FOOD AND AGRICULTURAL DEVELOPMENT
INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Agency for International Development
Washington, D. C. 20523

October 24, 1988

Mr. Frank C. Conahan
Assistant Comptroller General
National Security and International
Affairs Division
Government Accounting Office
Washington, D. C.

Dear Mr. Conahan:

The Agency and BIFAD have reviewed the draft report, "Foreign Aid: University Participation is Uncertain," and we are jointly responding to it.

In the Spring of 1986 the Administrator of A.I.D., in cooperation with the Chairman of BIFAD, undertook an extensive survey/evaluation of the A.I.D.-Title XII Community relationship. All A.I.D. missions and Title XII institutions were contacted. The results were reviewed within A.I.D. and by the BIFAD. A number of executive decisions were made by the Administrator in response to issues raised in this evaluation reaffirming A.I.D.'s commitment to Title XII and the use of Title XII institutions. In addition, two task forces were established by the Chairman of BIFAD, one on procurement and one on university commitment. The reports of these task forces were reviewed by the BIFAD. This evaluative, self-appraisal process is briefly mentioned in the GAO report. It needs to be emphasized because of the concrete steps taken by both the Agency and BIFAD to improve Title XII implementation. The draft GAO report identifies several additional areas in which remedial action is recommended. We are in substantial agreement with these recommendations and our planned actions are summarized in the attached.

Equally important, however, is that this process of self-appraisal has generated a new spirit of cooperation and collaboration with which to address the new challenges facing

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the Title XII community. Realization of the promise we hold for Title XII programs depends importantly on the success of our common purpose in meeting these challenges.

Since early this year, A.I.D. and BIFAD have taken a serious look at development programs for the 90's, evaluating what has been done in the past and looking at the changing emphases and strategies needed for the future. The emphasis, however, has been forward looking stressing the fact that the world's problems are changing and more sharply focussed development programs are needed for the future. We foresee changes in the types of programs being mounted and the methods being used to achieve program objectives.

One of the major changes we foresee is the increasing use of linkage mechanisms, for example, between advanced developing country institutions and U.S. universities. It will change the modus operandi in development projects in those countries from a highly intensive mentor-student orientation to a more collegial professional to professional relationship. Many of the advanced developing country institutions, beneficiaries of highly intensive U.S. assistance programs in the past, need the intellectual stimulation of association with scientific colleagues on the cutting edge of science. Universities in countries like Brazil, Colombia, India, Indonesia, Nigeria, Thailand and Tunisia, to name a few, are growing into mature institutions, but are in danger of lagging behind unless they are exposed to continued intellectual stimulation by leading scientific minds; hence the genesis of the linkage concept.

With the advent of the concept of sustainable agriculture, shifting from a production - maximizing focus to one that can be sustained indefinitely without degrading the environment, agricultural research and education activity must be redirected on a world-wide basis. The Agency and the Title XII universities, along with the PVO's in the environmental community, expect to work in concert with each other on this monumental undertaking. The Title XII universities will provide the conceptual and analytical expertise, while the Agency will furnish the programming and structural leadership. It is anticipated that collaborative-type projects between U.S. and developing country scientists will be an important vehicle for accomplishing program objectives and activity in this area is expected to increase over time.

The Title XII universities need to further internationalize their curricula. It is clear that the world is becoming increasingly interdependent. Students, as a consequence must

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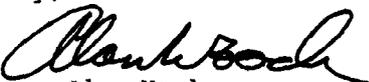
- 3 -

be prepared to deal with a global economy in a multi-cultured setting. Faculty scholarship, of necessity, must be broadened beyond state and national borders. The Agency, on the other hand, needs to utilize universities more effectively. With a more sharply focussed program in the future and with potentially fewer staff, Title XII university intellectual skills and scientific know how can be a great asset in analyzing country situations and evaluating programs. A continuing relationship over time between a U.S. university and a developing country or region can be a strong asset to USAID missions.

The Agency and BIFAD envision changing needs and circumstances, dictating different development programs and processes. The Title XII university, as a consequence, will be utilized in a changing manner. It is also self-evident that the Title XII university and the USAID mission are definite comparative advantages in the development assistance field. Although it is clear that there are stresses and strains in that relationship, we are working together to forge a more effective partnership.

Sincerely,


William E. Lavery
Chairman
Board for International
Food and Agricultural
Development


Alan Woods
Administrator
Agency for International
Development

Enclosures:
BIFAD Response to the GAO
Recommendations

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A.I.D. - BIFAD Response to the
GAO Recommendations

See p. 32.

1. Joint activity is underway between A.I.D. and BIFAD to develop a means of accurately tracking and reporting Title XII project activities. Since the Agency's tracking system does not identify Title XII projects as such, BIFAD has raised questions about the need. The Agency currently has a consultant who is reviewing the project tracking system. The consultant will present recommendations for the improvement of the system.

See p. 32.

2. A.I.D. accepts this recommendation and will prepare a report to Congress as required by Sec. 300 of the Foreign Assistance Act of 1961, as amended, beginning with the report due on April 1, 1989, and subsequently. Each report will discuss activities carried out pursuant to Title XII during the preceding fiscal year, including a summary of activities of the BIFAD. Under the forward planning processes of A.I.D. and BIFAD, each report will discuss programs and activities planned for subsequent fiscal years. Current budget systems do not permit detailed project projections so the discussion for future years will perforce be general.

See p. 32.

3. The Agency has an on-going system for project evaluation, focussing on project purposes and outputs as stipulated in the authorizing project documents. BIFAD currently has under development a system for evaluating and monitoring Title XII university performance. This system would serve as a complement to the A.I.D. system, looking specifically at the question of university performance. It is due to be considered by the BIFAD at its November meeting.

See p. 32.

4. The NASULGC basic principles for university involvement in international development activities are pervasive, broad-based generalizations about university involvement. They refer as much to the university setting in which international activities take place as to the specific activities of a particular project. While they serve as useful guideposts for the milieu in which universities operate, they are inappropriate as part of a contract between the Agency and a university contractor.

See p. 32.

5. BIFAD is in the process of reviewing the Registry of Institutional Resources concept. The old system is huge; it is basically unwieldy, requiring massive computer resources, and almost impossible to keep up-to-date. A much simpler system is under development at the present time, using an in-house (to BIFAD) personal computer system.

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