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GAO

Report to the Honorable Charles E. Schumer, House of Representatives

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AGRICULTURAL TRADE

Improvements Needed in Management of Targeted Export Assistance Program

GAO

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

National Security and
International Affairs Division

B-226269

June 27, 1990

The Honorable Charles E. Schumer
House of Representatives

Dear Mr. Schumer:

At your request, we have examined the extent to which the Department of Agriculture has implemented recommendations made in our May 1988 report on the Targeted Export Assistance Program. We have focused on documentation of major program decisions, the adequacy of program guidance, oversight of program participants, and efforts to evaluate the success of individual activities and the program. We have made several recommendations related to these issues. The Department of Agriculture has concurred with our findings and recommendations and is currently taking steps to address many of our concerns.

Copies of this report are being sent to the Secretary of Agriculture and other interested parties. This report was prepared under the direction of Allan I. Mendelowitz, Director, Trade, Energy, and Finance Issues. Other major contributors are listed in appendix V.

Sincerely yours,

Frank C Conahan

Frank C. Conahan
Assistant Comptroller General

Executive Summary

Purpose

At the request of Representative Charles E. Schumer, GAO conducted a review of the management of the Department of Agriculture's Targeted Export Assistance Program. This program, funded at $200 million annually for fiscal years 1989 and 1990, was established to make funds or commodities available to counter or offset the adverse effects on U.S. agricultural exports of subsidies, import quotas, or other unfair trade practices of foreign competitors.

GAO examined the management of this program, focusing on (1) documentation of key program decisions such as funding allocations and participant contributions, (2) oversight of all program participants, (3) the adequacy of the program's guidelines, and (4) the Foreign Agricultural Service's efforts to improve its evaluation process.

Background

Section 1124 of the Food Security Act of 1985 established the Targeted Export Assistance Program. Legislation authorizing the program did not specify how it was to be implemented. The Secretary of Agriculture authorized the Foreign Agricultural Service to administer it as a foreign market development program, modeled after Agriculture's long-standing Cooperator Program. Both programs provide funding to conduct activities that promote U.S. agricultural commodities and products overseas. Many participants are in both programs, and the guidelines and types of activities conducted are similar. A major difference between the two programs is that participation in the Targeted Export Assistance Program is only available for those commodities that have been adversely affected by foreign unfair trade practices. Program participants include private, nonprofit agricultural trade organizations, state-related organizations, and private, profit-making U.S. firms.

Results in Brief

The Foreign Agricultural Service is not adequately documenting major program decisions such as how its funding criteria are applied and ranked for each participant. Guidance to program participants has not been clear, nor have guidelines been consistently enforced. Greater oversight of participants, particularly those private firms that promote their own brands, is needed to improve program management and ensure accountability. The Foreign Agricultural Service needs to continue its efforts to assist participants with evaluation requirements. It has not yet evaluated the success of the overall program, but has relied mainly on sales as proof of success.

Although the two market development programs are similar, the Foreign Agricultural Service does not adequately coordinate funding decisions or its management of activities under both the Targeted Export Assistance and Cooperator Programs. Combining the two programs could improve program administration and program effectiveness.

Recent developments, such as the issuance of proposed regulations for the Targeted Export Assistance Program and a limited reorganization to clarify lines of authority, are some of the actions the Foreign Agricultural Service is taking to improve program operations. However, further management improvements are still needed to ensure that all funds are being properly accounted for and to enhance program effectiveness.

Principal Findings

Program Decisions not Clearly Documented

Although federal standards call for documentation of key activities, the Foreign Agricultural Service has not adequately documented major program decisions such as how and why it makes funding allocation decisions. GAO reviewed the main source of documentation for such decisions and found that it remains unclear how the Foreign Agricultural Service applies and ranks its criteria. Without adequate documentation, the opportunities or risks for inconsistent, inequitable, and inappropriate funding decisions increases.

More Oversight of Program Participants

There has been some debate on the branded portion of the Targeted Export Assistance Program concerning the equity of providing government funds to private firms to promote their own brand. However, it is generally believed that, depending on the commodity, branded promotion can be the most effective way of establishing a market presence. Branded promotion accounts for approximately 35 percent of annual program funding and should be more closely managed to ensure accountability and effectiveness. The Foreign Agricultural Service delegates responsibility for administering branded funds to the nonprofit agricultural trade organizations, but exercises minimal oversight over these organizations. Without adequate oversight, there are no assurances that the guidelines on allowable promotional expenses, required documentation, and financial procedures are being followed, and that activities are being conducted in the most appropriate way to benefit the industry as a whole.

Lack of Adequate Evaluation Process

Program guidelines require that participants conduct evaluations of their promotional activities. Although the Foreign Agricultural Service has taken steps to improve its ability to evaluate the success of its market development programs, its evaluation guidance to participants remains unclear. The Foreign Agricultural Service needs to continue its efforts to assist participants in understanding and complying with evaluation requirements. It is not clear how the Foreign Agricultural Service uses participant evaluation results as a factor in making its funding decisions.

The Foreign Agricultural Service is also required to conduct evaluations of the overall success of the program in various regions. However, it has not yet evaluated the success of the program overall but, instead, cites increased exports as proof that the program has been a success.

After publication of GAO's May 1988 report, Agricultural Trade: Review of Targeted Export Assistance Program, the Foreign Agricultural Service established a Program Evaluation Office; however, this office had no substantial coordinating or enforcing role and operated more as an adviser to the Commodity Divisions. As part of the Foreign Agricultural Service's limited reorganization, a new Planning and Evaluation Office was recently established. Officials expect this new office to be more involved in enforcing evaluation requirements and in conducting some limited program evaluations.

Combine Market Development Programs

The Foreign Agricultural Service does not adequately coordinate funding decisions nor approval of marketing activities for both the Targeted Export Assistance and Cooperator Programs. It has been reluctant to combine the two programs because they are under different funding authorities, and one program requires that participants demonstrate that they have been adversely affected by foreign unfair trade practices. Nevertheless, GAO believes that combining the two programs, with one set of criteria and guidelines, would (1) be a more efficient use of Foreign Agricultural Service resources, (2) streamline program administration, (3) provide more complete and accurate information to management concerning the scope of market development activities worldwide, and (4) result in more effective program decision-making and management.

Recommendations

GAO recommends that the Secretary of Agriculture direct the Administrator of the Foreign Agricultural Service to take the following actions:

- Comply with federal standards for internal controls by adequately documenting major program decisions, including the funding allocation decision process, to clearly show how funding criteria were applied and ranked and the basis for those decisions.
- Conduct more oversight of those participants who are private firms promoting their own brand, to ensure accountability for program funds and compliance with program guidelines.
- Provide more specific evaluation guidance to the participants and conduct evaluations of the program overall.
- If the Targeted Export Assistance Program is reauthorized, combine the Targeted Export Assistance and Cooperator Programs to facilitate program administration and to maximize program effectiveness.

Agency Comments

As requested, GAO did not obtain official agency comments on a draft of this report but discussed its contents with appropriate agency officials. Their comments have been incorporated where appropriate.

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Abbreviations

CCC	Commodity Credit Corporation
C&MP	Commodity and Marketing Programs
EIP	Export Incentive Program
FAS	Foreign Agricultural Service
MPD	Marketing Programs Division
OIG	Office of Inspector General
TEA	Targeted Export Assistance
USDA	U.S. Department of Agriculture
UTP	Unfair Trade Practice

Background

Foreign unfair trade practices adversely affect U.S. agricultural exports and place the United States at a competitive disadvantage worldwide. To ease the effects of foreign unfair trade practices and to help stem the decline in agricultural exports, the Food Security Act of 1985 established several export assistance programs. One of these is the Targeted Export Assistance Program (TEA). TEA's goal is to help increase U.S. agricultural exports. It authorizes the use of funds or commodities of the Commodity Credit Corporation[1] (CCC) to counter or offset the adverse effects of foreign unfair trade practices (UTP) such as export subsidies and import quotas.

As authorized by Section 1124 of the Food Security Act of 1985, TEA gives priority consideration to U.S. agricultural commodities that have received a favorable decision under section 301 of the Trade Act of 1974, as amended,[2] or that have been adversely affected by retaliatory action related to such decisions.

The legislation authorizing TEA did not specify how the program was to be implemented. The U.S. Department of Agriculture's (USDA) Foreign Agricultural Service (FAS), which was given authority to administer TEA, decided to establish a market development assistance program similar to that of its Cooperator Foreign Market Development Program.[3] The Cooperator Program, currently funded at an annual level of approximately $33 million, provides long-term market development assistance to U.S. agricultural exporters.

FAS chose to implement TEA as a foreign market development program because it believed that market development activities were not being adequately funded under the Cooperator Program. It also wanted to

[1]The CCC issues generic commodity certificates that bear a dollar denomination to partially reimburse participants. These certificates may be exchanged for CCC inventory in the form of surplus commodities, but are generally exchanged for cash in the open market.

[2]Section 301 of the Trade Act of 1974, as amended, expanded the President's discretionary authority to respond to unfair trade practices of foreign governments. The President can respond to any act, policy, or practice of a foreign government that he determines to be unjustifiable, unreasonable, discriminatory, or contrary to an existing trade agreement obligation. The statute also allows the private sector to petition the U.S. government to act on its behalf against unfair trade practices.

[3]The Agriculture Trade Development and Assistance Act of 1954 (P.L. 480), as amended, and the Agriculture and Food Act of 1981 (P.L. 97-98), as amended, authorized market development activities and the use of federal funds to develop, maintain, or expand foreign markets for U.S. agricultural commodities. FAS determined that this should be accomplished through private, nonprofit agricultural organizations, known as cooperators, which should be required to share in the financial expense of the market development programs. See our March 1987 report, International Trade: Review of Effectiveness of FAS Cooperator Market Development Program (GAO/NSIAD-87-89), for details on the Cooperator Program.

assist high value products and horticultural crops whose commodity groups had claimed that they were victimized by unfair trade practices that had not been addressed by USDA export programs. (See app. I for a list of TEA participants for fiscal years 1986 to 1990.)

TEA market development activities can be implemented for generic and/or branded promotion. Generic activities, conducted by nonprofit or state-related organizations, are designed to increase the total market for that commodity, with no emphasis on a particular brand. Branded activities, conducted by nonprofit organization producer members or private, profit-making firms, are aimed at establishing consumer loyalty to a particular brand. Generic promotion is used for most bulk commodities and may be useful for several nonbulk commodities in newer, largely undeveloped markets, and for complementing branded promotions. For many of the high value or consumer-ready products, branded advertising is the principal means of foreign market development. Branded promotion is associated with brand identification and consumer loyalty, but it also can benefit the commodity in general by increasing overall sales. (For a list of branded participants, see app. II.)

TEA Program Operations

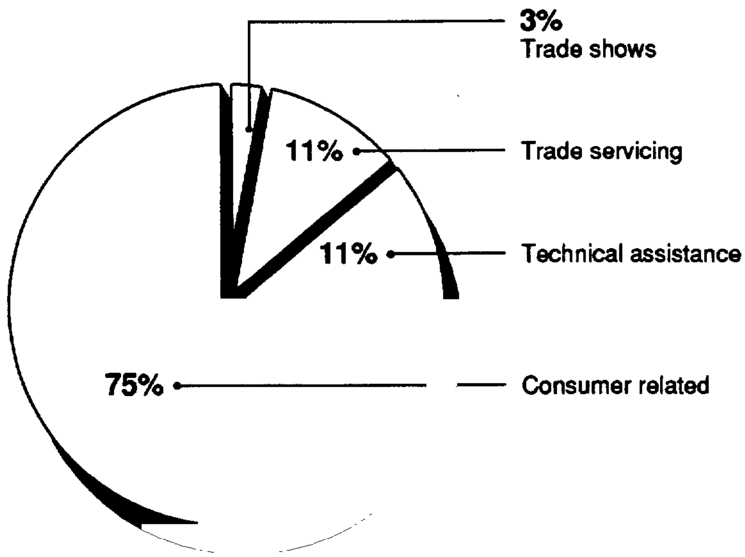
The TEA program provides funding, primarily for consumer-related promotions, for a wide array of commodities and products. Market development activities are conducted throughout the world. This program, although similar to the Cooperator Program in types of activities conducted, provides significantly greater funding. In addition, participants in TEA must demonstrate that they have been adversely affected by unfair trade practices.

TEA Funding

Section 5 of the Food Security Improvements Act of 1986 set annual funding for the TEA Program at a minimum level of $110 million for fiscal years 1986 through 1988 and $325 million for 1989 and 1990. Our May 1988 report on the TEA Program identified a number of management weaknesses and expressed concern that an increase in the authorized funding level of TEA from $110 million to $325 million for fiscal years 1989 and 1990 would exacerbate existing management problems. We also believed that the program could not effectively absorb more funding. Because of concerns over the budget deficit and FAS management problems that GAO and USDA's Office of Inspector General (OIG) identified, the House and Senate Appropriations Committees reduced authorized TEA funding to $200 million annually for fiscal years 1989 and 1990.

Approximately 75 percent of TEA funds go toward consumer promotion.[4] (See fig. 1.1.) The remainder is used for trade servicing,[5] technical assistance activities,[6] and/or trade shows. For fiscal year 1990, 66 percent of budgeted funds were allocated to generic activities, and 34 percent were allocated to branded activities. (See fig. 1.2.) Approximately 50 percent of TEA funds for fiscal year 1989 were spent in Asian markets, with promotions in Japan alone accounting for 36 percent of the funds. European countries were the next largest targeted markets, with promotions in the United Kingdom accounting for about 12 percent of TEA funds. (See app. III.) For fiscal year 1990, FAS estimates similar breakdowns. (See fig. 1.3.) In each year of the program, the top 15 commodity organizations, ranked by amount of TEA funds received, accounted for over 64 percent of TEA funds. (See app. IV.)

Figure 1.1: Fiscal Year 1990 TEA Worldwide Breakdown by Promotion Type



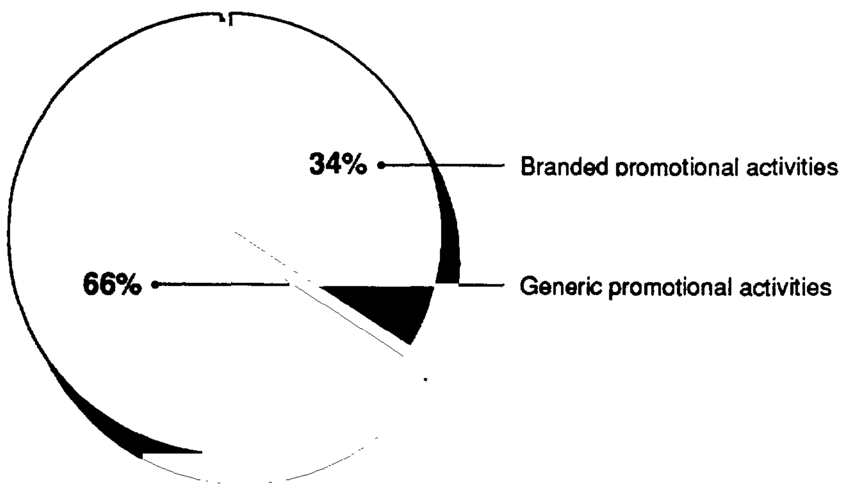
Source: FAS.

[4]Consumer promotion is designed to change consumers' attitudes toward or make them aware of the advantages of U.S. agricultural products.

[5]Trade servicing influences foreign traders, importers, wholesalers, and foreign government officials involved with importing, distributing, and marketing agricultural commodities and products.

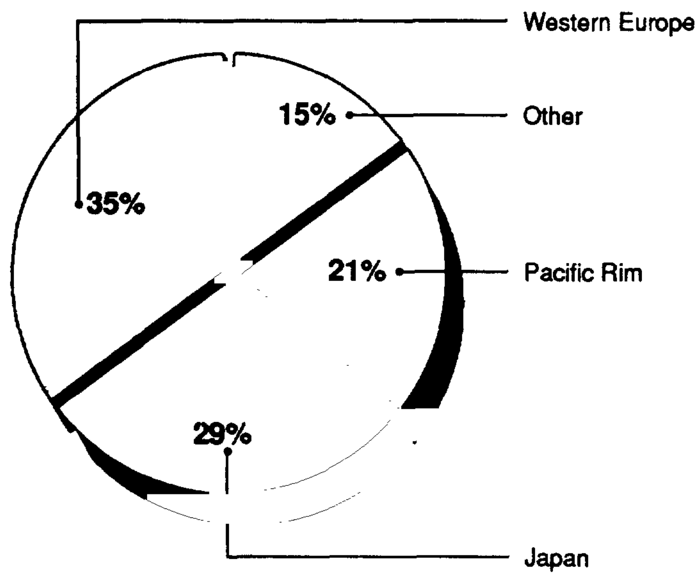
[6]Technical assistance addresses technical problems in selling, moving, processing, marketing, or using U.S. agricultural products.

Figure 1.2: Fiscal Year 1990 TEA Promotional Strategy



Source: FAS.

Figure 1.3: Fiscal Year 1990 TEA Promotional Activities by Region



Source: FAS.

TEA Program Modeled After Cooperator Program

The TEA and Cooperator Programs conduct similar types of market development activities. However, TEA requires that a participant demonstrate that it has been adversely affected by an unfair foreign trade practice. It also has substantially larger funding and uses generic commodity certificates issued by the CCC rather than using appropriated funds. The Cooperator Program focuses more on bulk commodities, such as wheat, corn, and rice, while the TEA Program provides assistance primarily to organizations representing high value horticultural crops, such as fruits and nuts and processed products.

Although the activities of both the Cooperator and TEA Programs are similar, TEA focuses more on consumer promotion. Many of the TEA participants formerly were participants in the Cooperator Program, and approximately half remain in both programs. Both programs receive contributions from the participants in the form of cash, goods and services,[7] or contributions generated from foreign third parties.[8]

TEA Program Criteria

FAS allocates money to TEA participants based on the following 10 criteria, as listed in the Federal Register:

(1) the commodity or product to be promoted and the degree to which the organization represents U.S. producer interests on a commodity or nationwide basis,

(2) the degree to which exports of the commodity or product may benefit from promotional activities,

(3) the dollar amount of assistance requested,

(4) the unfair foreign trade practice and the extent to which it has adversely affected exports of the commodity,

(5) the extent to which the applicant organization is willing to contribute resources to the joint project, including the source of projected contributions that may be provided,

(6) the organization's prior export development experience and the adequacy of its administrative and personnel resources for the purposes of planning and managing the requested program level,

[7]Goods and services contributions are the TEA participants' estimate of contributions made by a U.S. industry member for which the TEA participant made no cash reimbursement.

[8]Third-party contributions consist of cash or goods and services from a foreign government or private organization that has entered into a foreign market development agreement with a U.S. participant to assist in promoting the export of U.S. agricultural commodities.

(7) the historical export levels of the commodity or product,

(8) the anticipated likelihood of success of the proposed project in terms of increasing U.S. exports or mitigating the unfair trade practice or its effects,

(9) whether or not the commodity or product is in adequate supply, and

(10) the extent to which the composition of the commodity or product is of U.S. origin. Products whose origin is less than 50 percent from the United States, computed on a volume or value basis, will not be considered.

From TEA's inception, FAS has encouraged participants to contribute a certain percentage of their resources to the generic portion of the program. These contributions are not required by legislation or by the TEA guidelines. FAS officials state that contributions demonstrate commitment on the part of the participants and foster a cooperative relationship between FAS and the participants. Nevertheless, FAS has not made contributions a formal requirement nor established uniform guidelines for contributions.

The branded portion of the program is a matching funds arrangement in which FAS reimburses private firms for a specified percentage of their eligible expenses. Although FAS reimburses all firms representing a particular commodity or product at the same rate, this rate differs across commodities. FAS officials told us this is because commodities that have received a favorable decision under section 301 of the Trade Act of 1974, as amended, or have been adversely affected by retaliatory action related to such decisions, are eligible for preferential reimbursement rates. TEA guidelines state that participants in the generic portion of the program must conduct evaluations of their activities. In addition, the guidelines require that FAS conduct evaluations of the overall success of TEA activities. However, FAS has not required private firms in the branded program to conduct evaluations of their activities.

TEA Application and Funding Approval Process

The TEA Program for each fiscal year is announced in a Federal Register notice that outlines criteria for participation and announces the amount available for allocation. Interested parties then have 45 days to submit their proposals to FAS. This deadline has been extended to 60 days for the fiscal year 1991 cycle. The Commodity Divisions within FAS review the proposals to determine whether the participants are eligible. The divisions then compile the funding recommendations into two- to four-page proposal summaries and submit them to the FAS Assistant Administrator for Commodity and Marketing Programs (C&MP). After the Assistant Administrator approves or revises the recommended amounts, the summaries are forwarded, through the Administrator of FAS, to the Undersecretary for International Affairs and Commodity Programs for final approval.

Once approved for TEA funding, program participants must enter into agreements with the CCC that define their obligations and responsibilities under the program. They then submit detailed activity plans and budgets to FAS for approval before beginning activities. These plans contain descriptions of the proposed activities, anticipated contributions and their source, and ways to measure the extent to which such activities affect the identified constraints to market expansion. Participant expenditures are partially reimbursed from CCC resources, subject to reviews by the FAS Compliance Review staff and audits by USDA's Office of Inspector General.

Previous GAO Report

In our May 1988 report, Agricultural Trade: Review of Targeted Export Assistance Program (GAO/NSIAD-88-183), we stated that FAS was implementing the TEA Program with insufficient accountability and management controls. We recommended that FAS document its decision-making process for funding allocations as well as the basis for its decisions on the type and amount of participant contributions. While FAS had criteria in place, it was not clear how those criteria were applied or ranked. In addition to other management problems that we identified, FAS had not established clear guidelines on the purpose, scope, and cost of participant evaluations. FAS was not adequately using evaluations as an oversight or management tool. Because of this, evaluations were not influencing subsequent program funding decisions. FAS officials responded to our 1988 report by stating that corrective action would be taken on documentation procedures and in evaluation of the program.

Objectives, Scope, and Methodology

Representative Charles E. Schumer asked us to conduct a review of the management of the Department of Agriculture's Targeted Export Assistance Program. We focused our review on (1) documentation of key program decisions such as funding allocations and participant contributions, (2) oversight of all program participants, (3) the adequacy of the program's guidelines, and (4) the Department's efforts to improve its evaluation process. A later review will examine the effectiveness of FAS-funded market development activities in foreign markets.

To determine the adequacy of FAS' program guidance, documentation, and oversight of program participants, we interviewed FAS officials responsible for management and oversight of TEA and reviewed documents and files from FAS' Commodity Divisions and the Marketing Programs Division to determine the basis for FAS decisions and the adequacy of FAS documentation for program decisions. We interviewed numerous TEA participants—private, nonprofit agricultural organizations, state-related associations, and private exporting companies—to determine how they are administering their activities and how closely they coordinate with and report to FAS. We coordinated with USDA's Office of Inspector General, which was conducting a similar review, concerning FAS management deficiencies and third-party contributions to the program.

To determine the success of FAS efforts to improve participant evaluations of their activities and its own steps to evaluate the program, we attended evaluation workshops sponsored by FAS and conducted by Management Systems International. We attended a food show sponsored by the National Association of State Departments of Agriculture, where we met with several TEA participants to discuss how they manage their activities and how they gauge the success of their programs. We attended the annual U.S. Agricultural Export Development Council Workshop to discuss program management and market development issues with FAS officials and TEA participants.

Our work was conducted from March 1989 to June 1990 in accordance with generally accepted government auditing standards.

As requested, we did not obtain official agency comments on a draft of this report but discussed its contents with appropriate agency officials. Their comments have been incorporated where appropriate.

TEA Program Administration Lacks Sufficient Management Control and Accountability

We examined the extent to which FAS has implemented recommendations made in our May 1988 report. While some improvement has been made, FAS has not taken sufficient steps to ensure that the program is being managed with adequate internal controls. Funding decisions are still not adequately documented, only limited market analyses are being done by FAS marketing specialists, and contributions from participants, although encouraged, are not yet required. Regulations are needed to establish more consistent program guidance. Personnel practices, such as rotational assignments, lack of technical training, and narrowly targeted recruiting, have adversely affected TEA program management. Administrative efficiency and program effectiveness could be enhanced by combining the TEA and Cooperator Programs into one market development program.

Funding Decisions not Adequately Documented

A key finding in our previous report on TEA was that FAS was not adequately documenting the funding allocation decision process to clearly show how funding criteria were applied and ranked and the basis for those decisions.

After applications are submitted, the Commodity Divisions and the Marketing Programs Division review their adherence to criteria and assess the strength of the proposals. Marketing specialists then develop two- to four-page summaries on each proposal. For each proposal, the marketing specialists make an initial recommendation on funding levels, based on their knowledge of the organization, the commodity and, if specified, the countries where the activities are planned. The summaries are written after internal division meetings are held, then presented to the Assistant Administrator, C&MP, for review and approval. If the Assistant Administrator changes a recommended funding amount, the TEA summary is amended to incorporate the change and the rationale for it. These summaries are then forwarded, through the Administrator of FAS, to the Undersecretary for International Affairs and Commodity Programs for final approval.

Our review of the TEA summaries for fiscal years 1989 and 1990 shows that minimal analysis and documentation exist to support recommending such large funding amounts. Without adequate documentation, the opportunities or risks for inconsistent, inequitable, and inappropriate funding decisions increases.

The TEA summaries for fiscal year 1990, although improved from the previous year, remain the only source of documentation for these funding decisions and, as such, do not adequately document how and why funding decisions are made. For example, there is no mention in TEA summaries of an applicant's past performance in both the TEA and Cooperator Programs; no explicit rationale is presented as to why the applicant is requesting a certain amount of TEA funds or why FAS is approving a particular funding amount; and limited information is presented on the probable success in the proposed countries (in large measure because FAS has not done many in-depth market analyses).

In fiscal year 1990, no changes were made to the individual TEA recommendations of the Assistant Administrator, C&MP; however, in previous years, when funding level changes were made either by the Administrator or the Undersecretary, the rationale for such changes was not documented. No record exists of discussions between the Commodity Divisions and the Assistant Administrator, C&MP. Therefore, it is difficult to know if factors other than the application criteria are influencing those changes.

FAS experienced significant changes in top-level management during 1989. The officials responsible for fiscal year 1990 funding level approvals—the Assistant Administrator, C&MP; the Administrator of FAS; and the Undersecretary for International Affairs and Commodity Programs—assumed their positions in early 1989. The Administrator made no changes to the funding recommendations submitted by the Assistant Administrator, and the Undersecretary recused himself from deciding on all funding allocations for fiscal year 1990 because of his past association with one TEA participant. The final funding approval for fiscal year 1990 was made by the Administrator, Agricultural Stabilization and Conservation Service, who is a member of the Board of the CCC.

The Federal Managers' Financial Integrity Act of 1982 (31 U.S.C. 3512 (b)) requires executive agencies to establish and maintain systems of internal control that are to be consistent with the Comptroller General's Standards for Internal Controls in the Federal Government. These standards call for internal controls to provide reasonable assurance that the use of resources is consistent with applicable laws, regulations, and policies; resources are safeguarded against waste, loss, or abuse; and reliable data are maintained and fairly reported. The standards recognize that the cost of internal control should not exceed the benefits to be derived and that judgment needs to be exercised in determining the extent of control needed. The standard on documentation, which all agencies are required to follow, states that all transactions and other significant events are to be clearly documented, and the documentation is to be readily available for examination. Such documentation must be purposeful and useful to managers in controlling their operations, and to auditors or others involved in analyzing operations.

Overreliance on Institutional Memory

Several FAS officials have stated that documentation should not be an issue because of the "institutional memory" that exists in FAS. However, our review indicates that this knowledge base is lacking. Several of the marketing specialists who work directly with the participants and make day-to-day decisions concerning their programs are either new to that division or new to the TEA Program and have not had significant experience working with the commodity organizations. This lack of familiarity is exacerbated by FAS' lateral reassignment policy for Foreign Service personnel. Such reassignments have recently been encouraged to diversify Civil Service staff's experience. Diversified experience has for several years been considered essential for Foreign Service personnel or career candidates for the Foreign Service, in preparation for overseas assignments. The rotational policy for both the Civil Service and Foreign Service staff provides diverse experience but also heightens the need for documenting key decisions.

Because little documentation exists from previous marketing specialists, the new specialists have to rely on the few staff in FAS who have been involved with marketing programs and particular commodity organizations for several years. The Assistant Administrator, C&MP, told us that the staff were not resistant to documentation, but that they just did not have the time because of their many administrative and program responsibilities. A few marketing specialists confirmed these time constraints. By not ensuring that its staff are documenting program decisions adequately, however, FAS is preventing the very establishment of what could be considered "institutional memory."

Problems With Participant Documentation

One of the major ways that participants conduct promotional activities is by contracting out for services. TEA guidelines provide general guidance on procedures for contracting, but FAS does not closely enforce them. Lack of documentation has also been a problem with some participants. FAS' Compliance Review staff have found many cases, particularly where participants contract out for services, where the participants could not provide proper documentation to support claims for such expenses as advertising and other promotional activities. TEA guidelines do not adequately refer to basic elements of Federal Acquisition Regulations, such as bidding procedures, minimum required documentation to justify reasonableness of costs, and principles of contract management. In the past, the Compliance Review staff has found that TEA participants have not exercised sufficient control over contractors.

To understand the difficulties that the participants were having concerning contracting issues and to avoid further problems, a group of C&MP officials formed a team to outline the problems and propose some possible solutions. In a summary report on their findings in June 1989, the group noted that participants' problems in this area stem from inadequate FAS guidelines and the lack of contract management knowledge on the part of FAS and the participants. The group suggested that FAS clarify TEA guidelines but said that the participants should be responsible for developing or obtaining additional contracting expertise. FAS officials have told us that they do not want to provide too much detail concerning contracting issues because they are not contract experts. They believe that contract management is the responsibility of the individual participant.

FAS is relying solely on the Compliance Review Office to catch instances of noncompliance after they occur. FAS is not exercising adequate oversight of its participants during the activity plan year to ensure that contracts are being properly managed. Without such program oversight, recipients of FAS market development funds are left on their own to handle bidding procedures and other elements of contract management, including how to determine reasonableness of costs, how to assure performance, and what documentation is required. FAS has not provided specific guidance to participants or made itself readily available to participants to answer contracting questions.

FAS Staff Do Little Market Analyses

Commodity Division staff are not aggressively analyzing potential opportunities for their commodities in new markets or new ways of promoting those products in established markets. We found no evidence of any formal coordination among FAS divisions on cross-commodity and -country analyses. Information sharing that could potentially lead to new opportunities for some commodities or products or alert others to problems experienced in specific countries is only being done on an ad hoc basis.

Marketing specialists in the Commodity Divisions have limited time to devote specifically to market analysis. While the marketing staff in the

Commodity Divisions has increased, so, too, have the programs and responsibilities. One FAS official noted that much of what is done to administer and evaluate TEA activities could be considered market analysis. For example, when the marketing specialists or the Directors or Deputy Directors of the Commodity Divisions travel to countries where TEA activities are being conducted, they can accumulate information about the market and the success of a commodity in that market. However, in our review, we have not seen sufficient evidence that FAS is accumulating more substantial, documented expertise in market development.

Contributions Are Still not Formally Required

During the course of this review, FAS officials told us that there are no set criteria for establishing contribution levels because they believe contribution amounts should be decided on a case-by-case basis. FAS believes that contributions demonstrate commitment and an ability to administratively handle the program. However, FAS has been reluctant to formally require contributions. In describing why FAS does not wish to require contributions, one official explained that participants in TEA represent injured parties (because of the existence of a UTP) and therefore cannot always contribute much. However, at least half of the participants in TEA have also been in the Cooperator Program, where they have contributed approximately one-third of the market development funds. Although the Cooperator Program involves much lower funding levels, these participants have been making contributions, so the concept of shared funding in a market development program is not new. We see no reason why contributions should not be a requirement for participation.

FAS, in its proposed regulations currently out for public comment, is establishing a minimum required contribution level. In practice, FAS has been withholding approval, beginning with fiscal year 1989, of participants' marketing or activity plans, if participants were offering less than a 5-percent contribution. We believe that this requirement should remain in the regulations to ensure adequate commitment on the part of all participants.

Although it appears that most organizations are contributing to the program, FAS does not have adequate data on whether and how much each participant is contributing. Contribution amounts are not well documented and do not meet the test of transparency, that is, FAS does not show the variations in the type and amount of contribution in relationship to the nature and extent of the individual FAS funded activities.

FAS' justification for not adequately documenting the basis for the type and amount of participants' contributions is that contributions are not legislatively required, and the ability to contribute varies among producer groups.

Third-Party Contributions

Third-party contributions consist of cash or goods and services from a foreign government or private organization that has entered into a foreign market development agreement with a U.S. participant to assist in promoting the export of U.S. agricultural commodities. In our 1988 report, we recommended that FAS define the importance of third-party contributions in the funding decision process and more closely enforce the guideline that the participants document the method by which third-party contributions are derived. Since then, FAS has revised its guidelines to require participants to document the method for computing non-cash (third-party and goods and services) contributions and to make documentation of such contributions available for audit.

USDA's Office of Inspector General is conducting a follow-up review of its March 1988 audit report on TEA concerning third-party and other contributions. OIG officials have told us that their current review focuses on whether third-party contributions are, in fact, being made as reported on the participants' end-of-year report and whether participants are maintaining adequate documentation to support such contributions. In addition to the verification of third-party contributions, OIG officials advised us that they are assessing the extent to which FAS is monitoring and verifying contributions to the program.

Personnel Practices Affect TEA Program Management

Narrowly targeted recruiting and the lack of technical training, coupled with the staff reassignments previously discussed, have adversely affected TEA Program management.

Recruitment Focus Is Being Broadened

Until recently, FAS hired only those with a master's degree in agricultural economics. Consequently, many in FAS have little or no background in export marketing. An FAS official told us that the agricultural attaches stationed abroad need an agricultural economics background because they are responsible for preparing economic analyses and statistical reports. We believe that the attaches and FAS headquarters staff managing the TEA and Cooperator Programs, however, also need expertise in marketing and business.

Until recently, FAS had not seen the need to broaden its outreach and recruit more staff with such expertise. FAS has recently completed a job analysis reviewing the academic backgrounds necessary to fill positions in its headquarters and overseas offices. Based on this review, FAS has decided to expand its recruitment to include people with economics backgrounds other than in agriculture. FAS also plans to do some limited hiring of specialists with marketing backgrounds for the headquarters office.

More Formal Training Needed for Marketing Specialists

FAS does not provide adequate technical training to its staff. For example, FAS currently offers no training in marketing or business. It offers a variety of seminars and field trips over a 24-month period in its Professional Career Development Program, but this program is only geared to entry-level GS-5 through GS-9 economists.

An FAS Executive Summary, prepared by a task force several years ago, stated that a survey of private sector representatives found that many FAS officers were weak in their ability to identify market development opportunities and in their ability to plan and implement market development activities. A 1987 FAS-sponsored evaluation of the TEA Program in Japan observed that it would be useful if TEA program managers had more training and experience in business administration. FAS has recently advised us that it is currently setting up contracts with universities and consultants to provide in-house marketing training to its staff.

The FAS Assistant Administrator for Management acknowledged that there has been no technical training in FAS. Existing training has focused on managerial and supervisory training because FAS officials believed this to be a priority. However, FAS has recently begun an orientation program for new employees and has initiated a re-entry program for returning attaches. FAS officials told us they are planning to develop technical training for the marketing specialists.

Regulations Are Needed to Establish Clearer and More Consistent Program Guidance

Several TEA participants have complained that the TEA guidelines are always changing, making it difficult to plan and administer their programs. Some FAS marketing specialists acknowledged this fact but indicated that factors beyond their control, including congressional criticism of the guidelines, necessitated such changes.

The current Assistant Administrator, C&MP, acknowledged that the guidelines have had several changes and said that when a change is made, all TEA participants are notified. He pointed out, however, that often it is not the guidelines themselves that have changed but FAS' interpretation of the guidelines. This highlights a problem that exists in the Commodity Divisions. Within the Divisions, both the managers and the marketing specialists often do not have extensive experience either with the commodity organization or with a marketing program such as TEA. If the guidelines are not sufficiently clear and specific, or if the policy direction coming from the office of the Assistant Administrator is not clear, then it is likely that guideline interpretations will differ. While guideline changes may be necessary because of changing circumstances, FAS needs to ensure that such changes are adequately communicated to the participants.

Because the guidelines were unclear and there was no formal mechanism for communicating guideline changes to the participants other than occasional memos, GAO recommended in testimony before Congress on November 16, 1989, and February 21, 1990, that FAS establish regulations in place of the guidelines. Such a step would improve program administration, and regulations would allow for a 60-day comment period by all participants and other interested parties. This would eliminate discretionary changes to the program and would establish standard procedures.

USDA's OIG and the Office of Management and Budget also have concluded that establishing regulations is necessary to ensure fairness and consistency in the application of program criteria. Although some FAS officials have in the past opposed regulations because they believed such regulations would impede the flexibility needed to manage a market development program, the Administrator of FAS established a task force in January 1990 to write regulations for the TEA Program. Draft regulations, approved by the Office of Management and Budget, were published in the Federal Register in April 1990 and are awaiting public comment before being made final.

Inadequate Management Tracking System

FAS officials often do not have basic management information about their TEA participants. For example, some officials could not tell us whether and for how long their TEA participants had been in the Cooperator Program. Funding and other program decisions under the Cooperator and TEA Programs are not coordinated for each participant and, thus, the full scope and capability of a participant's market development activities may not be known. Duplication of effort may occur.

FAS officials tell us that the TEA Program is a success, but they only cite increased sales as proof. They do not have readily available, basic management data, such as total amount of TEA funding and types of activities for all commodities in a particular country; total amount of TEA funds used for branded promotion; and information on the extent of participants' adherence to their evaluation requirements. It was also difficult to obtain some of the information we received from FAS. For example, when we requested a list of all branded participants and their allocated amounts, FAS did not have this information readily available. Each marketing specialist in each Commodity Division keeps a hard copy of information on branded participants they are responsible for, and there was no central list available. We had to request such information more than once from FAS and then had to wait weeks to obtain the data. Appendixes I and II of this report contain data on TEA participants that were directly provided by FAS. Appendixes III and IV are a GAO analysis of FAS data, showing the top countries and participants receiving the most TEA funds.

Our review also indicated that FAS currently does not have sufficient management information system capability to develop, coordinate, and track large amounts of program data. Without such capability, FAS cannot effectively aggregate and/or analyze the data from its market development programs. This type of information is important if FAS officials are to effectively manage the program and plan its future direction. FAS has recently acknowledged that its management information system needed to be upgraded and is taking steps to expand the capability of its system.

Unfair Trade Practice Requirement Restricts Participation

Legislation authorizing the TEA Program established that it should be used to counter or offset the adverse impact of foreign unfair trade practices. Priority consideration was to be given to those commodities that have received a favorable decision under section 301 of the Trade Act of 1974, as amended, or have been adversely affected by retaliatory actions related to such decisions. FAS considers this to be a prerequisite for eligibility under the program.

FAS expanded the UTP requirement for fiscal years 1989 and 1990 by requiring multicommodity or product groups to show a UTP on every product involved in export promotion. For example, if a company participating in the branded program wishes to promote several items in its grocery line, such as tomato sauce, salad dressing, and fruit cocktail, it would have to demonstrate the effects of a UTP on each of those items. The Director of the High Value Products Division has said that this requirement has caused numerous companies to be denied funding under the branded program because they could not demonstrate a UTP or could not estimate the damage for each product.

Several participants have suggested that having been adversely affected by a UTP should not be a requirement for participation in a program designed to promote market development and increase exports.

A Combined TEA and Cooperator Program Could Be More Efficient and Effective

Combining the TEA Program with the Cooperator Program would seem to be a more efficient use of FAS resources. Marketing specialists and other FAS officials presently spend their time dealing with the two programs separately because they operate under different deadlines. Little coordination exists between the two programs. When TEA funding levels are being discussed, the extent of Cooperator funding received by the applicant or the applicant's performance in the Cooperator Program is not routinely considered. FAS officials said that its staff are so busy with day-to-day operational and administrative issues that they have little time for such considerations. We believe, however, that because FAS has numerous program responsibilities with limited staff, combining the two programs would be a more efficient use of staff time and could potentially provide program managers with more time to address strategic planning and policy issues.

FAS officials have been reluctant to combine the two programs because of the different funding authorities and the UTP requirement that is a prerequisite for participation in the TEA Program. In addition, they noted that the TEA Program focuses mainly on high value commodities and products, while the Cooperator Program has traditionally been oriented toward bulk commodities. They expressed concern that a combined program would become dominated by either high value or bulk commodities, to the detriment of the other.

Nevertheless, we believe that a combined program would facilitate decision-making for program specialists because they would then have one set of criteria for funding allocations, participant contributions, program evaluations, and other aspects of program administration. In addition, the program guidelines, operating procedures, and information requirements could be the same.

Finally, a combined program would also make market development activities more effective. Both programs fund the same types of activities, such as consumer promotion, trade servicing, and technical assistance. A combined program could continue to tailor the activity to the commodity or product being promoted. Because approximately half of the TEA participants are also in the Cooperator Program, coordination of activities would prevent duplication of effort and would provide more complete and accurate information to management concerning the scope of market development activities worldwide.

Combining the two programs can only be done in the event that the TEA Program is reauthorized. One difficulty in combining the two programs would be that TEA requires the demonstration of a UTP. However, in the current version of the proposed House and Senate Agriculture Committees' 1990 Farm Bill legislation, TEA would be reauthorized, although under a different name. Also, both versions have removed the UTP requirement as a prerequisite for participation, but would provide priority assistance to those who could demonstrate adverse effects from UTPs. Removal of the UTP as a requirement for participation makes the TEA Program, or its replacement, even more similar to the Cooperator Program and would facilitate combining the two programs.

Policy Issues to Consider for Determining Market Development Program Direction

Regardless of whether the two programs are combined or maintained separately, we believe that the following issues should be clarified in order for FAS to more effectively use its market development resources:

- the percent of total funding that should be allocated to generic and/or branded promotion,
- the combined emphasis to be placed on exports representing high value products and/or bulk commodities,
- the division of funding between new market development and maintaining established markets,
- allowing large, well-established private firms to participate or focusing resources on helping small, and/or new-to-market firms obtain a foothold in the market, and

- the establishment of criteria for the amount of time that participants could remain in the programs before they would be expected to maintain their market presence on their own.

Conclusions

While improvements have been made in program administration over the life of the TEA Program, further action is needed. FAS continues to make important program decisions, such as funding allocations and amount and type of contributions from each participant, with minimal documentation.

Because the TEA Program involves substantial funding to the private sector, FAS should ensure accountability by providing a rationale for its decisions. FAS also needs to communicate clearly to program participants the responsibilities of receiving government funding. These responsibilities include adequate documentation and adherence to program guidelines. The long-term and often "intuitive" nature of market development does not override the need for documenting program decisions and transactions. Accurate and sufficient documentation is a requirement for proper internal controls.

Although FAS is now basing its funding allocation decisions on more information than before, it does not appear to be developing the type of information that could lead to more effective use of TEA funds. Such information should come from in-depth marketing analyses, coordination of activities under the TEA and Cooperator Programs, evaluation results from previous activities, and a sharing of information among all Commodity Divisions.

Although FAS has believed for some time that contributions demonstrate commitment and administrative ability, it had been reluctant to formally require such contributions. However, FAS recently established, as a matter of policy, that promotional activities will not be approved unless participants contribute at least 5 percent of the TEA resources approved, and it has incorporated such a requirement in the proposed regulations.

Recommendations

We recommend that the Secretary of Agriculture direct the Administrator of FAS to do the following:

- Comply with federal standards for internal controls by adequately documenting major program decisions, including the funding allocation decision process, to clearly show how funding criteria were applied and ranked and the basis for those decisions, and the rationale for determining the type and amount of contributions from each participant.

- Better ensure that TEA funds are allocated for those commodities and markets with the greatest potential for successful market development by performing in-depth market analyses, improving the coordination between the TEA and Cooperator Programs, and enhancing the information sharing among FAS Commodity Divisions.
- Require that participants in the generic portion of the program contribute a minimum of 5 percent of the TEA resources approved, as proposed in FAS' draft regulations.
- Develop formal technical training programs for program specialists in such areas as marketing and business.
- Develop a management information system that will provide easy access for program managers to basic summary data on participants and program operations for market development programs.
- Combine the TEA and Cooperator Programs, if the TEA Program is reauthorized, to facilitate program administration and to maximize program effectiveness.

FAS Imposes Minimal Control Over the Branded Portion of the TEA Program

FAS does not adequately monitor the administration of the branded program[1] to ensure proper accountability of the resources made available. Although there are guidelines on how Cooperator and regional groups should administer the branded funds, FAS appears to pay little attention to assuring that these guidelines are followed. For example, FAS has delegated responsibility for administration of the branded program to the Cooperators and regional groups, with the exception of the three Export Incentive Programs (EIP), for which no cooperator groups exist. FAS' oversight of these organizations does not appear to be adequate to provide sufficient information on branded activities. In addition, FAS does not require those in the branded program to conduct evaluations of their activities, as it does for those in the generic program.

FAS officials have noted that because the private firms are contributing matching funds, it is in their best interest to manage their program successfully. We believe, however, that FAS should retain more oversight over this program because of the substantial amounts of government funds involved. For fiscal year 1990, approximately 35 percent of the TEA funds, or $68 million, was spent on branded activities.

An official from the Marketing Programs Division questioned why such oversight was needed, stating that FAS cannot exclude anyone from participating in the program. FAS criteria for the branded program are broad and allow both large and small or new-to-market firms to participate as long as they can demonstrate having suffered from a UTP. Nevertheless, if wide participation in the program is an FAS goal, this should not preclude FAS from exerting sufficient oversight over the participants to ensure that guidelines are met and that activities conducted are the most appropriate for benefiting the industry as a whole.

Firms and organizations representing different commodities in the branded program are reimbursed at different rates, and it is not clear, both from internal FAS documents and from conversations with FAS officials, why such variations exist.

Controversy Over Branded Promotion

There is debate within FAS and Congress on whether branded promotion is more effective than generic promotion in developing new markets and whether branded promotion should be funded with government market

[1] There are two ways that private firms can participate in the branded portion of the TEA Program: (1) through the Export Incentive Program (EIP), where FAS directly enters into agreements with private firms; and (2) through branded promotion programs administered by nonprofit agricultural organizations or state regional groups.

development funds. One official noted that there is concern over the use of taxpayer funds to assist certain companies in promoting their own brands. Several of these profit-making companies that participate in TEA are large, multiproduct corporations. Some FAS officials and program participants have expressed concern that TEA funds are being used to help fund foreign market development activities by certain large, well-established corporations.

Generally, marketing specialists and TEA participants believe that, depending on the commodity, branded activities can be the most effective way of establishing a market presence. Some products, such as wine, are known by their brand names. Some believe that by establishing a niche for a particular brand, one company may open up the market for other brands. Others say that branded advertising benefits the whole industry because as exports increase, the domestic supply is decreased, and prices go up.

Many government and private sector marketing experts agree that branded advertising is more effective for high value products. Because of congressional interest in increasing exports of high value and value-added commodities and products, FAS should decide how much funding should be dedicated to branded activities, and it should establish a better system for tracking such activities.

Reimbursement Rates Vary Among Commodities

FAS reimburses private firms participating in the branded program for a specified percentage of eligible promotional expenses. FAS officials have told us that reimbursement rates are the same within a commodity but vary among commodities. For example, some commodities are reimbursed at a 50-percent rate and others at a 67-percent or 75-percent rate. Several FAS officials have told us they do not know the reason for the varying rates. A July 1988 internal FAS memo acknowledges that inconsistencies exist in the reimbursement rates that could lead others to accuse FAS of being either arbitrary or unfair. FAS has recently proposed that all reimbursements be limited to 50 percent.

No Evaluations Required in the Branded Program

Unlike commodity organizations participating in the generic program, private firms and organizations in the branded program are not required to conduct evaluations of their activities. FAS officials believe that because these firms are contributing up to 50 percent of their own funds, their self-interest will ensure successful promotions, and FAS has no plans to require such evaluations. While we agree that, on the one hand, private, profit-making firms spending up to 50 percent of their own funds to perform market development activities would have normal business incentives to conduct effective activities, on the other hand, these firms' promotional expenses are being reimbursed 50 percent or more with government funds. Nevertheless, these firms have virtually no evaluation requirements other than to submit end-of-year sales data. Even though a firm may be motivated by business incentives, it nevertheless is paying only 50 percent or less out of its own pocket, while the government is picking up the rest of the cost of promotion. Therefore, it is possible that a firm would consider conducting a promotional activity even if the value of such activity were only worth the 50 percent that the firm is contributing.

Our review also indicated that there have been no evaluations of the branded program to demonstrate that promotional activities taking place with TEA funds are in addition to what would have taken place in the absence of the TEA Program. For example, if a firm were going to spend $1 million for promotional activities in a particular country, with or without TEA, then the TEA grant becomes a subsidy to the firm without any public benefit in the form of additional promotions and increased exports.

A senior official in MPD told us that some of the nonprofit cooperator groups administering the branded program hire independent third parties to evaluate the impact of the branded program in a given market. In this case, the firm conducting the evaluation would assess the activities of all the private firms operating in a given market and provide a report to the cooperator that would then be forwarded to FAS. However, this official noted that although such evaluations are recommended on occasion by the Commodity Divisions, in general, sales data reports are all that are required from the nonprofit cooperator groups administering the branded program.

FAS management believes that such data are sufficient to ensure additionality (that is, total sales of a commodity or product go up, instead of the different firms representing that commodity or product taking market shares from each other). FAS also believes that it is not prudent to allow TEA funds to be used by individual private firms to evaluate the relative success of their brand as compared to other U.S. brands in the market.

However, in reviewing the list of branded participants and their allocated amounts for fiscal year 1989 (see app. II), it is apparent that there is a wide range of funding, from a low of $700 to a high of $9.2 million, that is provided to individual private firms and organizations representing different commodities and products. Unless FAS and the nonprofit cooperator organizations evaluate the activities of individual participants and of the branded program overall, there are no assurances that funds provided are effective in establishing a market presence for U.S. commodities and products and that activities conducted by individual firms and organizations are the most appropriate to benefit the industry as a whole.

Conclusions

We believe that, at a minimum, FAS should require all nonprofit Cooperator groups that are administering the activities of the private firms in the branded program to conduct evaluations of the overall success of their branded activities. This information, in addition to sales data, is important to ensure that private firms in the branded program are held accountable for TEA funds received and to provide FAS with more information in order to make future program decisions that affect all commodities and products.

Branded promotions account for approximately 35 percent of the annual TEA Program and should be more closely managed by FAS to ensure accountability and effectiveness. FAS officials' "hands-off" approach in managing the branded program may facilitate the administration of activities by others, but it represents an abdication of their stewardship and fiduciary responsibilities, which limits FAS' influence and control over individual participants.

FAS officials have not been able to explain the reasons for the variations in the reimbursement rates among commodities. However, in its proposed regulations, FAS has recently established a 50-percent reimbursement rate for all participants in the branded program.

Cooperator groups administering the branded program are only required to submit end-of-year sales data reports to FAS for all private firms that are their responsibility. FAS believes that this is all that should be required because the firms are contributing up to 50 percent of their own funds and, thus, will be likely to conduct effective activities in their own best interest.

Recommendations

We recommend that the Secretary of Agriculture direct the Administrator of FAS to do the following:

- Conduct more oversight of participants in the branded program to ensure accountability for TEA funds and compliance with TEA guidelines.
- Establish a 50-percent reimbursement rate for all commodities in the branded program, as proposed in FAS' draft regulations.
- Require nonprofit cooperator groups administering the branded program to evaluate the success of all branded activities for which they are responsible.

FAS Needs to Enhance Its Commitment to Evaluate Market Development Activities

The need for FAS to effectively evaluate market development activities was strongly emphasized in our prior TEA report. We recommended that FAS develop guidelines on evaluation criteria, scope, purpose, and cost. FAS revised its guidelines effective October 1988. We subsequently found, however, that these guidelines lack specificity, which is causing confusion among participants.

In our prior report we recommended that evaluations, whether interim or final, be submitted along with the applications for the next fiscal year's funding and that FAS develop a tracking system for documenting the progress and results of TEA evaluations. This review has indicated that evaluation results are still not being fully considered in funding allocation decisions, and that evaluations are still not being adequately tracked and monitored. These shortcomings handicap FAS officials' ability to manage the program effectively or to assess overall program results.

FAS Has Historically Had Difficulty Evaluating its Market Development Programs

FAS has attempted for years to develop an effective and workable evaluation methodology. We have acknowledged the difficulties in establishing such a methodology but have continued to stress the importance of evaluating both individual activities and the overall program.

In past reports, we noted that FAS did not seem fully committed to using evaluations as a management tool. Instead, it relied on and continues to rely heavily on the professional judgment and expertise of its marketing specialists, and participants, to determine which activities are successful. In the past, both FAS and TEA participants seemed to view evaluations more as a means of satisfying outside critics than as a tool for developing more effective market development strategies.

In the past year, FAS has taken several steps to improve evaluations of participants' activities. It is attempting to educate both TEA participants and its marketing specialists on the importance of evaluations to the success of TEA activities. To this end, it has conducted several workshops for the participants and training sessions for the marketing specialists, discussing the purpose of evaluations and how to conduct them. FAS has also cosponsored a symposium on methods for evaluating generic market development activities. Although more actions are needed to establish an adequate system for evaluating the overall program and for ensuring adequate evaluations of participants' activities, FAS officials have recently been moving toward addressing our concerns.

Evaluation Guidance Is Unclear and Inconsistently Applied

The TEA guidelines state that three types of evaluations will be conducted: (1) status reviews; (2) activity evaluations; and (3) program evaluations. The participant is responsible for the first two, and the Commodity Divisions are responsible for the third. FAS describes the evaluation requirements for each participant in its activity plan approval letter.

Several TEA participants have complained that the guidelines are still not clear on a number of issues, including evaluation. FAS officials have told us that this is because FAS has tried to allow flexibility in how the participants evaluate their programs. The result, however, has been that some participants are confused about what is expected of them. One FAS official noted that in the past year, FAS has been trying to educate participants to view evaluations as a means to improve future activities and not simply to satisfy FAS or outside critics.

Status Reviews

Status reviews are intended to ensure that there is ongoing communication between the division and the participant on the progress of the activity. The guidelines stipulate that all activities are to be included in at least one of these reviews per year, and that all such reviews are to be documented. Most Commodity Division officials and marketing specialists to whom we spoke said that participants provide several status reviews per year, many of them quarterly. However, in many cases, these updates are not written but are merely oral conversations between the participant and the marketing specialist. While the marketing specialists may in such cases be well informed, verbal contact does not comply with FAS' guidelines and does not establish a comprehensive track record for that participant. One marketing specialist told us that he does not document conversations with the participants concerning the success of their program because he does not believe such documentation is required and, furthermore, he does not have the time to provide it. Those status reviews that are documented are often the only type of evaluation available on current year activities for the next fiscal year's funding allocation process.

Activity Evaluations

For the activity evaluations, participants are required to address in their activity plan the manner in which each activity will be evaluated. This statement should include goals and benchmarks against which the success of the activity will be measured. FAS allows participants to propose exemption of certain activities from formal evaluation if they can justify that such evaluation would be impractical or unnecessary. Participants may also choose whether to evaluate the activity themselves or to hire an outside evaluator. This decision, however, is subject to approval from FAS.

Fiscal year 1989 was the first full year in which the new evaluation guidelines applied. Activity evaluations are required within 3 months after completion of an activity.

Program Evaluations

FAS is responsible for conducting program evaluations that could cover one participant's entire program within a country or region or several similar programs within a country or region. However, several FAS officials told us that FAS' ideas about program evaluations were still evolving. To date, only five program evaluations have been completed (one on the Alaska Seafood Marketing Institute; two on the California Cling Peach Advisory Board; one on the almond EIP program; and one conducted jointly on the Meat Export Federation and the USA Poultry and Egg Council).

The evaluation office has assisted the Commodity Divisions in defining research methodology for future program evaluations. The responsibility, however, for initiating and conducting program evaluations rests with the Commodity Divisions.

Unclear How Evaluation Results Affect Funding

In the TEA summaries for fiscal year 1989, evaluation results were rarely discussed. For fiscal year 1990 allocations, most of the TEA summaries provided information on evaluation results. In some cases, the results discussed were from evaluations conducted on fiscal year 1987 and 1988 activities, since results would not have been available for fiscal year 1989 activities. While such results were, for the most part, addressed in the fiscal year 1990 summaries, no clear link was made between the evaluation results and the amount of funding provided. For example, it was not always clear from the summaries why some organizations with poor evaluation results received additional funding, while others with favorable results had their funding levels reduced.

In some cases where evaluation results showed significant problems, funding for the next year was significantly increased, with no indication that adequate steps were being taken to prevent such weaknesses from recurring. While poor evaluation results should not necessarily lead to a reduction in program funds, FAS needs to clearly document how and why the evaluation results affect subsequent funding decisions.

FAS Efforts to Assist Participants in Meeting Guideline Requirements

To assist the participants in understanding and meeting the requirements of the new evaluation guidelines, FAS contracted with a consulting firm to provide four evaluation seminars across the country. The goal was to help participants improve their performance in both planning and conducting evaluations. In preparing for the seminars, the contractor reviewed over 50 activity plans and several evaluations. The consulting firm also met with FAS officials and several participants.

Most participants we spoke with at the seminars said that although they believed that the contractor did a good job explaining evaluation objectives and techniques, the TEA guidelines were still unclear.

The contractor submitted a final report to FAS listing several recommendations. One was that FAS should develop a simplified activity and evaluation plan review process. The firm also recommended that FAS develop and implement a system for collecting, tracking, and documenting progress and results of TEA evaluations. In addition, it suggested that the TEA guidelines on evaluations be rewritten after better procedures are in place.

FAS asked the contractor to provide two additional workshops for participants in fiscal year 1990, to follow up on progress made since the previous workshops. These workshops focused on ways to effectively use evaluation findings, conclusions, and recommendations in developing future marketing plans. In addition, FAS conducted a 1-day training seminar for new Cooperator and TEA organization staff on the administrative aspects of developing a good marketing plan.

FAS has also been collaborating with specialists in the private sector and academia to develop more effective methodologies for evaluating the success of market development activities. FAS recently cosponsored a symposium on evaluating the effects of generic market development activities in which papers were presented on how to isolate the effects of market development activities from other influencing variables. Market development specialists and analysts from both the private sector and the federal government also made presentations. The emphasis of this symposium was on using the available, increasing expertise to develop evaluations that would improve the management of the programs. There was a frank exchange of ideas between market development practitioners and academic analysts concerning a commonsense approach to evaluating. The symposium also provided an opportunity for skeptics to become better informed on the benefits of effectively evaluating market development programs. By lending its support to such efforts, FAS is emphasizing to the agricultural industry and academia the importance of evaluation to ensuring effective activities.

Activity Plans Must Now Include Evaluation Planning

Several FAS officials have told us that, as one example of FAS' commitment to evaluation of market development activities, approval of fiscal years 1989 and 1990 activity plans were delayed if the participants did not address in their activity plan how they will measure the effectiveness of their activities. Approval of the 1990 plans were also held up if either the required evaluations for fiscal year 1989 had not been submitted or the evaluation had not been suitably conducted. FAS officials say that they have been telling the participants that planning and evaluation go hand in hand, and that evaluation should be seen as a management tool.

FAS officials have told us that they are trying to convince participants that evaluations should not be tied to export sales. They acknowledge that many factors other than market development may cause exports to increase. However, several participants we spoke with said that they believe that FAS continues to rely too heavily on sales data, despite recent FAS efforts to educate participants about the benefits of evaluating their activities. These participants did not appear to believe that FAS would fully accept measures of success other than increased sales. Such measures of success could include increased product awareness, improved quality of the commodity or product at point of sale, and an increased willingness of importers and distributors to market the commodity or product and also contribute to its success.

Program Evaluation Office

FAS established a Program Evaluation Office within the Marketing Programs Division in August 1988. This Office consisted of only two professionals for over a year, but has subsequently been fully staffed with six professionals. The official in charge described the Office's role as that of a consultant that gives advice when requested by the Commodity Divisions.

The Program Evaluation Office has focused on educating both participants and FAS staff on effective ways to evaluate their activities. This office has not conducted any overall evaluations of the TEA Program nor has it conducted cross-commodity analyses to identify specific trends or areas for improvement. The official in charge of this office noted that at the time the office was established, the former Assistant Administrator, C&MP, intended for it to serve only in an advisory capacity, while keeping the responsibility for evaluation with the marketing specialists in the Commodity Divisions.

From its inception, the Program Evaluation Office did not have a system to adequately track and document the progress of TEA evaluations and ensure that all participants were complying with the evaluation guidelines. However, because FAS did not formally require evaluations prior to fiscal year 1989, and because such evaluations are submitted 90 days after the end of the activity, FAS had not received a significant number of evaluations prior to January 1990. Since that time, the Evaluation Office has refined its tracking system to account for all evaluations submitted.

Although this office has helped marketing specialists interpret the evaluation guidelines, it has had no substantial coordinating or enforcing role nor has it been involved in making long-range plans for TEA Program direction. Moreover, this office has not been coordinating and analyzing all participant evaluations, assessing the effectiveness of the overall TEA Program, or making policy recommendations to the Assistant Administrator, C&MP, on how to improve the program.

FAS Reorganization Will Establish a New Planning and Evaluation Office

FAS conducted a limited reorganization effective April 6, 1990. The Administrator of FAS requested this reorganization to establish clearer lines of authority and to improve overall management. Under the reorganization, a new Planning and Evaluation Staff for C&MP was established, replacing the current evaluation office. In addition, the former Marketing Programs Division was replaced by a Marketing Operations Staff which, in addition to its operational responsibilities, will incorporate many of the responsibilities of the former evaluation office, such as educating the marketing specialists concerning evaluation requirements, tracking all evaluations, providing training, and serving as a liaison with the Commodity Divisions.

The new Planning and Evaluation Staff is expected to conduct some program evaluations; make long-range plans based on evaluation results; and do cross-commodity and other types of analyses. As currently organized, this office does not have a clear mandate to evaluate the success of the overall program. Moreover, the new Planning and Evaluation

Staff was not given specific responsibility for making policy and programmatic recommendations through the Assistant Administrator, C&MP, to the Administrator, FAS. Establishing such mandates and responsibilities can demonstrate to program participants that evaluations are a serious and integral part of FAS management of the TEA Program.

Conclusions

FAS has established evaluation guidelines; however, they are not specific enough to prevent confusion among some participants. Its tracking, enforcement, and use of evaluations has been inadequate, and it is unclear how evaluation results affect subsequent funding decisions.

Recommendations

We recommend that the Secretary of Agriculture direct the Administrator of FAS to take the following actions:

- Provide more specific guidance to participants concerning evaluation requirements in order to prevent confusion and to facilitate compliance.
- Clearly document how evaluation results affect funding allocation decisions.
- Conduct cross-commodity analyses and evaluations of the program overall to assist the Assistant Administrator, C&MP, in making policy decisions concerning program direction and administration.

TEA Program Participants, Fiscal Years 1986-1990

Dollars in thousands[a]

Nonprofit applicant organizations	1986	1987	1988	1989	1990
Alaska Seafood Marketing Institute	$[b]	$1.500	$1,950	$6,000	$4,500
American Plywood Association	1,950	1,980	1,200	7,700	6,500
American Seed Trade Association	b	350	b	b	b
American Sheep Industry Association	b	b	b	100	148
American Soybean Association	8,500	b	9,800	11,450	11,500
California Avocado Commission	b	420	450	650	b
California Cling Peach Advisory Board	2,500	5,600	5,700	4,700	3,500
California Kiwifruit Commission	b	500	500	1,000	900
California Pistachio Commission	200	200	b	500	750
California Prune Board	4,000	4,500	5,500	5,800	7,500
California Raisin Advisory Board	6,300	9,800	9,800	10,700	12,500
California Strawberry Advisory Board	b	b	b	b	500
California Table Grape Commission	350	450	750	1,850	2,300
California Tree Fruit Agreement	b	b	b	b	500
California Walnut Commission	9,000	7,000	6,500	7,300	8,000
Catfish Farmers of America	b	b	50	150	b
Cherry Marketing Institute, Inc.	b	b	b	500	400
Chocolate Manufacturers Association of America	2,500	b	2,500	3,000	900
Concord Grape Association	b	b	b	1,500	700
Cotton Council International	7,000	6,800	1,450	15,000	15,400
Eastern United States Agricultural and Food Export Council, Inc. (EUSAFEC)	1,100	1,000	1,100	2,100	2,950
Export Incentive Program (Almonds)	900	4,180	6,500	11,800	9,000
Export Incentive Program (Citrus)	8,500	10,500	10,500	11,200	8,800
Export Incentive Program (Mink)	b	1,500	700	b	b
Export Incentive Program (Processed Corn)	b	b	1,500	1,250	1,250
Florida Department of Citrus	4,600	7,000	7,000	5,400	9,900
Hop Growers of America	b	b	b	b	50
Kentucky Distillers' Association	b	b	b	b	2,000
Leather Industries of America	b	1,500	1,500	1,800	b
Mid-America International Agricultural Trade Council (MIATCO)	800	1,200	1,100	1,900	2,700
National Association of Animal Breeders	b	b	b	400	402
National Association of State Departments of Agriculture (NASDA)	500	b	b	100	750
National Council of Farmer Cooperatives	b	b	350	300	b
National Dry Bean Council	b	b	800	1,000	b
National Forest Products Association	b	b	b	6,150	7,400
National Hay Association	b	300	b	b	b
National Honey Board	b	b	b	500	1,000

(continued)

Nonprofit applicant organizations	1986	1987	1988	1989	1990
National Pasta Association	2,100	b	b	b	b
National Peanut Council	4,500	4,500	1,500	7,400	4,500
National Potato Promotion Board	2,000	2,550	2,400	4,700	4,800
National Sunflower Association	b	3,000	b	2,400	4,000
Northwest Horticultural Council-Northwest Cherry Growers	b	120	450	800	1,000
Northwest Horticultural Council-Oregon-Washington-California Pear Bureau	300	400	500	800	900
Northwest Horticultural Council-Washington State Apple Commission	1,400	1,500	2,000	2,850	3,800
Rice Council for Market Development	3,500	3,500	4,500	5,700	8,500
Southern United States Trade Association (SUSTA)	800	800	1,100	1,900	2,700
Texas Produce Export Association	b	b	b	b	150
Tobacco Associates, Inc.	b	900	400	2,750	5,000
USA Dry Pea and Lentil Council	2,500	2,500	3,000	1,000	b
USA Poultry and Egg Export Council	6,000	6,500	4,250	8,000	6,000
U.S. Feed Grains Council	11,100	2,800	2,400	4,200	6,000
U.S. Meat Export Federation	7,000	7,000	4,500	17,000	9,000
U.S. Mink Export Development Council	b	b	b	2,500	1,500
U.S. Wheat Associates, Inc.	3,100	3,100	1,200	4,900	5,200
Western United States Agricultural Trade Association (WUSATA)	2,200	1,950	1,600	4,300	5,250
Wine Institute	4,800	2,600	3,000	7,000	9,000
Total	**$110,000**	**$110,000**	**$110,000**	**$200,000**	**$200,000**

[a]Allocations include funding for generic and branded promotional activities.

[b]No allocations that year.

Source: FAS.

TEA Branded Participants and Amounts Received for Fiscal Year 1989

California Prune Board	
Sunsweet Growers	$3,272,000
Mayfair Packing	480,000
Mariani Packing	400,000
Dole Dried Fruit	300,000
Valley View Packing	156,000
Tagus Ranch Packing	115,000
Del Monte Corp.	14,000
Subtotal	**$4,737,000**
California Raisin Advisory Board	
Sun Maid	$2,680,750
Dole	1,620,375
Champion	782,750
West Coast	400,000
Caruthers	56,250
Mariani	40,000
Del Ray	25,000
Tagus Ranch Packing	7,500
Subtotal	**$5,612,625**
California Walnut Commission	
Diamond Walnut	$435,000
Subtotal	**$435,000**
Chocolate Manufacturers Association	
M & M Mars	$783,100
Hershey	289,294
Nestle	287,148
Brown and Valley	112,000
Whitmans	52,500
Myerson	48,208
Goelitz	32,750
Minkowitz	14,000
AR Marketing	12,500
Goldenberg	10,000
Louretta's	10,000
Harbour Sweets	5,000
Subtotal	**$1,656,500**

(continued)

Concord Grape Association	
Welch's	$468,145
Smuckers	118,800
Subtotal	**$586,945**
EUSAFEC	
International American Supermarkets	$100,000
J.P. Sullivan	100,000
WBANA	75,000
Coombs Maple Products	50,000
Liu & Shia Co. International	50,000
Motts	50,000
Export Trade of America	50,000
Newman's Own	50,000
F. J. Prost Marketing	30,000
Interfrost	30,000
Boston Beer	25,000
Maple Grove	25,000
Wine Markets America	25,000
Jos. Cernigi Winery	20,000
Main Coast Seafood	20,000
Chitnam International	20,000
Syracuse Export/Import Co.	15,000
United Apple Sales, Inc.	15,000
LP Farms	15,000
Rhode Island Fruit Growers	12,000
Wagner Vineyard	10,000
Miguels of Stowe Away	8,000
Vermont Apple Marketing Board	5,000
Vermont County Seasoning	5,000
Subtotal	**$805,000**
Export Incentive Program	
Sunkist Growers	$9,234,667
Blue Diamond Growers	7,587,000
Dole Fresh Fruit Company	2,187,496
The Pillsbury Company	1,139,500
Sequoia Enterprises	335,000
Hansa-Pacific Associates	300,000
Dole Nut Company	188,940
Sun World	123,280
Riverbend International	99,830

(continued)

Pandol Brothers	95,000
Golden West Nuts	58,000
Norpac Food Sales	58,000
Cal Almond	50,000
Dimare Company	43,550
Hughson Nut Marketing	33,969
Monarch International	30,000
Tri Citrus Company	20,100
Del Monte Foods	12,500
Friday Canning	10,000
Nicolaysen Farms	9,000
Subtotal	**$21,615,832**

Florida Department of Citrus

DNE Sales International	$137,103
Seald-Sweet Growers, Inc.	93,128
IMG Enterprise, Inc.	48,807
Dole Citrus	26,232
Baron Trading Corporation	23,625
James N. Rubinstein	15,078
Pan American Trade Development	13,102
Citrus Company Sales, Inc.	11,550
Ocean Spray Cranberries, Inc.	10,205
Plenty, Inc.	7,225
The Ziegler Corp., Justin Intern Corp.	3,919
Rushton & Company, Inc.	1,838
Subtotal	**$391,812**

MIATCO

Ralston Purina	$200,000
Weaver Popcorn	100,000
Conagra	100,000
Pillsbury	90,000
Pet, Inc.	80,000
Kraft Co.	80,000
Delicious Foods	80,000
Borden	80,000
Golden Valley	74,000
Tone Bros.	73,000
Beatreme	50,000
Wyandot	50,000
Purity Foods	48,000

(continued)

Honee Bear	45,000
General Mills	45,000
American Ag-Tec	40,000
Morrison Farms	40,000
Strum & Sons	30,000
ADM Foods	26,000
Mercantile Foods	25,250
American Meat Protein	25,000
Sonne Labs	23,000
Hsu's Ginseng	20,000
Beatrice	18,000
Troy Hrgro	15,000
Oliver Wine	15,000
Petrofsky	14,500
Stokely, USA	11,500
Parco	11,250
Cherry Central	5,000
Subtotal	**$1,514,500**

National Association of Animal Breeders	
World Wide Sires, Inc.	$41,000
American Breeders Service	26,000
Federated Genetics	11,000
Sire Power	8,000
Select Sires	7,000
21st Century Genetics	4,000
Tri State Breeders	3,000
Cow Creek Ranch	1,000
Subtotal	**$101,000**

National Peanut Council	
CP/C Best	$302,000
Nabisco	116,250
Eagle	82,500
Algood	50,000
CPC	35,000
Hunt-Wesson	25,000
Subtotal	**$610,750**

(continued)

National Potato Promotion Board	
Monarch Food	$50,000
Lamb-Weston	37,500
Ore Ida	37,500
Simplat	37,500
Carnation	30,000
Sun-Glo	7,500
Subtotal	**$200,000**
Rice Council for Market Development	
Comet American Marketing	$470,000
Riceland	230,000
American Rice, Inc.	217,450
RGA	200,000
Amsnack	50,000
California Garden Products	50,000
Uncle Ben	25,000
Subtotal	**$1,242,450**
SUSTA	
Bruce Foods	$270,000
Crystal Valley Catfish	206,000
Capital Petfoods	200,000
Mcilhenny	200,000
Viking Line Promotion	175,000
Crystal International	125,000
Richland Beverage	100,000
Chickasha Cotton Oil	100,000
Autins Cajun Cookery	60,000
K-Pauls	60,000
So Good South	50,000
Kleins Seafood	50,000
Manchester Farms	40,500
Edwards Baking	40,000
Tropical Blossom	35,000
Panola Pepper	30,000
Florida Euro	25,000
Southern Gold Honey	18,000
BASCO	15,000
The Old City Brewing	10,000
Soft Crawfish	5,000

(continued)

Natural Fruit Flavor	5,000
Helens Trop Exotics	3,000
FAIRCO	2,125
Subtotal	**$1,824,625**

USA Poultry and Egg Export Council

Tyson's Foods	$4,390,667
Rockingham Poultry Marketing Corp.	1,210,000
National Food Corporation	430,000
McDonald's Corporation	210,000
Rocco Turkeys	200,000
Concord Farms	160,000
Norbest, Inc.	160,000
Decoster Egg Farms	150,000
Nissho Iwai American Coop.	140,000
Servac International, Ltd.	100,000
B. Terfloth & Cie, Inc.	80,000
Bil-Mar Foods	60,000
Gold-Kist, Inc.	30,000
Empire Kosher Poultry, Inc.	20,000
American Poultry International	10,000
Cargill, Inc. (Office Center)	10,000
Subtotal	**$7,360,667**

U.S. Meat Export Federation

Manning Beef	$200,450
Bellinger Association	183,750
Consolidated Beef	124,105
Colonial	114,875
Brinco	96,150
Goodmark	95,000
Monfort	90,000
Beatrice	87,327
Vienna Beef	84,100
John Morrell	58,250
Washington Beef	55,775
Hormel	52,160
Excel	37,500
Shenson	32,250
Mountain Meadows	24,500
Gerber	24,400
Oscar Meyer	22,325

(continued)

Taurus	21,275
Carl Buddig	14,500
DPM	13,450
Superior Foods	12,500
Wilson Foods	11,950
Gurrentz	11,550
Packerland	9,075
VMI	6,400
Southfield	6,075
C. Angus Beef	2,700
Skylark	1,250
Hyplains	700
Subtotal	**$1,494,342**
U.S. Mink Export Development Council	
American Legend Cooperatives, Inc.	$1,370,000
Hudson's Bay Fur Sales, Inc.	880,000
Subtotal	**$2,250,000**
Wine Institute	
Gallo	$2,150,000
Heublein	510,000
Vininers	480,000
Seagrams	310,000
Glen Ellen	185,000
Giumarra	140,000
Mondavi	120,000
Bronco	115,250
Wente	75,000
Guild	60,000
Wine World	50,000
Mirasscu	35,000
Buena Vista	26,000
Grand Cru	26,000
Clos Du Bois	25,000
Wine Group	25,000
Jekel	25,000
Concannon	20,000
Geyser Park	20,000
Guglielmo	20,000
Seghesio	20,000

(continued)

Weibel	20,000
Sutter Home	20,000
Delicato	20,000
Domaine Chadon	20,000
Sebastiani	15,000
Foppiano	15,000
Franciscan	15,000
Korbel	15,000
Martini	15,000
Monticello	15,000
Morris, J.W.	15,000
Pine Ridge	15,000
Cakebread Cellars	14 000
Schug	12,500
Trefethen	12,000
Belvedere	10,000
Chalone	10,000
Clos Du Val	10,000
Gibson	10,000
Stratford	10,000
St. Francis	10,000
Schramsberg	9,700
Simi	8,700
Iron Horse	8,250
Quady	8,000
DeLoach	8,000
Dry Creek	8,000
Clos Pegase	7,500
Hill, William	7,500
Lohr, J.	7,500
Adler Fels	6,000
Haywood	6,000
Newton	6,000
Sonoma-Cutrer	5,500
Caporale	5,000
Caymus	5,000
Chat. St. Jean	5,000
Freemark Abbey	5,000
Gunlach-Bundschu	5,000
Hacienda	5,000
Hidden Cellars	5,000

(continued)

Jordon	5,000
Kendal-Jackson	5,000
Kenwood	5,000
Klein	5,000
Laurel Glen	5,000
Lyeth	5,000
McDowell Valley	5,000
Viansa	5,000
Raymond	5,000
Renaissance	5,000
Rutherford Hill	5,000
Sequoia Grove	5,000
Shafer	5,000
Stag's Leap	5,000
St. Supery	5,000
Swanson	5,000
Valley of the Moon	5,000
Wheeler, William	5,000
Woltner Estates	5,000
Firestone	4,000
Leeward	4,000
Bargetto	4,000
Chalk Hill	4,000
Pedroncelli	3,500
Buehler	3,000
Lambert Bridge	3,000
Merryvale	3,000
Parsons Creek	3,000
San Antonio	3,000
Tribaut Devavry	3,000
Stemmler, Robert	3,000
Sanford	2,500
Heitz	1,500
Subtotal	**$5,006,900**

(continued)

WUSATA	
Campbell Soup	$180,000
Kal Kan Foods	180,000
Welch's	180,000
Ralston Purina	180,000
EJ Gallo	180,000
Tree Top, Inc.	180,000
J.R. Simplot	142,500
Continental Mil	125,000
Genuardi Farm	125,000
Intec, Inc.	116,500
Norpac	100,000
Mayfair Corp.	100,000
Stahmann Farms	100,000
J&B Assoc.	100,000
Ruce Food	100,000
Montana Natural	80,000
Almond Roco	80,000
Idaho Pacific	80,000
Hoody Corp.	50,000
NM Wineries	50,000
Roman Meal	50,000
American Pecan	50,000
Or Trading Post	50,000
Staton Hills	50,000
Lindsay Intl.	40,000
Amer. Fine Food	40,000
Hogue Cellars	35,000
Hansa-Pacific	30,000
Celes Season	30,000
Nal Fine Food	30,000
Agripac	30,000
Cascadian Farm	30,000
Dir Mkt Group	30,000
WA Fish Grower	30,000
AM World Trade	25,000
Bluewater Farm	25,000
Traditional Med	25,000
Boyd's Coffee	25,000
Fleming Food	23,000
L&A Juice	22,500

(continued)

WE Family Food	20,000
Inter-Trade Sup	20,000
Granny Goose	20,000
Amer Wine Trad	20,000
Stein Produce	20,000
Sangen, Inc.	20,000
Pac-Rim Meat	20,000
Burley Fresh PA	20,000
Stimson Lane	20,000
Zontontan/Sons	19,500
Poppers Supply	15,000
West Coast Groc.	14,000
Or Freeze Dry	10,000
CA Wine	10,000
Food Prod Intl.	10,000
Sunglo	10,000
Rose Creek Vine	10,000
Glorybee Nat.	10,000
CA Cherry	10,000
Perseus Gourmet	10,000
Arbor Crest	10,000
SOURCES UNLTD.	10,000
Ward's Cheese	10,000
WA Asparagus	7,500
Palisade Pride	7,000
Or Cherry Grow	4,000
Umpqua Unltd.	3,000
Hoodsport Winer	1,000
Subtotal	**$3,460,500**
Total	**$60,906,448**

Note: The subtotals for each Cooperator represent only funding for branded promotion They do not include funding received for generic promotion.

Source: GAO analysis of FAS data.

Countries Where the Majority of TEA Funds Were Budgeted for Fiscal Year 1989

Country	Total fiscal year 1989 budget	Percent of fiscal year 1989 TEA funds budgeted
Japan	$46,054,336	36.28
United Kingdom	15,323,894	12.07
West Germany	10,752,555	8.47
Australia	9,353,132	7.37
Taiwan	6,792,813	5.35
South Korea	5,475,168	4.31
Hong Kong	3,951,733	3.11
France	3,892,645	3.07
Algeria	3,238,350	2.55
Italy	2,428,791	1.91
Spain	2,312,265	1.82
Egypt	2,246,840	1.77
Morocco	1,540,024	1.21
Netherlands	1,406,655	1.11
Portugal	1,191,350	0.93
Singapore	1,026,917	0.81
Total[a]	**$118,014,385**	**92.07**

[a]This represents approximately 65 percent of the total fiscal year 1989 budgeted TEA funds. (37 other countries also received TEA funds of less than $1 million each.)

Source: GAO analysis of FAS data.

Top 15 Program Participants by Total Amount of TEA Funds Allocated

Dollars in thousands[a]

Nonprofit applicant organizations	Fiscal year 1989	Percent of funds[b]	Fiscal year 1990	Percent of funds[b]	Total fiscal year 1986 - 1990	Percent of funds[c]
Export Incentive Program (Citrus)	$11,200	5.60	$8,800	4.40	$49,500	6.78
California Raisin Advisory Board	10,700	5.35	12,500	6.25	49,100	6.73
Cotton Council International	15,000	7 50	15,400	7.70	45,650	6.25
U S. Meat Export Federation	17,000	8.50	9,000	4.50	44,500	6 10
American Soybean Association	11,450	5 73	11,500	5.75	41,250	5.65
California Walnut Commission	7,300	3.65	8,000	4.00	37,800	5.18
Florida Department of Citrus	5,400	2.70	9,900	4.95	33,900	4.64
Export Incentive Program (Almonds)	11,800	5.90	9,000	4.50	32,380	4.44
USA Poultry and Egg Export Council	8,000	4 00	6,000	3.00	30,750	4.21
California Prune Board	5,800	2.90	7,500	3.75	27,300	3.74
U.S. Feed Grains Council	4,200	2.10	6,000	3.00	26,500	3.63
Wine Institute	7,000	3.50	9,000	4.50	26,400	3.62
Rice Council for Market Development	5,700	2.85	8,500	4.25	25,700	3.52
National Peanut Council	7,400	3.70	4,500	2.25	22,400	3.07
California Cling Peach Advisory Board	4,700	2.35	3,500	1.75	22,000	3.01
		66.33		64.55		70.57

[a]Allocations include funding for both generic and branded activities

[b]Percentage of TEA funds allocated are based on an annual allocation level of $200 million for fiscal years 1989 and 1990

[c]Percentage of TEA funds allocated are based on a total allocated amount for fiscal years 1986 through 1990 of $730 million

Source: GAO analysis of FAS data

Appendix V

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