

United States General Accounting Office

Report to Congressional Requesters

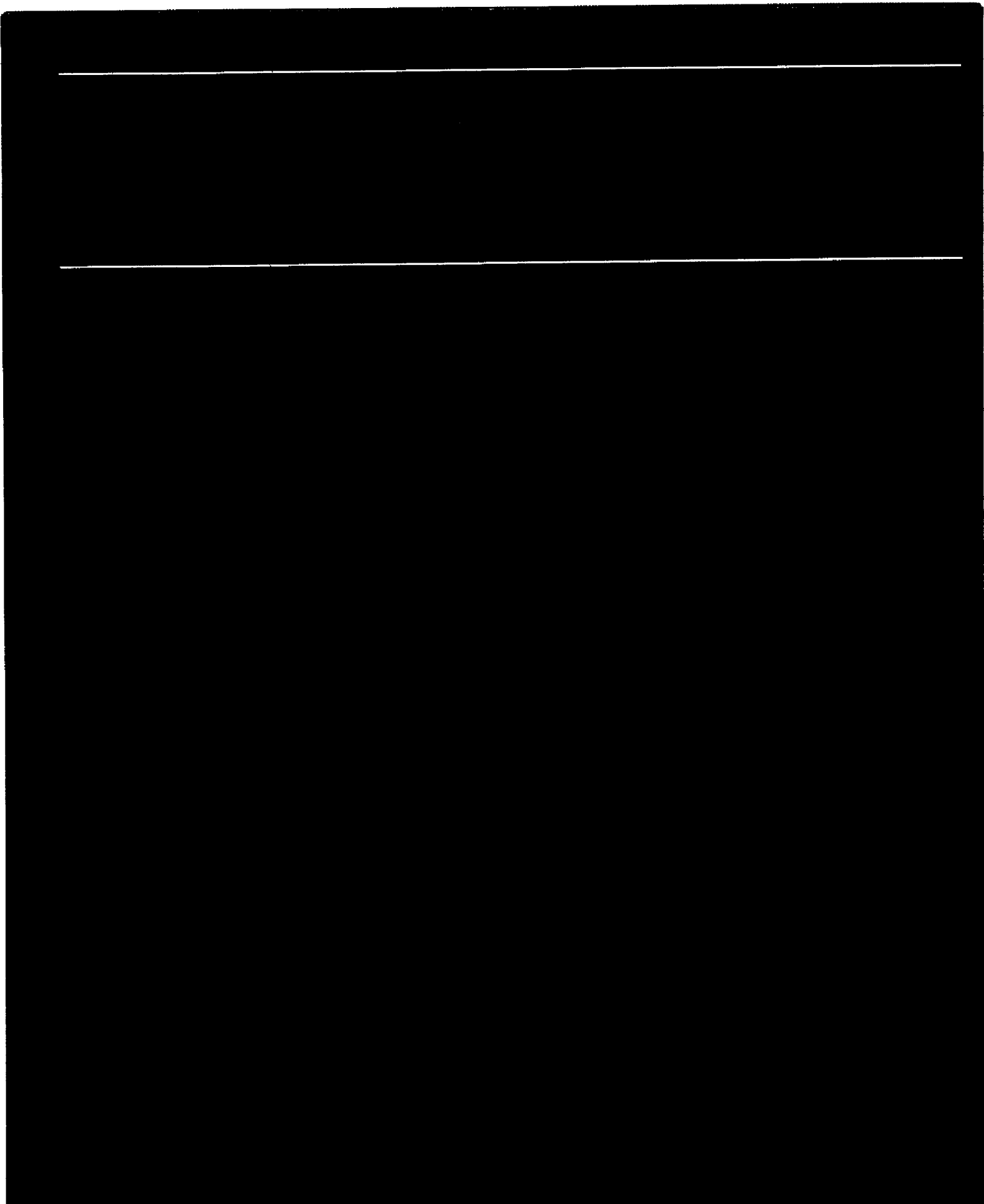
GAO

January 1994

# FOREIGN ASSISTANCE

## U.S. Participation in FAO's Technical Cooperation Program







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

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**National Security and  
International Affairs Division**

B-254348

January 11, 1994

The Honorable Lee H. Hamilton  
Chairman, Committee on Foreign Affairs  
House of Representatives

The Honorable Benjamin A. Gilman  
Ranking Minority Member  
Committee on Foreign Affairs  
House of Representatives

This report responds to the Committee's request that we study U.S. participation in the United Nations Food and Agriculture Organization's Technical Cooperation Program. It contains recommendations to the Secretaries of State and Agriculture.

We are sending copies of this report to the Director General of the Food and Agriculture Organization, the Secretaries of State and Agriculture, and appropriate congressional committees. We will also make copies available to other interested parties upon request.

I can be reached at (202) 512-4128 if you or your staff have any questions concerning this report. Major contributors to this report are listed in appendix VIII.

A handwritten signature in cursive script that reads "Harold J. Johnson".

Harold J. Johnson  
Director, International  
Affairs Issues

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# Executive Summary

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## Purpose

The Congress has had some long-standing concerns about the management of the Technical Cooperation Program (TCP) of the United Nations Food and Agriculture Organization (FAO). Because of these concerns, the former Chairman and Ranking Minority Member of the House Committee on Foreign Affairs requested GAO to review U.S. participation in the program. GAO specifically analyzed (1) the degree to which TCP projects fulfill the criteria FAO has established for the program and the degree to which the criteria reflect FAO goals for TCP; (2) the program and financial management of TCP; and (3) the role of FAO governing bodies, and of the United States, in setting policy for TCP and following up on recommendations of the external auditor and other evaluators. To help put these issues in perspective, GAO also discussed the usefulness of TCP projects with government officials in some recipient countries.

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## Background

FAO was established in 1945 as a U.N. agency to deal with issues of nutrition, food, and agriculture. The organization is governed by the 162-member Conference, which sets FAO policy, and the 49-member Council, elected by the Conference to oversee operations and budget. The Secretariat, headed by the Director General, administers FAO's day-to-day operations. FAO's budget for the 1992-93 biennium is approximately \$1.5 billion, which includes both assessed and voluntary contributions from member states. The net U.S. contribution to the 1992-93 assessed budget is \$158.7 million.

Since the establishment of TCP in 1976, FAO has described its goals as providing rapidly implemented, short-term, low-cost projects to meet the urgent and unforeseen needs of developing countries. According to FAO, TCP projects should also generate a catalytic effect—that is, follow-up activities and additional funds. The TCP allocation for 1992-93 was \$77.4 million. Unlike the rest of FAO's regular budget activities, TCP is not programmed in advance; the governing bodies do not approve a distribution of the TCP allocation to program areas, countries, or projects. The categories of TCP projects are (1) advising governments, (2) training, (3) assisting in emergencies, (4) preparing investment proposals, (5) formulating national plans, (6) supporting development efforts, and (7) promoting intercountry cooperation.

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## Results in Brief

Governments which have received TCP projects are generally satisfied with the program, have found most of the projects useful, and have generated

funds to expand the activities of many projects. Nevertheless, FAO criteria established to govern TCP project selection lack specificity and do not reflect all of FAO's goals for TCP. Most projects GAO reviewed met some TCP criteria, but FAO lacked evidence that the projects met other criteria. Most projects did not meet the criteria that they respond to urgent or unforeseen needs, a primary justification for TCP's unprogrammed feature.

Since most TCP activities GAO reviewed were not responses to urgent or unforeseen needs, the governing bodies could have programmed them in advance, along with other regular budget activities, through their established programming procedures. Programming would increase the governing bodies' influence over the distribution of TCP resources.

GAO also found weaknesses in the program and financial management of TCP. Many of the weaknesses had previously been reported and had been raised by the United States and some other members at governing body meetings. FAO has taken some corrective actions, but the governing bodies have not required information on their results or additional corrective actions.

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## Principal Findings

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### Recipient Governments Find TCP Projects Useful

FAO governing body reports show that many member nations have expressed their support for TCP. Government officials GAO interviewed in recipient countries estimated that about 70 percent of TCP projects had produced results that had been used in one way or another. They indicated that countries had generated funds from external sources or their national budgets to expand activities on about 40 percent of the projects. FAO has not established standards to measure the success of TCP's results, but it believes this is a good success rate.

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### TCP Criteria Lack Specificity

Some of the TCP project selection criteria lack specificity. For example, all projects are required to meet "urgent" needs, have an "overall duration" that does not exceed 2 years, and "where possible," generate "catalytic effect," but these criteria have not been clearly defined. Also, some of FAO's stated goals for TCP, such as that projects meet unforeseen needs and are rapidly implemented, are not consistently reflected in the selection criteria.

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**Projects Met Some Criteria, but FAO Lacked Evidence of Compliance With Other Criteria**

Most of the TCP projects GAO reviewed met some criteria. For example, they were requested by governments, had clear short-term objectives, and cost less than \$400,000. However, FAO usually did not require evidence that the projects would meet other criteria, such as that projects be followed up by the recipient governments and that they not duplicate other development activities.

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**Most Projects Could Have Been Programmed in Advance**

Except for emergency projects, most TCP projects GAO reviewed did not meet urgent or unforeseen needs. Emergency projects constituted about 15 percent of all TCP projects from 1986 through 1991. Most nonemergency projects served typical capacity-building development purposes, such as advising governments on 5-year agricultural plans, training officials in computerized mapping techniques, and developing investment proposals. These projects, while they may have had merit, could have been programmed in advance by FAO's governing bodies. They are the same kinds of activities that FAO and other U.N. agencies routinely program through their regular budgets. Programming would increase the governing bodies' influence over the objectives and distribution of TCP and should not produce a lengthy, detailed, or inflexible TCP planning process.

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**Some TCP Management Practices Are Weak**

Some TCP program and financial management practices are weak. Program management weaknesses included delays in hiring and deploying consultants and buying and delivering equipment, which delayed project implementation; lack of compliance with some purchasing requirements; and the absence of impact evaluations. Financial management weaknesses included delaying the release of unused funds from completed projects, carrying over large amounts of unobligated TCP funds from one biennium to the next, and charging expenditures on new projects back to an earlier biennium's unused appropriation. Although FAO took some actions after these matters were raised by previous evaluators and auditors, weaknesses remain and the governing bodies have not directed the Secretariat to take additional actions.

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**Recommendations**

GAO recommends that the Secretaries of State and Agriculture instruct the U.S. Representative to FAO to work with FAO's Secretariat and other member states to (1) determine the percentage of the TCP funding allocation that should remain unprogrammed for use in emergencies; (2) specifically define the other urgent and unforeseen problems for which the unprogrammed funds could also be used; and (3) program all

remaining TCP activities in advance, allowing the Secretariat to approve project requests within the governing body allocations to program priorities.

GAO makes other recommendations designed to (1) improve project selection criteria (ch. 2), (2) enhance governing body oversight of Secretariat actions to correct management weaknesses (ch. 4), and (3) evaluate the impact of TCP projects (ch. 4).

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## Agency Comments and GAO Evaluation

In commenting on a draft of this report, the Departments of State and Agriculture, as well as FAO's Director General, expressed the general concern that by focusing on process and program criteria, the report did not adequately reflect the positive contributions of TCP. GAO acknowledges that many member nations support TCP, but points out that because FAO has not defined the anticipated longer term impact for individual projects or groups of projects in specific program areas, countries, or regions, and does not systematically maintain information on the effect of completed TCP projects, it was not possible to evaluate the impact of TCP.

On the report's contents, the Departments of State and Agriculture generally supported GAO's proposals for change in the management of the program. However, the FAO Director General disagreed with virtually all of GAO's findings, conclusions, and recommendations and implied that the program should remain unchanged. The recurring theme of the Director General's comments was that GAO did not follow generally accepted auditing standards and that the report was based on insufficient evidence. GAO's careful analysis of the Director General's detailed comments shows that these assertions are not supported by the facts.

The comments of the FAO Director General and the Departments of State and Agriculture are presented in appendixes V, VI, and VII, respectively, along with GAO's evaluation of them.

# Contents

<b>Executive Summary</b>		<b>2</b>
<b>Chapter 1</b>		<b>10</b>
<b>Introduction</b>	FAO Budget	10
	FAO Governance and Organization	11
	The Technical Cooperation Program	12
	Objectives, Scope, and Methodology	13
<b>Chapter 2</b>		<b>15</b>
<b>FAO Has Not Defined or Enforced Many TCP Criteria</b>	Some TCP Criteria Are Not Specifically Defined	15
	Most Projects Met Some TCP Criteria	17
	FAO Does Not Obtain Evidence of Adherence to Some Criteria	18
	Most Nonemergency Projects Did Not Meet Urgent or Unforeseen Problems	19
	Emergency Projects Met Urgent and Unforeseen Problems	20
	Projects Met Duration Criterion, but All Time Spent Is Not Included	21
	FAO Has Not Monitored the Catalytic Effect or Developed Standards to Judge Success	22
	Conclusions	26
	Recommendations	26
	Agency Comments	26
<b>Chapter 3</b>		<b>27</b>
<b>Most TCP Activities Could Be Programmed in Advance</b>	Most TCP Activities Can Be Programmed	27
	Current FAO Programming Is Not Lengthy, Detailed, or Inflexible	30
	Programming Would Increase Governing Body Influence Over TCP	31
	Conclusions	32
	Recommendations	33
	Agency Comments	33
<b>Chapter 4</b>		<b>34</b>
<b>Some Program and Financial Management Practices Are Weak</b>	Real Growth of TCP Allocation Has Been Minimal	34
	Project Implementation Is Slowed by Headquarters Procurement Delays	35
	Projects Begin in the Field Many Months After Government Requests	37
	FAO Lacks Evidence That Field Purchases Complied With Competition Requirements	38



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Contents

---

Project Monitoring Is Limited	38
Project Impact Is Not Evaluated	40
Project Budgets Are Not Revised Downward, and Release of Unused Funds Is Delayed	40
Half the TCP Allocation Is Carried Over to the Next Biennium	42
FAO Reports on How Carryover Will Be Used Are Unreliable	43
Current Projects Are Charged to Previous TCP Appropriations	43
Many Recommended Corrective Actions Have Not Been Taken	44
Conclusions	45
Recommendations	46
Agency Comments	46

---

Appendixes

Appendix I: Projects Included in Our Sample	48
Appendix II: Projects Reviewed in the Field	53
Appendix III: Distribution of TCP Resources	60
Appendix IV: Calculating Real Budget Growth	66
Appendix V: Comments From the Food and Agriculture Organization of the United Nations	68
Appendix VI: Comments From the Department of State	130
Appendix VII: Comments From the Department of Agriculture	133
Appendix VIII: Major Contributors to This Report	138

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Tables

Table 1.1: FAO Regular Budget and Extrabudgetary Resources, 1986-93	10
Table 1.2: TCP Budget, 1986-93	13
Table 2.1: Reported Use of Project Results	24
Table 2.2: Reports of Additional Funding	25
Table 4.1: Percentage Annual Growth of TCP Allocation	34
Table 4.2: Percentage Annual Growth of FAO Regular Budget	35
Table 4.3: Releasing Unused Funds	41
Table 4.4: TCP Carryover Funds, 1986-91	42
Table I.1: TCP Projects in GAO Sample	48
Table II.1: TCP Projects GAO Reviewed in the Field	53
Table III.1: Countries Receiving Significantly Less Than Need-Based Share, 1984-91	61
Table III.2: Countries Receiving Significantly More Than Need-Based Share, 1984-91	62

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**Contents**

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**Abbreviations**

FAO	Food and Agriculture Organization
GAO	General Accounting Office
ICA	indicative country allocations
IPF	indicative planning figures
TCP	Technical Cooperation Program
UNESCO	United Nations Education, Cultural and Scientific Organization



# Introduction

The United Nations Food and Agriculture Organization (FAO) was established as a permanent specialized agency of the United Nations in October 1945. According to its Constitution, FAO is to serve all its member countries, and its functions are to (1) collect, analyze, interpret, and disseminate information on nutrition, food, and agriculture; (2) promote and recommend national and international action on agricultural matters; and (3) provide technical assistance at a member government's request. FAO's agriculture program seeks to bring about sustained improvements in nutrition, food security, and rural incomes; its fisheries program promotes improved management and use of fisheries resources; and its forestry program, among other things, seeks to find a balance among environmental concerns and increased demand for forest products.

To carry out its work, FAO has developed numerous computer data bases, such as the Global Information and Early Warning System, Geographic Information Systems, and the World Agriculture Information Center. It has also developed and distributed guidelines for determining the safety of agricultural chemicals, supported international conferences to facilitate information exchange on agricultural matters, and implemented the Technical Cooperation Program (TCP), which is the primary focus of this report.

## FAO Budget

FAO's budgets are for 2-year periods. As shown in table 1.1, the budget for the 1992-93 biennium is approximately \$1.5 billion, including \$645.6 million for the regular budget funded from the assessed contributions of members and an estimated \$880.1 million from extrabudgetary or voluntary sources.<sup>1</sup>

**Table 1.1: FAO Regular Budget and Extrabudgetary Resources, 1986-93**

Dollars in thousands				
	1986-87	1988-89	1990-91	1992-93
Regular budget	\$437,000	\$492,360	\$568,800	\$645,588
Extrabudgetary resources	648,597	714,371	774,762	880,063 <sup>a</sup>
<b>Total</b>	<b>\$1,085,597</b>	<b>\$1,206,731</b>	<b>\$1,343,562</b>	<b>\$1,525,651</b>

<sup>a</sup>Estimated.

<sup>1</sup>The regular budget amounts are the basis on which member states were assessed. For 1992-93, the total regular budget available for FAO's program of work is \$676.911 million; it includes such additional sources of funds as payments of interest and arrears on assessed contributions.

The regular budget funds FAO's three major programs—agriculture, fisheries, and forestry—as well as TCP. Extrabudgetary funds support most of FAO's field projects in developing countries. The main sources of extrabudgetary funds are the U.N. Development Program and trust funds established by individual donor countries. The United States' assessment constitutes 25 percent of the regular budget. Its net contribution for 1992-93 will be \$158.7 million.<sup>2</sup> The United States also contributed \$3.5 million in 1991-92 and \$3.8 million during the first 7 months of 1993 for extrabudgetary support.

## FAO Governance and Organization

FAO's principal governing body is the Conference, consisting of 160 member states, the European Economic Community as a member organization, and Puerto Rico as an associate member. The constitutional responsibilities of the Conference include determining FAO's policy, approving the program of work and budget, and adopting general rules and financial regulations. Each Conference member has a single vote on these matters regardless of the level of its contribution. The Conference meets every 2 years, usually in November.

The Conference elects the Council, which consists of 49 member states serving for 2 year terms. The Council reviews the program of work and budget; exercises control over FAO's financial administration by, for example, approving major budget transfers; and appoints the external auditor. As with the Conference, each Council member has a single vote in acting on these matters. The Council must meet at least three times between Conference sessions.

FAO's day-to-day operations are administered by its Secretariat. Heading the Secretariat is the Director General, FAO's chief administrative officer, who is appointed by the Conference for a 6-year term. In addition to the Rome-based Secretariat, FAO has 5 regional offices, 75 country offices headed by representatives who are responsible for 105 countries, and 2 liaison offices for North American and U.N. affairs.

The United States is a member of FAO's Conference and Council and also of numerous Council committees, such as the Finance Committee and the Committee on Agriculture. U.S. positions regarding FAO are developed by the Department of State, which has concentrated on budget and administrative issues, and the Department of Agriculture, which has focused on technical, agricultural issues. The U.S. Representative to FAO

<sup>2</sup>The U.S. net contribution is less than its assessment because it reflects various tax adjustments.

reports to the State Department. The U.S. position on FAO's 1992-93 budget was developed jointly by the Departments of State and Agriculture.

## The Technical Cooperation Program

TCP was established by FAO's Council in 1976 on the recommendation of the Director General. The Conference endorsed the Council's action in 1977. In proposing TCP, the Director General said the program would enable FAO to fulfill its constitutional responsibility to offer technical assistance by providing "urgent small-scale responses to unforeseen needs of developing countries." As originally recommended by the Director General and approved by the governing bodies, TCP funds were not programmed in advance and any unobligated balance from TCP's funding allocation could be carried over from one biennium to the next.

The unprogrammed character of TCP means that the governing bodies approve only an overall appropriation for the program; they do not receive advance information on, or approve, the distribution of that appropriation to program areas, countries, or projects. In his original proposal, the Director General maintained that if TCP were programmed like the rest of FAO's regular budget, it could not respond rapidly or flexibly to urgent needs because programming was a lengthy, detailed, and hard-to-alter process. While they do not program TCP funds in advance, the governing bodies receive information after each biennium on the actual distribution of TCP funds; they also receive reports by evaluators and by the external auditor.

The Director General justified the TCP carryover because the program was experimental and needed to be established on a sound basis. Accordingly, he stated that there should be "no undue pressure for the money to be spent because it is available."

In addition, TCP projects were to be short-term (maximum duration of 1 year) and low-cost (maximum budget of \$250,000) activities. Approved project categories were: (1) investment projects to formulate proposals for submission to funding agencies; (2) responses to emergencies; (3) filling gaps between externally funded programs and governments' development activities; and (4) training of agricultural producers at the grassroots level. Although the Director General envisaged that about 13.5 percent of the initial TCP allocation would be used for emergencies, with the remainder more or less equally divided among the three other categories, he did not explain how projects in those other categories met urgent or unforeseen needs.

Since its inception, TCP has constituted from 11 to 14 percent of FAO's regular assessed budget. Table 1.2 shows the TCP allocation for the four most recent biennia.

Table 1.2: TCP Budget, 1986-93

Dollars in thousands				
	1986-87	1988-89	1990-91	1992-93
TCP budget	\$61,421	\$63,148	\$67,767	\$77,409
Percentage of regular assessed budget	14.1	12.8	11.9	12.0

Since the Director General's original proposal, maximum project duration has increased to 2 years, and the maximum budget has increased to \$400,000. Seven project categories are currently approved: preparing investment proposals, responses to emergencies, training activities, providing advice to governments, formulating national plans, supporting development efforts, and promoting intercountry cooperation. From 1986 through 1991, the categories with the greatest share of TCP projects were training and providing advice to governments, which together constituted more than 60 percent of the total. Emergency projects constituted 15 percent of all projects, with the remaining categories accounting for much smaller shares, ranging from 1 to 10 percent.

## Objectives, Scope, and Methodology

Because of some long-standing congressional concerns about the management of the TCP, the former Chairman and Ranking Minority Member of the House Committee on Foreign Affairs requested that we review U.S. participation in this program. The objectives of our review were to analyze (1) the degree to which TCP projects fulfill the criteria FAO has established for the program and the degree to which these criteria reflect FAO's stated goals for TCP; (2) the program and financial management of TCP; and (3) the role of FAO governing bodies, and of the United States, in setting policy for TCP and following up on the recommendations of the external auditor and other evaluators. While an evaluation of TCP's long-term impact was not possible because measurable long-term objectives had not been established (see chs. 2 and 4), we did obtain the views of government officials in some recipient countries about the usefulness of TCP projects to their countries.

We conducted our work at FAO headquarters in Rome and at FAO field offices and project sites in eight countries in three regions. In Rome, we selected for detailed review a random sample of 85 TCP projects approved

from January 1, 1989, to December 31, 1991, that were scheduled to end by May 31, 1992. We analyzed documents on the initiation, approval, implementation, and follow-up of these projects. (App. I provides details on the 85 sample projects.) We interviewed more than 50 employees at all levels of FAO and representatives from 21 member states from all regions, including major donors and beneficiaries of TCP projects. We also met with the staff of FAO's external auditor (the Comptroller and Auditor General of the United Kingdom) and with FAO's internal auditor.

The eight countries we selected for field visits are among the largest recipients of TCP funds. The countries were Costa Rica and Mexico in Latin America; Ethiopia, Kenya, and Tanzania in Africa; and Thailand, Vietnam, and China in Asia. In each country we interviewed the FAO field office representative and other FAO staff; and in all countries but Mexico, we interviewed government officials who had requested and overseen TCP projects. We reviewed 123 projects by interviewing more than 150 government officials, visiting 20 project sites, and examining project files. Of these projects, 14 were also included in our random sample. Mexican officials declined to meet with us or allow us to visit project sites. (The projects reviewed in each country are listed in app. II.)

In conducting our work, we had access to FAO documents and project files. FAO staff at headquarters and in the field were open and forthcoming in interviews and provided us with the information and assistance we required. The government officials we interviewed in the field were similarly helpful in discussing their TCP projects and in facilitating our visits to project sites. Throughout our review we benefitted from the cooperation of the external auditor staff.

To obtain information on how U.S. concerns about TCP have been conveyed to FAO, we interviewed the U.S. Representative to FAO and officials of the Departments of State and Agriculture. We also reviewed correspondence between the United States and FAO, governing body documents since 1986, and verbatim records of the 1991 governing body meetings.

We performed our review from April 1992 to April 1993 in accordance with generally accepted government auditing standards. FAO's Director General and the Departments of State and Agriculture provided written comments on a draft of this report. Their comments and our evaluation of them are presented in appendixes V, VI, and VII, respectively.



# FAO Has Not Defined or Enforced Many TCP Criteria

Some of FAO's criteria for selecting TCP projects are not specifically defined. Under the criteria, all projects should meet "urgent" problems, and certain projects should meet "unforeseen" problems as well; all projects should also be limited in "duration" and "cost," and serve as "catalysts for larger scale activity, where possible." Yet the criteria do not include definitions of these terms.

We found that most projects we reviewed met some TCP criteria: they were requested by governments and were thus accorded some priority by them; they had clear short-term objectives; and they cost less than \$400,000. However, most TCP proposals did not include evidence that the projects met such criteria as increasing the incomes of small producers, complementing other development activities, using the most cost-effective implementation method, and planning for government follow-up. Although one of FAO's principal justifications for TCP is that projects meet urgent and unforeseen problems, FAO did not require most proposals to explain how the project met these criteria, and we found that most nonemergency projects did not meet them.

According to FAO's interpretation and method of measuring project duration, the projects we reviewed met the 2-year criterion. However, if FAO measured the actual duration of field activities and included additional activities associated with the project, about 25 percent of the projects we reviewed would have lasted longer than 2 years.

Government officials we interviewed said that they used at least some of the results of 70 percent of the projects we examined in the field, and that 40 percent generated additional funds from external sources or from their national budgets. FAO has not developed systems to track projects' catalytic effect or standards to evaluate it, but believes that the results reported to us indicate a good success rate.

## Some TCP Criteria Are Not Specifically Defined

The current selection criteria for TCP projects are listed in FAO's Guidelines for the Information of Governments, as adopted by the governing bodies in 1983 and amended in 1985. The guidelines state that all TCP project requests must meet several criteria. For example, all project requests must

- give emphasis to increasing production with a view to increasing the incomes of small-scale producers and rural workers;
- be accorded high priority by the requesting government;
- be directed to an urgent and specific problem or need;

- have well-defined objectives and expected results;
- complement, but not duplicate, other development activities;
- where possible, serve as catalysts for larger scale activity;
- be limited in duration, preferably lasting less than 3 months and in no case exceeding 24 months;
- be limited in cost, not exceeding \$400,000 per project and preferably costing much less; and
- use the most effective and least costly method of execution.

Also, governments must assure FAO that follow-up action will be taken on projects and participate as fully as possible in project execution.

We found that some of the criteria lack specificity and that the guidelines do not provide definitions or clarifying examples. For instance, the guidelines provide no definition of “urgent” problems or needs and no explanation of how projects other than responses to emergencies might meet this criterion. The guidelines also give examples of acceptable TCP projects that do not in any obvious way meet urgent problems—small feasibility studies, agricultural planning and agronomic research, and refresher courses—without indicating how such projects might meet the criterion.

The guidelines require that the overall duration of project activities should not exceed 24 months, without specifying what is to be included in project activities—for example, whether “overall duration” applies only to field activities or whether it also applies to project activities that occur before and after the field activity. Similarly, they do not indicate what is to be included in project costs—for example, whether and to what extent support costs should be included. The guidelines require projects to serve as catalysts for larger scale activity “where possible,” but provide no further definition of what is expected or a standard to measure when this objective is achieved.

Since the Director General proposed the program in 1976, FAO has articulated goals for TCP that distinguish it from other FAO activities. One of these goals is to provide rapid responses to government requests, but the guidelines contain no criterion regarding the timing of project implementation. Another goal is to respond to urgent and unforeseen problems, which is also a principal justification for TCP’s unprogrammed feature. However, while the guidelines require that all projects meet urgent problems, they specifically provide that unforeseen needs be used as justification only for emergency and advisory projects. Since all of TCP is

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unprogrammed, there appears to be no reason why only advisory projects, and not training or investment projects, for example, should meet unforeseen problems.

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## Most Projects Met Some TCP Criteria

Most of the 85 projects in our sample met some TCP criteria. Every project in the sample was requested by a government, which in that sense accorded it some level of priority. Governments participated in the execution of every project by providing a national director, national counterpart staff, administrative support, or some combination of these. Most projects had clear short-term objectives and expected results. In addition, no project budget exceeded \$400,000, and most were considerably below this maximum.

We noted that FAO does not include all its costs in project budgets. For example, the costs of the unit that reviews TCP proposals and costs of the headquarters and field units that provide technical and other support are not included. Such costs are absorbed by other areas of FAO's budget. The costs of the headquarters operating units that oversee project implementation are included by means of a service charge that currently amounts to 9 percent of TCP project budgets. By contrast, a 1989 review of FAO sponsored by the Conference estimated that actual support costs constituted about 20 percent of project budgets.<sup>1</sup> According to FAO, the governing bodies are presently reviewing the support cost issue; their decision will have implications for the size of TCP budgets and TCP's proportion of the total regular budget. However, our review showed that since most project budgets were considerably below the maximum, even if they included a service charge that more closely reflected FAO's actual costs, most budgets still would not have exceeded \$400,000.

In addition to meeting some criteria, the projects also fulfilled TCP's goal of providing technical, and not just financial, assistance to requesting governments. Most projects included expert consultants recruited internationally, and except for some emergency projects, equipment and supplies constituted less than 50 percent of project budgets.

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<sup>1</sup>Report of the Group of Experts on FAO's Field Operations, 1989.

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## FAO Does Not Obtain Evidence of Adherence to Some Criteria

Most of the approved project requests we reviewed did not provide evidence that the projects met some TCP criteria. While most proposals referred to an expected increase in production, they did not indicate whether or how the project gave emphasis to increasing the incomes of small-scale producers. Almost 80 percent of the requests for nonemergency projects in our sample did not attempt to justify the projects as responses to urgent problems, even though the TCP guidelines require governments to explain how the assistance "will be used to fill a particularly urgent need." Similarly, although the government officials we interviewed in recipient countries could explain the problems they were confronting and the importance of the projects to their countries, most could not justify the problems as either urgent or unforeseen.

Most proposals also did not provide evidence that the project complemented other development activities without duplicating them or that they filled a critical gap in development activities. Although the guidelines require a government proposing a TCP project to assure FAO that follow-up action will be taken and to describe the project's catalytic role, governments did not indicate any planned follow-up actions or catalytic effect in their requests for about two-thirds of the projects in our sample. Finally, only one request in our sample included evidence that the most effective and least costly method of project execution was adopted.

Some of these problems were also noted in two previous TCP evaluations, although both evaluations endorsed the TCP criteria and concluded that most projects met most criteria. In a 1985 report, a group of consultants hired by FAO said that (1) the guidelines should indicate more specifically how the requirement for the most efficient method of project execution could be applied and (2) project requests usually did not clearly refer to follow-up actions.<sup>2</sup> FAO's Evaluation Service in 1991 found that adherence to the requirement to emphasize increasing the incomes of small-scale producers was unsatisfactory.<sup>3</sup>

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<sup>2</sup>Report on the Evaluation of the FAO Technical Cooperation Programme 1976-1984 by S. Linner, W.M. Johnson, and T.E.C. Palmer (Aug. 1985).

<sup>3</sup>Review of the FAO Technical Cooperation Programme 1986-1990 by FAO's Evaluation Service (July 1991).

## Most Nonemergency Projects Did Not Meet Urgent or Unforeseen Problems

The requirement that projects meet urgent or unforeseen problems is particularly significant because this is the underlying justification for TCP's unprogrammed feature. Since most proposals did not specifically explain how the projects would meet these criteria, we adopted dictionary definitions, examined the documentation for our sample projects, and concluded that most nonemergency projects could not reasonably be justified as responses to either urgent or unforeseen problems.

In the absence of a guidelines definition, we defined an urgent problem as one requiring immediate attention and an unforeseen problem as one that was not recognized in advance. We realize there can be legitimate differences in some instances about whether a particular project meets these criteria. However, on the basis of these definitions and adopting the broadest interpretation—that projects met the criteria if they responded to either an urgent or unforeseen problem—we found that only 17 percent of the nonemergency projects in our sample could be justified as responses to urgent or unforeseen problems. This is not to say that the projects were not worthwhile, because according to government officials we interviewed, most projects served some useful purpose. However, most projects did not meet these criteria and could have been programmed through FAO's normal budgeting process, allowing the governing bodies some input to the decision-making process.

Previous TCP evaluations did not specifically discuss projects' adherence to the criteria that all projects meet urgent needs and that some meet unforeseen needs as well. However, in their analysis of criteria, the consultants in 1985 stated that (1) the urgency of some training assistance might be questioned by some and (2) the Secretariat should ensure that, among other things, the aid requested is

“urgently required because of: - a disaster and the need for quick action to mobilize further aid - the presence of a bottleneck in the execution of a programme which can be solved by training [and] - the need for action to keep the momentum of a project.”

FAO's Evaluation Service in 1991 concluded that adherence to the requirement that projects meet urgent and specific problems was “satisfactory” or “good” in 98 percent of the projects reviewed; however, it provided no discussion of this finding. In response, the U.S. Representative to a Conference commission stated:

“We are surprised that all of the 58 projects reviewed were found to have adhered to the requirement that TCP projects should address only urgent problems. Of the 12 projects

described urgency was evident in only 3. We are concerned that there appear to be no concrete guidelines to define 'urgency' in non-emergency situations."<sup>4</sup>

Most of the nonemergency projects we reviewed did not address urgent or unforeseen problems from the perspective either of the problems addressed or the circumstances giving rise to the governments' requests. For example, the problems themselves were not urgent, and they did not require immediate attention because of an approaching deadline or a bottleneck in the implementation of an ongoing program. The projects served typical capacity-building development purposes, such as

- advising governments on long-term agricultural planning or policy, new technologies for crop production or protection, and legislative changes for fisheries management or rural land codes;
- training government officials in technologies new to the countries, such as computerized mapping techniques and growing crops without soil;
- drafting proposals for possible funding by an external agency; and
- strengthening existing networks among countries in such areas as the commercial development of fruit, use of rice by-products, and water resource management.

A small number of the nonemergency projects in our sample met urgent or unforeseen problems. For example, they assisted governments in (1) controlling white fly infestations, (2) analyzing the causes of a drastic decline in fish catch, (3) formulating investment projects for a drought-affected area, (4) proposing food safety legislation that was a requirement for promised World Bank funding, and (5) "bridging" the activities of two externally funded projects.

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## Emergency Projects Met Urgent and Unforeseen Problems

All but 1 of the 19 emergency projects in our sample fulfilled the guidelines' criterion that they meet "urgent and immediate needs arising from disasters and unexpected calamities."<sup>5</sup> Some projects provided assistance to restore food production after typhoons, tidal waves, droughts, and civil strife; others provided vaccines or other control measures against animal diseases and pests.

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<sup>4</sup>Though the U.S. Representative referred to "all" projects, the Evaluation Service concluded that 2 percent did not meet the criterion.

<sup>5</sup>The TCP unit initially recommended against approving the one emergency project exception because the problem was a normal outbreak of animal disease requiring periodic vaccinations. Ultimately, FAO approved the project "exceptionally," with a more limited budget than the government had requested.

In commenting on a draft of this report, the Department of State said that TCP's primary advantage is its flexibility in meeting these emergency situations. Several of the TCP achievements listed by the Department of Agriculture in its comments are also responses to emergencies. Both agencies said that in responding to such emergencies as swine fever, cholera, and screwworm outbreaks, TCP has promoted the interests of recipient countries and the United States.

## Projects Met Duration Criterion, but All Time Spent Is Not Included

In the absence of a guidelines definition of the activities to be included in project duration, FAO officials told us they interpret the term, and the 2-year limit, as the length of activities in the field. Using FAO's recorded project start and end dates as the measure of activity in the field, very few of the projects in our sample were completed within the preferred 3 months, but every project was completed within 24 months. In this sense, every project met the criterion.

However, when the objectives for six projects in our sample could not be achieved within 24 months, FAO approved a second project—a phase 2. Although each phase met the criterion, the two phases combined were necessary to achieve the project's original objectives, and the two phases combined lasted longer than 24 months. The projects' objectives could not be achieved within the maximum time for a variety of reasons, including (1) the political situation in the country; (2) delays in government clearance of consultants; (3) delays in developing adequate equipment specifications, ordering and delivering equipment, and hiring consultants; (4) administrative errors by FAO; and (5) FAO's decision to fund a phase 1 project to design a 24-month phase 2.

We also noted that projects' recorded start and end dates often did not reflect the actual dates of field activity. FAO permits activity in the field up to 3 months after the project's recorded end date, so long as the 24-month limit is not exceeded. Even allowing for this grace period, consultants worked in the field, or equipment or supplies were delivered to the field from 4 to 18 months after the recorded end dates for 16 projects, or 19 percent of our sample. For eight projects, equipment or supplies were ordered after the projects were recorded as completed. When we measured duration from actual first to last activity in the field, three projects in our sample exceeded 24 months. Accordingly, if the six projects requiring two phases of field activity are combined with the three projects requiring more than 24 months of field activity, about 10 percent

of the sample projects lasted longer than 24 months from the actual start to actual end of field activity.

In addition, FAO defines project duration to include only field activity. It does not include (1) the time spent before the start of field activity in reviewing and revising proposals; (2) the time spent after projects are approved in recruiting consultants, drafting equipment specifications, and ordering equipment and supplies; or (3) the time spent after the completion of field activities in preparing final reports to governments and closing the projects operationally and financially. In commenting on this report, FAO said that this interpretation of "project duration" is used for all of its field operations and is also used by other organizations that sponsor field-level projects. We surveyed several other agencies that sponsor field-level technical cooperation projects and found that some define project duration the same as FAO while others define it from the date of project approval to the date of last activity in the field.<sup>6</sup> Using this broader definition, another 15 percent of our sample projects would have exceeded the 2-year limit.

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## FAO Has Not Monitored the Catalytic Effect or Developed Standards to Judge Success

FAO's guidelines state that projects, where possible, should serve as catalysts for larger scale activity; however, FAO does not systematically track the effects of completed projects, nor has it developed a standard to measure their success in achieving catalytic effect.

Records at FAO headquarters contained no information about post-project activity for about 75 percent of the completed projects in our sample.<sup>7</sup> FAO's main sources of systematic information on an activity after a project is completed are government responses to final project reports and the semiannual reports of FAO representatives in the countries. After a project is completed, FAO policy is to submit a report to the recipient government and ask for information on the government's use of the project results and its plans for additional activity. However, final reports—those that FAO calls "terminal statements" or any equivalent—were not sent to the governments on a timely basis. As of June 1, 1992, FAO had not sent final reports for 38 percent of the completed sample projects, although they had been completed, on average, for 1 year (ranging from 5 months to

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<sup>6</sup>The agencies we surveyed are the U.N. Education, Scientific and Cultural Organization, World Health Organization, International Labor Organization, U.N. Development Program, World Food Program, and the U.S. Agency for International Development.

<sup>7</sup>For the analysis of FAO's monitoring system in this section, we included only the 69 sample projects that had end dates on or before December 31, 1991.



2-1/2 years). Also, governments usually did not respond to the reports: FAO received responses to only about 25 percent of its requests for information on post-project activity. Finally, most of the FAO representatives' semiannual reports we reviewed did not provide information on the effects of completed TCP projects.

Previous evaluations have also noted this weakness in FAO's tracking system and recommended specific improvements. For example, the consultants in 1985 concluded that the issue of follow-up was key to the success or failure of TCP projects and recommended that FAO improve its tracking of completed projects by

- *obtaining in writing the governments' commitment to follow-up with indicators to measure progress;*
- *monitoring follow-up after project completion and including the results in the FAO representatives' semiannual reports;*
- *sending final reports to governments more quickly;*
- *requesting governments to adhere to the requirement that they report to FAO on the results of TCP projects and, subsequently, on the impact of the projects; and*
- *assisting governments in their follow-up efforts, especially where external support is needed.*

However, in his report to the governing bodies after this evaluation, the Director General did not propose any new actions or procedures to implement these recommendations. Although several FAO member states, including the United States, requested that additional information be provided to them on the impact of completed projects, the governing bodies as a whole did not request further comment or action. This same weakness was noted by FAO's Evaluation Service in 1991, and at that time, the Conference majority encouraged more reporting on follow-up, but did not request the Secretariat to inform members about the specific actions to be taken.

Government and FAO officials we interviewed in recipient countries said that about 70 percent of the TCP projects in their countries were at least partially useful and that additional funds had been generated for 40 percent of projects. FAO said that these results, reported to us, should be regarded as highly successful.

While these results may or may not indicate success, the important point is that FAO, from its own management systems, has no systematic or

reportable information on the usefulness of projects or on their generation of additional funds. FAO has acknowledged that tracking project follow-up and catalytic effect is an area in which improvements are required.

**Governments Report That Most Projects Are Useful, but Most Do Not Generate Additional Funds**

Since FAO does not systematically track follow-up and catalytic effect, one purpose of our field visits in October and November 1992 was to determine whether completed TCP projects generated useful results and additional funds. In our analysis of the governments' use of project results, we included 60 completed projects—13 which we visited and 47 for which we conducted interviews with government officials, FAO field officers, or both. In the analysis of additional funding, we included 61 projects that were completed by the end of 1991, thereby ensuring that the governments had at least 10 months to obtain additional funding. The projects included 9 which we visited and 52 for which we conducted interviews.<sup>8</sup>

The government officials we interviewed in the field expressed their appreciation for the TCP projects they had received and found the program important for their countries. As shown in table 2.1, recipient government officials, FAO field officers, or both, reported that the governments were fully or partially using the results of 70 percent of the projects we reviewed.

**Table 2.1: Reported Use of Project Results**

Extent of reported use	Projects	
	Number	Percent
Not using	18	30
Partly using	14	23
Fully using	28	47
<b>Total</b>	<b>60</b>	<b>100</b>

Examples of projects with results that governments were fully or partially using are the following:

- In a laboratory to test pesticide residues, equipment provided by a TCP project was still being used by persons trained under the same project.
- A pilot site for sericulture development funded under TCP was still in use and had transmitted technology to neighboring farmers.

<sup>8</sup>Projects that were specifically designed to generate or facilitate additional funding, for example, some investment and "bridge" projects, were included only in the analysis of additional funding.

- A remote sensing unit that had received training and equipment under a TCP project was still operational, although some equipment had become obsolete or had broken.
- Training and equipment provided under a TCP project to promote food safety had increased the government's capacity to perform chemical analysis, although some equipment had not arrived 1 year after project end.

Of the 18 projects where officials could not cite any use of project results, all but 5 had been completed for more than 1 year. For example, in one case, equipment was to be supplied for a project designed to improve milk production, but the equipment arrived late, after the consultant had departed from the country, and was not installed. In another case, the recipient government was uncertain about its continuing support for a new agency that had received employee training under a TCP project.

As shown in table 2.2, recipient government officials, FAO field officers, or both, reported that 28 percent of the 61 projects we reviewed generated additional funding from an external source. The external sources included the U.N. Development Program; World Bank; African Development Bank; FAO; and the governments of Germany, Italy, and the Netherlands. Another 11 percent of the projects generated additional funds from the governments themselves.

Table 2.2: Reports of Additional Funding

Funding source	Projects	
	Number	Percent
External sources	17	28
Government	7	11
None	37	61
<b>Total</b>	<b>61</b>	<b>100</b>

The 37 projects that did not generate additional funds had been completed for an average of 22 months, ranging from 10 to 41 months. For these projects, the governments said they

- had sought but not obtained additional funding for 12 projects,
- were planning to seek additional funds for 9 projects, and
- had not sought and had no plans to seek additional funds for 16 projects.

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## Conclusions

Most TCP projects met some of FAO's project selection criteria. For example, they were requested by governments and cost less than \$400,000. Yet FAO did not require proposals to justify their adherence to other criteria, such as increasing small producers' incomes, complementing other development efforts, and adopting the most cost-effective implementation method. FAO also did not enforce the requirement that proposals include an explanation of the urgent need to be met by the project, and in fact most projects we reviewed could not reasonably be justified as responses to either urgent or unforeseen needs. Under FAO's interpretation and measurement of project duration, every project met the TCP criterion. However, considering actual field activity, some projects exceeded 24 months, and additional projects would exceed the maximum under a broader interpretation of project duration used by some other development agencies. FAO has not developed a formal basis for evaluating the results of TCP projects, but it regards the program as successful since governments told us they had found 70 percent of the projects useful and had generated additional funds for 40 percent of the projects.

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## Recommendations

We recommend that the Secretaries of State and Agriculture instruct the U.S. Representative to FAO to pursue efforts to clarify and enforce (1) TCP criteria that would be applicable to any unprogrammed project, in particular, the requirements that projects meet urgent and unforeseen needs and (2) criteria such as project duration and cost limits and requirements for follow-up and catalytic effect that would be applicable to all TCP projects.

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## Agency Comments

The FAO Director General disagreed with our findings and the conclusions that FAO has not defined or enforced many of the criteria for approving TCP projects. However, the Department of State said that it agrees with the thrust of our recommendations and intends to consult with the FAO Secretariat and other member states in an effort to tighten up TCP criteria. The Department of Agriculture also agreed with our recommendations and stated that it supports a revision of TCP criteria for funding projects so they are more clearly defined.

# Most TCP Activities Could Be Programmed in Advance

Our review indicated that most TCP activities, except for responses to emergencies and other contingencies, could be programmed through FAO's regular budgeting procedures. As described in chapter 2, most of the nonemergency TCP activities were not in response to urgent or unforeseen needs. In addition, the activities funded by TCP are the same types of activities that FAO and other U.N. organizations program through their regular budgets. Moreover, the Director General in 1991 acknowledged that most TCP activities could be programmed in advance when he proposed that they be programmed by geographic area. Our review also indicated that FAO programming is not a lengthy, detailed, or difficult-to-alter process.

U.S. representatives to FAO have pointed out that programming most of TCP's activities would increase the governing bodies' influence over TCP's priorities and its coordination with other regular budget programs. It could also increase the governing bodies' influence over the geographic distribution of TCP resources and ensure that countries most in need of the resources receive an equitable share over time.

## Most TCP Activities Can Be Programmed

When FAO's Council approved the Director General's proposal for TCP in 1976, it found the unprogrammed feature "particularly justified" for "emergency and unforeseen requirements," but suggested that "broad planning could perhaps be attempted in due course for investment and training" to facilitate "the allocation of adequate resources in future." Since most TCP projects we reviewed were not responses to emergency, urgent, or unforeseen situations, but were investment, training, and advisory projects, the Council's suggestion provides a basis for reconsidering the justification for TCP's unprogrammed feature and the implications of programming for its operations.

## FAO Programmed Activities Are Like Those Undertaken by TCP

Although FAO officials maintain that TCP activities cannot be programmed because they respond to urgent or unforeseen needs, many of the activities programmed through the rest of its regular budget meet the same needs with the same general types of interventions as the activities funded by TCP. The other regular budget activities may not be distinct field projects like those of TCP, but they show that the needs are foreseen and actions to address them can be programmed.

In 1992-93, for example, FAO programmed regular budget funds to support such activities as

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**Chapter 3**  
**Most TCP Activities Could Be Programmed**  
**in Advance**

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- advising member states on crop protection, structural adjustment, and soil management;
- training staff of agricultural extension services and training local officials in new technologies for irrigation; and
- preparing investment proposals or formulating national plans for women in development activities and developing forest industries.

The same types of activities in response to the same needs were also undertaken by TCP in its advisory, training, formulation, and investment projects.

In addition, some programmed activities, like those of TCP, are undertaken at government request. Therefore, FAO's budgeting process can accommodate programming and anticipated member state requests. The 1992-93 budget listed the following activities to be funded "at the request of member governments."

- Providing advice on reducing post-harvest losses, managing vertebrate pests, and planning for rural development or fisheries development.
- Identifying and formulating policies or projects on women in development, structural adjustment, and national agricultural policy.

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**Other U.N. Organizations**  
**Program Technical**  
**Cooperation Funds**

Further evidence that TCP activities could be programmed is provided by other U.N. organizations whose governing bodies program technical cooperation funds for the same kinds of activities that TCP undertakes. These bodies allocate the funds not to individual projects, but to program areas. Some program the funds by geographic area as well. The procedures adopted by some of these other organizations reflect the variety of ways in which programming can be accomplished.

The United Nations Education, Scientific and Cultural Organization (UNESCO) finances technical cooperation activities at the request of member states through its regular budget Participation Program, which in 1992-93 constituted about 3 percent of UNESCO's regular budget. The governing bodies allocate the funds to major program areas—for example education—to fund consultancies, study grants, training, advisory services, and purchases of equipment.

The Participation Program allocations to each major program area are also used to provide assistance in emergencies and exceptionally urgent situations. In 1992-93 UNESCO estimated that this assistance would

constitute about 10 percent of total Participation Program expenditures. Although UNESCO issues a deadline—the day before the start of the biennium—for receipt of specific project requests, it also approves requests submitted during the biennium.

The International Labor Organization's technical cooperation program was allocated about 8 percent of the regular budget in 1992-93. The organization programmed almost all of these funds by either program or geographic area.

- Thirty-five percent of the funds was allocated to major program areas and specific programs within them (for example to sectoral activities and the subcategory program maritime industries) to fund advisory missions, pilot projects, training courses, and investment proposal formulation.
- Sixty-two percent was allocated to five regional major programs, such as field programs in Africa and Asia, to meet requests from within the region for advisory, training, or other projects.
- Three percent of the budget was reserved to permit flexible responses to unforeseen needs.

Once the budget is adopted, regional and department directors approve individual projects within the allocations.

The World Health Organization devotes a much larger share of its regular budget to technical cooperation activities than either UNESCO or the International Labor Organization.<sup>1</sup> It programs the funds by region and country and, within these geographic areas, by program. For example, the budget for a country may include funds for a program to organize health systems based on primary health care. Supported activities include training, consultancies, policy advice, and pilot projects. About 1.6 percent of the 1992-93 regular budget was a reserve for emergencies and other unexpected and urgent situations; half of this amount was programmed by region. Individual projects within the programs are developed after the budgets are adopted as part of implementation in the country.

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<sup>1</sup>In 1977, the World Health Organization's governing body requested the Director General to ensure that by 1980 at least 60 percent of the regular budget be allocated to technical cooperation and provision of services.

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## Director General Proposed TCP Programming by Country

In 1991 the FAO Director General proposed to the governing bodies that approximately 75 percent of the TCP allocation be programmed by country. The proposal was offered in response to some member states' expressed desire to know more about the proposed use of TCP resources.<sup>2</sup> A consensus of governing body members, however, rejected his proposal, finding it potentially divisive, contrary to TCP's flexibility, and unnecessary given their satisfaction with TCP management. The Director General proposed a need-based distribution of TCP to 127 countries using "indicative country allocations" based on a U.N. Development Program standard. In making the proposal, the Director General implicitly acknowledged that most TCP activities can be programmed.

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## Current FAO Programming Is Not Lengthy, Detailed, or Inflexible

The initial TCP proposal maintained that programming was incompatible with the goals of TCP because it was lengthy, detailed, and difficult to modify. The proposal said the resources in FAO's program of work and budget were

"programmed for up to 3 years in advance in detail by work elements in sub-programmes, in terms of man months and other objects of expenditure. Any diversion requires suspension or cancellation of scheduled activities [and] may even require reporting to or seeking the prior approval of the Programme Committee, Finance Committee and Council."

However, FAO's current programming process cannot be described in these terms. FAO's programming process for the 1992-93 biennium began 18 months, not 3 years, before the start of the biennium when the Director General instructed his staff to begin preparing budget proposals for programs. The Director General submitted an outline of the proposed budget to the governing bodies 11 months before the biennium. Proposals for specific funding allocations were not submitted to the governing bodies until 9 months before the biennium. However, while FAO resources are programmed much less than 3 years before the start of the biennium, they are programmed approximately 3 years before the end of the biennium. Thus, since most TCP projects are approved during the biennium of appropriation, resources would be programmed from 9 to 33 months before most TCP projects were approved.

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<sup>2</sup>The remaining 25 percent of the TCP allocation was to be set aside for regional projects, emergencies, and contingencies. Even as he made the proposal for programming, the Director General said that "by its very nature, the TCP is unprogrammed" because it responds to "urgent and unforeseen needs."



The most specific level of detail for which 1992-93 regular budget allocations were proposed was for items called program elements.<sup>3</sup> Examples of program elements are pesticide management, integrated pest management, and migratory pest control. The budget narrative describes activities to be undertaken under these program elements, such as meeting government requests for advice on the reduction of post-harvest losses. However, budget allocations are attached only to program elements and not to the specific activities within them. Hence, if TCP were programmed like the rest of FAO's regular budget, its funds would be allocated only to the level of program element and not to any lower level of detail.

According to FAO's financial regulations, the Director General on his own authority may transfer funds within the same budget chapter. The three major programs—agriculture, forestry, and fisheries, which have absorbed 99 percent of TCP resources—are all within chapter 2 of the budget. As a result, TCP resources could be transferred between and within the major programs without prior governing body approval. Under the regulation, such transfers are to be reported to the governing bodies after the fact only if (1) funds are moved from one FAO division or equivalent unit to another and (2) the amount exceeds the specific sum established by the Director General.

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## Programming Would Increase Governing Body Influence Over TCP

As U.S. representatives have pointed out to FAO, programming would increase the influence of the governing bodies over the activities undertaken by TCP. U.S. officials also told us that programming would increase member states' knowledge about, and confidence in, TCP. Programming would permit the governing bodies to set priorities for TCP in accordance with their overall priorities for the biennium. Individual governments would continue to request specific projects, but the governing bodies as a whole would be assured that specific projects fulfilled, in a proportionate way, priorities that all members had adopted.

Programming would also permit the governing bodies to develop a more integrated use of FAO regular budget resources. TCP allocations for field projects in a given program would be considered in conjunction with such other regular budget program activities as developing standards, guidelines, data bases, and training courses. Moreover, to the degree that the budget document includes information about extrabudgetary field

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<sup>3</sup>Program elements are listed under subprograms, programs, major program areas, and chapters. For instance, pesticide management is under the crop protection subprogram, which is part of the crops program. The crops program is among those in the major program agriculture in chapter 2 of the budget, "Technical and Economic Programs."

projects, programming would permit the governing bodies to coordinate the resources of all FAO field activities.

A decision to program most of the TCP funds would also permit the resources to be distributed by geographic area in line with a need-based standard. The purpose of such geographic programming would be to inform the governing bodies in advance about the intended distribution of resources to regions and/or countries and to ensure some relationship between the measure of need and the resources received. At the end of the biennium, the Secretariat could report to the governing bodies on the actual distribution, explaining any significant departures from the intended distribution.

As noted earlier, the governing bodies rejected the Director General's proposal for geographic programming. As a result, FAO currently does not distribute TCP resources according to an established standard of need.

When we analyzed the distribution of resources since the 1985-86 biennium, we found that Africa and Europe were the only regions that have received amounts of TCP resources compatible with the Director General's proposed standard. The Asia/Pacific region had received over \$30 million less in TCP resources than it would have under the standard. On the other hand, the Latin America and Caribbean region had received over \$17 million more and the Near East over \$10 million more than they would have received under the standard. Also, 21 countries—all but 1 in the neediest half of their regions—had received significantly smaller amounts of TCP resources over the last four biennia than they would have received under the standard. Most received over \$1 million less than they would have; eight received over \$2 million less. On the other hand, during the same period, 37 countries—all but 4 in the least needy half of their regions—received significantly greater amounts of TCP resources than they would have under the standard.<sup>4</sup>

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## Conclusions

Most of the activities undertaken by TCP could be programmed in advance. The problems they address are not urgent or unforeseen but are often the same problems as are foreseen and addressed by FAO and other U.N. organizations through their programmed budgets. Programming most regular budget technical cooperation resources would not introduce great rigidity to the TCP planning process and would increase governing body

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<sup>4</sup>If emergency projects are excluded from the analysis, 30 countries received significantly greater amounts of TCP resources compared to the standard. Appendix III summarizes the data for the 21 and 37 countries.

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knowledge of, and influence over, the program. If most of the technical cooperation funds were programmed, FAO could still reserve a small amount of unprogrammed funds to deal with emergencies and other urgent or unforeseen events.

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## Recommendations

We recommend that the Secretaries of State and Agriculture instruct the U.S. Representative to FAO to work with the Secretariat and other member states to

- determine the portion of the TCP funding allocation that should remain unprogrammed for emergencies, and specifically define what constitutes urgent and unforeseen problems for which the unprogrammed funds could also be used;
- program all remaining TCP activities in advance, allowing the Secretariat to approve project requests within the governing body allocations to program priorities; and
- consider programming technical cooperation funds on a geographic basis as well so that the amounts regions or countries receive are generally consistent with their need.

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## Agency Comments

The FAO Director General indicated that the governing bodies had decided against programming most TCP projects in advance or limiting the scope of TCP to "urgent and unforeseen" conditions. However, the Department of State agreed with our recommendations and stated that a large percentage of TCP funds should be programmed in advance, with a specific percentage reserved for emergencies. The Department of Agriculture also agreed that TCP funds should be programmed in advance, "with an allocation of perhaps 20 percent that would be set aside for emergencies." Agriculture further commented that indicative allocations of funding should be made by region, not by country.

# Some Program and Financial Management Practices Are Weak

Major donor countries have sought to maintain zero real growth in the assessed budget of FAO. This goal has generally been achieved since 1986, and FAO has also succeeded in keeping the real growth of the TCP allocation to a minimum. However, weaknesses in program and financial management have hampered the effective use of the TCP allocation. Delays in the deployment of consultants and in headquarters' procurement of equipment and supplies slowed project implementation; field offices often did not comply with all FAO procurement requirements; project monitoring was limited; and the longer term impact of the program was not evaluated. Financial management weaknesses included delaying the release of unused funds from projects, obligating only about half the TCP allocation in the biennium of appropriation, and charging expenditures on newer projects back to earlier underutilized appropriations.

Many of these weaknesses have been reported in previous reviews of TCP and have been raised by the United States and other members at governing body meetings. FAO has taken some steps to address the problems, but the governing body majority has not instructed the Secretariat to take other recommended corrective actions or to inform them about the results of the actions taken.

## Real Growth of TCP Allocation Has Been Minimal

Since 1986 FAO has succeeded in maintaining low or zero real growth for the TCP allocation and the total regular budget.<sup>1</sup> Maintaining zero real growth has been one of the principal objectives of U.S. policy toward FAO in recent years. As shown in table 4.1, the TCP allocation has grown, in real terms, at an average annual rate of 0.4 percent between 1986 and 1993.

**Table 4.1: Percentage Annual Growth of TCP Allocation**

	1986-87	1988-89	1990-91	1992-93	Average
Nominal	3.4	1.4	3.6	6.9	3.8
Real	0.4	-2.7	-0.6	4.3	0.4

The TCP average real growth is slightly higher than the average real growth for the FAO regular budget as a whole. As shown in table 4.2, the regular budget has declined at an average annual rate of 0.8 percent during the same period.

<sup>1</sup>Our methodology differs from the one used by FAO. The essential difference is that we consider all increases, including personnel costs, that exceed the amount necessary to maintain constant purchasing power as real growth, whereas FAO excludes increases in wages and benefits set by the International Civil Service Commission from its calculation. (See app. IV.)

Table 4.2: Percentage Annual Growth  
 of FAO Regular Budget

	1986-87	1988-89	1990-91	1992-93	Average
Nominal	1.9	6.1	7.5	6.5	5.5
Real	-0.3	-6.8	3.7	0.1	-0.8

## Project Implementation Is Slowed by Headquarters Procurement Delays

### Hiring and Deploying Consultants

FAO relies heavily on consultants for many TCP projects. Between 1989 and mid-1992, 1,307 consultants worked on TCP projects. However, FAO headquarters has had difficulty deploying consultants within the projects' planned time frames. FAO begins the process of recruiting consultants quickly after projects are approved. Yet FAO experienced delays in deploying consultants for 43 percent of our sample projects that included consultants. In most of these cases, the delays were of such magnitude that FAO had to postpone project start dates or extend project end dates. The delays were sometimes the result of requirements for government clearance of consultants, but most were caused by the need to find an appropriate and available consultant.

Delays in the recruitment and deployment of FAO consultants for field projects have been reported before in the TCP evaluations of 1985 and 1991 and in the 1989 evaluation of all FAO field programs by a Conference-selected team. The reports in 1989 and 1991 suggested that FAO's scheduling for projects may not be realistic given the constraints it faces in delivering its inputs.

FAO does not use a formal, competitive process to recruit TCP consultants. According to FAO, the selection process for consultants is a roster search. During our review, FAO officials told us that (1) FAO does not have a system to regularly or systematically update the consultant rosters and (2) rosters include all consultants currently working for FAO, consultants who have worked for the organization in the recent past (except for those determined to have performed poorly), and some people who have sent in applications. FAO officials also said that rosters are often not used; one

official estimated that about 40 percent of the consultants who are hired do not come from the rosters.

FAO officials said that consultants are hired based on FAO's knowledge of people working in given areas, particularly those who have previously worked for the organization. FAO tends to rehire the same consultants. Between 1989 and mid-1992, about one-third of the consultants who worked on our sample projects had worked on more than one TCP project, ranging from two to five projects. Fifty-seven percent of the consultants in our sample worked on either another TCP project or another FAO activity, ranging from two to 17 projects or activities.

FAO has no requirements for the gender or geographical distribution of consultants for field projects, and the makeup of its consultants does not differ markedly from that of the other development agencies we surveyed. Over 90 percent of TCP consultants are male, which corresponds to the distribution of short-term consultants in most of the other development agencies included in our survey.<sup>2</sup> About 60 percent of the TCP consultants between 1989 and mid-1992 came from developed countries; 36 percent came from the United Kingdom, France, and the United States. However, FAO hired about 40 percent of its TCP consultants from developing countries, somewhat more than most of the other agencies we surveyed.

Once consultants are recruited, FAO meets most of its requirements concerning their employment. For example, contracts for consultants in our sample did not exceed the required 12-month limit. FAO officials told us, however, that there was no standardized form for the evaluation of most consultants and that headquarters and field staff do not regularly prepare written evaluations of TCP consultants. FAO officials also said that poorly performing consultants are the exception; one official stated that they accounted for about 1 percent of the consultants who had been employed. FAO may learn that a consultant has performed poorly in a variety of ways, such as informal communications from the field or from headquarters division staff, and this information is indicated on the rosters.

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## Procurement of Equipment and Supplies

Headquarters' purchasing of equipment and supplies has caused delays in project implementation. Equipment and supplies are often ordered and delivered to the field many months after project start dates. FAO

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<sup>2</sup>Only the World Health Organization reported a significantly higher proportion of women serving as short-term consultants (26 percent of the total).

headquarters made 75 purchases of equipment and supplies for our sample projects. The first order was not placed until an average of 4-1/2 months after the original project start date. Once orders were placed, it took another 5 months, on average, before the equipment and supplies were delivered to the field.

Previous evaluations of TCP and FAO's external auditor have also reported delays in the procurement and delivery of equipment and supplies to the field. For example, the external auditor in his 1988-89 report found that, on average, over 4 months elapsed between the requisitioning of equipment by project staff and the placement of the order by headquarters.<sup>3</sup>

According to FAO, some of the delays in the ordering and delivery of equipment and supplies were outside its control. FAO said, for example, that competitive bidding procedures and deliveries to project sites in developing countries can be time-consuming. FAO has also acknowledged the problem of delays in obtaining equipment and supplies. In commenting on a draft of this report, FAO said it has taken some steps to centralize procurement in one division and expects this to improve the process.

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## Projects Begin in the Field Many Months After Government Requests

A consequence of delays in deploying consultants and delivering equipment or supplies is that projects begin operations in the field many months after the governments' requests. In the original proposal for TCP, FAO anticipated that project activities would begin within 3 months of a government's request. Our analysis shows that, on average, nonemergency projects began activities in the field about 8 months after the government's request and emergency projects about 5 months after the request.

These figures reflect the first arrival for all international consultants and for all types of equipment purchases, from both international and local suppliers.<sup>4</sup> They differ from FAO's reports of the time it takes to start projects because FAO uses either officially recorded start dates or officially recorded operational dates as measures of project start. Projects become operational when the first commitment against the project budget is made—that is, when the first offer is sent to a consultant or the first purchase order is issued. These officially recorded dates, however, do not

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<sup>3</sup>Report of the External Auditor on the Financial Statements of the Regular Programme for 1988-89.

<sup>4</sup>When the analysis includes all consultants, but only equipment or supplies purchased outside the host country, the times for the first arrivals are 10 months and 8 months, for nonemergency and emergency projects, respectively.

reflect the actual dates when field activity begins—that is, when the consultant, equipment, or supplies arrive in the field.

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## FAO Lacks Evidence That Field Purchases Complied With Competition Requirements

According to FAO regulations, field officers can purchase equipment and supplies from local suppliers using the field office imprest accounts. Since May 1991, FAO has required that when the purchases are not competitive, an explanation must be placed in the file. If a purchase is more than \$500 but less than \$5,000, quotations should be obtained, wherever feasible, from more than one source. If the purchase is \$5,000 or above, quotations from more than one source are obligatory. When multiple quotations are not obtained for any purchase over \$500, an explanation must be placed in the file.

Our review of imprest account purchases between May 1991 and October 1992 in the countries we visited indicated that few multiple quotations were documented in the project files. We reviewed 65 purchases: 50 between \$500 and \$4,999 and 15 of \$5,000 or more. Written or verbal quotations from more than one supplier were documented in the files for only 18 percent of the lower value purchases and 13 percent of the higher value group. The files for both the lower and higher value purchases seldom contained an explanation for not obtaining multiple quotations.

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## Project Monitoring Is Limited

FAO does not have a system to ensure that its staff at headquarters or in its field offices adequately monitor project implementation. Day-to-day project implementation is the responsibility of the consultants and national personnel assigned to the project. In addition to their technical role in providing training, for example, consultants and national personnel often perform administrative functions, such as identifying suppliers, obtaining quotations for equipment purchases made from the field, and certifying to FAO that the equipment has been received.

FAO staff's role in monitoring project implementation is particularly important because consultants cannot oversee total project implementation. Consultants on our sample projects had short-term missions; they worked on the projects for about 25 percent of the projects' overall durations in the field. Also, national personnel are selected by the host government, not by FAO, and they do not work full-time on the projects. In 1990, FAO headquarters formally reminded all FAO representatives of the problems that could result from the lack of



familiarity with FAO procedures on the part of consultants and national project personnel, and from the part-time position of the latter.

Despite the importance of FAO monitoring, neither headquarters nor field staff develop a monitoring plan or schedule for projects. They do not assess the nature, complexity, and vulnerability of the project and develop a monitoring plan accordingly, either at the time of project approval or at the start of project implementation. Also, we found that headquarters monitoring was limited. Most of the projects we reviewed, including most of those that lasted 12 months or longer, did not receive "backstopping" visits from FAO headquarters officials. FAO staff in several of the countries we visited told us that the amount and quality of all types of headquarters backstopping, whether through visits or correspondence, varied among FAO divisions.

FAO representatives in the countries we visited said that they lacked the resources to (1) establish adequate control systems, (2) verify that consultants or national project staff had surveyed available suppliers and obtained multiple quotations, and (3) visit project sites to verify that the equipment certified as delivered actually had been delivered.

The limited monitoring of TCP projects by FAO field office staff can be explained in part by the small proportion of FAO resources allocated to them. According to the 1992-93 budget, FAO professional staff positions in the country offices, funded from all sources, constituted 10 percent of all FAO professional positions.<sup>5</sup>

The FAO field offices we visited had staffs, excluding administrative support personnel, ranging from two in Costa Rica to seven in China. These included staff members who were (1) paid by FAO, (2) paid by donor governments, and (3) considered employees of the host government. Six of the eight countries we visited had only two staff members paid by FAO—the representative and one program officer. The remaining two countries each had an additional program officer paid by FAO. In addition to the FAO-paid staff, all of the countries except Costa Rica had staff paid by donor governments or from the host government, ranging from Kenya's one additional staff to China's five.

There was little relationship between the field offices' staff levels and their program responsibilities. Field offices with program budgets ranging from

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<sup>5</sup>If professional positions in the regional and liaison offices are included, professional positions in the field would constitute 18 percent of all FAO professional positions.

\$8 million to \$102 million had two staff paid by FAO. The ratio of total staff, from all sources, to total project budgets ranged from a low of one staff member for each \$4.1 million in program funds in Costa Rica to a high of one staff member for each \$25.6 million in program funds in Tanzania.

Problems with monitoring and the limited resources of FAO's field offices have been reported before. For example, the Conference-selected team in 1989 reported that the absence of backstopping support from headquarters divisions was a main constraint on project effectiveness and that the field offices did not have the resources to monitor projects efficiently or systematically.

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## Project Impact Is Not Evaluated

FAO's practice for TCP has been to periodically evaluate the program as a whole. Thus, TCP has been evaluated every 6 or 7 years by external consultants or by its internal evaluation unit. TCP was also included in the 1989 review of all FAO field programs conducted by the Conference-selected team. FAO's internal evaluation unit has not evaluated samples of TCP projects on a regular basis, such as once a year or every biennium, although it has recommended that FAO consider adopting this practice.

The TCP evaluations have focused on the degree to which projects met program criteria, were efficiently implemented, produced their expected immediate results, and generated follow-up and catalytic activity. They did not attempt to evaluate the longer term impact of the program—that is, they did not address the impact of TCP over a number of years in any given country, region, or program area. For example, FAO has no information about the impact after 5 years of TCP advisory projects in Africa or training projects in food safety standards. Also, since TCP project proposals do not specify either the anticipated longer term impact or standards for measuring this impact, it would not be possible, under current practices, to evaluate how actual impact compares with the impact that was anticipated.

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## Project Budgets Are Not Revised Downward, and Release of Unused Funds Is Delayed

FAO requires that if, during the course of a TCP project's execution, changes become necessary, a revision should be instituted as soon as the required changes can be specified and quantified. A project revision is not required, however, if a budget increase is less than \$6,000. Also, in the case of budget reductions, an adjustment of budgetary allotment may be issued in place of a budget revision if and when (1) field activities have been

completed or are nearing completion and (2) the balance of funds available has resulted from overestimation of envisaged inputs.

While many completed projects in our sample had underspent their budgets, none of the project budgets was revised downward during the course of the project. Also, adjustments of budgetary allotments were not issued and unused funds were not released until many months after projects' scheduled end dates. As a result, unused funds remain committed to projects and are not made available quickly for other activities.

By December 31, 1991, FAO had officially determined that 31 of our sample projects had completed all their activities—that is, FAO had closed the projects operationally or financially. Of these closed projects, 25, or about 80 percent, had not obligated or spent their full budgets by the time they were closed. An average of 19 percent of project budgets, or \$16,155 per project (ranging from very small amounts to \$122,314), was not spent or obligated.

As shown in table 4.3, adjustments of budgetary allotments and the release of unused funds had occurred for only 12 of the 25 closed projects that had not obligated or spent their full budgets.

**Table 4.3: Releasing Unused Funds**

Projects closed by 12/31/91	Closed projects that underspent	Underspending projects that released funds	Underspending projects that did not release funds
31	25	12	13

Funds were released on the projects more than 1 year, on average, after their scheduled end dates. Even here, FAO did not release all the unused funds, but left 13.5 percent of the amount underspent still available for commitments in future years on the closed projects. The amounts left available ranged from \$2,956 to \$10,314.

FAO had not issued adjustments of budgetary allotments or released any funds for 13 of the closed projects by the end of 1991, an average of 19 months after the scheduled project end dates. An average of about 9 percent of the project budgets, or about \$4,000 per project, remained available for commitments in future years on the closed projects.

## Half the TCP Allocation Is Carried Over to the Next Biennium

This pattern of underspending project budgets contributes to the large amount of TCP funds carried over from one biennium to the next. As shown in table 4.4, since 1986 FAO has not obligated or spent about one half the TCP allocation in the biennium of appropriation.

Table 4.4: TCP Carryover Funds,  
1986-91

Dollars in thousands				
	1986-87	1988-89	1990-91	Average
Carryover	\$27,764	\$34,119	\$31,512 <sup>a</sup>	\$31,132
Percent of TCP	45.2	54	46.5	48.5

<sup>a</sup>Estimated

FAO's financial regulations permit TCP funds to be carried over from the biennium of appropriation to the next biennium, and FAO acknowledged that about half the TCP allocation was not obligated for specific projects by the end of the biennium of appropriation.

According to FAO, most of the unobligated allocation is "earmarked" or committed to approved projects by that time. FAO's financial statements show that since 1986 the amount of the TCP allocation that was not committed to projects at the end of each biennium has ranged from 1.6 percent to 7.2 percent of the TCP allocation. According to FAO, the amount not committed at the end of a biennium represents the portion of the TCP allocation actually available for new projects in the following biennium.

Even though the financial statements show that most of the TCP allocation is committed to projects by the end of the biennium, the high percentage of unobligated funds has raised questions about FAO's management of TCP funds. For example, U.S. representatives to FAO have raised objections to TCP's carryover feature, which is unique among U.N. agency regular budget technical cooperation programs. U.S. officials said that carryover (1) suggests that the TCP appropriation each biennium is larger than the program can use, (2) casts further doubt on the argument that TCP is necessary to meet urgent needs, and (3) makes it difficult for member states to track the use of TCP funds at any given time.

The large carryover also indicates that the TCP allocation is not used quickly to meet government requests, even though FAO maintains that requests greatly outnumber the resources available to meet them. In

addition, TCP's carryover feature was initially justified on the basis that the program was experimental; however, TCP is now more than 18 years old and is no longer experimental.

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### FAO Reports on How Carryover Will Be Used Are Unreliable

While the bulk of the TCP allocation may be "earmarked" for approved projects by the end of each biennium, it is not necessarily spent for those projects. When we compared the carryover reported with that actually spent in the country during the following biennium, we found that two-thirds of the countries in 1986-87 and 57 percent in 1988-89 received significantly different funding than the carryover, or commitment, initially reported for them.<sup>6</sup> About 25 percent of countries in each biennium received either twice the reported commitment or less than half of it. FAO officials told us that for the countries receiving significantly less than the originally reported carryover, project budgets were underspent or, in rare cases, projects may have been canceled; for countries receiving significantly more than the reported carryover, budgets were overspent, or the countries received additional projects or projects that had been transferred back from later appropriations. Therefore, at the very least, reported carryover or commitment is not a reliable indicator of spending in countries during the following biennium.

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### Current Projects Are Charged to Previous TCP Appropriations

Even after FAO has carried over funds from one biennium to the next, it still does not obligate or spend all the allocation by the end of the second biennium. FAO regulations require that funds not obligated by the end of the biennium following the appropriation be transferred to miscellaneous income. In some recent biennia, FAO has avoided returning a portion of the unused TCP allocation to miscellaneous income by charging projects approved in later biennia back to the underused earlier one. For example, to avoid surrendering a portion of the 1988-89 appropriation at the end of 1991, FAO charged completed projects, totaling over \$5 million, to the appropriation, even though the projects had originally been approved under the 1990-91 appropriation. In 1980, FAO's external auditor questioned this practice after FAO had made a similar transfer for the 1976-77 appropriation. FAO referred the issue to the governing bodies, which retroactively authorized the transfers, as well as any future ones, stating that funds appropriated for TCP should be spent for TCP.

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<sup>6</sup>These countries received 125 percent or more, or 80 percent or less, than the reported commitment.

## Many Recommended Corrective Actions Have Not Been Taken

The evaluators who reviewed TCP in 1985 and 1991, those who reviewed all FAO field programs in 1989, and FAO's external auditor recommended corrective actions to deal with many of the weaknesses discussed in this chapter. The evaluators recommended that FAO (1) identify consultants more quickly, either through advance consultations or by establishing national rosters; (2) increase the use of consultants and suppliers from the project country; (3) determine the availability of equipment and supplies before approving projects; (4) include a monitoring plan in project agreements; (5) delegate more authority for project approval, recruitment of international consultants, and procurement of equipment and supplies to FAO representatives in the field, and increase their resources accordingly; and (6) adopt more realistic project workplans.

In addition, the external auditor recommended that FAO

- consolidate headquarters bidding processes by developing standard specifications for common equipment items and approaching suppliers periodically for fixed, longer term prices;
- provide field officers with more guidance on potential suppliers to increase their use of competitive procurement;
- monitor and compare equipment performance; and
- strengthen the Evaluation Service.<sup>7</sup>

FAO has taken some actions in response to these recommendations. For example, FAO (1) authorized the procurement process to begin before project approval in certain cases; (2) increased the authority of field office representatives to approve projects, recruit national consultants, and make purchases from the field and increased their resources to some extent; (3) added one position to the Evaluation Service in the 1990-91 budget; and (4) issued a revised procurement guide for field officers in September 1992 that details FAO requirements and provides estimates of the time it takes suppliers to deliver specified commodities after they have received the orders. In commenting on a draft of this report, FAO said that it is also introducing "bulk buying" for certain products with sufficient and recurring demand.

However, at the time of our review, FAO had not taken action on other recommendations. For example, it had not implemented recommendations to (1) maintain up-to-date rosters of national consultants, (2) delegate authority for recruiting international consultants to FAO representatives in

<sup>7</sup>The recommendations are contained in the Report of the External Auditor on the Financial Statements of the Regular Programme for 1986-87 and 1988-89.

the field, (3) ascertain the availability of equipment and supplies before approving projects, (4) develop a monitoring plan for each project, (5) provide field officers with more guidance on potential suppliers in order to increase their use of competitive procurement, (6) monitor and compare equipment performance, and (7) adopt more realistic time frames for projects.<sup>8</sup>

While some member states, including the United States, have requested management improvements in addition to those pledged by the Secretariat, the governing bodies have not requested continuing information on the implementation of pledged actions. For example, although the Secretariat twice pledged to delegate project approval authority up to a specified dollar limit to FAO field representatives, we did not find any projects approved on the authority of a field representative. The governing bodies also have not requested action on the recommendations that the Secretariat did not pledge to implement. Furthermore, after the 1985 evaluation—which contained many recommendations for management improvements—the 1985 Conference report stated that a “large majority” of Conference members expressed the opinion that TCP was adequately managed and monitored. The United States and other members’ representatives did not share this view. At the urging of the United States and the United Kingdom, the Conference directed the Secretariat in 1991 to formally report on the corrective actions taken in response to external auditor recommendations.

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## Conclusions

Since 1978, evaluators and auditors have periodically reviewed TCP program and financial management. Their reports cited similar weaknesses, such as delays in project implementation, inadequate monitoring and evaluation, and limited field office resources. Our review has shown that these problems still exist; we also note several others, such as lack of compliance with certain procurement requirements by field offices, carrying over about half of the TCP allocation from one biennium to the next, and delays in releasing unused project funds. Although FAO has taken action to address some of the problems, it has not implemented other recommended actions. Also, the governing bodies have not ensured that all the problems noted by evaluators and auditors are addressed, nor have they tracked the implementation and results of the actions taken.

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<sup>8</sup>In commenting on a draft of this report, FAO said that further measures to delegate authority and resources to the field are under consideration.

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FAO has evaluated the impact of its overall field programs in given program areas or regions and included TCP projects in some of these evaluations. However, it has not focused evaluations on TCP, as distinct from other FAO efforts. Consequently, the Secretariat and member states lack information about the program's impact or effectiveness. While we do not believe it would be cost-effective to evaluate every TCP project, we believe it is necessary to conduct impact evaluations of sample projects and, in preparation for such evaluations, to specify measurable longer term expected impact before projects are approved.

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## Recommendations

We recommend that the Secretaries of State and Agriculture instruct the U.S. Representative to FAO to work with other member countries to strengthen governing body oversight of TCP. Particular attention should be given to the Secretariat's implementation of actions to correct management weaknesses, including the financial management shortcomings identified in this report. The recently instituted requirement that the Director General formally respond to the governing bodies about the implementation of auditor recommendations should be extended to evaluator recommendations.

We also recommend that the Secretaries instruct the U.S. Representative to work with other member countries and FAO to establish measurable long-term expected impacts of TCP and individual TCP projects, and develop a plan for conducting an impact evaluation of this program.

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## Agency Comments

The FAO Director General essentially disagreed that there were any program or financial management weaknesses in TCP, and he took particular exception with our views on FAO's practice of carrying over nearly half of the TCP allocation from one biennium to the next. The Department of State agreed with our recommendations and said that it was pleased to see the report highlight the need to focus more attention on the recommendations of FAO's external auditor. State said that it intends to work with FAO and other member states to improve FAO's fiscal management, and agreed that the carryover feature of FAO's TCP funding should be eliminated. The Department of Agriculture said that it supports an end to the carryover of TCP funds from one biennium to the next and that FAO should establish regular evaluations of sample TCP projects beyond the field reviews that FAO normally conducts.





# Projects Included in Our Sample

We reviewed 85 TCP projects selected randomly from a universe of 705 projects approved in 1989, 1990, and 1991 and scheduled to end on or before May 31, 1992. This sample size is at the 95-percent confidence level. The random selection of projects was based on one of the higher rated linear congruential generators tested by Fishman and Moore in 1982 and 1986. The sample of TCP projects included, by region, 38 in Africa, 21 in Asia and the Pacific, 8 in the Near East, 15 in Latin America, and 3 in Europe. By category, the sample included 36 advisory projects, 12 training projects, 19 emergency projects, 9 formulation projects, 6 investment projects, and 3 intercountry cooperation projects. Of the 85 projects, 66 included international consultants and 49 included equipment and supplies. The 85 projects are shown in table I.1.

**Table I.1: TCP Projects in GAO Sample**

<b>Project symbol</b>	<b>Project type</b>	<b>Project title</b>
TCP/ARG/8952	A	Argentina: A Study to Increase Bee Cultivation
TCP/BDI/0051	A	Burundi: Food Crop Protection and Food Safety Legislation
TCP/BDI/9155	A	Burundi: Support for the Development of a Rural Code
TCP/BGD/0053	A	Bangladesh: Review of Agricultural Extension
TCP/BZE/0151	A	Belize: Africanized Bee Management and Control
TCP/CAF/0051	A	Central African Republic: National Seminar on Soil and Water Conservation
TCP/CHD/8955	A	Chad: Diagnostic Study on Rural Credit
TCP/COS/0152	A	Costa Rica: Advice on Agricultural Projects in the Context of Structural Readjustment of the Economy
TCP/CPR/8960	A	China: Technology Development at the Reservoir Fisheries Research Institute
TCP/CYP/8952	A	Cyprus: Agricultural Planning and Policy Analysis
TCP/DJI/0154	A	Djibouti: Protection Against Rising Water and Runoff From Mountains in the North
TCP/DMI/0051	A	Dominica: Agricultural Planning Assistance
TCP/DRK/0154	A	Korea, Democratic Republic of: Goose Breeding and Production

(continued)

**Appendix I**  
**Projects Included in Our Sample**

<b>Project symbol</b>	<b>Project type</b>	<b>Project title</b>
TCP/ECU/8952	A	Ecuador: Formulation of Agricultural Products Marketing Policy
TCP/EGY/0052	A	Egypt: Assistance in Agricultural Policy Analysis
TCP/ELS/0155	A	El Salvador: Control and Management of African Bees
TCP/ETH/8963	A	Ethiopia: Assistance in Drafting Irrigation Policy and Strategy
TCP/GBS/0051	A	Guinea-Bissau: National Seminar on Agricultural Tools
TCP/HON/0053	A	Honduras: Development of an Agricultural Sector Plan in the Context of Structural Readjustment of the Economy
TCP/JOR/0152	A	Jordan: Assistance in Agricultural Policy Analysis
TCP/KEN/0054	A	Kenya: Assistance in the Production of Asian Vegetables
TCP/MAL/0051	A	Malaysia: Establishment of Pilot Commercial Cockle Depuration Plant
TCP/MAT/8952	A	Malta: Fisheries Legislation and Management
TCP/MDV/0051	A	Maldives: White Fly Infestation
TCP/MLW/0052	A	Malawi: Preparatory Assistance for Census of Agriculture
TCP/NEP/0152	A	Nepal: Field Program Review and Programming Mission
TCP/PRC/0053	A	Congo: Feasibility Study on Breadmaking Without Wheat
TCP/RLA/8963	A	Regional (Latin America and the Caribbean): Factors Responsible for Low Catches of Large Pelagic Fishes in the Eastern Caribbean
TCP/ROK/8952	A	Korea, Republic of: Controlled Atmosphere Storage of Fruit and Vegetables
TCP/SIL/8952	A	Sierra Leone: Assistance in the Formulation of a Unified Action Program for Increased Rice Production by Small Farmers
TCP/STV/9152	A	Saint Vincent and the Grenadines: Conservation of Tropical Plant Genetic Resources
TCP/SUD/8957	A	Sudan: Assistance in Improving Plant Quarantine Services

(continued)

**Appendix I**  
**Projects Included in Our Sample**

<b>Project symbol</b>	<b>Project type</b>	<b>Project title</b>
TCP/URT/0162	A	Tanzania: Assistance in Marine Reserve Legislation
TCP/URU/0051	A	Uruguay: Assistance With the National Reforestation Plan
TCP/VIE/0051	A	Vietnam: Policy Impact Analysis and Planning
TCP/ZIM/0154	A	Zimbabwe: Technical Assistance to Agritex
TCP/CKI/8953	T	Cook Islands: Strengthening Agricultural Extension and Training
TCP/CPR/8959	T	China: Strengthening of Qinghai Province Seed Testing
TCP/GAM/0052	T	Gambia: Training in Grinding Mills and Rice Dehullers Utilization and Maintenance
TCP/GBS/8955	T	Guinea-Bissau: Reinforce National System for Food Quality Control
TCP/GUI/0055	T	Guinea: Training Activities to Control Quality of Imported Meat
TCP/HON/0051	T	Honduras: Plan to Increase Participation of Women in Agricultural Development Planning
TCP/MAR/0152	T	Mauritius: Mushroom Production
TCP/MYA/8953	T	Myanmar: Training in the Use of Flexible Plastic Silos
TCP/RAF/0051	T	Regional (Africa): Screwworm Surveillance and Prevention
TCP/SOM/7955	T	Somalia: Strengthening Remote Sensing Unit
TCP/THA/8955	T	Thailand: Development of Soilless Cultures for Crop Production
TCP/ZAM/0156	T	Zambia: Support to the Establishment of the Agricultural Communication Center
TCP/ALG/0052	E	Algeria: Furnish Vaccines to Combat Outbreak of Foot and Mouth Disease
TCP/BOL/8953	E	Bolivia: Emergency Campaign Against an Outbreak of Hog Cholera
TCP/CVI/8958	E	Cape Verde: Evaluation of the Food and Agricultural Situation
TCP/KEN/8955	E	Kenya: Emergency Assistance for Desert Locust Control
TCP/KEN/0158	E	Kenya: Emergency Assistance for Control of Cypress Aphid

(continued)

**Appendix I**  
**Projects Included in Our Sample**

<b>Project symbol</b>	<b>Project type</b>	<b>Project title</b>
TCP/MDV/0153	E	Maldives: Rehabilitation of Agriculture in the Aftermath of Tidal Waves and Flooding
TCP/MAT/0051	E	Malta: Control of VHD in Rabbits
TCP/MAU/8954	E	Mauritania: Desert Locust Control Campaign
TCP/MOZ/0051	E	Mozambique: FAO Participation in the U.N. Emergency Needs Assessment Mission
TCP/NIC/0051	E	Nicaragua: Control of Flying Locusts
TCP/PHI/8957	E	Philippines: Emergency Seed Distribution for Rehabilitation of Agriculture
TCP/RLA/8968	E	Regional (Latin America and the Caribbean): Assessment of Damage by Hurricane Hugo to Agriculture, Fishery, and Forestry Sectors
TCP/SAM/0052	E	Western Samoa: Emergency Assistance Following Cyclone Ofa
TCP/SEN/0051	E	Senegal: Emergency Campaign to Vaccinate Cattle in Senegal
TCP/SRL/8955	E	Sri Lanka: Rehabilitation of Agriculture in Ratnapura, Colombo, and Kalutara Areas
TCP/SUD/7958	E	Sudan: Emergency Supply of Seeds, Veterinary Drugs, and Hand Tools
TCP/UGA/8957	E	Uganda: Emergency Assistance to Control Animal Diseases in Western Nile Region
TCP/UGA/8958	E	Uganda: Emergency Supply of Cassava and Sweet Potato Vines
TCP/URT/0160	E	Tanzania: Emergency Supply of Seeds
TCP/BOT/0052	F	Botswana: Programming and Project Formulation Mission
TCP/CPR/8962	F	China: Formulation of Agricultural Education Project: Xinjiang Autonomous Region
TCP/ETH/8961	F	Ethiopia: Training of Agricultural Projects Service Personnel in Agricultural Project Preparation
TCP/ETH/8964	F	Ethiopia: Formulation Mission to Prepare a Project to Train Extension Staff on Women in Development
TCP/INS/8957	F	Indonesia: Improvement of Indigenous Swamp Buffalo Production

(continued)

**Appendix I**  
**Projects Included in Our Sample**

<b>Project symbol</b>	<b>Project type</b>	<b>Project title</b>
TCP/IRA/0156	F	Iran: Formulation of an Agricultural Technology Introduction and Institution- Strengthening Project in Bakhtaran Province
TCP/MOZ/0054	F	Mozambique: Resettlement of Displaced Persons in Boane Area
TCP/MYA/0054	F	Myanmar: Livestock Smallholdings
TCP/SYR/9154	F	Syria: Programming Mission for Agricultural Sector
TCP/BKF/0051	I	Burkina Faso: Assistance in Preparing Agricultural Water Project on the River Sirba
TCP/CHI/8952	I	Chile: Assistance in Rural Development and Watershed Management
TCP/MAG/8953	I	Madagascar: Development Plan for the Southern Region
TCP/MLW/0051	I	Malawi: Pre-Investment Assistance to Market Development on Viphya Forest Plantation Products
TCP/MOZ/8955	I	Mozambique: Assistance to the Rehabilitation of the Cashew Sector
TCP/RAF/8967	I	Regional (Africa): Assistance to the SADCC Forestry Coordination Unit
TCP/BKF/8959	C	Burkina Faso: Assess Fruit Production for Domestic and Export Uses
TCP/BOT/0051	C	Botswana: Assistance in Irrigation Development
TCP/RAS/8956	C	Regional (Asia and the Pacific): Training Workshop for Network on Transfer of Rice Husk Gasification Technology

Legend

A = Advisory  
 C = Intercountry Cooperation  
 E = Emergency  
 F = Formulation  
 I = Investment  
 T = Training

# Projects Reviewed in the Field

In October and November 1992, we completed field visits to eight countries in three regions to supplement the information obtained during our review at the Food and Agriculture Organization (FAO) headquarters. We selected countries that had received significant Technical Cooperation Program (TCP) funding; they were China, Vietnam, Thailand, Mexico, Costa Rica, Ethiopia, Kenya, and Tanzania. For each country, we selected projects that had been approved between 1989 and 1991 and were expected to end by December 31, 1992. We reviewed 123 projects by interviewing over 150 government officials, visiting 20 project sites, and examining project files. The projects we reviewed are listed in table II.1.

**Table II.1: TCP Projects GAO Reviewed in the Field**

Project symbol	Project type	Project title
<b>China</b>		
TCP/CPR/8957	A <sup>b</sup>	Development and Application of Rapid Methods of Detecting Pesticide Residues in Agricultural Products
TCP/CPR/8960	A <sup>a</sup>	Technology Development at Reservoir Fisheries Research Institute
TCP/CPR/2251	A <sup>b</sup>	Banana Handling, Transport, and Ripening
TCP/CPR/2253	A	Technical Support to Selected Rural Development Population Projects
TCP/CPR/7904 and 8851	T <sup>b</sup>	Remote Sensing Application and Training Center
TCP/CPR/8959	T <sup>a</sup>	Strengthening of Qinghai Province Seed Testing
TCP/CPR/8961	T	Development of Demonstration Irradiation Centre (Phase II)
TCP/CPR/8963	T	Pilot Centre for Development of New Irrigation Techniques in Arid Areas in Northwest China (Phase II)
TCP/CPR/0051	T	Training in Agricultural Planning
TCP/CPR/0052	T <sup>b</sup>	Oyster Production and Processing in Guangxi Province
TCP/CPR/0156	T	Strengthening Serological Testing
TCP/CPR/8964	E	Emergency Rehabilitation of Agricultural Production in Sichuan Province
TCP/CPR/0159	E	Emergency Assistance for Rehabilitation of Agricultural Production
TCP/CPR/8962	F <sup>a</sup>	Formulation of Agricultural Education Project: Xinjiang Autonomous Region

(continued)

**Appendix II**  
**Projects Reviewed in the Field**

<b>Project symbol</b>	<b>Project type</b>	<b>Project title</b>
TCP/CPR/0053	I	Development of Pilot Demonstration Plant for Compound Fish Feed (Phase II)
TCP/CPR/0157	I	Preparation of Agricultural Support Services Project
TCP/CPR/2252	I	Design of Agricultural Development Projects China: Learning From Experience
<b>Vietnam</b>		
TCP/MIE/8957	A	Preparatory Assistance in Policy Impact Analysis and Planning
TCP/MIE/0051	A <sup>a</sup>	Policy Impact Analysis and Planning
TCP/MIE/0052	A	Problem Soil Management
TCP/MIE/0154	A	Training in Soya Milk Processing
TCP/MIE/0155	A <sup>b</sup>	Tropical Forestry Action Plan
TCP/MIE/2251	A	Support for Utilization of New Generations of High-Yielding Rice Varieties: Super and F1 Hybrids in North Vietnam
TCP/MIE/2252	A	Support in Agricultural Policy Analysis for Transition to Market-Oriented Economy
TCP/MIE/8953	T <sup>b</sup>	Training in Formulation, Implementation, Monitoring, and Evaluation of TCP
TCP/MIE/8954	T	Better Use of By-products for Animal Feed
TCP/MIE/0053	T <sup>b</sup>	Improvement of Temperate Fruit Trees in Northern Vietnam
TCP/MIE/8956	E	Rehabilitation of Fishery Communities in Three Provinces
TCP/MIE/8955	I	Assistance to Groundnut Irrigation
<b>Thailand</b>		
TCP/THA/0051	A <sup>b</sup>	Sericulture Development
TCP/THA/0153	A	Policy Formulation and Planning for Rural Agro-Industrial Development
TCP/THA/8955	T <sup>a,b</sup>	Development of Soilless Culture for Crop Production (Phase II)
TCP/THA/8956	T	Strengthening Capability to Control Residues of Toxic Chemicals in Export Poultry Meat
TCP/THA/8958	T	Agricultural Marketing Development in Northern Provinces
TCP/THA/2251	T <sup>b</sup>	Agricultural Planning and Policy Analysis by CAPP

(continued)



**Appendix II**  
**Projects Reviewed in the Field**

<b>Project symbol</b>	<b>Project type</b>	<b>Project title</b>
TCP/THA/8957	E	Rehabilitation of Slopes Affected by Floods in Southern Thailand
TCP/THA/0052	E	Salvage and Utilization of Typhoon-Damaged Trees
<b>Regional projects in Asia</b>		
TCP/RAS/2253	T	Regional Study and Workshop on Environmental Assessment and Management of Aquaculture Development (includes Thailand, Vietnam, China)
TCP/RAS/8956	C <sup>a</sup>	Training Workshop—Network on Transfer of Rice-Husk Gasification Technology (includes Thailand, Vietnam, China)
TCP/RAS/0160	C	Training in Pig Production (China, host)
<b>Mexico</b>		
TCP/MEX/8953	A	Decentralization of Urban Families
TCP/MEX/8954	A	Support of a Farm Modernization Program
TCP/MEX/8955	A	Macroeconomic Planning for Fisheries
TCP/MEX/0053	A	Quality Control of Food Products
TCP/MEX/0054	A	Prevention and Control of Forest Fires
TCP/MEX/0155	A	Modernization of the Public Fishing Sector
TCP/MEX/2251	T	Sanitary Control of Food Products Sold by Street Vendors
TCP/MEX/8951	E	Rehabilitate Beekeeping
TCP/MEX/8952	E	Rehabilitate Fishing Industry after Hurricane Gilbert
TCP/MEX/0051	I	Preparation of a Rural Development Project in the IXTLERAS Zone
TCP/MEX/0156	I	Preparation of a Rural Development Project for Marginalized Indigenous Communities in the State of Puebla, Mexico
TCP/MEX/0052	D	Recover and Improve the Production of Rabbits
<b>Costa Rica</b>		
TCP/COS/8955	A	Certify the Quality of Non-Traditional Food Products for Export
TCP/COS/0051	A <sup>p</sup>	Soil Conservation
TCP/COS/0152	A <sup>p</sup>	Policy and Agricultural Projects in the Context of the Structurally Adjusted Economy
TCP/COS/0154	A	Management of Basic Grains

(continued)

**Appendix II  
Projects Reviewed in the Field**

<b>Project symbol</b>	<b>Project type</b>	<b>Project title</b>
TCP/COS/8953	T	International Code of Conduct for the Distribution and Utilization of Pesticides
TCP/COS/8954	T <sup>p</sup>	Training in the Use of Computer Programs for Irrigation and Drainage SENARA
TCP/COS/7952	F	Reforestation and Forest Management
TCP/COS/2251	F	Formulation of a Project to Alleviate Rural Poverty and Protect the Environment
TCP/COS/0153	D	Development of Rural Activities in Talamanca
<b>Regional projects in Latin America</b>		
TCP/RLA/0053	A	Development of Agriculture (includes Costa Rica, Mexico)
TCP/RLA/2251	T	Training to Control Migrating Locust (includes Costa Rica, Mexico)
TCP/RLA/2253	T	Support to the International Conference on Responsible Fishing
TCP/RLA/2256	T	Treatment of Consumer Products to Satisfy Quarantine Regulations (includes Costa Rica)
TCP/CAM/0159	T	Control of Cooked Foods and Other Potentially Risky Products Sold by Street Vendors
TCP/RLA/8960	C	Transfer of Appropriate Technology Regarding the Management of Cultivated Food Products
TCP/RLA/0055	C	Training in the Management and Analysis of Data to Monitor Nutrition and Diet (includes Costa Rica, Mexico)
TCP/RLA/0156	C	Development of Regional Animal Gene Bank Centers (includes Costa Rica)
<b>Ethiopia</b>		
TCP/ETH/8958	A	Yield Increase Through Improved Use of Fertilizers
TCP/ETH/8959	A	Smallholder Dairy Development
TCP/ETH/8963	A <sup>a</sup>	Assistance in Drafting Irrigation Policy and Strategy
TCP/ETH/0155	A	Assistance to Agricultural Cooperatives
TCP/ETH/0156	A	Development of Oil Palm and Rubber Cultivation
TCP/ETH/0157	A	Introduction of Biogas Technology

(continued)

**Appendix II**  
**Projects Reviewed in the Field**

<b>Project symbol</b>	<b>Project type</b>	<b>Project title</b>
TCP/ETH/9158	A	Support to Crop Assessment Mission
TCP/ETH/2252	A <sup>b</sup>	Assistance in Preparation of Fertilizer Marketing Strategy
TCP/ETH/8957	T	Assistance in Preparation of Service Cooperative Development Project
TCP/ETH/8961	T <sup>a</sup>	Training of Personnel in Agricultural Project Preparation
TCP/ETH/0051	T	Training in Agricultural Project Preparation (Phase II)
TCP/ETH/0053	T	Bridging Assistance in Tick Control
TCP/ETH/8962	E <sup>b</sup>	Emergency Assistance for Maintenance of Foodgrain Stocks
TCP/ETH/0159	E <sup>b</sup>	Emergency Supply of Seeds for Tigray Region
TCP/ETH/2251	E <sup>b</sup>	Emergency Assistance to Control Migratory Pests in Tigray Region
TCP/ETH/2254	E <sup>b</sup>	Emergency Supply of Veterinary Drugs
TCP/ETH/0054	F	Formulation Mission in Tsetse Control
TCP/ETH/8964	F <sup>a</sup>	Formulation Mission to Prepare a Project to Train Extension Staff on WID
TCP/ETH/2253	F	Assistance in Preparation of Project Documents for External Assistance to Water Resources Assessment in Nile Basin
TCP/ETH/0052	I	Assistance to Fisheries Planning, Management and Development
<b>Kenya</b>		
TCP/KEN/0051	A	Mangrove Conservation and Management
TCP/KEN/0053	A <sup>b</sup>	Assistance in Establishment of Food Control Administration
TCP/KEN/0054	A <sup>a,b</sup>	Assistance in Production of Asian Vegetables
TCP/KEN/0055	A	Assistance in Monitoring of Ruminant Feed Resources
TCP/KEN/0156	A	Agricultural Manpower Requirements Studies
TCP/KEN/2252	A	FAO/WFP Crop and Food Supply Assessment Mission
TCP/KEN/8955	E <sup>a</sup>	Emergency Assistance for Desert Locust Control
TCP/KEN/0158	E <sup>a</sup>	Emergency Assistance for Control of Cypress Aphid
TCP/KEN/8954	F	Cassava Production and Utilization in Livestock Feeding

(continued)

**Appendix II**  
**Projects Reviewed in the Field**

<b>Project symbol</b>	<b>Project type</b>	<b>Project title</b>
TCP/KEN/0052	F	Formulation of Micro-Irrigation Development Project
TCP/KEN/2251	F	Development of a Crop Forecasting System
<b>Tanzania</b>		
TCP/URT/8957	A	Preparatory Assistance for Planning and Implementation of Sustainable National Tsetse and Trypanosomiasis Control Program
TCP/URT/8958	A	Strengthening of Food Control Services
TCP/URT/8961	A	Evaluation of Land Resources (Phase II)
TCP/URT/0051	A	Formulation of Agricultural Research Master Plan for Zanzibar
TCP/URT/0052	A	Bridging Assistance for Women in Irrigated Agriculture
TCP/URT/0054	A	Assessment of Black Sigatoka Banana Disease in Zanzibar
TCP/URT/0055	A	Assistance for Formulation of Comprehensive National Food Security Program
TCP/URT/0056	A	Dairy Development in Mara Region
TCP/URT/0057	A	Strengthening Plant Production Services
TCP/URT/9161	A	Assistance in Developing Phytosanitary Legislation
TCP/URT/0162	A <sup>a</sup>	Assistance in Marine Reserves Legislation
TCP/URT/2251	A	Bridging Assistance in Fertilizer Project
TCP/URT/2254	A	Bridging Assistance in Tsetse Control
TCP/URT/0053	T	Fisheries Credit for Smallscale Fisherfolk
TCP/URT/0163	T	Preparatory Assistance for Agricultural Census
TCP/URT/2252	T	Training in Cooperative Principles
TCP/URT/8956	E	Emergency Supply of Maize Seed
TCP/URT/0058	E	Emergency Campaign to Control Contagious Bovine Pleuropneumonia
TCP/URT/0160	E <sup>a</sup>	Emergency Supply of Seed
TCP/URT/8960	F	Assistance to Project for Women in Irrigated Agriculture
TCP/URT/8962	F	Formulation of Comprehensive Agricultural Extension Project

(continued)

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**Appendix II**  
**Projects Reviewed in the Field**

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<b>Project symbol</b>	<b>Project type</b>	<b>Project title</b>
TCP/URT/0059	F	Agricultural Sector Programming Mission
TCP/URT/8959	I	Livestock Marketing and Information Development

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<sup>a</sup>Project was also part of our sample (see app. I).

<sup>b</sup>Site visit conducted.

Legend

A = Advisory  
C = Intercountry Cooperation  
E = Emergency  
F = Formulation  
I = Investment  
T = Training

# Distribution of TCP Resources

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As a measure of country need, we used the indicative country allocations (ICA) proposed by the Director General in 1991 to guide the distribution of TCP resources to 127 countries for the 1992-93 biennium. The Director General's proposed ICA was based on the indicative planning figures (IPF) developed by the United Nations Development Program to guide its allocation of resources to field programs. In making his proposal, the Director General said,

"As the Governing Council of the United Nations Development Programme has already developed an accepted mechanism to establish country Indicative Planning Figures which take into account criteria of population, gross domestic product and other economic factors, including those affecting agricultural and rural development, it is suggested that for reasons of objectivity the same inter-country ratio be utilized for TCP country allocations within each region."

On the basis of the ICA measure of need, 21 countries, all but 1 in the neediest half of their regions, received significantly smaller portions of TCP resources since 1984-85 than their levels of need would justify.<sup>1</sup> Table III.1 lists the countries, with the differences between their shares of TCP resources and their shares under the Director General's proposed standard.

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<sup>1</sup>Political circumstances making it difficult for FAO to implement projects may explain the relatively low level of service to some of these countries.

**Appendix III  
Distribution of TCP Resources**

**Table III.1: Countries Receiving Significantly Less Than Need-Based Share, 1984-91**

<b>Region</b>	<b>Country</b>	<b>Percentage of need received</b>	<b>Dollar difference</b>
<b>Africa</b>	Benin	59.48	-\$906,338
	Gabon <sup>a</sup>	55.01	-171,860
	Ghana	56.81	-1,201,523
	Kenya	71.61	-891,606
	Madagascar	73.71	-896,714
	Mali	69.12	-1,196,949
	Mozambique	69.59	-1,620,439
	Nigeria	46.73	-2,151,089
	Zaire	25.99	-3,424,978
<b>Latin America and the Caribbean</b>	Bolivia	42.07	-2,051,520
	Guyana	37.50	-1,050,529
	Haiti	29.76	-3,756,972
	Honduras	75.86	-433,679
<b>Asia/Pacific</b>	Afghanistan	13.95	-2,246,735
	Bangladesh	61.07	-2,301,686
	Cambodia	31.07	-1,141,728
	India	38.16	-4,039,498
	Myanmar	42.56	-2,053,783
	Nepal	61.05	-1,145,686
<b>Near East</b>	Egypt	62.28	-1,838,620
	Yemen	77.32	-1,181,253

<sup>a</sup>This country was not ranked in the neediest half of its region.

On the other hand, during this same period, 37 countries, all but 4 in the least needy half of their regions according to the IPA standard, received significantly greater shares of TCP resources than their levels of need would justify. Table III.2 lists the 37 countries, with the differences between their shares of TCP resources and their shares under the standard.

Appendix III  
Distribution of TCP Resources

**Table III.2: Countries Receiving Significantly More Than Need-Based Share, 1984-91**

Region	Country	Percentage of need received	Dollar difference	
<b>Africa</b>	Botswana	285.13	\$980,028	
	Cape Verde	365.63	1,437,036	
	Comoros	177.12	494,707	
	Congo	277.05	939,193	
	Gambia	154.94	626,433	
	Lesotho	218.69	1,363,087	
	Mauritania	206.72	1,360,200	
	Seychelles	243.99	550,033	
	Swaziland	224.54	556,731	
	Zambia	257.78	2,858,755	
	Zimbabwe	158.87	870,623	
	<b>Latin America and the Caribbean</b>	Barbados	168.51	261,722
		Belize	216.53	445,138
Costa Rica		192.66	790,145	
Dominica		403.97	1,161,172	
Grenada		270.62	651,768	
Jamaica		230.43	842,813	
Mexico <sup>a</sup>		187.82	1,468,862	
Nicaragua <sup>a</sup>		128.97	592,396	
St. Kitts/ Nevis		161.53	235,031	
<b>Asia/Pacific</b>	Trinidad	180.96	327,203	
	Bhutan	168.98	742,464	
	Democratic People's Republic of Korea	177.28	589,675	
	Republic of Korea	274.24	848,298	
	Fiji	335.34	898,980	
	Iran	275.24	922,035	
	Maldives	246.38	559,186	
	Mongolia	370.06	1,102,172	
	Philippines <sup>a</sup>	244.96	1,936,052	
	Samoa	299.18	760,868	
Thailand	285.18	2,202,429		
Tonga	193.81	358,350		

(continued)



**Appendix III  
Distribution of TCP Resources**

<b>Region</b>	<b>Country</b>	<b>Percentage of need received</b>	<b>Dollar difference</b>
<b>Near East</b>	Djibouti	356.72	1,295,182
	Syria	165.23	772,447
	Tunisia	274.86	1,859,810
<b>Europe</b>	Cyprus	327.14	867,677
	Turkey <sup>a</sup>	154.01	757,610

<sup>a</sup>These countries were not ranked in the least needy half of their regions. The Philippines was just at the 50-percent cutoff point.

The overwhelming majority of the 37 countries did not receive their relatively high shares of TCP resources because of emergency projects. Even if the entire project budgets for all the emergency projects they received are omitted from the analysis, 30 of the countries still received significantly more than their need-based share since 1984-85.<sup>2</sup>

## Methodology

The U.N. Development Program's IPF allocates funds to countries on the basis of their per capita gross national product and population, as well as on supplementary factors such as national debt and status as a least developed country. The formula gives relatively greater weight to low-income and high-population countries. Data on gross national product and population are obtained from the World Bank; in those instances where data are not available, the best available estimates are used.

In July 1991, the Director General proposed indicative country allocations for the 1992-93 TCP allocation based on the U.N. Development Program's 5-year IPF. Before the IPF was applied, about 25 percent of the TCP allocation was set aside for regional projects, emergencies, and contingencies. The amount remaining was then distributed among the regions on the basis of past trends and estimates of future needs. Each regional allocation was then distributed to countries within the region in the following way:

- A minimum amount of \$140,000, corresponding to the average project cost to allow for at least one small project, was assigned to each country.
- The remainder of the regional total was distributed among countries exceeding the minimum on the basis of the country's IPF, with the result rounded to the nearest \$10,000.

<sup>2</sup>The seven exceptions where the high level of service can be explained by emergency projects are Gambia, Lesotho, Mauritania, Zimbabwe, Mexico, Nicaragua, and St. Kitts/Nevis.

To determine the actual allocation of TCP resources to regions and countries, we used the data reported in FAO's financial statements for the 1984-85, 1986-87, 1988-89, and 1990-91 biennia. For the three earlier biennia, we used the actual reported expenditures; for the 1990-91 biennium, we were only able to use the reported budget figures since final expenditures were not yet available. We compared the TCP actual expenditures for 1984 to 1989 with the U.N. Development Program's fourth cycle IPF, which was based on data available in 1985 to cover the period 1987-1991. For the 1990-91 biennium, we compared the TCP budgets with the fifth cycle IPF, based on 1989 data to cover the period 1992-96. We used the more recent IPF because it was based on data more relevant to 1990-91 and TCP funds for this biennium will not be fully obligated until the end of 1993 or fully expended until the end of 1994.

In using the fourth and fifth cycle IPFs, we adopted the same methodology as proposed by the Director General in using the IPF for his indicative allocations for 1992-93. Our methodology was as follows:

Set Asides. We set aside the actual amount spent for regional projects in each biennium and did not include that figure in the allocation to be distributed among countries. The one case where we could not exactly follow FAO's proposed methodology is the set aside for emergencies and contingencies. We could not exclude these amounts from the allocation to be distributed among countries because the financial statements do not break out expenditures for countries in these terms. However, we deducted the full budget for all emergency projects from the countries found to be consistently overserved and in this way were able to determine the extent of overservice that could be explained by emergency projects.

Distribution. We calculated the amount actually spent for each region after regional projects had been excluded and used this as the total to be distributed to countries in the region. We then calculated the actual average project cost for each biennium, rounded to the next highest \$1,000, and distributed this amount to each country within each region. The averages were \$72,000 for 1984-85, \$75,000 for 1986-87, \$102,000 for 1988-89, and \$133,000 for 1990-91. We then used the same formula as FAO proposed to distribute the remainder of the regional totals among the countries exceeding the minimum. The resulting figure was used without rounding.

To assess the distribution of TCP funds among the regions, we also used the fourth and fifth cycle IPFs. We summed the IPFs for every country in the region plus the IPF amounts for regional and multicountry projects. For the TCP distribution, we summed the amounts spent (or budgeted for 1990-91) for each country and for all multicountry and regional projects.

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### Comparing Distribution Against Need

We compared the actual TCP funds spent or budgeted for each country (or region) with its IPF and concluded that a country (or region) was consistently overserved if it received 125 percent or more of the IPF in at least 3 of the last 4 biennia and in the 4 biennia overall. We concluded that a country (or region) was consistently underserved if it received 80 percent or less of the IPF in at least 3 of the 4 biennia and in the 4 biennia overall. This means that the country or region had been substantially overserved or underserved in each of at least 3 biennia (covering 6 years) and in the 4 biennia (or 8 years) overall—that is, the overservice or underservice was not “made up” in 1 of the biennia.

# Calculating Real Budget Growth

On the basis of our method of calculating real growth, FAO's regular budget declined at an average annual rate of -0.8 percent between 1986 and 1993. We define real budget growth from one period to the next as growth that exceeds the amount necessary to maintain constant purchasing power, or growth that exceeds inflation. For U.S. agencies, the calculation of real growth is straightforward. We take a series of budgets and remove any increases due to inflation by converting the budgets into constant dollars. We then determine the growth rate of the constant dollar budgets, and this gives us real growth.

Calculating FAO's real budget growth was complicated by three factors.<sup>1</sup> First, since FAO prepared its budgets in U.S. dollars but spent approximately 40 percent in Italian lire, an appropriate exchange rate was needed to convert lire into dollars. We used the same exchange rate as FAO used in making its calculations of budget growth. Neither we nor FAO considered budget increases due to exchange rate changes as real growth.

Second, the inflation rate must be determined. Economists typically use a generally accepted price index, such as the gross domestic product deflator, to account for inflation. To calculate the growth of FAO's budget, we constructed two price indexes, one for expenditures in Italian lire and one for expenditures in U.S. dollars, because FAO made most of its expenditures in lire and dollars. FAO's approach used an index based on a market basket of goods and services that it purchased, such as rent, electricity, and communication services. FAO also used price data from the Italian statistical authorities and the International Civil Service Commission to aid it in deriving the inflation rate.

Third, decisions must be made about what cost increases to include as real growth. We considered all increases that exceeded the amount necessary to maintain constant purchasing power as real growth. Thus, in our calculation of real growth, we removed budgetary increases due to inflation. FAO, however, included wage and benefit increases set forth by the International Civil Service Commission, such as increases in step increments, in constructing its inflation rate. FAO reasoned that since personnel cost increases were mandated by its agreements with the United Nations, they should be counted as part of inflation. In our approach, all personnel cost increases above inflation were counted as real growth.

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<sup>1</sup>The methodology used to calculate the real growth of FAO's budget is the same approach used to calculate the real budgetary growth rates for several other U.N. organizations. This approach was also described in UNESCO: Status of Improvements in Management, Personnel, Financial, and Budgeting Practices (GAO/NSIAD-92-172, June 9, 1992).

We calculated the real growth of FAO's budget using the following procedures.

1. Derive the portion of the budget spent in Italian lire, using the exchange rate FAO used in preparing the budget. This procedure divided all budgets into a lire and a dollar portion, based on the proportions spent in each currency.
2. Construct a price index for the lire portion of the budget, based on the Italian consumer price index and gross domestic product deflator weighted by the approximate proportion of FAO's budgets spent on wages versus other goods and services.
3. Construct a similar price index for the dollar portion of FAO's budget, based on the U.S. consumer price index and gross domestic product deflator.
4. Convert the lire portion of each budget into 1990-91 constant Italian lire, using our price index for lire.
5. Convert the 1990-91 constant Italian lire into 1990-91 constant dollars, using the average 1990-91 market exchange rate between the lire and the dollar.
6. Convert the dollar portion of each budget into constant 1990-91 dollars, using the price index that we constructed for dollar expenditures.
7. Add the amounts in steps 5 and 6 so that the total budget for every period is expressed in constant 1990-91 dollars.
8. Calculate the annual growth rate for each biennial budget.

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### Calculation of TCP Real Growth

On the basis of our method of calculating real growth, the TCP budget grew an at average annual rate of 0.4 percent between 1986 and 1993. The procedure used to calculate the real growth of TCP funds is different from that used for the total regular budget. We could not use the same approach because expenditures in lire for TCP are very small and we do not know the division between expenditures on wages and on other goods and services. Instead, we used the U.S. gross domestic product deflator to convert the TCP budgets into constant dollars and then calculated the growth of the constant dollar budgets.

# Comments From the Food and Agriculture Organization of the United Nations

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

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS  
Via delle Terme di Caracalla, 00100-ROME Cables: FOODAGRI ROME Telex: 610181 FAO I Telephone: 67973117/8

The Deputy Director-General

7 September 1993

Dear Mr. Johnson,

In your August 13, 1993 letter to the Director-General you state that FAO's formal written comments will be included, in their entirety, in the final version of the report Foreign Assistance: U.S. Participation in FAO's Technical Cooperation Programme.

See comment 1.

The FAO formal written comments which are to be included along with this letter, in their entirety, are enclosed. They consist of the Director-General's general comments, his comments on each of the issues raised in the Executive Summary of the report, detailed comments on Chapters 1 through 4 and extracts of FAO Governing Body reports relating to support for the TCP, as expressed by Member Nations.

See comment 2.

The Director-General regrets that the tone and content of the GAO report calls for such extensive comment in order to provide a balanced perspective on the TCP. The report acknowledges that FAO staff at headquarters and in the field were open and forthcoming in interviews and provided the information and assistance required. It is therefore evident that the GAO was given the opportunity to present a fair and balanced report on all aspects of the TCP, but chose not to do so.

See comment 3.

The Director-General was informed that long before sending the draft report to him for comments, the GAO's findings had been disclosed to Congressional staff. The Director-General is at a loss to understand the purpose behind this inappropriate action.

Mr. Harold J. Johnson  
Director, International Affairs Division  
General Accounting Office  
Washington, D.C. 20548

**Appendix V  
Comments From the Food and Agriculture  
Organization of the United Nations**

- 2 -

**These deficiencies and the lack of conformance to your own promulgated government auditing standards are cause for serious concern, and stand in marked contrast to the decision of the Director-General to agree to provide information and to authorize access to FAO staff.**

**Notwithstanding the substantive discussions we have had with your staff, as we are unable to judge the degree of reflection of our comments in the final report, we consider it important to put our comments, which are based on the draft report you sent, in writing.**

**Yours Sincerely,**



**Howard W. Hjort**

**COMMENTS OF THE DIRECTOR-GENERAL OF FAO**  
**ON THE REPORT OF**  
**THE UNITED STATES GENERAL ACCOUNTING OFFICE**

**FOREIGN ASSISTANCE: U.S. PARTICIPATION**  
**IN FAO'S TECHNICAL COOPERATION PROGRAMME**

Rome, 3 September 1993



TABLE OF CONTENTS

	<u>Para. nos.</u>
Introduction	1 - 4
Context and Structure of the Director-General's Comments	5
General Comments on the Review	6 - 10
Comments on the Principal Findings	11 - 32
- "TCP criteria are not adequately defined"	11 - 12
- "Most TCP projects do not meet FAO's criteria"	13 - 20
- "Most activities currently funded by TCP could be programmed"	21 - 25
- "Some TCP management practices are weak"	26 - 32
FAO Member Nation Support for the TCP	33 - 40
Conclusion	41

## INTRODUCTION

1. In response to the invitation of the United States General Accounting Office, the Director-General avails himself of the opportunity given to provide comments on the report - Foreign Assistance: United States Participation in FAO's Technical Cooperation Programme.

2. When the General Accounting Office approached the Director-General in April 1992, with regard to its preparation of this report and requested to meet FAO staff at Headquarters and in Regional Offices, the Director-General was perplexed for a number of reasons. Such a request relating to a programme review of FAO, by the supreme audit institution of a Member Nation, has no precedent in FAO.

3. According to the Financial Regulations of FAO, the External Auditor appointed by and reporting to the Governing Bodies is solely responsible for financial and management audit. If special reviews are required, the Regulations provide for the Governing Bodies to request the External Auditor to carry out specific examinations and to issue reports to them on the results. Indeed, the UN Panel of External Auditors has expressed the opinion that when the Supreme Audit Institution of a Member State insists on carrying out a review of programme activities, governing body approval should be sought before such a review is carried out.<sup>1/</sup>

4. Despite these concerns, the Director-General, acting in the best interest of the Organization, agreed to provide information and authorize access to FAO staff, for reasons of transparency in the use of public funds. He also felt that the three previous evaluations of the TCP considered by FAO's own Governing Bodies, provided the standard and the base against which any eventual GAO finding could be assessed.

## CONTEXT AND STRUCTURE OF THE DIRECTOR-GENERAL'S COMMENTS

5. To facilitate consideration of FAO's reaction, the Director-General presents below general comments, followed by comments on each of the issues raised in the Executive Summary of the GAO report. Detailed comments are given in Annex 1. Annex 2 contains extracts of FAO Governing Body reports relating to support for the TCP, as expressed by Member Nations. Annexes 1 and 2 constitute an integral part of the Director-General's comments and should not be excluded from any reproduction of these comments.

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<sup>1/</sup> Letter dated 18 January 1993 from the Comptroller and Auditor General of the United Kingdom and Chairman of the UN Panel of External Auditors, to the Secretary-General of the United Nations in his capacity as Chairman of the Administrative Committee on Coordination.

See comment 1.

**GENERAL COMMENTS ON THE REVIEW**

See comment 4.

6. The report states that the GAO's work on this assignment was performed in accordance with generally accepted government auditing standards. However, numerous instances of non-compliance with these standards have been noted by FAO and are documented in Annex 1. The effect of these oversights and errors is pervasive and enters materially into most aspects of the review, influencing negatively almost all conclusions and findings with unrealistic consistency.

See comment 5.

7. FAO is concerned by the failure of the GAO to meet its own promulgated standards of reporting and audit evidence. Those standards prescribe, *inter alia*, that there should be a full discussion in the report of the audit findings and conclusions to promote adequate understanding of the matters reported and to provide convincing, but fair presentations in proper perspective. They also require that sufficient, competent and relevant evidence is obtained to afford a reasonable basis for the auditor's judgements and conclusions. The same standards demand that testimonial evidence received in response to inquiries or through interviews should be corroborated with additional evidence. In addition, the standards require that report conclusions should be specified and not left to be inferred by readers and the report should not be written on the basis that a bare recital of facts makes conclusions inescapable. They also require the audit report to include a description of any significant noteworthy accomplishments along with deficiencies in order to provide appropriate balance to the report.

See comment 6.

8. Notwithstanding the foregoing, most findings and conclusions have been reported in a cursory manner, with titles and headings worded in an unwarranted sensational tone. Moreover, the report relies excessively on hearsay which could have been avoided had the auditors followed the audit standards and inspected relevant documentation. The report also conspicuously omits to disclose any noteworthy achievements despite the evidence recorded in public documents which were made available to the GAO.

9. The result is a report with sweeping generalizations not substantiated by meaningful evidence; conclusions based on a sample, which are not borne out by an analysis of the full TCP operation; and recommendations which are not consistent with the conclusions.

10. The report also has shortcomings in its analysis of the TCP's impact and performance, by not defining the criteria of assessment and not citing the cases on which complimentary and critical judgements are based. Even the views of government representatives as gathered by the GAO appear partial in scope, compared to the views of Member Nations expressed in the FAO Governing Bodies (see Annex 2).

**COMMENTS ON THE PRINCIPAL FINDINGS**

- **"TCP Criteria Are Not Adequately Defined"**

See comment 7.

11. The TCP criteria have been adopted by the FAO Governing Bodies. They reflect the features which Member Nations wish the TCP to have. The criteria have been repeatedly examined in each of the evaluations of the TCP; have evolved in the light of changing circumstances; and on each occasion been decided and confirmed by FAO's Governing Bodies.

See comment 8.

12. By criticizing the criteria as "vague", the GAO questions the judgement and decisions of FAO's Governing Bodies. The criteria provide a "code" or "standards" for appraising requests. By the very intended nature of the TCP, they provide some latitude in permitting FAO to meet the expressed demands of countries requesting assistance.

- **"Most TCP Projects Do Not Meet FAO's Criteria"**

See comment 9.

13. In questioning the application of the criteria, the GAO report confuses goals, criteria and project characteristics to reach unsubstantiated conclusions.

See comment 9.

14. The report criticizes FAO by arguing that non-emergency TCP projects did not respond to urgent and unforeseen needs. By so doing, it challenges the judgement and action of the governments which submitted the requests; and it casts doubt on the management of the TCP. Neither point has been raised in any of the evaluations of the TCP. In fact, the Governing Bodies commend the Director-General's management of the TCP.

See comment 10.

15. Urgent and unforeseen needs do not arise only from natural disasters or emergencies. Urgent demands can and do arise, even in sectors and activities relating to capacity building, planning assistance, training and investment mobilization. The TCP is designed to meet such demands.

See comment 11.

16. The report states that TCP projects are not implemented rapidly. The records of TCP performance indicate otherwise. In dire situations, such as control of animal diseases or locust plagues, TCP assistance has been provided within days. For all emergency projects, as an average, project operations start within 2-3 months. In the case of all other projects, operations start within 5-8 months. This performance cannot easily be matched and the report gives no evidence to the contrary.

17. The report also states that if aspects of project preparation, appraisal and pre-operational preparations were taken into account, project activities exceeded the 24 month time limit in some projects. The finding is misleading as the period of field activities constitutes the duration of the project. The same practice is followed by other programmes of technical cooperation, both bilateral and multilateral.

18. The report admits that there was no case found where a project budget exceeds the established limit of US\$ 400 000, and yet it tries to argue that if all costs of project implementation were included, the limit would be exceeded in a number of cases. Such argumentation is one of the instances of unfounded criticism.

19. The report tries to belittle the follow-up on projects. It indicates that 70 percent of TCP projects demonstrate a reported use of results. No evidence is given and the specific projects are not identified. If, however, the assessment is accepted, a 70 percent rate of project result utilization is surely an achievement which would be difficult to match under any other comparable programme, bearing in mind that certain TCP projects, particularly those relating to emergencies, by their very nature do not call for follow-up action.

20. The report then tries to limit the benefits of TCP projects by arguing that their catalytic effect was limited as only about 40 percent of the projects mobilized additional resources. In the first place, the mobilization of other resources of this level is again an achievement which FAO and Member Nations are proud to experience. Secondly, the argument that the catalytic effect of TCP projects has to be seen only in terms of additional funds mobilized is questionable. Indeed, the catalytic impact of TCP projects can be seen in many ways, for example, in such results as changes in government policies.

- **"Most Activities Currently Funded by TCP Could Be Programmed"**

21. The possibility of programming TCP resources by geographical areas was indeed proposed by the Director-General to the FAO Conference in 1991, as noted in the report. He recognized that the unprogrammed nature of the TCP and its other characteristics were strongly supported and that from many points of view a continuation of present practice would be well justified. However, in recognition of the fact that in recent times some developed Member Nations had expressed a wish to know more about the proposed utilization of TCP resources, he presented a proposal which could permit all Member Nations to consider the matter. However, the Conference decided not to accept it.

22. The TCP was established with its feature of being unprogrammed, precisely because Member Nations felt this important. This feature has been valued and emphasized by every beneficiary country and also by a number of other Member Nations. Programming the TCP would alter this basic feature, in substituting a demand-driven approach by a supply-driven one.

23. The report states that a substantial part of the activities carried out by the TCP, in terms of training, advisory services, investment preparation, technical cooperation among developing countries, and support to development, are no different from similar activities carried out under the rest of FAO's Regular Programme. This calls for some observations.

Appendix V  
Comments From the Food and Agriculture  
Organization of the United Nations

7

See comment 16.

24. There is a difference between the programming requirements under the Regular Programme and the possibilities under the TCP. The Regular Programme activities do respond to expressed needs, but these are needs as expressed by a number of member countries, over a period of time, and which are met through activities which can be programmed well in advance and can benefit a number of countries facing a similar problem. The difference with the assistance from the TCP is that it meets an urgent need which could not be foreseen, is accorded high priority by the requesting government, deals with a specific problem, and cannot be met by any other source of technical cooperation in a timely manner. Normal Regular Programme assistance also cannot provide essential supplies and equipment.

25. However, the issue can always be raised and re-examined in FAO Governing Bodies as suggested in the recommendations.

- **"Some TCP Management Practices Are Weak"**

See comment 4.

26. The report criticizes FAO management and FAO Governing Bodies on a broad front. Thus, it states that "the GAO found persistent weaknesses in the program and financial management of TCP". However, the evidence put forward is based on a mixture of errors, hearsay and partial examination of procedures and documentation.

See comment 17.

27. Detailed comments on these points have been provided in Annex 1. It would have made more sense had the report been more realistic in its definition of delays and non-compliance. Thus, it would make more sense to judge a delay in the provision of a project service or equipment, in relation to when it is needed, than in terms of the length of time since the project started.

28. The report recognizes the numerous earlier evaluations of the TCP. All these evaluations have been heavily positive and reconfirmed the continuing validity of the TCP project criteria and categories, their application, the effectiveness of operations and the value of the programme to beneficiary countries. The Governing Bodies of FAO have repeatedly expressed their satisfaction with these assessments of the TCP.

See comment 18.

29. The GAO criticizes the Director-General for not following up on all the recommendations of these evaluations. This criticism is unwarranted. The evaluations were considered by the appropriate FAO Governing Bodies. As the report recognizes, the FAO Governing Bodies did not approve every recommendation. Those which were approved have been implemented. The Director-General responds to the directives of the Conference and Council and cannot act on recommendations which have not been accepted by them.

See comment 19.

30. The report criticizes delays in the release of unspent funds from completed projects. As explained in the detailed comments in Annex 1, the unused funds are properly available for re-programming on other projects and there is full accountability.

See comment 20.

31. The report questions the provision in FAO's Financial Regulations, which provides that TCP appropriations shall be available for obligation over a period of two

biennia. The reasons for this financial regulation have been justified and accepted when the Conference adopted the provision. There are good, practical reasons for this financial regulation; as projects can have a duration of up to two years and individual projects are approved throughout each biennium, the resources have to be allowed to be utilized over the subsequent biennium. Since demands for TCP assistance largely exceed the resources available, it is inaccurate to suggest that the TCP appropriation in each biennium is excessive in relation to the real demands.

32. Finally, the report questions the practice of charging TCP projects approved in one biennium to previous TCP appropriations. This again is a matter of sound policy, permitting the full and careful utilization of approved resources for their intended purpose. It has been examined by FAO's External Auditor and accepted and endorsed by FAO's own Governing Bodies.

#### FAO MEMBER NATION SUPPORT FOR THE TCP

33. These comments conclude by drawing attention to the consistent and widespread support expressed for the TCP in the FAO Governing Bodies. To quote only a few important expressions of this support:

34. The Conference in 1977 adopted Resolution 5/77 on the Technical Cooperation Programme, welcomed the establishment of the TCP and invited the Director-General to make every effort to strengthen the TCP "in accordance with the established criteria ...".<sup>1/</sup>

35. In November 1979, the Seventy-fourth Session of the Council, which considered the first evaluation of the TCP, adopted Resolution 1/74. This resolution confirmed the practical validity of the approved criteria and procedures. It commended the Director-General for the action already taken by him to strengthen the effectiveness of the programme.<sup>2/</sup>

36. In 1979, the FAO Conference at its Twentieth Session "agreed on the usefulness and the effectiveness of the TCP ...".<sup>3/</sup> "... the TCP had emerged as an essential operational arm of FAO, particularly in emergency situations, and a means of implementing the Director-General's policy on decentralization and effective action at country level. It permitted a prompt, though limited, response to short-term, small-scale and unforeseen situations."<sup>4/</sup>

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<sup>1/</sup> C 77/REP.

<sup>2/</sup> CL 74/REP.

<sup>3/</sup> C 79/REP, para. 260.

<sup>4/</sup> C 79/REP, para. 261.

See comment 21.

37. At its Eighty-third Session in June 1983, the Council "supported the Technical Cooperation Programme as an essential instrument of FAO practical action in the field, which was meeting fully the purposes for which it had been established. Many members gave account of the very timely and most useful contributions made by TCP projects to their own development efforts and its role in meeting their urgent requirements for assistance. They considered therefore that the proposed increase under the Technical Cooperation Programme was barely acceptable and a higher increase would have been justified in view of the number of firm requests which could not be accommodated. The Council also recognized that an increase of the TCP had been requested by all Regional Conferences of FAO in view of its intrinsic value for the development efforts of member countries."<sup>1/</sup>

38. At its session in November 1983, the Conference "recalled the unique contribution of the TCP in meeting emergency and unforeseen short-term technical assistance needs. It stressed that TCP had become an established and highly valued component of FAO's action in the field, filling a critical gap in responding to developing countries' requirements which could not be covered by other sources of support. In addition, it stimulated and catalyzed the provision of investment and technical assistance for development from other sources."<sup>2/</sup>

39. At its Eighty-eighth Session in November 1985, the Council, when reviewing the results of the second evaluation of the TCP, "repeated its support, already expressed on many previous occasions, to the Technical Cooperation Programme. The TCP had made an important contribution to food and agricultural development during the past ten years. The actions undertaken by the TCP were relevant, timely and had responded to urgent needs which were faced by Member Governments in their agricultural development programmes. The criteria and mechanisms fully corresponded to the needs of developing countries. The TCP was recognized as one of the few programmes in the United Nations system which had not given rise to controversy regarding its objective, content and usefulness."<sup>3/</sup>

40. Finally, at its Twenty-fifth Session in November 1989, the FAO Conference adopted Resolution 9/89 on "Increase in Allocation for Technical Cooperation Programme in Forthcoming Biennia", which noted with satisfaction the achievements of the TCP and "reaffirms that TCP is an essential operational tool of the Organization to provide appropriate and rapid technical assistance to Member Governments ...."<sup>4/</sup>

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<sup>1/</sup> CL 83/REP, para. 211.

<sup>2/</sup> C 83/REP, para. 240.

<sup>3/</sup> CL 88/REP, para. 55.

<sup>4/</sup> C 89/REP.



**CONCLUSION**

41. The Director-General trusts that these comments will enhance a consideration of the GAO report in a wider perspective, which would do more justice to any assessment of the TCP and also facilitate the pursual of such issues as the US authorities may consider raising in FAO Governing Bodies.

ANNEX 1

*COMMENTS OF THE DIRECTOR-GENERAL OF FAO  
ON THE REPORT OF THE  
UNITED STATES GENERAL ACCOUNTING OFFICE*

*"FOREIGN ASSISTANCE: US PARTICIPATION IN  
FAO'S TECHNICAL COOPERATION PROGRAMME"*

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This Annex contains the detailed comments of the FAO on the body of the GAO report referred to in paragraph 5 of the Director-General's comments.

The comments focus on the specific matters raised by GAO in connection with the Technical Cooperation Programme. In order to avoid unnecessary repetitions, the Executive Summary of the report is not reviewed separately. The issues are addressed in the order that they appear in Chapters 1 to 4 of the report under their headings and sub-headings.

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"CHAPTER 1."

"INTRODUCTION"

In performing its functions FAO has become the primary source of information on the evolution and the state of food and agriculture at national, regional and global levels; has provided a forum for governments and other concerned parties to debate and adopt global or regional codes of conduct, compacts, declarations, undertakings and plans of action on matters of importance to world food and agriculture, including nutrition and food security, the use and distribution of pesticides, the conservation and utilization of plant and animal genetic resources, sustainable agriculture and rural development, women in development, public participation, conservation and use of forest, fishery and natural resources; and has provided technical assistance and advice to member nations on the full range of issues that fall within its mandate, including assistance in preparing investment projects for financing by global and regional financing organizations.

The total budget for the 1992-93 biennium, assuming an estimated US\$880.1 million from extra-budgetary sources, is US\$1.56 billion, including US\$676.9 million for the programme of work that was approved by consensus at the FAO Conference in November 1991. The Regular Programme is funded from the assessed contributions of member nations, arrears on assessed contributions and miscellaneous income. (The 1992-93 column of Table 1.1 should be corrected so as to conform to FAO Conference Resolution 4/91 - replace \$ 645,588 by \$ 676,911.)

In 1992, total field programme expenditure reached US\$ 354 million; 51 % was funded from Trust Funds, 38 % from UNDP and 10 % from the TCP.

The United States' assessment is 25 percent of the regular budget, but due to the policy of withholding assessment contributions, the actual contributions of the United States to the approved programmes of work for the 1986-87 and 1988-89 biennia were equivalent to only 6.3 and 14.0 percent, respectively. The United States certified FAO in 1991, joined the consensus on the programme of work for 1992-93, paid its full assessed contribution for 1991 and 1992 and made payments on its arrears in 1991, 1992 and 1993. However, at the end of August 1993 the amount owed to the FAO by the United States, including its arrears and assessed contribution of US\$79.7 million was US\$ 170.7 million.

The United States has contributed to FAO's extra-budgetary resources; as of August 1993 the value of such contributions for ongoing activities is US\$12.3 million.

See comment 22.

See comment 23.

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"FAO GOVERNANCE AND ORGANIZATION"

See comment 24.

The United States is a member of FAO's Conference and Council, and also of the Finance Committee, the Committee on Constitutional and Legal Matters, the Committee on Agriculture, the Committee on Forestry, the Committee on Fisheries, and the Committee on Commodity Problems, which report to the Council.

See comment 25.

Concerning the 75 country offices, it should be noted that through multiple accreditations the FAO Representatives are accredited to a total of 105 countries.

"THE TECHNICAL COOPERATION PROGRAMME"

See comment 26.

Although the FAO governing bodies do not receive advance information on, or approve, the distribution of the TCP appropriation to programme areas, countries or projects, they do receive full reports on the distribution of TCP funds in addition to the periodic evaluation reports and the reports of the External Auditor.

It is important to note that the criteria, the duration, maximum budget and project categories for the TCP are approved by the FAO governing bodies.

See comment 22.

Table 1.2 should be amended for 1992-93, as the amount for the TCP represents only 11.4 percent of the Conference approved programme of work for 1992-93.

See comment 27.

The figures in the last sentence of page 18 under this heading are factually incorrect. The sentence should read: "Emergency projects have constituted 20 % of all projects, with the remaining categories ranging from one to thirty percent."

"OBJECTIVES, SCOPE AND METHODOLOGY"

See comment 28.

The request from the Chairman and Ranking Minority Member of the House Committee on Foreign Affairs should be included in its entirety, in order to avoid the confusion over what in fact was requested and to provide a firm basis for all concerned to be able to judge the responsiveness of the GAO to the request.

It is noted that the statement on the request that appears under this heading differs from that in the Executive Summary, and that both differ from the terminology used by the Congressmen.

Appendix V  
Comments From the Food and Agriculture  
Organization of the United Nations

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It is also noted that the GAO states in the Executive Summary that it analyzed the effectiveness of the TCP in fulfilling FAO goals for the programme, but does not include this task among the stated objectives of its review under this heading.

If the GAO in fact analyzed the effectiveness of the TCP in fulfilling the FAO's goals, as requested by the Congressmen, it should have reported its findings on this important aspect in considerable detail. It has not done so, which raises the fundamental question of the responsiveness of the GAO to the request of the Congressmen.

The GAO should have been able to address the key issue of TCP effectiveness, having reviewed a large number of project files, governing body documents since 1986 and verbatim records of the 1991 governing body meetings; interviewed over 50 employees at all levels of FAO, representatives of 21 member states from all regions and more than 150 government officials in the field; and visited 20 project sites. In performing these tasks the GAO had ample opportunity to obtain a balanced view of the achievements of the TCP and could have called to the attention of the Congress a large number of projects that have been widely recognized as outstanding contributions to the resolution of various problems in each of the TCP categories. The failure to report in detail the findings on effectiveness and achievements is a serious deficiency of the report to the Congress.

The stated approach taken by the GAO - drawing a sample of projects, reviewing documents, interviews, review of projects in the field - as well as the openness of those contacted at FAO headquarters and in the field appears to be fully consistent with our perceptions, with the exception of the statement that project sites in eight countries were visited. It is our understanding that the Government of Mexico refused to authorize the team to visit the project sites or to discuss with national project officials. Although they appreciated the importance of evaluation, they considered it necessary that evaluation missions be made up of international experts and that their reporting should be submitted to the corresponding U.N. agency and to the involved national government.

We note that the GAO obtained information on U.S. concerns over the TCP, and how these concerns have been conveyed to FAO. The findings in these regards should also have been included in the report, especially in view of the fact that the Congressmen asked whether U.S. concerns regarding the TCP and other issues have been clearly, effectively and consistently conveyed.

In this regard, we note that the Congressmen held the belief that the U.S.

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Page 3

See comment 29.

See comment 30.

See comment 31.

**Appendix V  
Comments From the Food and Agriculture  
Organization of the United Nations**

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government had long advised Congress that the TCP and its finances are a major stumbling block to U.S. certification of the FAO. In fact, the United States had joined the consensus on the programme of work and budget for the 1992-93 biennium in November 1991, the month before the letter was sent. The United States certified FAO, paid its full assessed contribution for 1991 and 1992 and started to pay its outstanding arrears in 1991.

See comment 4,5.

The GAO states that it performed its review in accordance with generally accepted government auditing standards. The senior FAO officials with detailed knowledge of international and GAO auditing standards take serious issue with this statement. They note numerous instances of non-compliance with these standards in the report. The effect of these oversights and errors is pervasive and enters materially into most aspects of the review, influencing negatively almost all conclusions and findings.

See comment 4,5.

FAO is concerned by the failure of the GAO to meet its own promulgated standards of reporting and auditing evidence in this report. Those standards prescribe, inter alia, that there should be a full discussion in the report of the audit findings and conclusions to promote adequate understanding of the matters reported and to provide convincing, but fair presentations in proper perspective. They also require that sufficient, competent and relevant evidence is obtained to afford a reasonable basis for the auditor's judgements and conclusions. The same standards demand that testimonial evidence received in response to inquiries or through interviews should be corroborated with additional evidence. In addition, the standards require that the report conclusions should be specified and not left to be inferred by readers and the report should not be written on the basis that a bare recital of facts makes conclusion inescapable. They also require that the audit report should include a description of any significant noteworthy accomplishments along with deficiencies in order to provide appropriate balance to the report.

It is an inescapable fact that the GAO chose not to disclose in detail their findings concerning the effectiveness of the TCP. In consequence, the report lacks balance. Further, as more fully explained in the pages that follow, most findings and conclusions have been reported in a cursory and truncated manner preceded by report headings crafted with an unwarranted and uncalled for tone of sensationalism.

See comment 4,5.

Under generally accepted government auditing standards, it is the duty of the auditor to ensure that sufficient, competent and relevant evidence is obtained to afford a reasonable basis for the auditors judgements and conclusions regarding the matter under review. It is apparent, therefore, that the conduct of the review has fallen short of reasonable professional standards.

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**CHAPTER 2**

**"MOST TCP PROJECTS DO NOT MEET PROGRAM CRITERIA"**

The summary comments of the GAO under this major heading are commented upon under the applicable sub-headings of the chapter.

**"TCP criteria are not adequately defined"**

A number of points deserve to be highlighted in this regard :

1. GAO seems to be under the impression that there are defined goals for the TCP . There are not because it is an instrument to facilitate the implementation of the goals of FAO which are embodied in its Constitution. An unclear distinction between "goals" and "criteria" is pervasive in this whole section of the GAO report.
2. FAO's 1983 "Guidelines for the Information of Governments" include the characteristics, the criteria and the project categories. These basic features of the Programme were approved by the FAO Governing Bodies. They have been reviewed repeatedly in each of the evaluations of TCP, and modifications have been introduced by the Governing Bodies in the course of time as required. Their validity has been constantly re-affirmed by Member States, as can be seen in Annex 2.
3. Criteria definitions can always be further sharpened or improved; the fact remains however, that they have served their purpose of appraising the eligibility of requests to the satisfaction of Member States since the inception of the programme.
4. FAO has provided FAO Governing Bodies<sup>1/</sup> with detailed descriptions of the appraisal, approval and monitoring processes for TCP projects in connection with their consideration of major programme documents and clarifications or supplementary information have been provided to these bodies or individual Member States upon request.

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<sup>1/</sup> See, for example, PWB for 1992-93 (document C 91/3, paras. 748-750).

See comment 32.

See comment 33.

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FAO cannot therefore understand how these criteria, together with these appraisal, approval and monitoring mechanisms, could be considered as "vague" or permitting "wide discretion" in determining acceptable and unacceptable projects. FAO recommends that the Guidelines be included in the GAO report.

*"Non-emergency projects do not meet urgent or unforeseen needs"*

See comment 34.

GAO is incorrectly or incompletely quoting these criteria, totally ignoring some major elements to be taken into account in appraising the eligibility of requests, such as the complementarity with other sources of assistance, the filling of critical gaps, and the priority attached by governments. By doing so, GAO gives the impression that FAO should exclusively fund urgent and unforeseen needs and belittles the importance of other considerations that must be taken into account when deciding to approve or to reject a request for assistance.

Thus, GAO takes a very narrow approach when it assesses the eligibility of projects for TCP funding focusing only on the urgency of requests and whether the request was unforeseen or not. TCP criteria provide a set of rules against which the eligibility of requests can be assessed, and one criterion should not be considered in isolation from the others.

See comment 8.

The Governing Bodies, in establishing the Programme, were well aware that not all criteria can be met to the same degree by all projects.

The appraisal process mentioned above ensures that the projects are directed to "an urgent and specific problem or need" in accordance with the guidelines. It is necessarily a question of judgement, professional knowledge and experience to determine the degree of urgency that each request may have, but a multidisciplinary organization in continuous contact with development realities has no difficulty in assessing whether a specific situation needs to be dealt with on an urgent basis or not.

See comment 35.

Previous evaluations of TCP always took a broad approach to evaluating performance and made an effort to see the TCP as an instrument to respond to a myriad of unforeseeable and unpredictable problems that required an urgent response. In particular, the evaluation report of 1985 (CL 88/INF/10) strongly emphasizes that TCP had fulfilled six broad



Appendix V  
Comments From the Food and Agriculture  
Organization of the United Nations

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functions "directly related to ongoing government programmes and/or complementing or leading to new activities to be carried out with domestic and/or external resources. They are as follows:

- I. Directly supporting governments to help remove a technical obstacle or to meet a need emerging in the course of implementation of an ongoing programme to ensure its smooth continuation thereafter;
- II. Launching a new government programme or introducing a new line of activity or new technology proved elsewhere;
- III. Mobilizing or paving the way for larger external technical assistance or investment support to governments' programmes;
- IV. Bridging between two externally financed technical assistance projects;
- V. Complementing other externally financed technical assistance projects, including investment project preparation, by supplying a missing element or meeting a need emerging in the course of their implementation;
- VI. Promoting intercountry/regional cooperation in areas of common concern or interest and TCDC/ECDC, including regional and intercountry projects."

The examples cited by GAO cannot be assessed without a more specific analysis of the reasons why it is considered that projects in these categories do not suit the criteria. However, FAO reiterates that no project is approved for funding without a careful scrutiny against standing criteria.

For illustrative purposes, the examples given below show that activities which in theory could be programmed well in advance could become suddenly urgent prompting a government to request immediate assistance:

**Advisory services:** Such is the case, for example if submission of a sectoral plan is a condition for obtaining assistance from the World Bank or the IMF within the framework of a Structural Adjustment Programme (SAP).

**Training:** Training projects on specific topics can have an urgent character if a larger development effort, whether national or supported by a donor, had not given due attention to the need for

See comment 8.

See comment 35.

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training of the technicians in very specific subjects. Implementation of the larger project can thus be held up or lose much of its effectiveness if projects have to wait until the donor has appropriated the funds for this purpose.

**Formulation of Investment and Technical Assistance Projects:** Many donors and financial institutions have their own funding cycles and expect governments to submit eligible and well prepared project requests. In many cases, the project document has to be prepared at short notice and a government may need urgent assistance in formulating technically sound project requests under tight time-schedules.

**Intercountry coordination projects** aim at solving problems that cannot be resolved at the national level alone but that need intercountry coordination and cooperation. TCP assistance may then be requested on an urgent basis to prepare the technical documentation on specific technical subjects for urgent intercountry coordination and consultations.

**"EMERGENCY PROJECTS MEET URGENT AND UNFORESEEN NEEDS"**

The GAO reports that one project of the emergency projects reviewed addressed "a recurring animal disease problem, rather than an emergency situation". An assessment of such situations would need to consider whether such a recurring but not attended animal disease problem could develop into an emergency situation affecting the livelihood and health of many people. Depending on the circumstances, i.e. in particular the ability of the national government concerned to handle the problem with its own resources, there might be the danger that the disease spread to many more countries and cause thus much more widespread damage to animals and people. It would be wrong not to react in such situations and to sanction innocent people for the incapacity of the national animal health services concerned to solve the problem on a sustainable basis.

See comment 36.

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**"PROJECTS ARE SLOW GETTING STARTED"**

The statement that

*"on average, nonemergency projects begin activities in the field 10 months after the government's request and emergency projects begin 8 months after the request"*

is not confirmed by the complete review of four biennia (including 1992/93) which yields that on average

- emergency projects have started (EOD) within 61 (1992/93) to 93 days (1986/87) i.e. 2-3 months after recording of the official requests, and
- non-emergency projects have started (EOD) between 157 (1992/93) to 265 days (1990/91), i.e. 5 to 8.5 months after receiving the official requests.

The same review shows that between 29 to 46 % of all non-emergency projects and 68-80 % of all emergency projects were operational within 90 days after project approval. The speed in implementation of projects, i.e. the delivery of agreed upon inputs, depends mainly on the availability of these inputs.

By any standards, these figures show that projects are not slow getting started. A review of similar activities by other technical assistance organizations, both multilateral and bilateral, would show that in its performance TCP compares very favourably with them.

The statement that *"These figures do not capture the time spent developing certain projects before the request is officially submitted to FAO"* is irrelevant for judging the efficiency and effectiveness of TCP in responding to these requests. There are indeed cases where FAO headquarters and/or FAOR discuss with governments requests before they are officially submitted. Such discussion concentrates essentially on

- preliminary and informal appraisal regarding the overall eligibility of the request idea for TCP funding;
- advice on the input components that could be funded under TCP if approved at all;
- advice on the best technical approach to solve a technical problem;

See comment 10.

See comment 10.

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- advice on how to present a request in adequate format to FAO.

See comment 10.

These contacts are however not systematically recorded but they form part of a process of consultation which is considered necessary in certain cases before the request is officially submitted.

"DURATION OF MANY PROJECTS EXCEEDS CRITERION"

"Duration is Inaccurately Measured" and is "Narrowly Defined"

See comment 11.

FAO scrupulously respects the criterion as it stands and therefore no project exceeds the authorized duration of 24 months.

GAO recognizes this, except in the title of the section which is in contradiction with the text. It can also be noted that the average duration of all TCP projects between 1986 and 1993 varied between 324 and 382 days, and that 57 (1990/91) to 76% (1992/93) of the projects were completed within one year.

It is surprising to note that GAO, however, speculates on the length of the projects, stating that if FAO were to assume a different definition of the word "duration" some of the projects would exceed 24 months.

This is puzzling for a number of reasons :

1. In determining the duration of TCP projects, FAO retains the same conventional definitions for starting and ending dates as those applied to all field operations under all sources of funding. The period of field activity constitutes the duration of the project. There is no reason to change it in the case of TCP.

See comment 11.

The report claims that the *"recorded dates are inaccurate"* as it does not *"reflect grace periods"* before or after the recorded starting and ending date.

See comment 10.

- There is no grace period of any duration before the recorded starting date. It is however possible that an Advance Allocation has been authorized to permit for instance prompt start of a formulation mission of the TCP project itself particularly if the problem has not been stated clearly and it is impossible to decide about

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the response without a discussion with the government officials concerned. But even in such a case the recorded date is the same as the date of the approval of the Advance Allocation.

- A grace period up to three months can be granted at the end of a TCP projects during which further funds can be committed as long as the total duration does not exceed 24 months. There may be rare cases that equipment already financially committed arrives at the project site after the NTE which is often due to reasons beyond direct control of FAO (problems with importation, supplier, disagreement on the specifications etc.).

The statement of the report that "*recorded dates are inaccurate*" is therefore not correct.

2. The project document "*does not include the time spent before the start of field activity*" nor "*the time spent after the completion of field activities*", but rightly so.

It is indeed common practice in technical cooperation activities not to record the pre-project phase as part of the duration of the project itself. The formulation and appraisal of requests imply no assurance of their approval. The request may be turned down altogether or be submitted to a different funding source or be totally recast in such a way that the final product does not at all resemble the original request. This is often the case, especially for TCP projects.

On the other hand, recording time spent after approval but before the first field activities would, in many cases, unduly extend the duration of projects for bureaucratic reasons outside FAO's control, such as the clearance of consultants, which in certain countries could easily take between 3 to 6 months.

Drafting and submission of technical reports of consultants form classically part of the project activities and should normally be captured by the NTE as consultants are instructed to prepare their technical reports in the field and to submit them upon arrival to the technical divisions for review, comment and approval.

**Appendix V  
Comments From the Food and Agriculture  
Organization of the United Nations**

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It is true that there are at times delays in the submission of Final Reports (Terminal Reports). They, however, do not influence the project activities or the content of the technical advice given, since the basic findings and recommendations of the project have already been conveyed to the government through the technical documents produced by the project.

In this context it should also be noted that in 1993 FAO has transferred the full responsibility of final report processing and clearance to the Technical Units in order to speed up their submission.

See comment 37.

3. It is recognized that sometimes FAO has to approve a second phase of a project when it cannot be completed within the 24-month limit. This is, however, not due to an inaccurate measurement or definition of the project's duration but, quite often, because of factors outside the control of FAO. Examples of causes of such delays include:

- Governments may not find, despite written commitment to do so and for reasons of their own, the appropriate counterpart personnel; or
- Governments have not provided, despite written commitment to do so, the office and laboratory space or transportation capacity; or
- Suppliers have not honoured their commitment to deliver inputs in time; or
- Consultants or experts are not available as scheduled at the rate offered by FAO;
- Despite formal commitment, the national counterparts have not performed the tasks that they agreed upon to perform during the duration of the project;
- Civil unrest or war in a country or in a region after the project agreement had been signed may be cause for interruption of project activities;
- Unexpected and unforeseeable government crisis may have made a project temporarily unimplementable.

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**"SOME PROJECTS EXCEED BUDGET LIMIT IF ALL COSTS ARE INCLUDED"**

FAO has always scrupulously respected the criteria of US\$400,000 in the framework of the accounting system actually in force. It is worth mentioning in this regard that the average budget since the inception of the Programme is about US\$90,000.

GAO acknowledges this but, at the same time, states that some projects would have exceeded the limit if all costs had been included, in other words if FAO had applied rules other than those in force.

The project ceiling that was adopted by the Governing Bodies, first of US\$250,000 and, as from 1985 US\$400,000 (not as from 1983 as stated in the report) was meant by the Governing Bodies to include direct project costs only, i.e. project inputs plus the operating cost for the approved project. The approved procedure is to define as project budget all costs for project field operations plus Headquarters' operational backstopping.

The Governing Bodies are presently reviewing the Support Costs issue. Should there be any change in the procedure for charging services, they would be accommodated. FAO will always remain within the authorized financial ceiling approved by its Governing Bodies.

See comment 12.

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**"MANY PROJECTS ARE NOT FOLLOWED UP AND MOST DO NOT  
HAVE CATALYTIC EFFECTS"**

The GAO report states that

*"FAO does not systematically track either the follow-up or catalytic effect of TCP projects" and that*

*"records at FAO Headquarters contained no information from any source about follow-up or catalytic activity for 75 percent of the completed projects in our sample"*

In this connection FAO wishes to point out that

1. TCP project documents include provision for follow-up activities. Project agreements constitute formal commitments and FAO assumes that they will be respected.
2. Implementation of TCP project recommendations is monitored by FAO technical divisions, which are in frequent contact with technical counterparts in Ministries and are generally aware whether recommendations have been followed-up or not.
3. On completion of project activities, a terminal statement is submitted to the recipient Government summarizing the conclusions and recommendations of the project. The submission letter requests specifically the government to inform FAO about the actions it intends to take pursuant to the project recommendations.

In spite of these provisions and the existence of monitoring mechanisms, as will be seen from the comments to Chapter Four, the FAO recognizes that this is an area in which improvements would be required. However, there are objective constraints to an effective implementation of such improvements, basically of two types:

1. In view of the large number of TCP projects that are approved and implemented each biennium and the relatively low average budget values, a thorough monitoring system would entail considerable additional expenditure which may not be fully commensurate with the benefits that could be derived from such system.

See comment 38.

See comment 39.



2. GAO seems to overestimate, in this and other parts of the report, the capacity of the FAO to influence the implementation of follow-up measures which are, in effect, the responsibility of sovereign governments.

The constraints developing country governments face should also be taken into account. Many recipient countries, and in particular LDCs, have severe administrative weaknesses and financial limitations.

Finally, it should be noted that the ten-month time span considered by GAO appears too short in order to assess follow-up results since the decision-making process for the allocation of resources is, in most national administrations, extremely lengthy and laborious. When follow-up depends on an international funding institution, it may also take several years before a final decision is taken.

"Follow-Up"

GAO fails to report that a 70% follow-up rate in development projects is extremely satisfactory, particularly considering that not all project activities, particularly in the emergency category, call for follow-up action.

GAO cites nine cases that are typical for technical cooperation activities in many developing countries. The described situation in the last three cases which seem not to have performed well are quite typical and well-known to anybody involved in development cooperation and they are deplorable.

As regards the examples of projects that were not adequately followed up in their sample, it should be noted

1. that the identification of training for training projects is the responsibility of the governments.
2. Policy formulation projects tend to be of a sensitive and political nature. Their results may be treated by governments as confidential until they are formally adopted.
3. governments are sovereign and can accept and implement or reject advice, independent from the technical validity of the advice.

See comment 40.

See comment 41.

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***"Catalytic Effect"***

The GAO

***"considered that a project had a catalytic effect if it generated additional funding from any source external to the government or from the government itself."***

The definition of catalytic effect by GAO, i.e. generating additional funding, is excessively narrow. For TCP the notion of catalytic effect should be extended to a number of other circumstances, such as:

- modification of national legislation that may substantially improve the performance of the agriculture sector and also lead to increased allocation of resources;
- creation/strengthening of institutions or services (food laboratory, pest control, plant quarantine etc.) that reduce future damage and limit, stop or prevent further decline of resources available to the agricultural sector;
- policy studies may also recommend non-action in order to prevent detrimental effects to the rural sector - this type of indirect influence, although important, is not taken into account in GAO's narrow definition .

Despite this restrictive definition, GAO recognizes that Governments used the results of most projects and this in itself is a catalytic effect. Furthermore, it acknowledges that it had attracted further additional investment from national or international sources in 40% of the cases. This can be considered a remarkable percentage by any standard of technical cooperation.

See comment 14.

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"CHAPTER 3"

"MOST TCP ACTIVITIES COULD BE PROGRAMMED IN ADVANCE"

The title of this Chapter reflects the main conclusion of the report. In the view of the FAO the arguments that lead up to this conclusion, as described in the previous chapter, arise from a partial consideration of the TCP criteria and a questionable interpretation of what constitutes goals, criteria, characteristics and categories of TCP.

Over five thousand TCP projects have been implemented since the programme was established. It would be presumptuous to maintain that none of the vast number of activities carried out through these projects could have been programmed in advance. A discussion as to whether, seen in retrospect, a few, some or many of these activities would have been programmable would be futile and inconclusive.

However, the question is not one of number or even nature of projects. The report rightly points out that one category of TCP projects, i.e. emergency ones, meet more closely the requirement for non-programmable assistance than the other categories (advisory services, training etc...). This is beyond dispute and it can be assumed that if the Governing Bodies had desired to establish a programme in line with the "urgent and unforeseen" condition alone, they would have limited the scope of TCP to emergency interventions.

The question, as perceived by the FAO, is whether the needs of member countries for assistance from TCP would be met in a more efficient and cost effective manner through advanced programming. This question is not addressed in the report.

"MOST TCP ACTIVITIES CAN BE PROGRAMMED"

"FAO programmed activities are like those undertaken by TCP."

The different reviews and evaluations of TCP by the FAO Governing Bodies did not question the inclusion of training, advisory services and investment among the categories of TCP projects. Each request has to meet the established criteria before it is approved. It is an accepted practice, however, that not all criteria need to be met for all projects.

See comment 8.

See comment 42.

See comment 8.

See comment 8.

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Evidently, there are activities in these three categories that can be planned in advance but these activities would normally not be eligible for TCP funding. On the other hand, there are many examples where activities in the field of investment, training and in particular of advisory services, are of a very short-term nature that are meant to satisfy unexpected needs and demands of governments requesting external assistance. Submitting this type of projects to a lengthy programming and implementation cycle of 12 to 36 months would basically eliminate this type of assistance.

The report states that "*The other regular budget activities may not be distinct field projects like those of TCP, but they show that the needs are foreseen and actions to address them can be programmed*" and provides several examples in support of this theory.

See comment 16.

The fact that the same type of activities are undertaken by the Regular Programme and by the TCP cannot be used as argument against the necessity of a programme with the characteristics of the TCP. A comparison of activities based on titles alone may however be misleading. For example, training under TCP will focus essentially on producers (farmers, fishermen), training of trainers and extension agents, carried out mostly in the country during short sessions, or during short study tours, and geared at one single theme while other training activities of FAO cover a much wider range of activities such as academic training, fellowships abroad, and address fields which are not necessarily related to an immediate input.

See comment 32.

The conclusion is drawn that "*FAO's budgeting process can accommodate programming and anticipated member states requests*" disregards the fact that all FAO activities are undertaken at government request. However, there is a basic difference between the requirements under the Regular Programme and the possibilities under the TCP. The Regular Programme activities do respond to expressed needs, but these are needs as expressed by a number of member countries, over a period of time, met through activities which are programmed well in advance and can benefit a number of countries facing a similar problem. The difference with the assistance from the TCP is that it meets an urgent need which could not be foreseen, is accorded high priority by the requesting government, deals with a specific problem, and cannot be met by any other source of technical cooperation in a timely manner. The Regular Programme would not normally be in a position to provide essential items such as equipment and supplies and recruit national consultants on a broader scale.

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*"Other U.N. Organizations Program Technical Cooperation Funds"*

It is impossible to comment on the practices of other Organizations if their programmes are not submitted to a comparable review. The advantages and disadvantages of their Technical Cooperation Programmes as compared to FAO's TCP could only be assessed on the basis of a separate study.

*"CURRENT FAO PROGRAMMING IS NOT LENGTHY, DETAILED OR INFLEXIBLE"*

The contention that FAO's programming process is shorter than stated by the FAO is incorrect. The programming process, in an activity such as TCP, cannot be calculated to cover only until the start of the biennium, as the report does, but until its completion two years later, since TCP requests can be made at any time in those two years. In these circumstances the programming process would take 42 months instead of the 18 months ascertained by GAO.

The date of submission of an item for inclusion in the programming process does not indicate anything about the date of implementation. The date of implementation may be on the first day of the biennium or 24 months later, on the last day. In these conditions, how could FAO respond to an urgent request by a government for advice in an area that has not beforehand been subject of lengthy intergovernmental consultations? For example, a government may need urgent and impartial technical advice during its negotiations on Structural Adjustment Programme with the financing institutions.

As stated in the Introduction the issue is not so much whether programming of field activities is at all feasible but rather whether any advantages would accrue to the beneficiaries of these projects in terms of added efficiency or to the FAO in terms of cost effectiveness.

*"PROGRAMMING WOULD INCREASE GOVERNING BODY INFLUENCE OVER TCP"*

It is inherent in the GAO proposal to increase Governing Body oversight and influence over TCP. Such a proposal would however have its cost in terms of flexibility, response and cost of operating the programme. Furthermore, the GAO study does not refer to the arrangements for field programme

See comment 43.

See comment 44.

**Appendix V  
Comments From the Food and Agriculture  
Organization of the United Nations**

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monitoring and supervision by the governing bodies which have been implemented after the 1989 Review of Certain Aspects of FAO's Goals and Operations. Considering that the TCP constitutes less than 10% of FAO's field programme volume it can be assumed that the monitoring arrangements that the Governing Bodies consider adequate for the programme as a whole can also be sufficient for a relatively modest part of it.

See comment 16.

Similarly, the advantages in a closer relationship of TCP with other regular budget resources are unclear since, for all practical purposes, this integration is already achieved. Regular Programme and Field Programme are conceptually considered as two mutually supporting sides of one single programme. The implementation of the regular and field programmes is now reviewed simultaneously to ensure their unity of conception and close inter-change.

While the field programme undoubtedly benefits from the interaction of issues and ideas which is reflected in the Regular Programme Work of the FAO, field operations provide the necessary feed back of experience and ideas emanating from practical, day-to-day experience in agricultural development work. Field and Regular programme work constitute an inseparable whole and advance programming of field projects would not add anything to their unity.

Member countries have reacted negatively to geographic programming, even those who would undoubtedly have received a higher share, as they know by experience that an indicative country allocation adequately covers medium-term and long-term development requirements, as in the case of UNDP, but cannot cope with unexpected situations. They are also conscious, as is FAO, that TCP resources are only a fraction of the total international and bilateral assistance granted to each of them and cannot pretend to establish a balance by themselves. Last but not least, they are conscious that one of the main factors of TCP success is that it adapts flexibly to their needs as they arise.

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**CHAPTER 4**

**"SOME PROGRAM AND FINANCIAL MANAGEMENT PRACTICES  
ARE WEAK"**

The contents of this chapter contain numerous errors which misrepresent the realities as more fully explained at some length below. In fact, it will be seen that so many statements are misleading or untrue that when they are taken together in their entirety and presented in a sensational tone they constitute a disinformation on the FAO's work. Certain statements in this chapter are based on the examination of a limited and, therefore, questionable statistical sample of TCP projects. It is highlighted that more than 450 TCP projects in 117 countries were in progress at some time or other of the review period. However, only 85 projects are reported to have been selected on a statistical basis for review by the GAO. For the remaining projects reviewed discussions were held with government officials and just 20 project sites were visited in seven countries. A sample of this size may not be adequate to perform formal statistical analyses on the several characteristics being assessed. It is noted that no results of such analyses are presented in the report.

**"REAL GROWTH OF TCP ALLOCATION HAS BEEN MINIMAL"**

The methodology employed by the GAO is not the one endorsed by FAO's Governing Bodies and applied by FAO. The allocation for the TCP as a percentage of approved programmes of work in recent biennia has declined, as documented in table 1.2, Chapter 1. The declining share has been of major concern to the vast majority of Member Nations who seek a substantial increase in the TCP allocation, as evidenced by Conference Resolution 9/89 and the reports of other Governing Body meetings reproduced in Annex II.

See comment 45.

See comment 46.

See comment 10.

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**"PROJECT IMPLEMENTATION SLOWED BY HEADQUARTERS  
PROCUREMENT DELAYS"**

**"Procurement of Consultants"**

It is recognized that the planned starting date of projects are target dates for planning purposes which may need to be rephased for a number of reasons, some of which are outside FAO's direct control, such as:

- the requirement of most governments to have consultants cleared before their fielding;
- the unavailability of consultants in very specialized fields at short notice and at the rates offered by the U.N. system;
- temporary and unpredictable lack of counterpart support for political or security reasons in the recipient countries.

However, it should be noted that the delays of real relevance are those between the official request, the date of signature of the project agreement, and the actual starting of field operations. The full review of the TCP projects for the period 1988 to 1993 shows that the average time-lag between approval date and starting of field operations ranges from 31 (1992/93) to 103 days (1988/89) for non-emergency projects, and 12 (1992/93) to 42 days (1986/87) for emergency projects. This seems to be a reasonable performance.

The conclusion of the GAO that

*"FAO Headquarters has difficulty hiring and deploying consultants on a timely basis"*

See comment 17.

is not supported by competent relevant evidence despite the Government Auditing Standards requirement in this connection. The only statement made by the GAO in support of their theory is the unrelated hypothesis that the first consultants began work an average of 5 months after the projects' originally planned start dates. This is not the relevant comparison. In order to determine the speed of consultants' recruitment one should calculate the time required for recruitment, i.e. from the date the recruitment is initiated to the date the offer is sent to the consultant. There is no discussion in the report or evidence actually being put forward on the difficulties of hiring and deploying. Instead it is implied that if consultants happened to start after the originally planned project start dates then there must be difficulties in hiring and deploying.



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There can be many reasons why a consultant is hired after the originally planned project start date e.g. that date could change or perhaps the operational circumstances did not necessitate the consultant's presence until a certain time etc.

According to FAO's calculations in connection with the sample TCP projects referred to in the report, an average of 10.7 calendar days was required for the recruitment of the first consultant and 10.3 calendar days for consultants under Reimbursable Loan Modality. This is an excellent performance.

Technical cooperation projects have specific objectives to achieve, which require inputs such as personnel and equipment etc. Every project has a workplan which is part of the document. The workplan is discussed during the first Project Task Force meeting where the timing of inputs such as consultants and equipment, technical backstopping visits by HQ staff and other implementation arrangements are agreed upon. **The Consultants are fielded when needed.** Depending on the type of project activities, this may happen any time during the life span of the project.

The FAO has different rules for recruiting staff and consultants. While FAO systematically ensures that ex-employees are not re-recruited for regular employment, the same requirement does not, and should not, apply for consultants. If a consultant has proved his/her worth he/she is recruited and should be recruited for consultancies. It is clear that there are some areas of specialization which require such complex profiles that rosters only come up with one or two names. FAO's needs are so particular at times that it is not only inevitable but indeed advisable that the same consultant is used more than once. The fact that consultants are selected based on FAO's knowledge of people working in given areas is quite normal. A proven track record is in itself a plus for the employment of consultants. This makes good sense.

All TCP experts are appointed after a selection process. Most TCP consultants selected belong to the FAO rosters. FAO has very thorough procedures and selection processes for recruiting personnel for the field programme, including TCP: e.g. all long term experts are subject to selection panels chaired by Division Directors and Regional Service Chiefs, depending on the case, and consultants are subject to roster search.

A proper and more balanced disclosure of the facts would have revealed that in the relevant disciplines the proportion of available female candidates with relevant degrees and experience is often very small, both inside and outside the USA. Furthermore, the proportion of qualified females who are interested in working in certain parts of the developing World is also small.

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See comment 17.

See comment 47.

See comment 48.

Appendix V  
Comments From the Food and Agriculture  
Organization of the United Nations

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Had the auditors ascertained and reported on FAO's recruitment procedures, it would also be clear that there is no obligation in respect of gender and geographical distribution of consultants, nor of any field position whether short term or fixed term.

In summary a commonsense situation prevails in FAO where every effort is made to field the best possible consultant to carry out the required work while at the same time, and as far as this is possible, encouraging the recruitment of women and seeking consultants from a broad range of nationalities. However, no hard and fast directives exist because of the very nature of the countries in which FAO operates through the TCP and the fact that not all consultants are prepared to work under the extreme conditions prevailing in some of the locations where such assignments are necessary.

Finally, as far as the report's inference on gender discrimination and the use of a restricted group are concerned, it should be borne in mind that TCP constitutes a small fraction of the overall employment of staff throughout the FAO. To look at TCP consultants in the light of two selection criteria only is to obtain a distorted picture of the whole.

Procedures for the evaluation of consultants (depending on the nature of their consultancy) exist and are implemented:

1. All RLA consultants are evaluated every time on a systematic basis.
2. All consultants are evaluated on their first mission. The FAO is in the process of developing a standardized form for the evaluation of consultants to be used throughout.

The statement of GAO that "*FAO relies on general reputation*" or "*word of mouth to ensure that a poor performer will not be rehired.*" is not correct. A consultant who performs badly is identified and is flagged in the roster with a precise annotation and a written note is placed on his/her file to the effect that he/she should not be re-hired. Further, every consultant is subject to producing a comprehensive technical mission report at the end of his/her assignment. Consultants not being able to produce adequate reports are flagged and not re-recruited. Similarly the Project Task Forces which are a forum where project implementation is discussed also discuss the type of expertise required including known qualified individuals.

See comment 49.

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***"Procurement of Equipment and Supplies"***

FAO is concerned if there are delays in the procurement and delivery of equipment and supplies for field projects; the Organization has therefore taken steps to improve in particular the procurement situation through decentralization of procurement action to field offices and the centralization of Headquarters procurement in the Administrative Services Division, and continues to work aggressively towards further streamlining. It should however be noted that there are many factors which account for the period from the initiation of a project to when orders are placed and when the delivery takes place to the project site:

1. Orders must be placed so that the project inputs are delivered when they are needed.
2. Procurement of equipment is usually linked to the recruitment and arrival of consultants in the field, as it is them who have to ensure that the required specifications are compatible with the situation in the specific recipient country. Procurement can and should therefore not take place before the arrival of the consultant in the field. Normally, consultants will require 2-3 weeks of field surveys before they submit their equipment list that also needs to be agreed upon by the recipient governments.
3. The necessity for close and continuous communication with recipient government authorities. This necessity stems from the need to ensure that the equipment and supplies selected conform to the local condition and recipient government requirements and that adequate training and servicing is available for the equipment to be fully utilized locally. Technical cooperation is not a simple question of purchasing and delivering goods in a foreign location as soon as possible.
4. The necessity to protect Member Nations' funds by using procedures for international competitive bidding and impartial evaluation of bids. Although these procedures take some time, the overall concern of the FAO is to ensure that the right goods are delivered to the right place at the right time.

Turning to the question of the delivery of the selected equipment and supplies to the recipient developing countries, it must be noted that such countries are more often than not distant from the major industrialized sources. Therefore, quite apart from the time needed for the supplier to make the goods available, there will be frequently long sea and overland

See comment 17.

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transport times usually through areas lacking in security and with violent climatic changes, poor telecommunications, harbour and airport cargo handling equipment and a lack of a transport infrastructure both in terms of rail, road and air cargo facilities. Also, many projects sites are located far from the capital cities of the recipient nation and trans-shipment of goods with all the attendant risks of damage and loss contribute to the time spent in the procurement process.

**"FIELD PURCHASES OFTEN DO NOT COMPLY WITH  
REQUIREMENTS FOR COMPETITION"**

It is impossible to comment on this assertion since the report of the GAO does not disclose the specific projects it is referring to. On the other hand, it may be noted that the statement that

***"Since May 1981 FAO has required local purchases to be competitive"***

is inaccurate. This requirement has been in force since the birth of the FAO. Also, from the last sentence of the text it is clear that the auditors' finding is that in certain cases "the files contained no explanation for the lack of competition", which is a very different proposition from implying that the competitive bid requirements are not being followed.

**"PROJECT MONITORING IS LIMITED"**

As a matter of principle, FAO points out that a distinction has to be made between systems to ensure good management, and shortfalls which can arise in the implementation of the system, which are a function of the adequacy of resources dedicated, and also of factors inherent to the field of operation.

Systems to monitor implementation and performance of field project and input delivery do exist. Weaknesses in project operations can be found irrespective of the merits of a monitoring system. This is because the very decentralized nature of technical cooperation activities involves many decision makers, who do not operate under one single authority and have often to make decisions in remote places without being able to refer to

See comment 51.

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FAO headquarters or their governments due to recurrent communication problems.

All TCP project documents contain a mandatory section entitled "Work Plan" (Chapter III) which outlines the sequence of project activities which have been agreed upon in order to achieve the project's objectives. Due to the relative short duration of most TCP projects, these workplans are held flexible and not formally updated unless major deviations are required. If required however, modifications to established workplans are the subject of formal Task Force meetings that are described below and the modifications are recorded the project files. Each TCP project could have been the subject, during its lifetime, of at least 2-3 meetings at FAO headquarters.

Project implementation is supported by technical consultants who have individual Terms of Reference which include a schedule of tasks to be performed. The implementation of the Work Plan and of the Terms of Reference are monitored at Headquarters by the technical and operational division, and in the field by the Government counterpart agency and the FAO Representative. In the more complex projects an allocation for technical backstopping is included that involves visits by the technical officer concerned to the project site. Each visit results in a comprehensive mission report which is on the project files. Each project is subject to the mandatory visit of its Operating Officer during one of his/her routine monitoring visits to the countries; however, there may be cases when a CPO does not visit all assigned countries every year.

The FAO Representatives monitor the implementation of the projects and alerts FAO headquarters in case of any event that might indicate a deviation from established workplans. He is however not expected to involve himself in the day-to-day operational matters of field projects, as long as the indications are that the projects are implemented according to workplans and that the objectives are going to be achieved.

The statement that

*"the agency may not know, ... , that the ordered equipment is delivered in working order, installed, and used appropriately"*

is not correct. In fact, no order file is closed until confirmation has been received from the consignee that the goods have been received, installed and are in good working order. The FAO divisions concerned will always be informed about the functioning of equipment delivered under its field programme. In those cases, where suppliers have not honoured their contractual commitments and equipment is not in working order, FAO intercedes with the supplier to solve the problem, depending on the terms

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of the contract, and usually solutions are found to the benefit of the project (i.e. the recipient national institution) and the FAO.

FAO operating divisions are also normally aware of cases where equipment provided is not being used according to the terms of the project agreement and enter into negotiations with the national authorities concerned to rectify such situations based on the "General Provisions" that are attached to each project agreement and that clearly spell out the responsibilities of Governments and FAO in carrying out joint TCP projects.

FAO headquarters operating divisions are usually aware of the use and the conditions of equipment delivered under TCP project, at least during the active project implementation phase when the equipment is still on the formal inventories of the FAO. Monitoring the appropriate use and functioning of equipment after the formal transfer is impractical even though desirable.

The claim by the report that

*"there were ongoing and completed projects, particularly in more remote locations, that had never been visited by FAO staff"*

may be correct but is difficult to judge the validity of this statement since it is not known which projects the GAO is referring to and how it defines FAO HQs staff, consultants sent by HQs, national consultants hired by FAO locally, staff of the FAO Representation, staff of other field projects already operating in the country?

As a matter of principle, not every project needs to be visited by FAO technical staff. On the other hand, 85 % (in 1986/87) to 99 % (1992/93) of the projects have had a personnel component which includes experts, consultants or technical backstopping by FAO staff, whose function it is not only to implement the project but also to report on overall progress.

Guidelines for preparation of semi-annual reports to be prepared by the FAO Representatives were issued in September 1979. These guidelines are attached as annex to the Letter of Instructions for newly-appointed FAO Representatives. Even though some FAORs may not follow the format described in the guidelines, the information requested is generally provided in one form or another, often through correspondence, particularly if counterpart relations are concerned. Practically all the FAO Representative reports contain information on ongoing and pipeline projects. Implementation problems are signalled in these reports only when the achievement of the project in itself is at stake, otherwise such problems are communicated through routine or special correspondence.

See comment 52.

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The analysis about the allocation of *"staff resources to the field"* is erroneous. For 1992-93, according to the Programme of Work and Budget, total staff distribution is 72 percent at Headquarters and 28 percent in the field. The analysis of GAO appears to be based on Table IV/J "Summary All Funds" as contained in PWB 1992-93, Annex IV/11.

See comment 51.

The report calculates ratios between the field programmes per country visited and the *"program responsibilities of the offices"*. But again the definition of the term "FAO staff" should be clarified. As earlier stated, FAO staff in a given country may comprise the staff of the FAO Representation, including international officers, Associate Professional Officers and local staff, project staff (both international and national), visiting HQs staff, and consultants (again international and national).

It may be noted that with the new emphasis being placed on national execution project execution and management is becoming more and more a national responsibility.

Thus there is not necessarily a direct ratio which is relevant between the number of international staff working in an FAO Representation and the size of the programme under execution in the country. Regarding the monitoring functions, the FAO Representative is assisted by the national and international experts and CTA's. Looking at the examples cited, at present in Costa Rica the total staff working with and paid for by FAO is 16 while in Tanzania the total is 91 all of whom are available to the FAO Representative to assist him in one way or another in his programme monitoring role.

**"PROJECT IMPACT IS NOT EVALUATED"**

See comment 53.

The draft report recognizes the three evaluations of the TCP carried out at periodic intervals. However, TCP projects are also covered in a number of regular evaluations, e.g. evaluations of the Field Programme as a whole; evaluations of Special Action Programmes; programme evaluations covering the Regular and Field Programmes; and thematic evaluations which normally cover a period of about 10 years, including completed and ongoing projects, and are undertaken with funding agencies and national institutions. These evaluations assess the achievements and results of field projects, including TCP projects. For these reasons, it is factually incorrect to state that project impact is not evaluated. Field evaluations of individual TCP projects are rarely undertaken as the cost of an evaluation mission would represent a very significant additional overhead to the cost of the project (on average, between 20 percent and 30 percent of the cost).

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The report admits that the Technical Cooperation Programme has been evaluated but complains that these evaluations "*focused on the degree to which projects met program criteria, were efficiently implemented, produced their expected results, and generated follow-up and catalytic activity.*" But at the same time the report notes that these evaluations "*did not address the impact of TCP over a number of years in any given country, region, or program area*". It was the policy of the FAO to consider evaluation of TCP projects in the context of overall programme evaluations, rather than an evaluation limited to TCP assistance, which has a short-term focus.

FAO considers it more relevant to evaluate and assess its activities in specific programme areas, taking all sources of funding together. Thus, it is more relevant to assess the results and impact of assistance in the field of training in food standards, as an example, rather than trying to evaluate only that portion of these activities funded by the TCP. It should also be stressed that it makes little sense to try and assess the long-term impact of small individual TCP projects in isolation. Long-term impact can only be seen in the context of the overall assistance provided by FAO and others. For these reasons, the evaluations of the TCP, included in the previous TCP review exercises, have concentrated rather on the effectiveness of implementation and the achievement of the stated project objectives.



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**"PROJECT BUDGETS ARE NOT REVISED AND RETURN OF UNUSED FUNDS IS DELAYED"**

The statement that

*"project budgets are not revised in accordance with requirements,..."*

is based on erroneous assumptions and not supported by facts as demonstrated below. Apart from this, the actual practice in the use of the TCP appropriation is reported in detail to the Governing Bodies and has been reviewed by the External Auditors who have had no objection against FAO's management of TCP resources. In particular, the statement in the report that

*"FAO does not comply with its requirements to revise budgets downwards when expenditures are more than \$ 6,000 less than budgets..."*

is factually incorrect since there is no formal requirements to issue a revision in case of under-expenditure.

Scheduled end dates (NTE), operational closure and financial closure can differ. TCP projects are implemented in developing countries with national institutions or rural producers as major partner. The timely delivery of inputs, e.g. consultants or specialized equipment depend often on factors beyond direct control of FAO. Due to these factors, factual end days can differ from scheduled end dates. It is normal that Operational Closure and the Financial Closure dates differ, depending on the nature of the project, as returns may arrive only after some delay if commitments have been made in the field or with suppliers on another continent. It would be imprudent to financially close projects too promptly as otherwise there would be the risk of returns still arriving without proper accounting.

In case of over-expenditure exceeding the authorized flexibility limit of US\$ 6,000, technical and operating divisions are obliged to issue a budget revision with full justification for the revision. This approach is followed to reduce the number of unnecessary revisions given the relatively operational short life of the majority of TCP projects.

Subsequently the report notes that *"none of the project budgets ... was revised downward ... although other project budgets were revised upward"*, and implies a judgement that the performance is in some way unsatisfactory whereas FAO generally considers that the results shown represent a reasonable performance. The comment that 80% of

See comment 54.

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operationally closed projects had not obligated all of their funds is noted. The FAO cannot see a problem with this result.

See comment 55.

The reference to 14 projects underspending by more than US\$ 6 000 would be put into better perspective if the overall underspending was stated as a percentage of the approved project budget.

The report criticises FAO for not quickly surrendering uncommitted funds after termination of activities of the projects concerned. The report alludes to the difference between the scheduled end date of the project and the actual date that the unspent balance was released. The scheduled end date of a project relates to its operational closure and not its financial closure. The latter occurs when all commitments have been settled and when the responsible operating unit declares that there will be no further expenditures incurred against the project budget. Given that there can be considerable delays in settling certain types of commitment and further that much of the expenditure is incurred in the field, operating units are cautious in certifying that no further expenditures will be incurred.

The GAO comments that FAO left 13.5 % of the underspent amount available for future commitments on closed projects. It is not clear what point is being made. Does the GAO suggest that an operating unit Certifying Officer, who believes that there are further commitments, should not set aside funds to cover them? The use of the term "underspend" in this situation is misleading - the funds were "unspent" but were to be spent.

See comment 56.

In addition to the misleading use of the term "underspending" the statement on its own confuses allocations under project agreements with the delivery (expenditure plus commitment) of project inputs.

**"HALF THE TCP ALLOCATION IS CARRIED OVER TO THE NEXT BIENNIUM"**

See comment 57.

The GAO states that one half of the appropriation was not obligated or spent in the biennium of appropriation. Despite having been provided clear data on the subject, the GAO fails to even mention that the figures for amounts committed do not include the amount that has been earmarked for approved projects with agreements signed by FAO and the beneficiary governments. While not constituting a financial obligation, from an accounting point of view, and not thus recorded in the accounts of the FAO, they nonetheless constitute binding agreements for FAO to provide the technical assistance specified in the project document; the funds cannot be used for any other purpose.

Appendix V  
 Comments From the Food and Agriculture  
 Organization of the United Nations

See comment 20.

During each biennium the full appropriation for TCP is either expended (about one half) or is earmarked for approved projects for each of which there is a signed agreement with the Government concerned. The reason for this is that delivery of inputs for projects that have been approved during one biennium are either delivered during the current or subsequent biennium.

For example, a project that has been approved at the end of the biennium (e.g. December 1991), and has a scheduled duration of 12 months, would show expenditure (i.e. delivery in the U.N. terminology) of 92 % in the subsequent biennium and only 8 % during the biennium of approval. Otherwise, the project would have to be closed after one month, on 31 December, and a new project would have to be approved as of 1 January. The consequence would be an increase of bureaucracy which would be detrimental to the field operations and not improve oversight.

This practice was established from the outset and was the basis for the decision of the FAO Conference to amend the Financial Regulations accordingly.

*"The high percentage of carry over" is misinterpreted and therefore the argument that this "raises questions about FAO's management of TCP funds" is not valid.*

There is also no material connection between the "underspending" and the amounts carried over at the end of each biennium as defined in table 4.6. in the report. This table is revised below to reflect the actual amount carried forward for new projects:

	1986-87	1988-89	1990-91	Average
Available Carry-Over (US\$ 000)	2,482	1,304	4,880	2,889
% of TCP	4.0 %	2.1 %	7.2 %	4.5 %

In failing to draw this information to the attention of the reader the report is seriously misleading.

Views similar to those of the GAO on carry-over have been expressed by the U.S. in the Governing bodies of FAO but have been not been accepted by the vast majority of member nations. The last point that "it makes it difficult for member states to track the status of TCP funds" is not understood as separate reports are provided for each biennium showing the

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status of these funds.

**"CURRENT PROJECTS ARE CHARGED TO PREVIOUS TCP  
APPROPRIATIONS"**

See comment 21.

The form of the analysis in this section is not acceptable. The GAO criticises and gives its own interpretation on a management practice which has been examined by FAO's External Auditor, referred to FAO Governing Bodies and decided upon by these Governing Bodies. Accordingly, it would be more logical for the report to start by stating what the established and approved practice is and then to provide any comment that the GAO may wish to make.

**"FAO REPORTS ON HOW CARRY-OVER WILL BE USED ARE  
UNRELIABLE"**

See comment 58.

This section is based on an erroneous analysis. The funds carried over and their eventual use form part of the accounts of the FAO which are audited by the External Auditor, reviewed by the Finance Committee and the Council, and approved by the FAO Conference of all Member Nations. The statement raised in the report have not been the subject of questioning by the External Auditor or by the Governing Bodies. The analysis would appear rather to reflect a mis-understanding of certain facts, i.e. that project budgets can rarely, if ever, correspond to the dollar of final expenditure. Thus, for every project, whether under TCP or any other funding, whether in FAO or in any other organization, there are and will be projects with some amount underspent or some additional amount required.

**"MANY RECOMMENDED CORRECTIVE ACTIONS HAVE NOT BEEN  
TAKEN"**

See comment 59.

The consolidation of Headquarters bidding processes was a matter which was under implementation at the time of the GAO visit and this information was available for the asking. It is inexplicable that a review on the follow-up of recommended actions failed to note that a major step in this process (the transfer of equipment support units to the Central Purchasing Branch) had taken place and that bulk buying for certain products with sufficient and recurring demand is now being introduced.

Appendix V  
Comments From the Food and Agriculture  
Organization of the United Nations

The guidelines to provide field officers with more guidance on potential suppliers and the use of competitive procurement were issued in 1992 and were available to the GAO upon request.

The report refers to recommendations made in 1985 and 1989 in connection with "increasing the use of experts and suppliers from the project country". If the percentage increase in the recruitment of nationals is any indicator in the implementation of this recommendation, then one can emphatically state that this recommendation was indeed implemented and the trend in the use of National Project Personnel is constantly increasing.

As regards the comments re. "Delegating more authority and resources to field offices", - while further measures are under consideration regarding the delegation of authority to the field, certain authority such as recruitment of national consultants and experts by FAO Representatives up to 4 months already exists.

The statement that FAO has not followed the recommendations to prepare a monitoring plan in project agreements is not correct. Each project agreement includes a workplan that is prepared by the technical divisions.

Following the recommendation of the External Auditor, the Evaluation Service was indeed strengthened in the Programme of Work and Budget 1990-91, with the inclusion of a P-5 post of Senior Evaluation Officer. Further strengthening of the Evaluation Service has been considered, but has not been possible because of the budgetary limitations insisted upon by a few Member Nations.

The criticism that the Director-General "was silent on" some of "the recommendations" of the 1985 evaluation is unwarranted. The Director General's said silence on the recommendation "to ascertain the availability of equipment and supplies before approving projects" arose because this is covered by the Director General's authorization of another recommendation that the procurement process begin before project approval. In fact, it is apparent that one can not begin the procurement process without ascertaining the availability of equipment and supplies first.

The report at the end correctly notes that "while some member states, including the U.S., have requested management improvements in addition to those pledged by the Director General" the "overwhelming majority of governing body members endorsed the Director-General's proposed actions" but notes that "they have not requested either continuing information on their implementation or action on the recommendations he ignored". On the other hand it is also noted that "the 'large majority' of

See comment 60.

See comment 51.

See comment 60.

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**Appendix V  
Comments From the Food and Agriculture  
Organization of the United Nations**

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***Conference members stated their conviction that TCP was adequately managed and monitored". As already indicated earlier, the Director-General responds to his Governing Bodies. Where these Governing Bodies have expressed their satisfaction, any criticism by the GAO would appear to be a criticism of the Governing Bodies.***

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The following are GAO's comments on the Food and Agriculture Organization's letter dated September 7, 1993.

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## GAO Comments

1. Due to their length (33 pages), we did not reprint the extracts from FAO governing body reports. The extracts, which extend from 1976 through 1993, generally compliment the Secretariat's management of TCP. This is consistent with comments made to us by government officials during our field visits. Recipient governments' views on the projects have been included in the text of the report.
2. Our report focuses on FAO's compliance with the criteria established by the Secretariat and the governing bodies for TCP and the Secretariat's management of the program—our key review objectives. It was not our objective to evaluate the inherent worth or impact of TCP projects, and, indeed, such an evaluation cannot be done because FAO has not established measurable impact objectives for TCP projects. Nevertheless, to the extent that information on project outputs and results was available and relevant, we modified the text of our report to more fully elaborate on the positive benefits recipient governments said they received from TCP projects.
3. Providing congressional requesters with a briefing on our preliminary findings is a vital communication tool that we use to keep requesters well-informed of the status and progress of assignments.
4. Our work was performed in accordance with generally accepted government auditing standards. We had a qualified staff that exercised due professional care and organizational independence from FAO. Our evidence is sufficient to lead a reasonable person to the same positions we have taken. In many cases, we compared FAO's compliance with its own pre-established criteria. Our findings are based primarily on documentary evidence, such as project files and analysis of computer data bases, and are corroborated by interviews with key officials. Many of our findings merely revalidated problems identified in reports by others. Our methodology was spelled out in detail in the draft. Quality controls checks were implemented, and the fact that we sought FAO's comments and either modified our report where appropriate or indicated our reasons for disagreeing with the comments is another indication that we followed generally accepted government auditing standards.
5. What the reporting standard states is that:

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“The report should contain conclusions when called for by the audit objectives. Conclusions should be specified and not left to be inferred by readers. The report should not be written on the basis that a bare recital of facts makes the conclusions inescapable.”

Both our draft and final report contain specific conclusions based on the facts presented, and nothing was left to be inferred by readers.

6. To determine whether FAO followed its criteria in approving TCP projects and managed the projects effectively, we analyzed 85 randomly selected projects, and our draft report defined the parameters of the universe from which the sample was drawn. The results of our analysis of the sample projects do not differ from the results provided in FAO's comments on TCP's full operations, except in those instances where FAO redefined the subject or included a different time frame. For example, FAO said that based on an analysis of all projects since 1986, projects start more quickly than we report; however, FAO defined the start date as the officially recorded project start date rather than the actual start in the field, which we found was not accurately reflected in official dates. We provided FAO with the list of 85 sample projects we reviewed at headquarters before we began the file review, and FAO provided the files to us. Similarly, before we undertook our trips to the eight countries, we provided FAO with the list of projects we would review in each country; again, FAO field staff made the project files available to us and helped to arrange interviews with the government officials responsible for the projects. The projects we reviewed were listed in appendixes I and II of the draft report. It should also be noted that FAO raised no objection or concern about our selection during the course of our review.

7. The FAO Secretariat is correct that the TCP criteria have been adopted and confirmed by FAO's governing bodies; however, it should also be noted that FAO's program of work specifically assured the governing bodies that TCP criteria are strictly enforced for each project. As our report clearly demonstrates, this has not been the case.

8. Although FAO's comments assert that projects do not have to meet all the criteria listed in the guidelines, FAO's 1992-93 program of work and budget proposed to the governing bodies states that “resources are allocated strictly in accordance with the criteria established for the approval of TCP projects.” Neither the report to the governing bodies nor the guidelines approved by the governing bodies state that some criteria may be selectively dismissed.



9. Our report states that "most" nonemergency projects did not respond to urgent or unforeseen needs. Although FAO maintains that this point has not been raised in any previous TCP evaluations, we found that it was raised by FAO consultants in 1985 and by the U.S. representatives at governing body meetings in 1991. We have added this information to chapter 2 of our final report. Since our draft report recognized that a small proportion of nonemergency TCP projects met urgent or unforeseen needs, we recommended that a portion of TCP remain unprogrammed to meet emergencies and other urgent and unforeseen needs. Our recommendation is consistent with the Director General's 1991 proposal to the governing bodies that approximately 75 percent of the TCP allocation be programmed by country, which the governing bodies did not accept.

10. As explained in the report, our analysis of project files and FAO data bases on consultants, equipment, and supplies demonstrated that FAO's project start dates did not reflect the actual time when projects got underway in the field. FAO acknowledged this fact in its comment that "the planned starting date of projects are target dates." Therefore, the project start dates cannot be used to measure the time that lapsed between government requests and the actual start of field activity. Similarly, recorded end dates did not reflect the dates when activity ended in the field, even allowing for the grace periods. The statement in our draft report that "these figures do not capture the time spent developing certain projects before the request is officially submitted to FAO" is simply a fact and provides further information about the time that elapses before FAO commences field activities on projects.

11. We reported that FAO defined project duration as the duration of field activities. We also reported that FAO's definition is not specified in the TCP criterion adopted by the governing bodies and does not include many project activities. Contrary to the Director General's assertion, the same practice is not followed by all other programs of technical cooperation. Our final report includes a comparison of FAO's definition with those adopted by some other development agencies. We believe it is important to note that if FAO adopted a definition of duration that reflected actual project activities, many projects would exceed the limit.

12. Our report states that the project budgets we reviewed did not exceed the established limit of \$400,000. The report also points out that (1) the criterion established by FAO requires that project "costs" not exceed this limit, (2) FAO does not include all project costs in project budgets, and (3) if FAO did include all its costs, a small number of budgets would have

exceeded the maximum. This factual presentation, which FAO did not dispute, is not an “unfounded criticism.”

13. Since FAO does not adequately follow up on projects, we did a test check in selected countries. FAO has no information in its files to challenge our assessment.

14. The draft report did not narrowly define the projects’ benefits. We presented information on both the use of project results and the generation of additional funds in line with FAO’s own use of the terms. We characterized the former as follow-up and the latter as a catalytic effect. To avoid any possible confusion, we have modified the final report.

15. Programming a certain portion of TCP would not alter the program; it would simply provide the governing bodies with more control. It would not change the demand-driven approach to the program.

16. FAO misinterpreted our conclusion that TCP meets similar needs to those met by the rest of FAO’s regular budget as implying that there is no necessity for a program with the characteristics of TCP—that is, for field projects requested by individual governments—to be funded from the regular budget. As explicitly indicated in our recommendations, this is not our view. Also, our conclusion does not imply that TCP activities are exactly the same as those funded by the rest of the regular budget. Our conclusion is that TCP responds to needs that are also addressed through the regular budget, and if responses to those needs can be programmed for some regular budget activities, they can also be programmed for TCP. This would benefit both the governing bodies and FAO’s planning process as a whole. Although FAO maintains that there is no need for greater coordination between regular and extrabudgetary activities, this was not the conclusion of the Conference-selected team that reviewed TCP in 1989, and it has not been the position articulated by the United States and some other members at governing body meetings.

17. The Director General’s statement that project inputs (consultants, equipment, and supplies) are fielded when needed is not supported by the information in FAO’s project files. The files contain documentary evidence of delays in project implementation caused by difficulties in hiring and deploying consultants and delivering equipment and supplies within the original project time frames. We have added additional evidence of this to the report text. Also, FAO’s comments on the time it takes to recruit consultants do not respond to the findings and conclusions we presented.

FAO analyzes the time between initiating recruitment and making an offer to a consultant; we analyzed the time it takes for consultants to actually begin work on the projects. Just because FAO makes an offer to a consultant, it does not necessarily follow that the consultant accepts the offer or, if he accepts, that he is available to begin work within the original project time frame.

18. We did not criticize the Secretariat for not implementing evaluator and auditor recommendations that had not been approved or accepted by the governing bodies. However, the Secretariat should be held accountable for not actually implementing some of the actions it told the governing bodies it would take, such as, delegating project approval authority up to a specified dollar limit to the heads of FAO field offices and including information on project follow-up in field office reports. We also reported that the governing body majority did not (1) require information on the implementation of pledged actions on the TCP or (2) review those pledged actions to determine if the Secretariat was dealing with all of the weaknesses identified in the auditor and evaluator reports. We believe that these are weaknesses of governance.

19. FAO does not specifically defend its practices of waiting for an average of 12 and 19 months after a project's end date to release unused project funds. These delays in releasing unused (unspent and unobligated) funds cannot be justified, even in terms of FAO's own requirements. Also, after it released funds, FAO still left some amount available for the projects—even for those projects it had financially closed. The amounts left available were not recorded as necessary to meet any unpaid obligation or commitment in FAO's financial records. Therefore, such amounts in essence create a reservoir of funds for use by the Director General on unspecified and unknown future commitments. This seems inappropriate at a time when the Director General acknowledges that current demands for TCP assistance largely exceed the resources available.

20. FAO does not justify the need to carryover half of the TCP appropriation, which was the focus of our finding. Also, the fact that FAO cannot obligate the full appropriation in the biennium suggests either that the appropriation is greater than the need or that FAO's management of the funds should be improved.

21. The governing bodies' heretofore willingness to allow this practice to continue does not make it a sound financial management practice. Clearly, the FAO Secretariat has not been promptly releasing unused funds from

completed projects and has been obligating only about half the appropriation by the end of the biennium. This should raise considerable concern among the major donors that their contributions are not being well utilized.

22. The figure we used is the amount that member states were assessed. We have not changed that figure but have added an explanatory footnote to the report showing the total amount available for FAO's program of work.

23. According to the State Department, the United States contributed \$7.3 million from 1991 through July 1993 for extrabudgetary support. This amount is reflected in our report.

24. While we analyzed the role the United States has played in all FAO governing bodies, we did not mention in the draft report every committee on which the United States currently serves. However, since FAO commented on the issue, we have added some examples to the report text.

25. In our draft report, we recognized that some FAO representatives are accredited to more than one country; however, in response to FAO's comment, we have added the number of accreditations.

26. Our draft report stated that the governing bodies received evaluator and external auditor reports and after-the-fact reports on the distribution of TCP funds. This provides considerably less oversight than receiving advance information on, or approving, the distribution of funds.

27. The Director General's numbers may reflect a difference in time period; however, using the TCP data base that FAO provided to us, our statement that emergency projects constituted 15 percent of TCP projects approved from 1986 through 1991 is factually correct.

28. We do not routinely reprint request letters in reports. Moreover, in this particular instance, our work was initiated in response to a request from Chairman Dante Fascell and Ranking Minority Member William Broomfield. When they left office, we revalidated the Committee's interest in this work. The objectives stated in this report reflect the Committee's current interest.

29. The methodology we adopted—reviewing project files, governing body documents, and verbatim records; interviewing FAO and government

officials; and visiting project sites—enabled us to meet our audit objectives. FAO could not produce documented evidence of TCP's impact because neither FAO nor the recipient governments had evaluated impact. However, the report included the views of recipient governments and of the FAO governing body majority about the usefulness of TCP.

30. Our draft report indicated that we did not visit project sites in Mexico or interview Mexican government officials. Also see comment 29.

31. We reported that the United States has consistently conveyed its concerns about TCP at FAO governing body meetings. For example, we reported that the United States had conveyed concerns about inadequate TCP criteria, insufficient governing body influence over TCP programming, insufficient information about the longer term impact of the program, and the need to improve the process of following up on the implementation of external auditor recommendations.

32. Although FAO maintains in this comment that there are no defined goals for TCP apart from the goals for all FAO activities, this comment is inconsistent with FAO's comment on page 18 that there are differences between TCP and the rest of the regular program. FAO described the differences in terms of TCP's particular goals and described those goals in the same terms we reported.

"The difference with the assistance from the TCP is that it meets an urgent need which could not be foreseen, is accorded high priority by the requesting government, deals with a specific problem, and cannot be met by any other source of technical cooperation in a timely manner."

33. Although the existing criteria have been used since the inception of the program, we agree that the criteria definitions can be sharpened and improved.

34. We did not merely assess TCP project compliance with the urgent, unforeseen criteria alone; we also analyzed and reported on compliance with other criteria, including those concerning project cost, duration, follow-up, and catalytic effect. In our final report, we include our analysis of additional criteria, including those concerning host government request; clear short-term objectives; complementing, without duplicating, other development activities; and filling critical gaps in assistance. As the report indicates, FAO did not always meet the various criteria, including some of those it specifically mentions in this comment.

35. We included projects that (1) met a need emerging in the course of an ongoing program, (2) assisted a newly formed agency, (3) bridged two externally financed projects, and (4) provided an input specified as a condition for obtaining pledged assistance, or necessary to effectively implement a larger approved project. However, we did not include projects like some of FAO's examples because the project proposals did not contain evidence that such projects were to meet urgent or unforeseen needs. For example, we did not include intercountry coordination projects to solve any multinational problem or concern, investment projects to prepare proposals for submission to unspecified agencies, or training projects to transfer various types of new technology because they were not designed to meet urgent or unforeseen problems.

36. FAO's comment addresses a hypothetical rather than a real case. The FAO official responsible for assessing TCP project requests informed us that the specific project cited in the report addressed a recurring rather than an emergency problem. This was corroborated by the TCP unit's initial recommendation against the project and FAO's final approval only on an "exceptional" basis.

37. We have modified our final report to include the reasons why FAO approved a second phase for some projects; however, the documents show that the reasons were usually within FAO's control. They also reflect some of the causes of delays in project implementation that we reported, such as delays in ordering and delivering equipment and supplies. While the examples of delays FAO listed in its comments may also occur, most of them were not among the reasons cited in the project files we examined.

38. FAO's assumption that merely putting a provision in the project documents means the provision will be adequately implemented is not illustrative of proper oversight. If technical divisions are aware of follow-up, it should be easy for FAO to develop a systematic tracking system and provide that information to management and to the governing bodies. In addition, merely asking the host government to indicate what action it intends to take is not sufficient evidence of actual achievement.

39. FAO's recognition that this is an area for improvement is the first step, but FAO goes on to provide all the excuses why improvements cannot be made. We believe that any management control system should provide reasonable assurance that the objectives of the system will be accomplished. The standard of reasonable assurance recognizes that the cost should not exceed the benefits.

40. We did not use a 10-month time span to assess the effects of projects reviewed in the field. We reported that the projects included in the analysis had been completed for at least 10 months; and the draft report indicated that most of the projects had been completed for considerably longer periods. The draft report also indicated that the reported results were as of the dates of our field visits.

41. Our draft reported the fact that government and/or FAO officials told us that governments had used some results of 70 percent of the projects we reviewed in the field. However, we did not report that this was “extremely satisfactory,” as the Director General asserts, because FAO has no criteria against which to judge satisfactory performance. Furthermore, this was data we developed during our field work; information on the follow-up rate was unavailable at FAO headquarters in Rome and unknown and unused by FAO officials for decision-making purposes.

42. We addressed the issue of programming in terms of FAO’s own justification of TCP’s unprogrammed feature—that it permits projects to meet urgent, unforeseen needs in a flexible way. We concluded that this justification does not apply to most TCP activities.

43. We quoted the Director General’s initial justification of TCP’s unprogrammed feature—that FAO’s regular budget resources were programmed up to 3 years in advance. The Director General did not specify whether that 3 years referred to the start or end of the following biennium. We specifically reported that FAO began programming the 1992-93 budget 18 months before the start of the biennium and did not submit proposals to the governing bodies until 9 months before the biennium. We have modified the final report to indicate that, at least for those TCP projects that are approved within the biennium of appropriation, funds would have been programmed from 9 to 33 months before individual project approval.

44. Our recommendation would reduce the Director General’s flexibility and increase the governing bodies’ influence over the program. The Director General does not substantiate the comments that this would increase the cost of the program or reduce its responsiveness. Since half the TCP funds are not being obligated within the first 2 years after they are provided and unneeded funds are not promptly released from completed projects, we believe more oversight is needed.

45. As we reported, the sample of 85 projects was selected randomly from the universe of 750 projects approved between 1989 and 1991 and scheduled to end on or before May 31, 1992. The sample was at the 95-percent confidence level. In a few cases, we analyze subsets of the sample—for example, projects completed by the end of 1991—and include the numbers analyzed in the report text; however, conclusions drawn from these subsets were not projected to the universe.

46. Contrary to the implication of FAO's comment, the draft report included a full explanation of the methodology we used to calculate real budget growth and a summary of the differences between our methodology and FAO's. The key difference is that we considered all increases, including personnel costs, that exceeded the amount necessary to maintain constant purchasing power as real growth, whereas FAO excluded certain increases. We believe our methodology is a more accurate presentation of real budgetary growth.

47. The Director General's comments on the manner in which consultants are recruited is consistent with the information we reported. He agrees that FAO tends to (1) rehire the same consultants, (2) select consultants based on FAO's knowledge of people working in given areas, and (3) employ consultants who are predominantly men and who frequently come from three industrialized countries. Concerning the use of rosters to make consultant selections, FAO officials who hire consultants acknowledge that consultant rosters are not systematically updated or searched.

48. FAO does not maintain information on the gender and national distribution of persons qualified to serve as FAO consultants. We compared FAO's actual distribution with that reported by other development agencies and included the results in the final report. Our draft report did not state or imply that FAO was required to maintain a national or gender distribution of consultants. However, to further clarify the issue, we explicitly state in the final report that FAO is not subject to such a requirement.

49. The Director General's comment that FAO is "in the process" of developing a standardized form for the evaluation of consultants is consistent with the information we report. FAO officials told us that written evaluations of TCP consultants were not regularly or systematically prepared, and in a document FAO provided to us after we had received the Director General's comments, FAO again acknowledged that fact. The same



document states that FAO expects this situation to change once the standardized form is issued. Therefore, FAO's comments regarding the evaluation of consultants reflect what should be, rather than what actually is, the case.

50. FAO quotes only the first half of the sentence that appeared in our draft; the full sentence was: "Since May 1991, FAO has required such [local] purchases to be competitive unless FAO staff include a written explanation in the project file." The new requirement added in May 1991 was that written explanations be included in the file when purchases were not competitive. To eliminate any possible confusion, we have rewritten the sentence to emphasize the new requirement.

51. FAO staff are headquarters and field office staff as distinct from TCP project staff—consultants and local/national directors, coordinators and counterparts. Since FAO has the financial responsibility for the projects, FAO staff should monitor the project staff's activities. We concluded that this monitoring is not adequate. Although workplans were included in project agreements, they did not reflect an assessment of the type and amount of monitoring suitable for the project. Although purchase orders for equipment may not be closed until confirmation has been received from the consignee, FAO documents show that the consignee was often not a member of the FAO staff. In the absence of monitoring—including project site visits—FAO cannot be assured that the reports it has received are accurate. In response to FAO's comments about headquarters' backstopping of projects, we have added information to the report on the limited number of projects that actually received backstopping missions. We have also included additional information about the limited resources of field offices and the implications for project monitoring.

52. Our analysis of the proportion of FAO staff working in the field included only professional staff since we were considering program officers who monitor projects. FAO included general service staff in its calculation. We have added information to the report about the number of FAO professional staff assigned to regional and liaison offices to supplement the information we reported on the country offices.

53. Although evaluations of FAO regular, field, and special action programs, as well as thematic evaluations, sometimes included TCP projects, the evaluations did not provide information on the effectiveness or impact of TCP as distinct from other FAO efforts. Our report recommends that FAO

evaluate samples of TCP projects—not every individual project—and notes that FAO's own Evaluation Service has made a similar recommendation.

54. According to FAO's Agricultural Operations Handbook, section 2.3.6, which we summarize in the report, project revisions must be made in the case of underexpenditure, but an adjustment of budgetary allotment may be issued instead if certain conditions are met, including that field activities have been completed or are nearing completion. We report that FAO is not complying with these requirements because it did not adjust budgets downward in the course of project execution or issue adjustments of budgetary allotment at a date relatively close to project end dates.

55. The fact that about 19 percent of the project budgets was not spent or obligated was added to the report text.

56. We clearly distinguished between allocations under project agreements (project budgets) and delivery of project inputs (expenditures plus commitments or obligations). In accordance with these terms, used by FAO in its financial systems and in its comments on our draft report, we compared expenditures plus commitments or obligations against budgets for the closed projects in our sample. Accordingly, we reported that the closed projects underspent their budgets—that is, their expenditures and unpaid obligations or commitments were less than their budgets. We also reported the time FAO took to release the unspent and unobligated amounts. Also see comments 19 and 54.

57. In the draft, we reported FAO's view that carryover funds are actually committed to approved projects in given countries by the end of the biennium of appropriation. We also reported significant differences between the amounts "committed" to countries and the amounts actually spent for those countries—despite FAO's comment about binding agreements and its inability to use the committed funds for any other purpose. We have added to the report text information from FAO's financial statements about the percentage of the TCP allocation that is not committed to approved projects by the end of the first biennium. Also see comment 20.

58. We agree with FAO that project budgets will rarely correspond to the dollar of final expenditure; thus, we reported only significant differences between the carryover reported and spent in countries.

59. We reported that FAO had not implemented the external auditor's recommendation that the organization speed up the procurement process by consolidating headquarters bidding processes. In his 1988-89 report, the external auditor had recommended that FAO develop standard specifications and approach suppliers for fixed, longer term prices. In commenting on our report, the Director General stated that bulk buying for certain commodities is "now" being introduced. We have added this information and information that FAO has issued guidelines for field officers to the report text.

Since FAO is only now introducing bulk buying for certain commodities, we cannot determine whether the new procedures will meet the external auditor's recommendation. The new guidelines for field officers summarize FAO's procurement requirements, but provide only partial information on estimated delivery times. They do not include the time between the project staff requesting a procurement and the actual placement of the order with a specific supplier. Also, the guidelines do not fulfill the auditor's recommendation that FAO provide field offices with more guidance on potential suppliers for purchases originated in the field.

60. We reported that FAO had delegated some authority and resources to field officers, but that the delegation of project approval authority had not been implemented. FAO did not dispute this finding. We have added additional information to the report text about previous recommendations and actions FAO has taken. However, simply because FAO has authorized the procurement process to begin before project approval in certain cases does not mean that FAO has ascertained the availability of equipment and supplies. First, the authorization applies only to some cases, and second, FAO may begin the procurement process only to discover that the required equipment and supplies are not readily available.

# Comments From the Department of State

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

United States Department of State

*The Deputy Secretary of State*

*Washington, D.C. 20520*

September 22, 1993

Dear Mr. Conahan:

Thank you for the opportunity to review the draft GAO Report on the Technical Cooperation Program (TCP) of the Food and Agriculture Organization (FAO). GAO reports are important and effective management tools and while we agree with many of this report's findings, it is evident that the report was limited to an analysis of TCP's program criteria and processes, at the expense of its many positive contributions in the field. After carefully reviewing the draft report, there are several comments we would like to make.

We agree with the thrust of the four recommendations in the report and intend to consult with the FAO Secretariat and other member states in an effort to tighten TCP criteria and improve its fiscal management. We continue to believe that the carry-over feature of FAO's TCP funding should be eliminated. We concur that a large percentage of TCP funds should be programmed in advance and a specific percentage reserved for emergencies, while recognizing the difficulties of determining in advance the demand for emergency programming. The section of the recommendations outlining the ways in which other UN organizations program their technical cooperation funds was particularly useful in this regard.

We were pleased to see that the report highlighted the need to focus more attention on the recommendations of FAO's external auditor. The United States attaches great importance to the audit mechanism and continues to urge the FAO to be more responsive in implementing the auditor's recommendations for enhancing the organization's operational efficiency.

Mr. Frank Conahan,  
Assistant Comptroller General,  
General Accounting Office.

Appendix VI  
Comments From the Department of State

See comment 1.

We believe, however, there are some serious omissions to the draft report which leave the reader with an incomplete picture. By concentrating on procedural flaws such as slow delivery, types of consultants, and lack of impact assessment, the study leaves the impression that good value is not achieved for the money spent. To evaluate this properly, TCP programs should be compared to the programs of other UN agencies on a cost-benefit basis. It would also be useful to know how effectively the projects under study met FAO and host country development priorities in order to measure their actual performance.

See comment 2.

The report implies that TCP should be distributed in line with a need-based standard, and criticizes FAO for not living up to this standard. We are not convinced that need-based funding would result in more targeted assistance. It may well encourage the kinds of entitlement demands that would have the reverse effect.

See comment 3.

While the U.S. Government has reservations concerning the mechanism of assessed budget funding for TCP, the existing program also has critical advantages to the global agricultural community that were not mentioned in this report. The primary advantage lies in TCP's flexibility in meeting emergency situations. In situations such as the desert locust outbreak, the screwworm emergency, and the African swine fever outbreak in the Caribbean, FAO/TCP saved crops, lives and money for both donor countries and the affected regions. By omission, the report adds to the conventional myth that international development assistance is wasteful and that developed countries can afford to trim back on efforts to reduce hunger, poverty and disease in the developing world.

See comment 4.

We appreciate the opportunity to review this report. We would be pleased to discuss these comments with you at your earliest convenience. We also believe that the FAO should have a chance to have its views fully heard on the content of this report.

Sincerely,



Clifton R. Wharton, Jr.

The following are GAO' comments on the Department of State's letter dated September 22, 1993.

## GAO Comments

1. As we indicated in the report, FAO has not defined any anticipated longer term impact for individual TCP projects or groups of projects in specific program areas, countries, or regions. Moreover, since neither FAO nor the U.S. agencies systematically maintain information on the effects of completed projects, it was not possible for us to evaluate the impact of TCP. We did, however, obtain the views of government officials in some recipient countries about the usefulness of the TCP projects to their countries.

2. We reported that some needier countries have received smaller shares of TCP resources than they would have under the Director General's proposed need-based standard while other less needy countries have received larger shares than they would have under the standard. Accordingly, in addition to recommending that the governing bodies program TCP resources by FAO program area, we recommended that they consider the possibility of programming TCP resources by geographic region or country as well. We specifically guarded against the interpretation that the standard would constitute an entitlement by stating that the goal of such programming would be to ensure some general relationship between need and the receipt of TCP funds over time. To further guard against this interpretation and to explicitly acknowledge that there can be legitimate reasons why regions or countries receive greater or lesser shares compared to their need, we have added to the final report our view that in cases where actual distribution departed significantly from the need-based standard, the Secretariat should inform the governing bodies and provide the reasons.

3. We note again that neither FAO nor the U.S. agencies have evaluated the impact of TCP to document its critical advantages to the global agricultural community. However, we have added to the text of the final report State's belief that in certain emergency situations, TCP has saved crops, lives, and money.

4. We did not suggest that international development assistance is wasteful or that developed countries can afford to trim back their efforts. We reported only on TCP, not on international development assistance, and we did not recommend that the United States or any other developed country cut back on its contributions to FAO.

# Comments From the Department of Agriculture

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



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20250

OCT 18 1993

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

Dear Mr. Conahan:

We appreciate the extensive work done in preparing the draft General Accounting Office (GAO) report on the Technical Cooperation Program (TCP) of the Food and Agriculture Organization (FAO). While we agree with a number of its recommendations, we find the report deficient in its present form because it is a largely unbalanced review. The GAO draft report omits specific reference to many of TCP's positive contributions and does not appear to reflect adequately input given to GAO by the Department of Agriculture. The report focuses on "process" and "program criteria" rather than output in the field and uses a tone that is almost unremittingly and, we feel, unfairly negative.

See comment 1.

See comment 2.

See comment 3.

See comment 4.

Little credit is given to FAO, even in areas where they have successfully managed the TCP, such as in keeping projects within the 2-year limit and funding under \$400,000, with only \$140,000 per project the average in recent years. We were puzzled by the criticism of FAO for using equipment and consultants comparatively often from a few countries. The countries mentioned -- the United States, United Kingdom, and France -- are leaders in agricultural technology, so it is logical to use their services. It has also been the United States' policy to press FAO to use U.S. nationals in this capacity and to promote U.S. products.

See comment 1.

It is not clear from the report that many TCP projects are of direct value to U.S. farmers and consumers such as projects to: 1) improve the safety and quality of fresh produce and fish products exported by developing countries; 2) study and limit the spread of the Africanized honey bee; 3) eradicate African swine fever in Haiti and the Dominican Republic which once threatened the U.S. pork industry; and 4) support initiatives in Peru and other South American countries to deal with the cholera epidemic in 1991-92 that caused health and food safety problems in much of this hemisphere.

See comment 5.

We are particularly concerned that a one-sided report on the TCP could be used to cut funding for worthwhile FAO projects which often promote agricultural development in the poorer nations of the world. These types of projects help poorer nations make some progress in overcoming world hunger, a goal that is of particular importance to Secretary Espy personally.

AN EQUAL OPPORTUNITY EMPLOYER

Appendix VII  
Comments From the Department of  
Agriculture

Mr. Frank C. Conahan

2

It is time for us to move away from micro-management of UN agencies and to evaluate their programs more on a cost-benefit basis. We should be asking ourselves: Does the U.S. investment in this program bring us a reasonable return? Are we closer to achieving U.S. economic, humanitarian or foreign policy goals as a result of this investment? In the case of the TCP, the answer to these questions is a clear "Yes," despite the management problems outlined in the draft report.

Director General Saouma agreed to open his offices and files to the GAO team and commit considerable staff time to answering their queries. No United Nations agency is subject to GAO review; nevertheless, FAO cooperated. We owe FAO and the U.S. Congress and taxpayers a more balanced and fair review. The Department of Agriculture is prepared to provide additional material to GAO for inclusion in the final report which should help to rectify the problems and contribute to a more factually accurate and balanced document.

With this said, the Department of Agriculture is prepared to support most of the recommendations on financial and management aspects of the TCP. We do not disagree with much of the analysis of the management of the TCP by GAO, though some of it is unduly harsh and unrealistic. We do agree with the major recommendations on changes in financial management and, in fact, both USDA and the Department of State had already formulated similar recommendations on the TCP, even before GAO began its review, and shared them with GAO staff at that time. We did not present these recommendations to FAO pending the outcome of this study.

We support the following management changes: a revision of program criteria for funding so they are clearer; programming of most TCP funds, with an allocation of perhaps 20 percent that would be set aside for emergencies; indicative allocations of funding by region, but not by country so regions with the greatest poverty problems receive more resources; an end to carryover of funds from one biennium to the next; and the establishment of regular evaluations of samples of TCP projects every few years beyond the field project reviews that FAO normally conducts.

The Department hopes that a final, balanced GAO Report will prove a useful tool for the United States to use in persuading other countries, which are predominantly satisfied with the program as it stands, to undertake management and financial reforms in the Technical Cooperation Program. With these reforms in place, the United States should look to finding ways to increase the number of TCP projects that are of direct interest to U.S. farmers and consumers.

See comment 6.



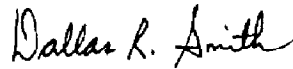
Appendix VII  
Comments From the Department of  
Agriculture

Mr. Frank C. Conahan

3

We hope these comments prove useful to you in preparing a final product for submission to the Congress. The Department of Agriculture's staff is available to you to aid in making any revisions you feel are appropriate.

Sincerely,



Eugene Moos  
Under Secretary for  
International Affairs and  
Commodity Programs

The following are GAO's comments on the Department of Agriculture's letter dated October 18, 1993.

## GAO Comments

1. Our report does reflect relevant data provided by the Department of Agriculture. According to the Department, many TCP projects were of benefit to the United States. We cite this in the report. However, it is important to note that when asked, the Department did not provide any documentation or analysis supporting its assertions.

The Department provided us with two reports that are not discussed in our report. They are The FAO Technical Cooperation Program: An Appraisal (Mar. 1983) and FAO Assessment: Report of Survey Findings and Resultant Recommendations (Feb. 1987). According to the author of the first report, it was based on "a desk-bound exercise, relying primarily on cabled reports from the field (showing varying degrees of first-hand knowledge of the subject) and FAO documentation (reflecting varying degrees of objectivity)." The report was issued in 1983 and was not relevant to the time period we were analyzing. The second report was an assessment of all FAO operations (not just TCP) based on a questionnaire survey of U.S. embassy and AID mission officials in countries with FAO projects. According to the author, most respondents saw TCP in positive terms, but a very large proportion of the posts were incapable of giving meaningful opinions on TCP. The author concluded that given their small size and short duration, TCP projects may not be that readily apparent or distinguishable.

2. As stated in the report, FAO has not defined any anticipated longer term impact for individual projects or groups of projects in specific program areas, countries, or regions. Since this was the case, and since neither FAO nor the United States systematically maintains information on the effects of completed TCP projects, it was not possible for us to evaluate the impact of TCP. We did, however, obtain the views of governments about the usefulness of TCP to their countries.

3. The report does present a great deal of information about the extent to which FAO complied with TCP criteria, including the duration and cost factors.

4. We did not criticize FAO for using American consultants and suppliers but reported that it draws its consultants from a narrow base, does not

systematically recruit consultants, and tends to rehire those who have already worked for the organization.

5. The thrust of our report is on areas for improvement, many of which have been long-standing problems identified in other assessments. We did not call for a cut in the funding for TCP, just better management of the resources provided.

When asked, the Department did not provide any evidence to support its conclusion that the U.S. investment in TCP brings a reasonable return and promotes U.S. goals. Furthermore, in February 1991, the Administrator of the Department's Office of International Cooperation and Development wrote to the State Department endorsing the idea of a joint review of TCP by the two agencies. The Administrator wrote that

"obviously a number of TCP projects are worthwhile and even help reduce pressures on the U.S. for additional bilateral assistance. We do not, however, have an adequate grasp as to how many of the projects can be considered to reflect U.S. development, trade and environment priorities. Nor do we know how successful and timely they are relative to other forms of technical assistance."

The situation described by the Administrator had not changed at the time of our review.

6. Although the Department stated that it was prepared to provide additional material to "contribute to a more factually accurate" report, when asked, it provided none. Furthermore, when we asked Agriculture officials to identify any factual inaccuracies in the report, they were unable to do so, but instead stated they were relying on FAO's characterization.

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