

Mr. MONAGAN. But they wanted new equipment?

Mr. MIKUS. That is right. In one case we found they had frozen—I think it was the highway loan—

Mr. DIGIORGIO. They had reserved some stock. There are a number of problems involved in the coordination of a program in a country with the available excess stock and we are trying to develop a method or scheme for better coordination of the program with a recipient country.

Mr. MONAGAN. That condition would have to appear in the original loan agreement, I guess, and I believe it does appear, doesn't it?

Mr. MIKUS. We had a problem with the highway loan and the irrigation loan. I believe the highway loan specifically stated that to the extent they used excess property the loan would be reduced. In the other case it was silent but we think it could have been reduced.

Mr. MONAGAN. Did we have the right to require the use of excess property?

Mr. MIKUS. The mission goes down the list and tries to indicate that you should use excess property but it has to be mutually acceptable. The Turkish Government in this case would have to agree.

Mr. WOLL. If I might say something in this respect, I was in Turkey recently and talked with mission personnel and people on the Turkish side, and in relation to the highway loan it is their opinion that inasmuch as the property that was available was older property than they were planning on getting rid of when they got the new equipment, they did not think it would be feasible or advantageous to obtain the older property.

Mr. MIKUS. We did go to several dealers who handled this property and asked if repair parts were available and they said equipment of that age was still being serviced by that firm, so we felt the equipment was usable in that case.

Mr. MONAGAN. Does that complete your statement?

Mr. MIKUS. Yes.

Mr. DIGIORGIO. Mr. Moore, I think, can explain the immediate objectives in going to Turkey, the condition in which the property had been received and the current use being made of the property.

Mr. MOORE. My name is Allen Moore. I am an audit manager in the European Branch of the International Division, General Accounting Office.

The main objective was to determine the condition of the equipment repaired under the section 608 program (program for advance requisition of property as authorized by section 608 of the Foreign Assistance Act of 1961 as amended) and whether or not there was accountability by both the AID mission and the Government of Turkey and whether or not it was being effectively utilized. We found in general that the procedures that were supposed to be in effect both by the AID mission and the Government of Turkey were not being carried out to control the utilization and to identify the condition of the equipment when it was received. I don't know whether we want to go into any details as to what we found.

Mr. MONAGAN. I think you might give one example.

Mr. MOORE. We found a great many instances where AID is not aware of the arrival of the equipment. In other words, they do not have accountability. For approximately 30 percent of the items we checked