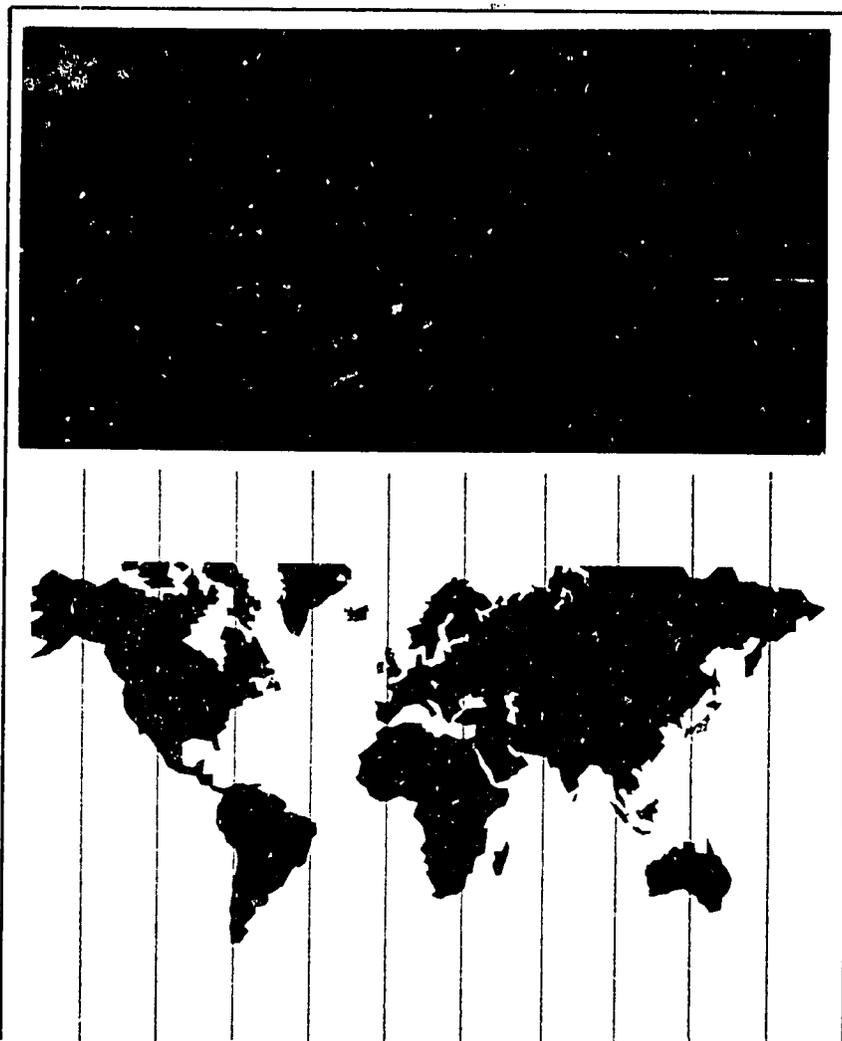


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UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

THE
INSPECTOR
GENERAL



Regional Inspector General for Audit
NAIROBI

PDANN 532

ISN 32306

USAID/SOMALIA'S
RURAL HEALTH DELIVERY PROJECT
NEEDED MANAGEMENT ATTENTION
PROJECT NO. 649-0102

AUDIT REPORT NO. 3-649-84-02
OCTOBER 31, 1983

USAID/SOMALIA'S RURAL HEALTH DELIVERY PROJECT
NEEDED MANAGEMENT ATTENTION

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EXECUTIVE SUMMARY

Introduction

The purpose of the project is to assist the Government of the Somali Democratic Republic (GSDR) to develop an institutional capability to provide comprehensive primary health care services to the rural poor and nomadic population. The key to the delivery of these services to the rural villages and towns requires that a new category of community health worker be developed who will have roots in the communities to be served. The health workers will live in the community and, along with the existing traditional birth attendant, deliver basic health services to their neighbors.

During the six-year life-of-project, AID is to provide technical assistance, training, commodities and construction which is to be deployed in two phases. The first phase was to begin operation in the regions of Bay and Togdheer, and to be followed by a second phase in the Mudug and Lower Juba regions. During the first phase, AID-provided technical advisors were to work with the Ministry of Health (MOH) to develop two training centers for paramedical staff.

The project also provides for short-term advisory services in curriculum development, epidemiology, anthropology, sociology, health education media, water resources and other related areas of health, long and short-term participants, and commodities and funds for the construction or renovation of the two training centers, 64 primary health care units, and 16 district health centers.

The total level of AID-appropriated grant funding for the project is planned at about \$15.2 million. The grant was approved on June 11, 1979. A total of \$12 million had been obligated as of August 31, 1983, while expenditures totaled \$4.4 million.

Purpose and Scope

The purpose of our review was to (a) determine whether project objectives were being accomplished, (b) evaluate the effectiveness of implementation and management of the project, and (c) identify and report on significant problem areas. We reviewed project records, held discussions with project personnel, and visited the regional primary health care training centers in Burao and Baidoa.

Findings, Conclusions, and Recommendations

The project was over four years old and yet the USAID had not determined whether the GSDR could support the project once U.S. assistance ended. It was clear from the project's inception that this issue required close scrutiny based on the GSDR's performance on other AID-funded projects. The project paper envisioned that a determination of the GSDR's capability to meet recurrent costs would occur prior to the interim (30 month) evaluation. However, despite numerous evaluations of the project, the issue still had not been addressed (see pages 6-8).

Other matters which need to be addressed by USAID/Somalia are capsulated below:

- USAID/Somalia's project management had been less than adequate (see pages 8-12) and the lack of a detailed implementation plan (see pages 12-13) lengthened the implementation timeframe by more than two years.
- The USAID had not established a system to control and account for the purchase, receipt, utilization and inventory of project commodities. It was not possible to account for all of the commodities purchased for the project (see pages 13-15).
- An adequate vehicle maintenance program had not been implemented. As a result, of the 30 vehicles purchased with AID funds for the project, 10 were out of service -- some for more than 18 months (see pages 15-16).
- One task to be accomplished under the project was the development of a special approach for delivering health services to nomads. This had not been done. A recent study indicated that such an approach was no longer needed (see pages 16-18).
- Project training facilities constructed with AID funds at Burao and Baidoa had not been identified as being "American Aid". Also, project vehicles were not properly marked (see page 18).

This report contains six recommendations to correct the deficiencies noted in the above areas.

At the conclusion of our audit, our findings were discussed with appropriate USAID/Somalia officials. A draft report was also provided to USAID/Somalia. Their comments during our exit conference and in response to our draft report were considered, and where pertinent, are included in this report.

USAID/SOMALIA'S RURAL HEALTH DELIVERY PROJECT
NEEDED MANAGEMENT ATTENTION

BACKGROUND

Introduction

The purpose of the project is to assist the Government of the Somali Democratic Republic (GSDR) to develop an institutional capability to provide comprehensive primary health care services to the rural poor and nomadic population. During the six-year life-of-project, AID is to provide technical assistance, training, commodities and construction which is to be deployed in two phases. The first phase was to begin operation in the regions of Bay and Togdheer, and to be followed by a second phase in the Mudug and Lower Juba regions.

The key to the delivery of primary health care services to the rural villages and towns requires that a new category of community health worker be developed who will have roots in the communities to be served. The health workers will live in the community and, along with the existing traditional birth attendant, deliver basic health services to their neighbors.

The services to be delivered include: first aid, treatment of simple illnesses, health education in matters of nutrition, child health and sanitation, assistance to mothers in child-birth, direction in construction of sanitary facilities and water storage. Complicated medical problems will be referred to more sophisticated health facilities.

AID is to provide eight long-term technical advisors to work with the Ministry of Health's (MOH) staff in the Bay and Togdheer Regions where they will develop a training center for paramedical staff in each region. Two of the eight advisors (Project Manager/Health Planner and Supply Management and Transportation Specialist) are to be stationed in Mogadishu. Two teams, each consisting of a public health nurse educator, a nurse midwife/educator and a sanitarian epidemiologist, are to be located in both Baidoa and Burao, where they will establish training centers. The project also provides for 36 person months of short-term advisory services in curriculum development, epidemiology, anthropology, sociology, health education media, water resources and other related areas of health. Four long-term and 35 short-term participants are to be trained for key staff positions in the MOH. The USAID is also to provide commodities and funds for the construction of two training centers and 64 primary health care units, as well as living

quarters for technicians. In addition, renovation of 16 district health centers will be funded under the project.

The total level of AID-appropriated grant funding for the project is planned at about \$15.2 million. The grant was approved on June 11, 1979. As of August 31, 1983, a total of \$12 million had been obligated while expenditures^{1/} totaled only \$4.4 million.

Purpose and Scope

The purpose of our review was to (a) determine whether project objectives were being accomplished, (b) evaluate the effectiveness of implementation and management of the project, and (c) identify and report on significant problem areas. We reviewed project records, held discussions with project personnel, and visited the regional primary health care training centers in Burao and Baidoa.

The review was made at USAID/Somalia, MOH, and the technical assistance contractor's office in Mogadishu. Audit work encompassed reviewing USAID/Somalia project files and financial records, discussing project progress with cognizant officials of USAID/Somalia, Medical Services Consultants, Inc. (MSCI) (the technical assistance contractor) and the MOH, and performing various tests and analyses as considered necessary. Field trips were made to the regional primary health care training centers in Burao and Baidoa.

This review was made during August-September, 1983, and focused on project activity during the period June 1979 to September 1983. Audit findings were discussed with USAID/Somalia. Their comments were taken into consideration in the preparation of our report.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

USAID/Somalia Needed to Assess Whether The GSDR Had The Infrastructure and Financial Ability To Support The Project

The project was over four years old and the USAID had not determined whether the GSDR could support the project once U.S. assistance ended. It was clear from the project's inception that this issue required close scrutiny based on the GSDR's performance on other AID-funded projects.

^{1/} Through June 30, 1983, latest information available.

The project paper stated that by the interim (30 months) evaluation, a determination should be made as to the GSDR capability to meet recurrent costs. The project paper further stated that it may be necessary to terminate the project if it was recognized that the GSDR was unable to fully support the project. Although numerous evaluations of the project had been made, the issue still needed to be addressed.

A study was recently made by an outside consultant to assess the feasibility of recovering recurrent drug costs from the project's end-user. The study concluded that the possibility did exist to recover some of the recurrent costs of drugs by charging the end users a fee. Although the study concluded favorably on the end-user fee approach to financing at least part of the recurrent costs of drugs, it did not address all of the recurrent costs associated with financing a primary health care program.

To date, the USAID had not attempted to assess the institutional capacity of the MOH to sustain the project. An earlier AID-prepared evaluation completed in January 1982 raised serious questions about the GSDR's ability to meet recurrent costs in the health sector. The report stated:

"Given the present financial condition of the country there is a major question about the ability of the country to meet recurrent costs in the health sector. Like most developing countries, the majority of the budget goes for the hospital sector, 15 Regional hospitals and 70 district hospitals half of which are staffed by nurses only. During the evaluation it was observed that district hospitals (even those with physicians) were without basic drugs and supplies necessary for minimal functioning levels. Since primary health care and preventive health always assume a lower level of importance than the hospitals and curative medicine, it is questionable whether they can be expected to receive increasing levels of recurrent cost financing."

Conclusion, USAID/Somalia Comments, RIG/A/Nairobi Response, and Recommendation

We believe that a more conclusive review or evaluation should be made as to the GSDR's ability to meet recurrent costs of the project, including an assessment of the GSDR institutional capacity to sustain the project. Unless the GSDR has the institutional infrastructure and the ability to finance the recurring costs of the program, the major objectives of the project will not be achieved. Accordingly, USAID/Somalia should schedule a study of this issue and determine if further funding of the project is warranted.

USAID/Somalia Comments

"The Mission has already requested funding to test the feasibility of recovering drug costs. However, this is only one aspect of the problem. It will be necessary to study alternate logistics systems, the impact that several other donors have had on the infrastructure of health care system, our experience with the PCHU as well as an overall assessment by a health economist.... We expect to initiate these studies over the next six months but a determination of the GSDR capability to meet recurrent costs will take longer. The final determination may, in the end, hinge on our policy dialogue with the GSDR."

RIG/A/Nairobi Response

We believe an assessment of the GSDR's present capabilities to sustain and finance the recurrent costs can be accomplished within six months. But should the assessment prove to be unfavorable, we agree that finding alternative sources of funding could possibly extend beyond six months. To decide if the project should be terminated would not. Thus, we have modified the recommendation contained in our draft report accordingly.

Recommendation No. 1

USAID/Somalia assess the GSDR institutional capacity to sustain the project and finance its recurring costs. If the assessment is unfavorable either (a) identify alternative methods of funding the project or (b) terminate it.

USAID/Somalia's Management of the Project Had Been Less Than Adequate

USAID/Somalia's management of the project had been less than adequate. As a result, project implementation was delayed in excess of two years.

The project had been plagued with problems. Many of the problems encountered and lack of progress on the project must be attributed to ineffectual management and insufficient attention to monitoring. To rectify the situation, various individuals in the USAID were assigned specific project monitoring tasks. Thus, activity management took the form of a team approach. Although this proved satisfactory in the short run, it resulted in overlapping functional responsibilities and a lack of knowledge of all relevant facts by the myopia of the individual decision makers. As stated in a recent evaluation report:

"Individual players, within AID and the MOH, have come and gone yet the management difficulties within the project remain almost as though neglect and ineffectual attempts at problem solving were a project tradition."

The lack of effective management was evidenced by the problems and delays surrounding the project since its inception on June 28, 1979. Some of these constraints involved the construction of the training facilities at Burao and Baidoa. The project paper called for the completion of training centers, technical assistance housing, primary health care units and district health centers in the Bay and Togdheer Regions by the end of CY 1982. The structures were recently completed at Burao and Baidoa. Construction had not begun on the primary health care units and district health centers in the Bay and Togdheer Regions.

The USAID ordered the prefabricated materials for the construction of the training centers and technical assistance housing in July 1979. These materials were received in Somalia in May 1980 and actual construction did not begin until January 1982. The facilities were not completed until May 1983. Thus, it required almost four years before these buildings were ready for use.

Because of the delays and inconveniences associated with the construction of the training centers, little attention was given to determining the precise needs for drugs and medicines, and for equipment and supplies for health workers and training centers. As a result, an insufficient amount of drugs and medicines arrived. Needed equipment and kits for the public health nurses, mid-wives, sanitarians or community health workers were not received. Training materials and audio-visual equipment for the two training centers also had not been received.

When the contractor team arrived in country in October 1980, staff houses were not available. Furniture for these quarters, though ordered, had not been delivered. Temporary housing was in short supply. This necessitated moving the contractor's staff from one facility to another. It was not until September 1981, that the team was able to occupy permanent quarters in Baidoa and Burao.

Essential office supplies, as well as vehicle spare parts, were long overdue. The few items delivered were often incorrect, incomplete and improperly packaged. Thus, it was necessary to substantially alter the work plan and the sequence of project implementation.

A recent contractor prepared evaluation report issued in April 1983 had this to say regarding training facilities and equipment:

"Appropriate technology was ignored in the choice of automobiles, and the Project Implementation Order/Commodities for the prefabricated training center buildings were incompletely done, with inadequate attention to detail of specification. As a result, the classroom building, intended to accommodate three classes simultaneously, is a one-room structure with no provision for storing books, periodicals, audio-visual equipment, and with inadequate ventilation. The student dormitories were ordered without attention to male/female housing requirements, normal living space requirements, lighting and ventilation requirements, or the need for a common room or shaded outdoor area for the students. The prefabricated buildings ordered for counterpart housing and the cafeteria were similarly underplanned. No storage facility was provided. The contract employees' housing with central air-conditioning seems suited to the environment, but the remaining buildings seem to be designed for a more temperate climate."

The evaluation went on to say:

"MSCI and USAID have experienced some difficulties in the receiving of vehicles and spare parts. Received goods are reported to have been on the docks for long periods of time before possession could be taken. Slowness in taking physical possession of delivered items has been a contributory factor in losses of airconditioners and other equipment for the prefabricated buildings, tires, automotive spare parts, and other shipped commodities."

During our field inspection of the training facility at Burao, we noted that the generator capacity was inadequate, electrical wiring was not completed, and tiles were missing in the bathrooms of the dormitory and staff housing. There was no ventilation in the bathrooms of the dormitory, sinks were missing, several windows were broken, landscaping was incomplete, water pressure was insufficient, water pumps were inoperable, a utility service pole was about to fall over, a water tower was about to collapse and there was evidence that the training facility roof leaked.

Furniture for the school principal's house and the guest quarters had disappeared. Our review of the USAID's files and discussions with the contractor and USAID/Somalia officials indicated that little or no action had been taken to recover

the missing items. Also, the loss had not been reported to the appropriate authorities.^{1/}

We learned that the project officer, during the first three years of the project, either did not visit the Burao training center site or if he did, a trip report was not prepared. Subsequent to his departure, an International Development Intern (IDI) was placed in the position of project officer. But this individual was not given the responsibility or the authority to go with the position.

Ineffective USAID project management was further evidenced by the fact that only one Project Implementation Letter (PIL)^{2/} was issued under the project. In addition, there was no evidence to acknowledge GSDR compliance with conditions precedent contained in the grant agreement.

The April 1983 evaluation report indicated that there had been very little communication between the USAID and the MOH or MSCI. Also, the little written communication that did exist between these parties was not useful as evidenced by the results in conveying ideas and decisions. Communications between MSCI and the MOH were no better.

We also found that not enough had been done in terms of initiating actions to start construction for other project activities. In addition to the two training facilities that were completed, the project paper called for the construction or renovation of 16 district health centers, 64 primary health care units and 256 health posts. To date, arrangements for the construction of only 16 primary health care units had been made. A contractor has been selected but final negotiations remained to be finalized. It is worth noting that it took over a year for the design of the health units.

Conclusion: USAID/Somalia Comments and RIG/A/Nairobi Response

The root of the problem is that no one person in the USAID is given the authority and responsibility for overall implementation of the project. Without this designation, we believe that project implementation problems will continue. Accordingly, USAID/Somalia should review its management of the project and designate one USAID person to have full authority and responsibility.

^{1/} Management controls over project commodities are discussed in greater detail on pages 13-15.

^{2/} Project Implementation Letters are to be used to furnish additional information about matters stated in the Project Agreement and to confirm and record mutual understandings on various aspects of project implementation.

USAID/Somalia Comments

"The Mission Director has issued a staff notice giving the project manager full authority as authorized in the project officers handbook. A copy of the notice will be forwarded by pouch. Other USAID officers must clear all project related activities with the project manager."

RIG/A/Nairobi Response

Based on the action taken by USAID/Somalia to designate a single individual with authority and responsibility for project management, we have deleted the audit recommendation contained in the draft report.

The Contractor Had Never Submitted a Detailed Project Implementation Plan

The contractor had neither produced a detailed project implementation plan nor had USAID/Somalia requested such a plan. As a result, implementation was erratic, unplanned, and confusing.

AID Handbook 3, states that an operational implementation plan must specify all actions to be taken to implement the project, indicate the times when actions are to begin and be completed, identify the resources needed to complete the tasks and the parties responsible therefor.

The contractor was preoccupied with myriad problems associated with construction, vehicles, forms and manuals while losing sight of the overall goals and objectives of the project. Thus, after over four years of project implementation, the project had slipped two years behind schedule.

The original project paper contained a preliminary implementation schedule. It called for the contractor to prepare a detailed plan for each project activity within three months after his arrival at post. This was never done. According to the contractor, he was following the preliminary implementation schedule in the project paper even though it was outdated and unrealistic. The contractor did prepare monthly work plans but they were in no way tied into an overall implementation plan. Also, there was no overall control mechanism in place to ensure that the inputs were provided to the project in a timely manner and benchmarks were met.

Conclusions and Recommendation

A detailed implementation plan needs to be developed as required by the project paper. To effectively monitor the project and ensure that project goals and objectives of the project are met, USAID/Somalia should ensure that the contractor develops a detailed implementation plan which meets with the approval of all parties involved in project implementation. This requirement is contained in AID Handbook No. 3 and the project paper.

Recommendation No. 2

USAID/Somalia ensure that the contractor develops a detailed project implementation plan which meets with the approval of all parties involved in the project. The plan should meet the requirements contained in AID Handbook 3.

Management Controls Were Needed Over Project Commodities

The USAID had not established a system to control and account for the purchase, receipt, utilization and inventory of project commodities. It was not possible to account for all of the commodities purchased for the project. Further, little or no action was taken by the USAID to recover, locate or replace commodities which were lost or destroyed.

The financial plan for the project provided \$1.5 million for commodities. Project items were also purchased under both the technical assistance and construction components of the project. As of June 30, 1983, over \$800,000 in AID funds had been expended for commodities.

In September 1981, the USAID inventoried all items purchased under the project. Upon completion of the inventory, a staff member prepared a report detailing the inventory results. The report outlined numerous discrepancies and problems along with proposed solutions. The situation is best exemplified by the following excerpt from the report:

"As a result of this inventory I have been able to identify the following problems and solutions and these are:

- 1) Most of the commodities received have never been logged to either identify the commodities as whether they are in good condition or not, or whether the commodities that have arrived are what was originally ordered.

- 2) All the commodities have no issue documents identifying who issued the commodity and to whom it was issued. This may explain why there are discrepancies in some of the inventoried commodity.
- 3) There are no records as to what was the commodity used for.
- 4) Most of the commodities are currently stored in a warehouse which the project has leased but are all laying either in their boxes or on the floor.

The proposed solutions to the afore mentioned (sic) problems are:

- 1) Identify an individual or office to handle property management.
- 2) Establish a property management system which ought to consist of the following:
 - a) Receiving report: this includes, receiving commodity assessment, as to whether commodity has arrived in good or bad condition; identify whether the commodity received was the commodity ordered; check with original procurement documents.
 - b) Store commodity in shelves and have commodities labeled so that they can be recognized by their name and number.
 - c) Issue slips: this is to identify what commodity was issued, how many, to whom, for what purpose and when.
 - d) Receiving-issue commodity: this is to identify what was received, how many, by whom, from whom, for what purpose and when.
 - e) Commodity management log: this is to identify the commodity, its quantity, the PO number, the PIO/C, the location of commodity, the action taken for the commodity e.i. has it been issued, lost, in storage, ordered, not arrived. This log is to assist in identifying the commodity status, and provide data for procurement planning. This document should be kept current, e.i. or action taken on the commodity.

The inventory made is as complete as I can make it at this time."

According to the staff member who prepared the report, many commodity related documents such as purchase orders and receiving reports were missing from the files. Although these matters were brought to the attention of the USAID management, little or no corrective action was taken.

Further evidence of lack of commodity management was noted during our field visit to the Burao training center. We found that 16 air conditioners were missing. Both USAID and contractor officials told us that little action had been taken to recover, locate or replace the missing air conditioners.

Conclusion and Recommendation

USAID/Somalia has never established and implemented a project commodity management system. In order to ensure that project commodities are controlled and accounted for, another inventory should be taken of all project commodities. As a result of that inventory, appropriate action should be taken to locate the missing items. Finally, financial responsibility should be affixed where appropriate.

Recommendation No. 3

USAID/Somalia (a) conduct an inventory of all project commodities, (b) establish and implement a management system which will effectively control the receipt, distribution, and location of all project commodities, and (c) affix financial responsibility for any losses incurred where appropriate.

A Vehicle Maintenance Program Needed To Be Developed and Implemented

A vehicle maintenance program had not been developed. As a result, 10 of the 30 vehicles purchased with AID funds for the project were out of service. Some of these vehicles had been deadlined in excess of 18 months. This situation was attributed to periodic maintenance not being performed, the lack of spare parts and the dearth of trained mechanics.

A vehicle maintenance program was especially important in view of the number of vehicles purchased. The project paper provided for a total of 46 vehicles to be purchased. Unless regular maintenance is performed on these AID-financed vehicles, they will become prematurely unserviceable and assistance funds will have been wasted.

The project paper stated that the GSDR was required to provide periodic maintenance on AID-supplied vehicles. Although the logistics center in Mogadishu was near completion, spare parts, tools, and maintenance equipment, though ordered, had not been received. Even if this maintenance equipment had been received there were no mechanics in place to do the work.

The Ministry of Health released funds for the hiring of four experienced mechanics in May 1983 but they were not hired as of September 1983. According to the MSCI chief of party, experienced mechanics were unwilling to work for the low wage of Somali Shillings 900¹/ per month (about US\$60) which the MOH was willing to pay. As a result, no candidates had applied for these positions. Until the low salary issue is resolved, maintenance will remain a problem.

Conclusion and Recommendation

We believe that USAID/Somalia should take whatever actions deemed necessary to expedite the receipt of spare parts and maintenance equipment. We further believe that it is imperative that the Ministry of Health resolve the salary issue so that trained mechanics are made available. If the Ministry is unable to do so they should be required to make other arrangements to provide vehicle maintenance. One such arrangement could be the contracting of this function out to private garages.

Recommendation No. 4

USAID/Somalia work with the Ministry of Health to expedite the purchase and receipt of spare parts and to hire trained mechanics for the project. If mechanics are not available, the Ministry should be required to make other arrangements to ensure that vehicle maintenance is performed, such as contracting this function out to private garages.

A Special Approach For Delivering Health Services to Nomads Had Not Been Developed And Was Not Needed

One task to be accomplished under the project was the development of a special approach for delivering health services to nomads. This had not been done. In addition, as a result of a recent study, we learned that this approach was not needed. Thus, unneeded project funds could be deobligated or reprogrammed.

¹/ US\$1=Somali Shillings 15

The contractor responsible for developing the special approach stated that similar studies in other countries, such as Sudan, showed that it was not economically feasible to provide health services to nomads. The contractor believed that when the Primary Health Care System in Somalia was fully implemented, there would be no need to develop a special approach for nomads since they would always be near enough to a health unit to receive health care. The Ministry of Health agreed that a special approach was not economically feasible.

The project paper stated:

"Admittedly, one of the largest and most important tasks to be accomplished in Phase I will be to develop an approach for delivering health services to nomads. Towards that end a two-person team of U.S. technicians (one anthropologist and one epidemiologist) will spend eight months accumulating all information on the subject and exploring the various alternatives that could be employed in the northern nomadic regions of Somalia."

MSCI's contract tasked them with the responsibility to develop a special approach to deal with the nomadic population. The contractor had not started work on this assignment. Thus, some savings could be effected by deleting this work requirement from the contract.

USAID officials did not consider the deletion of the task to be a problem since they are dealing with the nomadic population under another USAID/Somalia project. Accordingly, the results obtained from that project could be applied to the project under review.

Conclusion and Recommendation

USAID/Somalia and the other parties involved agree that there is no need under the project to develop a special approach for dealing with the nomadic population. Thus, the project grant agreement and the contract with MSCI should be amended to reflect this deletion. Any funds derived from this deletion should be either deobligated or reprogrammed.

Recommendation No. 5

USAID/Somalia (a) amend the project grant agreement, deleting the special approach to deliver medical services to the nomadic population in Somalia and (b) in collaboration with SER/CM, amend the contract with MSCI. Any funds derived from the deletion of this activity should be either deobligated or reprogrammed.

Marking Requirements Needed To Be Addressed

Project training facilities constructed with AID funds at Burao and Baidoa had not been identified as being "American Aid". Also, project vehicles were not properly marked. AID emblems were either missing or were badly faded. Most of the vehicles had never had the AID emblem affixed.

Section 641 of The Foreign Assistance Act of 1961, as amended, contains a provision which states:

"Programs under this Act shall be identified appropriately overseas as 'American Aid'."

To insure compliance with this Act, the AID project grant agreement contains a standard provision which requires the grantee to give appropriate publicity to the project. This publicity requirement is most often met by constructing a sign at project sites and affixing the AID "Hand Clasp" emblem to vehicles, equipment or commodities.

Our visits to the training facilities constructed at the two project sites disclosed that marking requirements had not been adhered to. We believe this finding to be significant in view of the fact that, in addition to the two training centers, the project grant agreement calls for the construction or renovation of 64 primary health care units and 16 district health centers and training institutions. We also noted that out of 30 vehicles on hand as of August 1983, over one-half were without the AID emblem. Many of the emblems were badly faded. In some instances, the emblems had fallen off or had been removed.

Conclusion and Recommendation

Marking requirements specified by the FAA and contained in the project grant agreement had not been complied with. Accordingly, we believe that USAID/Somalia should take action to insure compliance with the marking requirement.

Recommendation No. 6

USAID/Somalia ensure compliance with the marking requirements specified in the FAA and contained in the project grant agreement.

LIST OF RECOMMENDATIONS

	<u>Page</u>
<u>Recommendation No. 1</u>	8
<p>USAID/Somalia assess the GSDR institutional capacity to sustain the project and finance its recurring costs. If the assessment is unfavorable either (a) identify alternative methods of funding the project or (b) terminate it.</p>	
<u>Recommendation No. 2</u>	13
<p>USAID/Somalia ensure that the contractor develops a detailed project implementation plan which meets with the approval of all parties involved in the project. The plan should meet the requirements contained in AID Handbook 3.</p>	
<u>Recommendation No. 3</u>	15
<p>USAID/Somalia (a) conduct an inventory of all project commodities, (b) establish and implement a management system which will effectively control the receipt, distribution, and location of all project commodities, and (c) affix financial responsibility for any losses incurred where appropriate.</p>	
<u>Recommendation No. 4</u>	16
<p>USAID/Somalia work with the Ministry of Health to expedite the purchase and receipt of spare parts and to hire trained mechanics for the project. If mechanics are not available, the Ministry should be required to make other arrangements to ensure that vehicle maintenance is performed, such as contracting this function out to private garages.</p>	

Recommendation No. 5

17

USAID/Somalia (a) amend the project grant agreement, deleting the special approach to deliver medical services to the nomadic population in Somalia and (b) in collaboration with SER/CM, amend the contract with MSCJ. Any funds derived from the deletion of this activity should be either deobligated or reprogrammed.

Recommendation No. 6

18

USAID/Somalia ensure compliance with the marking requirements specified in the FAA and contained in the project grant agreement.

APPENDIX B

LIST OF REPORT RECIPIENTS

	<u>No. of Copies</u>
<u>Field Officers</u>	
USAID/Somalia	5
REDSO/ESA	2
<u>AID/Washington</u>	
AA/M	1
AA/AFR	5
LEG	1
GC	1
IG	1
OPA	1
AFR/EA	2
PPC/PDPR	2
FM/ASD	2
S&T/DIU	4
M/SER/CM	1