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AUDIT OF
BOTSWANA WORKFORCE AND SKILLS TRAINING
PROJECT NO. 633-0231

Audit Report No. 3-613-87-18
September 28, 1987

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
REGIONAL INSPECTOR GENERAL/AUDIT

UNITED STATES POSTAL ADDRESS
BOX 232
APO N.Y. 09675

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NAIROBI, KENYA

September 28, 1987

MEMORANDUM FOR DIRECTOR, USAID/Botswana, John Hummon

FROM: *for* RIG/A/Nairobi, Richard C. Thabet *Richard L. Gorman*

SUBJECT: Audit of Botswana Workforce and Skills
Training Project

This report presents the results of audit of the Botswana Workforce and Skills Training Project. Please advise us within 30 days of any additional information relating to actions planned or taken to implement the report's recommendation. We appreciate the cooperation and courtesies extended our staff during the audit.

Background

The primary constraint to Botswana's economic progress has been the lack of a skilled indigenous workforce. In 1980, for example, the mining sector employed 56 percent expatriate staff in professional and technical positions and 87 percent in managerial positions. Overall, Botswana's public and private sectors relied extensively on expensive expatriate labor to fill skill shortages created by the expanding economy.

The Botswana Workforce and Skills Training (BWAST) project was directed at overcoming the skilled labor constraint. The project's purpose was to increase the number of skilled workers in areas related to employment generation.

This was to occur primarily by providing sustained training assistance, including undergraduate, graduate, and short term technical, administrative and management training. A contractor, Academy for Educational Development, was to assist the Mission, including placing the students in appropriate

training institutions. An important project benefit was to be the substitution of indigenous workers for expatriates in skilled positions.

The project began in May 1982 and was to be completed in September 1989. Total project costs were estimated at \$19.4 million, with A.I.D. contributing \$14.6 million and the Government of Botswana \$4.8 million. At June 1987, A.I.D. had expended about \$10.4 million on the project. For a map of Botswana, see Exhibit I.

Audit Objectives and Scope

The office of the Regional Inspector General for Audit, Nairobi (RIG/A/N) made an economy and efficiency audit of the project. The audit's objective was to determine if the project was using available resources efficiently to achieve the desired Botswana workforce training.

To accomplish the objective, RIG/A/N staff made an audit during July and August 1987 in Gaborone, Botswana and Nairobi, Kenya. The audit staff reviewed the project paper and agreement, the contract with Academy for Educational Development, previous evaluations, and related correspondence, records and reports. The audit staff also interviewed officials of USAID/Botswana, Academy for Educational Development, Botswana Employers Federation, Ministry of Education, and Directorate of Public Service Management.

The audit focussed on identifying uneconomical practices related to the project's training component. Audit methodology included assessments of administrative controls, systems and procedures for selecting, placing, monitoring, and following-up on training participants. These activities involved about \$7.1 million of \$10.4 million in expenditures incurred from May 1982 to June 1987.

In the areas audited, with the exception of the reported finding, there was an adequate level of internal administrative control and compliance with applicable laws and A.I.D. guidelines. Nothing came to the auditors' attention that indicated noncompliance in areas not tested.

The audit did not cover counterpart contributions to the project, although the project's financial arrangement (who would pay directly for what) was reviewed to determine the likelihood of problems. The audit was made in accordance with generally accepted government auditing standards.

Results of Audit

The project had not used cost efficient third-country training ^{1/} of students. Even though opportunities existed in other African countries for undergraduate and other training at greatly reduced costs, no students had been placed in those countries. Instead, all the students were sent to the United States at much greater expense.

Except for this practice, the project successfully selected, placed and monitored students. Very few did not complete their training and nearly all returned to Botswana to work after completing training. Thus, significant progress was made toward the project's primary aim of overcoming the economy's skilled labor constraint. Good project administrative control contributed to this outcome.

To end the project's uneconomic practice of not using third-country placements, the report recommends that the Mission include in its new BWAST contract a specific third-country placement objective for the contractor to attain.

Use of Third-Country Training Can Save \$1.6 Million - A.I.D. policy guidance directed Missions to use third-country training institutions when appropriate. Nevertheless, USAID/Botswana made no use of such institutions for the BWAST project. This cost the project at least \$640,000 in lost savings. Such placements were not made because Mission officials in the past believed obstacles to utilizing third-country training were too great, and because they gave little importance to the relevant policy guidance. By correcting the problem in the follow-on project (BWAST II), the Mission can realize at least \$1.6 million in cost savings.

Discussion - A.I.D. Policy Paper, "Participant Training," dated July 13, 1983, stated that "Training in the U.S. should be limited to fields in which training is not available locally, for which U.S. training is cost-effective or which support other strategic considerations such as the exposure of key leaders to U.S. institutions and practices." The guidance directed missions to consider the option of training more cost-effectively in local or third-country institutions before utilizing more expensive training in U.S. institutions.

The policy was supported by an April 1983 study done by Jeffalyn Johnson and Associates for the Office of International Training and the Bureau for Africa. The study recommended that missions increase the use of third-country training at African

^{1/} A.I.D.-sponsored training in a country other than the student's home country or the United States.

institutions, because various African institutions were capable of providing cost-effective quality training.

A.I.D. policy guidance was stated again in an August 1984 policy paper, "African Bureau Development Training Strategy Paper." The paper added that "Use of African training institutions for A.I.D. participant training activities is a logical extension of prior A.I.D. support to some of these institutions and a means of further supporting institutional development in Africa."

Nevertheless, none of the BWAST project's participants were placed in African institutions outside Botswana. This was the case even though the training provided was not to expose key leaders to U.S. institutions and practices, but instead to supplement the technical and managerial skills available in the general workforce. In contrast to USAID/Botswana, all other A.I.D. missions in Africa placed an average of about 15 percent of their participants in third-countries.

The BWAST project had scheduled 222 person years of training. Training in African institutions outside Botswana cost about \$3,100 per person year compared to \$22,400 in the United States. ^{1/} Had 15 percent of the placements been made in third-countries, instead of none, about \$640,000 could have been saved. Alternatively, an additional 206 person years of training in third-countries could have been obtained.

Mission officials in the past believed obstacles to third-country placements were insurmountable. The obstacles included the students' ability to get accepted to the institutions, to obtain dormitory space, and to obtain local currency for spending money. Mission officials thought these obstacles made third-country placements impractical. The Mission was unable to provide any examples where the project had attempted to make such placements.

In fact, such placements were possible and practical. Government of Botswana trust fund officials administered a scholarship program. They stated that about 50 of their

^{1/} To simplify report presentation, long-term and short-term training costs were weighted and combined. Short-term training time was only three percent of the total.

students (about 70 percent of the total) were attending institutions in other African countries. They stated that no serious problems existed in making or maintaining these placements. Further, they stated these placements were a highly economical alternative to U.S. placement of the students.

Information provided by USAID/Kenya's training officer confirmed the potential for placing students in Kenyan institutions. The training officer stated that no serious problems were experienced placing foreign students in Kenyan institutions. Further, according to the training officer, many institutions gave priority to applicants from other African countries.

The absence of third-country placements was due also to the fact that contractor officials and Mission officials did not understand or appreciate A.I.D. policy on third-country training. Contractor officials thought such placements were against A.I.D. policy. Mission officials believed U.S. training was more advantageous because of the political atmosphere and advanced technology, and because such training best advanced U.S.-Botswana relations. As a result of the incorrect understanding of third-country training policy and potential, no third-country placements had been made.

A 1985 mid-term evaluation of the BWAST project pointed out that little effort had occurred on third-country training. The evaluation pointed out "that while third country training (particularly in Africa) is an available form of training, there has been little effort to facilitate and increase participant placement in third country training programs. Such an effort needs to be made by Academy for Educational Development." Even though the evaluation pointed out the need for action, no action had been taken.

The need for action also had been pointed out for the BWAST project's predecessor project, a regional project called the Southern Africa Manpower Development Project. A 1981 RIG/A/N audit of the earlier project pointed out the lack of third-country training. The audit recommended correcting the problem by setting a specific third-country placement objective for the contractor.

Despite the earlier audit recommendation, the Mission's BWAST contract with Academy for Educational Development contained no third-country placement objective.



Fig. 1 University of Nairobi promenade. African institutions can provide a cost-effective alternative to U.S. institutions.



Fig. 2 University of Nairobi library. Various African institutions provide quality instruction and modern facilities.

BWAST II is a follow-on project to BWAST. At the time of the audit the Mission had invited contractor proposals, but had not yet awarded the contract.

The BWAST II project paper calls for 544 person years of training. If 15 percent of the BWAST II person years were performed in third-countries, instead of in the U.S., savings of \$19,300 for each of those person years could be realized. This would amount to a total savings of at least \$1.6 million for the BWAST II project.

In conclusion, USAID/Botswana overlooked an important cost savings opportunity in the BWAST project. To achieve the cost savings under BWAST II the Mission needs to include a specific third-country training objective in the new contract. A placement objective of 15 percent, as a minimum, would bring the level of third-country training in BWAST II in line with the Africa-wide level. The contractor should be required to at least attain the 15 percent level and to report annually the level of actual achievement.

Recommendation No. 1

We recommend that USAID/Botswana include language in the contract for Botswana Workforce and Skills Training Project, Phase II that requires the contractor to:

- a. place at least 15 percent of the project's training participants in third-countries, and
- b. annually report progress toward meeting the objective.

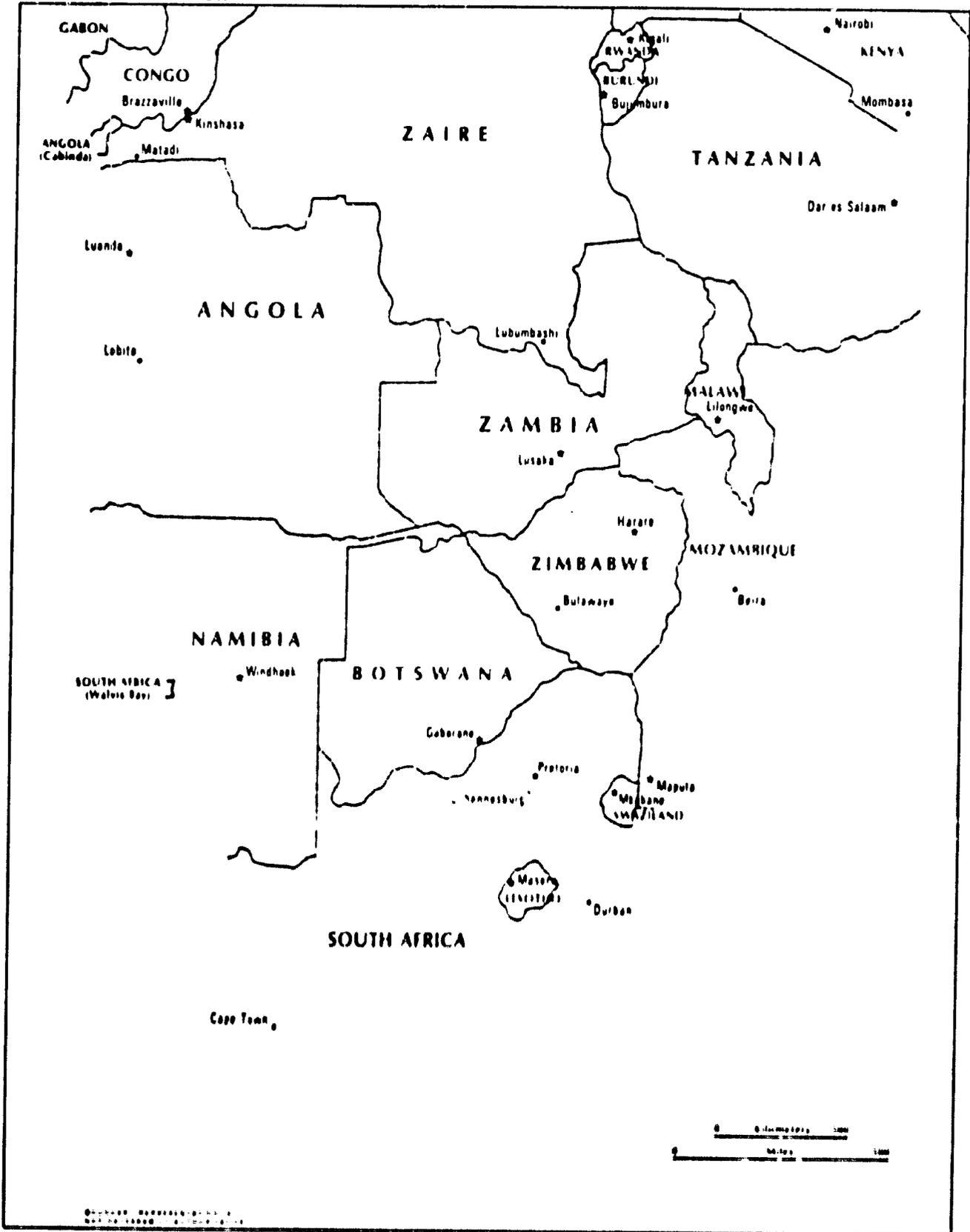
USAID/Botswana concurred with the recommendation and agreed to include the recommended language in the new contract. The Mission pointed out that 11 long-term and 49 short-term participants completed third-country training since 1980 under other Mission projects. Further, the Mission stated it has found support from the Government and others for increasing third-country training in the future. The complete text of USAID/Botswana comments is included as Appendix 1.

The Office of Inspector General considers the recommendation resolved. It will be closed when the recommended language is included in the new contract. The Mission suggested specific changes to the report's wording. All of these changes were incorporated in the final report.

AUDIT OF
BOTSWANA WORKFORCE AND SKILLS TRAINING PROJECT

EXHIBIT AND APPENDICES

Southern Africa



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ACTION: AID-4 INFO: ECON - 5

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FOR RIG/A/NAIROBI, RICHARD C. TEABET FROM J. HUMMON

E.O. 12356:N/A
SUBJ: DRAFT REPORT-AUDIT OF BOTSWANA WORKFORCE AND
SKILLS TRAINING PROJECT.

REF: TEABET/HUMMON MEMO DATED AUGUST 26, 1987 AND
DRAFT REPORT.

1. PER DISCUSSIONS WITH YOU, USAID CONCURS WITH BASIC RECOMMENDATION OF AUDIT REPORT ON BOTSWANA WORKFORCE AND SKILLS TRAINING PROJECT AND WILL IMPLEMENT RECOMMENDATION TO THE EXTENT THAT IT IS FEASIBLE. HOWEVER, GIVEN THE FACT THAT THE PROJECT HAS BEEN HIGHLY SUCCESSFUL IN MEETING ITS OBJECTIVES, AND HAS BEEN ADMINISTERED EXTREMELY WELL (AS ATTESTED TO BY YOU IN DISCUSSIONS HERE) THERE IS PRECIOUS LITTLE IN THE REPORT TO ACCENTUATE THE VERY POSITIVE NATURE OF WHAT HAS TAKEN PLACE IN THIS PROJECT OVER THE PAST SEVERAL YEARS. MOREOVER, SOME OF THE LANGUAGE USED IN TALKING ABOUT THE THIRD COUNTRY TRAINING IS OVERKILL. THEREFORE, WE SUGGEST THE FOLLOWING CHANGES IN YOUR DRAFT REPORT:

(A) ON PAGE 2, AS A FACTUAL POINT, REVISE "FROM ABOUT US DOLS 60 TO AROUND US DOLS 900 PER ANNUM. THIS PROGRESS WAS IN LARGE MEASURE DUE TO SUCCESSFUL DIAMOND PRODUCTION, AND TO A LESSER EXTENT FROM CATTLE. HOWEVER, THE VAST MAJORITY OF BATSANA ARE STILL VERY POOR."

Inspector General's Note
This paragraph was deleted from the final report.

(B) ON PAGE 4, FINAL PARAGRAPH, SUGGEST THAT THERE BE A STRONGER STATEMENT OF THE POSITIVE NATURE OF THE PROJECT IN MEETING ITS OBJECTIVES. IN LAST PARAGRAPH, SUGGEST "NOT USED" RATHER THAN "DISREGARDED".

(C) ON PAGE 5, SUGGEST "NOT USING" RATHER THAN "DISREGARDING" IN PARAGRAPH 2. ALSO ON PAGE 5, SUGGEST "NEVERTHELESS USAID BOTSWANA HAS MADE NO USE OF SUCH INSTITUTIONS FOR THE SWAST PROJECT. THIS HAS COST THE PROJECT AT LEAST ETC."

(D) PAGE 7 PARA 3, SUGGEST REVISED AS FOLLOWS:
MISSION OFFICIALS IN THE PAST BELIEVED OBSTACLES
ETC.

(E) PAGE 8 PARA 3, "THE MISSION BELIEVED U.S.
TRAINING WAS MORE ADVANTAGEOUS BECAUSE OF THE
POLITICAL ATMOSPHERE ETC."

2. AS ADDITIONAL INFORMATION, SINCE 1980
USAID/BOTSWANA HAS HAD ELEVEN LONG-TERM
PARTICIPANTS, UNDER DIFFERENT MISSION PROJECTS, WHO
HAVE COMPLETED THEIR TRAINING IN KENYA, TANZANIA,
AND ZAMBIA. FORTY NINE SHORT-TERM PARTICIPANTS HAVE
COMPLETED TRAINING IN KENYA, ZIMBABWE, NIGERIA,
MAURITIUS, GAMBIA, ZAMBIA, MALAWI, LESOTHO,
AUSTRALIA, AND THE PHILIPPINES. TWO PARTICIPANTS
ARE CURRENTLY STUDYING IN ZIMBABWE AND ANOTHER TWO
ARE WAITING A CALL FORWARD TO NAIROBI UNDER OUR
BWAST II PROJECT. EDUCATION, NURSING, AGRICULTURE,
RESEARCH AND FAMILY PLANNING HAVE BEEN THE MAIN
AREAS OF STUDY. FURTHER, THE GOB AND SADCC HAVE
INDICATED THEIR SUPPORT TO INCREASING TRAINING
OPPORTUNITIES AND PLACEMENTS IN THIRD COUNTRIES,
PARTICULARLY THOSE FROM THE NINE SADCC COUNTRIES.

3. REGARDING RECOMMENDATION NO. ONE OF SUBJECT
REPORT, USAID/BOTSWANA WILL COMPLY BY INCLUDING
LANGUAGES IN THE NEW TA CORE CONTRACT FOR THE
BOTSWANA WORKFORCE AND SKILLS TRAINING PROJECT-
PHASE II REQUIRING THE CONTRACTOR TO A) PLACE AT
LEAST 15 PERCENT OF THE PROJECT TRAINING
PARTICIPANTS IN THE THIRD COUNTRIES AND B) REQUIRE
THE CONTRACTOR TO ANNUALLY REPORT PROGRESS TOWARD *meeting*
THIS OBJECTIVE. BELLOCCHI

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