



# Auditor General

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ABORTION ACTIVITIES  
FINANCED BY  
THE PATHFINDER FUND

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INTRODUCTION

On August 5, 1977, the Assistant Administrator, Bureau for Asia, and the Assistant Administrator, Bureau for Development Support (formerly the Bureau for Population and Humanitarian Assistance), requested that we do an audit of the Pathfinder Fund, an AID grantee, to determine whether AID funds were being used to finance Pathfinder-supported menstrual regulation program in Bangladesh.

The Pathfinder Fund is a Boston-based, non-profit organization engaged in family planning activities. Through grants of about \$3 million annually, AID finances roughly 85 percent of Pathfinder's projects and expenses. AID grant funds are used to finance AID-approved Pathfinder projects in various countries throughout the world, as well as a proportionate share of Pathfinder's overhead expenses related to the projects.

Since 1974, Pathfinder has supported the Family Planning Model Clinic in Bangladesh, which has a menstrual regulation program. Routine family planning activities at the Clinic are to be financed with AID grant funds, and the menstrual regulation program is to be privately financed with Pathfinder funds. Properly implemented, this separation of financing would be in consonance with the rationale supporting AID's Policy Determination No. 56, AID's policy relative to Section 114 of the Foreign Assistance Act.

Section 114 of the Foreign Assistance Act of 1961, as amended, restricts the use of funds relative to abortions as follows:

"None of the funds made available to carry out this part shall be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions."

AID's Policy Determination No. 56, dated June 10, 1974, prohibits AID funding of abortion-inducing equipment and motivational/educational activities that seek to promote abortions as a method of family planning. Policy Determination No. 56 states that AID activities in developing countries cannot incorporate coercive features relative to family planning, and that AID funds will not be used to pay women in the less developed countries to have abortions. It also provides that "AID funds are not and will not be used to pay persons to perform abortions."

[REDACTED]

The rationale supporting Policy Determination No. 56 was stated in an Action Memorandum dated June 10, 1974, for the Administrator from the Assistant Administrator, Bureau for Population and Humanitarian Assistance. This rationale equates menstrual regulation procedures with abortion, as follows:

"While even the simple Menstrual Regulation Kit can serve a number of OB-GYN purposes, its most common use will be for eliminating at the earliest stages the possibility of pregnancies continuing.  
[Emphasis added]

Therefore, AID funds will no longer be used for the acquisition of these kits..."

To ensure that AID's contractors/grantees would not use AID funds for abortion activities, AID attempted to amend all existing contracts and grants. AID's primary grant to Pathfinder at the time, AID/CM/pha-G-73-15, was amended January 13, 1975. The amendment incorporated the main features of AID policy and provided that no grant funds will be used for "payments to persons to perform abortions."

We visited Pathfinder's offices in Boston in late August 1977 in preparation for our review of the Family Planning Model Clinic in Bangladesh. While in Boston, we found other AID-financed Pathfinder projects which apparently involved abortion activities. Accordingly, it was necessary to expand the scope of the audit to determine if Pathfinder's controls in general were adequate to preclude the use of AID funds for abortion activities. Our subsequent work included visits to AID-financed Pathfinder projects in Bangladesh, Bolivia, and Indonesia.

#### SUMMARY OF FINDINGS

Pathfinder controls over the use of AID funds have been unsatisfactory. As a result, AID funds were used in support of abortion activities in violation of AID policy and the Foreign Assistance Act.

After our preliminary findings at Pathfinder's headquarters were reported, AID funding of Pathfinder activities was temporarily suspended. We believe that the suspension should continue until Pathfinder demonstrates that its control procedures will preclude future uses of AID funds for unauthorized abortion activities. In addition, we believe AID should disassociate itself from Pathfinder projects where it is known that AID financing was used to perform abortions.

During the review, findings were discussed with Pathfinder

employees and with appropriate AID officials. A draft report was submitted to (a) AID's Assistant Administrators in charge of population activities and the geographic areas where the audited clinics were located--Asia and Latin America, (b) the head of AID's Contract/Grant Office, and (c) AID's General Counsel. Comments received from those AID officials, and from Pathfinder, were taken into consideration in preparing our final report.

### FINDINGS AND RECOMMENDATIONS

#### Pathfinder Headquarters Office - Boston

Before going to Boston, we met with appropriate AID officials in Washington. They told us that, to their knowledge, Pathfinder supported only one other project besides the Bangladesh clinic where abortion-type activities were carried out in conjunction with AID-financed activities. That project, in The Gambia, involved a menstrual regulation program that also receives separate, private Pathfinder financing.

In Boston, Pathfinder officials initially told us that The Gambia and Bangladesh projects were their only projects where abortion activities were being done in conjunction with AID activities. However, by reviewing pertinent Pathfinder records and continuing to pursue the matter, the audit team found five other AID-financed Pathfinder projects which apparently involved abortion activities. In those five projects, Pathfinder had not provided separate private funding as it had in Bangladesh and The Gambia.

Three of these projects are no longer supported by Pathfinder. They included two projects in Senegal and one in Singapore:

- Pathfinder records show that menstrual regulation kits were issued to two AID-supported clinics in Senegal after Pathfinder had been informed by AID of its restrictions against funding abortion activities. Pathfinder terminated funding of the projects in 1976 for reasons not connected with abortions.
- AID grant funds were used in the Culdosopic Sterilization project in Singapore from April 1975 through June 1977, in the same facility where abortions financed by the World Health Organization were being performed. AID-financed personnel may have engaged in both activities.

The remaining two projects were still being supported by

[REDACTED]

Pathfinder and funded by AID. These are the Women's Clinic project in Bolivia and the North Sulawesi Private Family Planning Clinics project in Indonesia. Project progress reports in Pathfinder's files indicated that menstrual regulation procedures had been performed at each project. Pathfinder personnel acknowledged that abortions were done at the clinics, but insisted that AID funds were not used. Since AID funds were used to pay salaries of local doctors and nurses on the projects--and since Pathfinder had not set aside special funding to cover abortions as it did in Bangladesh--it seemed probable that AID was funding abortions at these clinics.

We notified the Assistant Administrators of the Bureau for Asia and Population and Humanitarian Assistance of our preliminary findings on September 2, 1977. On September 6, 1977, AID suspended further Pathfinder funding--pending the outcome of our visits to the ongoing projects in Bolivia, Bangladesh, and Indonesia.

### Bolivia

The Women's Clinic in Bolivia was started in 1974 with the use of AID funds provided through Pathfinder. AID funds, totaling \$69,110<sup>1/</sup> through June 1977, have been used to pay part-time doctors' salaries, nurses' salaries, building rent and utilities, clinic remodeling, laundry, materials, and miscellaneous expenses--in effect, almost all costs--of the clinic. Fees collected from patients from inception of the project through June 1976 amounted to \$4,673, according to clinic records. These fees were used for painting, cleaning, Christmas and patriotic bonuses for all personnel, and miscellaneous expenses. Pathfinder did not attempt to segregate menstrual regulation costs at the clinic and did not contribute any of its own private funds.

Abortion is against the law in Bolivia, and is a highly sensitive issue. We were informed by an AID official concerned that, because of this sensitivity, Pathfinder agreed to negotiate a refund to AID for the Women's Clinic project if we cancelled our review.

The clinic project director in Bolivia confirmed that menstrual regulation procedures are done at the clinic. He reported that,

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<sup>1/</sup> AID also provides the contraceptives Pathfinder supplies to clinics, and reimburses Pathfinder for its overhead expenses applicable to AID-financed Pathfinder projects. Pathfinder's overhead rate varies from year to year, but amounts to about 30 percent of project costs.

[REDACTED]

of 403 recorded during the period April 1974 through June 1977, approximately 30 percent (121) were for medical purposes and the remainder (282) were to abort the pregnancy of patients on a voluntary basis. The auditor met with three doctors currently working part time at the clinic. Two receive salaries of \$220 a month from AID funds provided by Pathfinder, and the third works at the clinic at no salary. All the doctors stated they perform menstrual regulation procedures at the clinic. They said that the procedures are performed without prior investigation to learn if patients are pregnant--in their words, "to regulate or correct menstrual periods."

### Bangladesh

The Family Planning Model Clinic project in Dacca began in 1974 with Pathfinder support using AID funds. From July 1974 through October 1975, the menstrual regulation program was an integral part of the Family Planning Model Clinic project, and costs were not separated. Beginning November 1, 1975, Pathfinder set up a separate, privately funded sub-project to cover the salaries and fringe benefits of the personnel working in the menstrual regulation unit of the clinic. But no effort was made to separate support costs for the menstrual regulation component, and AID continued to pay rent, utilities, and various administrative expenses for the unit.

As noted earlier, grant AID/CM/pha-G-73-15 was amended in January 1975 to prohibit the use of AID funds for abortion-related activities. However, an older grant, AID/csd-1870, was also still active at that time, but was not amended to prohibit funding abortion activities.<sup>2/</sup> Pathfinder used AID/csd-1870 grant funds through October 1975 to continue paying menstrual regulation expenses at the clinic. Through June 1977, Pathfinder had disbursed about \$182,000 of AID funds and about \$4,000 of its own funds for this clinic.

During the visit to the clinic in Bangladesh in September, the audit team found that AID-financed doctors and Pathfinder-funded doctors do similar functions. That is, AID-financed and

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<sup>2/</sup> In response to our draft report, the AID Grant Officer stated:

"The reason Grant AID/csd-1870 was not amended to incorporate the abortion clause was because the Grant had already expired. However, sub-grants which had been entered into prior to expiration continued on beyond that date. Pathfinder was provided with a copy of PD 56 and were aware of the prohibitions on certain abortion activities. It was their responsibility to ensure that illegal activities were not financed by AID down to the sub-grant level of all their documents."

Pathfinder-financed personnel both engage in routine family planning activities as well as menstrual regulation functions. This is partly because it is almost impossible to separate the functions, since routine family planning services are often given at the time pregnancy terminations are performed.

A total of 8,886 menstrual regulation procedures were performed at the clinic during the period November 1, 1975 through August 31, 1977, according to clinic records. The clinic's "Menstrual Regulation Journal", for a ten-day period in August 1977, showed that of 77 menstrual regulation procedures done during the period, the Pathfinder-financed doctor performed 17 and AID-financed doctors performed 60.

### Indonesia

The AID-funded North Sulawesi Private Family Planning Clinics project began August 1, 1974, with a grant of \$22,316 for the institution of four family planning clinics in North Sulawesi. For the year ending July 31, 1976, the grant was increased by an additional \$40,621 to add six more clinics, a training program, and finance the operating expenses of the four established clinics. For the year ending July 31, 1977, the grant was increased by \$67,841 to cover operating expenses at the project headquarters office, nine existing clinics, and to institute family planning in an additional 15 maternity clinics. The project is now funded through December 31, 1977. A total of 31 clinics have been supported by Pathfinder. AID pays the salaries of doctors, midwives, typists, and janitors, office supplies, equipment, and related costs for family planning activities at the various clinics.

Of the total 31 North Sulawesi project clinics supported by Pathfinder, 18 are operated by the Catholic Church, 4 by the Presbyterian Church, and 9 are non-church affiliated clinics. Progress reports in Pathfinder's Boston office indicated that menstrual regulation procedures were done at three of the clinics. During the audit, we visited those three clinics, as well as 18 others which had not recorded menstrual regulation procedures in their progress reports. We found no evidence of menstrual regulation procedures in the records at these 18 clinics.

Regarding the three clinics that recorded menstrual regulation procedures in their progress reports, we found the following:

- The Daily Accipar Records at the Pakowé Dalam Clinic indicated that five menstrual regulation procedures had been performed to support the family planning program during the three-year project period. They were done at the clinic which was fully funded by Pathfinder, including monthly payments to the doctor.

- At the Pikiu Pondano Clinic, officials denied that menstrual regulation procedures were done at the clinic. The clinic doctor also had a private practice, and the clinic midwife told us that some acceptors who suspected pregnancy were sent to the doctor's private office for menstrual regulation procedures. Records at the clinic were not adequately maintained to enable a determination of the extent of such referrals.
  
- The Titivungen Clinic is located within a complex containing a hospital and maternal child health center. Pathfinder supported the Titivungen Clinic through July 31, 1976. During the period November 1975 through July 1976, clinic records indicated that 338 menstrual regulation procedures were performed in non-clinic facilities. This was confirmed by the Pathfinder-supported doctor who performed the procedures. He said that (a) he performed the menstrual regulation procedures in the hospital operating room, not the clinic, (b) he paid the hospital a fee for the operating room, (c) he charged patients for the procedures, and (d) he never considered his small monthly payment from Pathfinder as any compensation for the menstrual regulation procedures. Other clinic officials apparently considered the menstrual regulation procedures performed on clinic patients by the clinic doctor to be project related, because they included the procedures in project progress reports.

On June 9, 1976, Pathfinder agreed a grant of two menstrual regulation kits to the North Sulawesi Family Planning Clinic project. (Each kit may be used for up to 160 procedures.) In January 1977, Pathfinder advised the project director that Pathfinder was making a grant of ten menstrual regulation kits to the project for use in delivery of family planning services. Abortion is illegal in Indonesia also, and the Government of Indonesia advised the clinic project director that the kits could not be imported into Indonesia. Clinic officials stated that the ten kits had not been received from Pathfinder at the time of our audit.

#### Conclusion:

AID funds were used to finance menstrual regulation procedures in violation of the Foreign Assistance Act and AID policies at

the following locations: The Women's Clinic project in Bolivia, the Family Planning Model Clinic project in Bangladesh, and the Pakem Dalam Clinic of the North Sulawesi Private Family Planning Clinics project in Indonesia.

The scope of this audit was limited and we did not review all of Pathfinder projects that are AID-financed. It is possible that there are other Pathfinder projects where AID funds are being used for abortion activities of which we are not aware. Furthermore, menstrual regulation procedures apparently were performed by AID-financed doctors in Senegal, and by AID-financed Pikat Tondano and Titiwunzen Clinic doctors in Indonesia. Whether these procedures were done in violation of AID policy is uncertain, and we have been unable to ensure proper use of AID funds in those instances.

Continued AID funding of Pathfinder projects in the present circumstances of inadequate controls may result in further improper use of AID funds.

#### Recommendation No. 1

AID's Assistant Administrator for Development Support continue to withhold financing from Pathfinder until Pathfinder demonstrates that its control procedures will preclude future use of AID money for unauthorized abortion activities.

In response to our draft report, the Assistant Administrator for Development Support stated:

"New commitments of funds for Pathfinder have been withheld since initiation of the audit, and will continue to be withheld until A.I.D. approves strengthened control and oversight procedures for the use of A.I.D. funds."

In addition, an AID Task Force was established to develop procedures to preclude the use of AID funds, provided under specific support grants, to support abortion related activities.

AID, through recoupment of past improper expenditures, should disassociate itself from Pathfinder projects where it is known that AID financing was used to perform menstrual regulation procedures.

Recommendation No. 2

AID's Office of Contract Management, in conjunction with AID's Office of Population, file a Bill for Collection on those Pathfinder projects where it is known that AID funds were used in violation of the Foreign Assistance Act to perform menstrual regulation procedures; namely, the Women's Clinic project in Bolivia, the Family Planning Model Clinic project in Bangladesh, and the Pelera Dalam Clinic project in the United States Private Family Planning Clinic project in Indonesia.

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GC	2
DSB/POP	3
SER/CM	2
SER/CM/COD/DSB	2
SER/MP	1
STATE/OES/ENP/PO	1
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AG/IIS	1
AAG/W	1
AG/OC/PE	1
AG/OC/PP	1
AG/EX/C&R	12
S/IG	1