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AUDIT OF THE SUPPORT TO PRIMARY EDUCATION PROJECT IN CAMEROON

Project No. 631-0033

Audit Report No. 7-631-89-07

April 27, 1989

UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE REGIONAL INSPECTOR GENERAL FOR WEST AFRICA

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April 27, 1989

MEMORANDUM FOR Director, Jay Johnson, USAID/Cameroon

FROM: Paul Armstrong, RIG/A/Dakar

SUBJECT: Audit of the Support to Primary Education Project in Cameroon (Audit Report No. 7-631-89-07)

The Office of the Regional Inspector General for Audit, Dakar, has completed its audit of the Support to Primary Education Project in Cameroon. Five copies of the audit report are enclosed for your action.

We appreciate your comments on the draft report. We have revised the report based on many of your suggestions, and included other comments at appropriate places in the text. Your comments are included in their entirety as Appendix 1.

The report contains three recommendations. Recommendation Nos. 1(a) and 1(b) are considered resolved and can be respectively closed upon (1) our review of the Mission request that the balance of loan funds be deobligated and (2) final determination of contractor demobilization costs and the requested deobligation of all remaining grant funds not needed. Recommendation No. 2(a) remains open pending resolution of questioned costs, while Recommendation No. 2(b) is considered closed upon issuance of this report. Recommendation No. 3 will be considered resolved upon our receipt of a copy of the Mission request that questioned costs be disallowed, and closure will take place when USAID/Cameroon reports that a bill of collection has been issued, that evidence of actual offset or monetary collection has been received, or that questioned costs have been otherwise resolved.

Please let me know within 30 days of further actions taken to resolve or close the recommendations. I appreciate the cooperation and courtesy extended to my staff during the audit.

EXECUTIVE SUMMARY

The Support to Primary Education Project in Cameroon was one of the largest A.I.D. education efforts in Africa, with $27.6 million in A.I.D. grant and loan funding. The Ministry of National Education of the Government of the Republic of Cameroon implemented the project, and the University of Southern California (USC) provided technical assistance under a $8.7 million contract with A.I.D. The project purpose was to increase the quantity and quality of primary school teachers in northern Cameroon, by (1) providing in-country technical assistance in the form of seminars and workshops, (2) expanding and equipping five teacher training colleges, and (3) providing long-term training for fifteen Cameroonians to the Masters level in the U.S.

Five years after the signing of the project agreement, however, only the technical assistance component had received funding and appeared to have achieved some success. No teacher training colleges had been expanded or equipped, and no Cameroonians had received long-term training. As a result, (1) project purposes were largely not achieved; (2) most of the funds spent on the project were for expatriate salaries and support; (3) Over $320,000 in A.I.D. funds related to proposed construction and library activities were spent without practical results; (4) relations between the USAID and the host government were strained; and (5) sustainability of the limited achievements of the project was questionable.

The project agreement was signed in March 1984, and the project was to have been completed by January 30, 1989. However, as of that date, A.I.D. had spent only about $7.9 million of the $27.6 million authorized. Technical assistance represented the bulk of project expenditures.

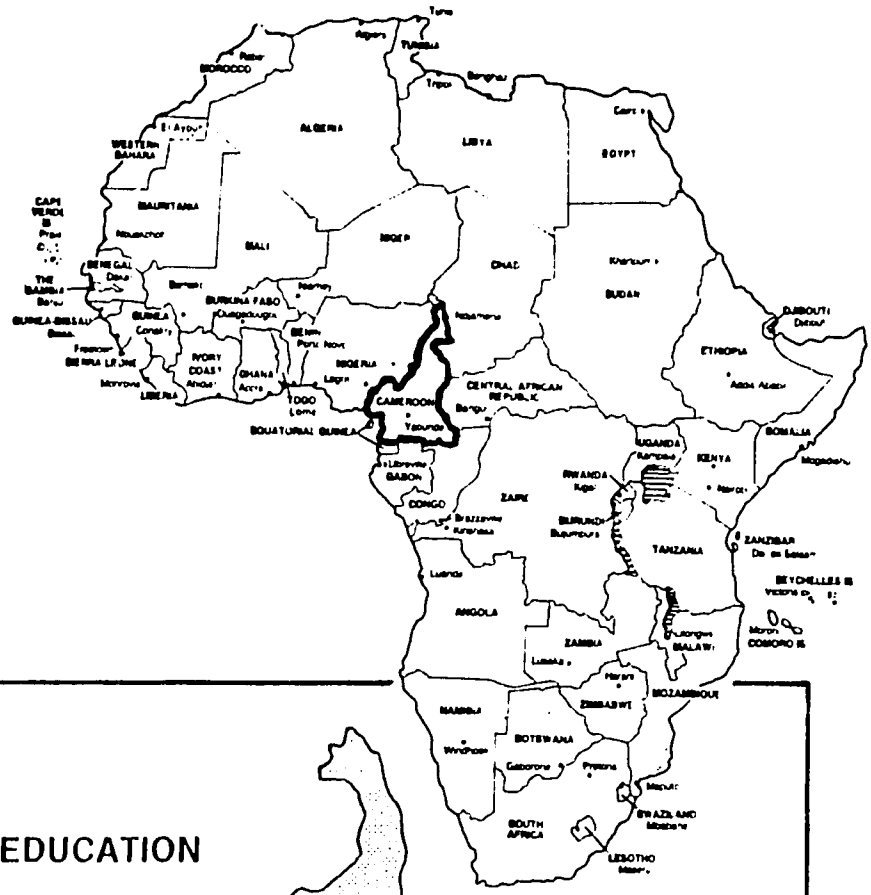
The construction and long-term training components never got underway because of host government inability to fulfill certain project agreement conditions and because of procedural differences between the host government and the Mission which occupied most of the early years of the project. During the last year of the project the Mission had attempted without success to convince the host government that because of inordinate delays the construction component could no longer continue and that project redesign was necessary. The host government insisted that construction be carried out as agreed, and in retaliation even suspended the technical assistance portion of the project for five months.

Audit survey work started in Cameroon on October 27, 1988. In November 1988 the Mission informed the host government and the contractor that it planned to let the project expire as of the Project Assistance Completion Date (PACD). On January 20, 1989, at the conclusion of audit fieldwork, the Regional Inspector General recommended that the Mission proceed with plans to terminate the project. The project ended on January 30, 1989, the Mission noting that its decision to allow the project to end was influenced by the Regional Inspector General's recommendation to terminate. Accordingly, the report recommends that about $16 million in project funds be deobligated. The audit also recommends that $29,150 in unallowable costs billed by the contractor be recovered.

The audit identified several lessons learned as a result of this experience. The Mission found itself liable for certain contractor costs beyond PACD because, due to a contracting error which the Mission had long been aware of but failed to correct, the technical assistance contract had an estimated completion date which went well beyond the project ending date. Per A.I.D. Handbook 3 the PACD provides a reference point for ending A.I.D. assistance, by stating that A.I.D. will not issue or approve documentation which would authorize disbursement for services or goods furnished thereafter. A.I.D., however, had approved the USC technical assistance contract with an estimated completion date of November 19, 1989, a date about 10 months after PACD. As a result, the contractor has projected termination costs totalling $519,000, of which $323,000 is for salaries, fringe benefits and related charges, for five months following PACD. The USAID, if it accepts these costs, would in effect be paying for five months of services it has not received. While we recognize that acceptance of any of these costs is subject to AID/W review, we have identified $52,310 of these estimated costs for which we find no justification even under a liberal interpretation of A.I.D. liability.

Another important lesson learned is the importance of scheduling an external evaluation. While one was scheduled for the third year of the project, it was not carried out. The internal evaluations which were done tended to focus almost exclusively on the relatively more successful technical assistance activity. We do not agree with the USAID contention that such an external evaluation without host government cooperation would have been unproductive, and feel that a truly objective look at the project might have been the catalyst needed to elevate the procedural difficulties blocking construction and participant training to a higher level of decision-making.

Office of the Inspector General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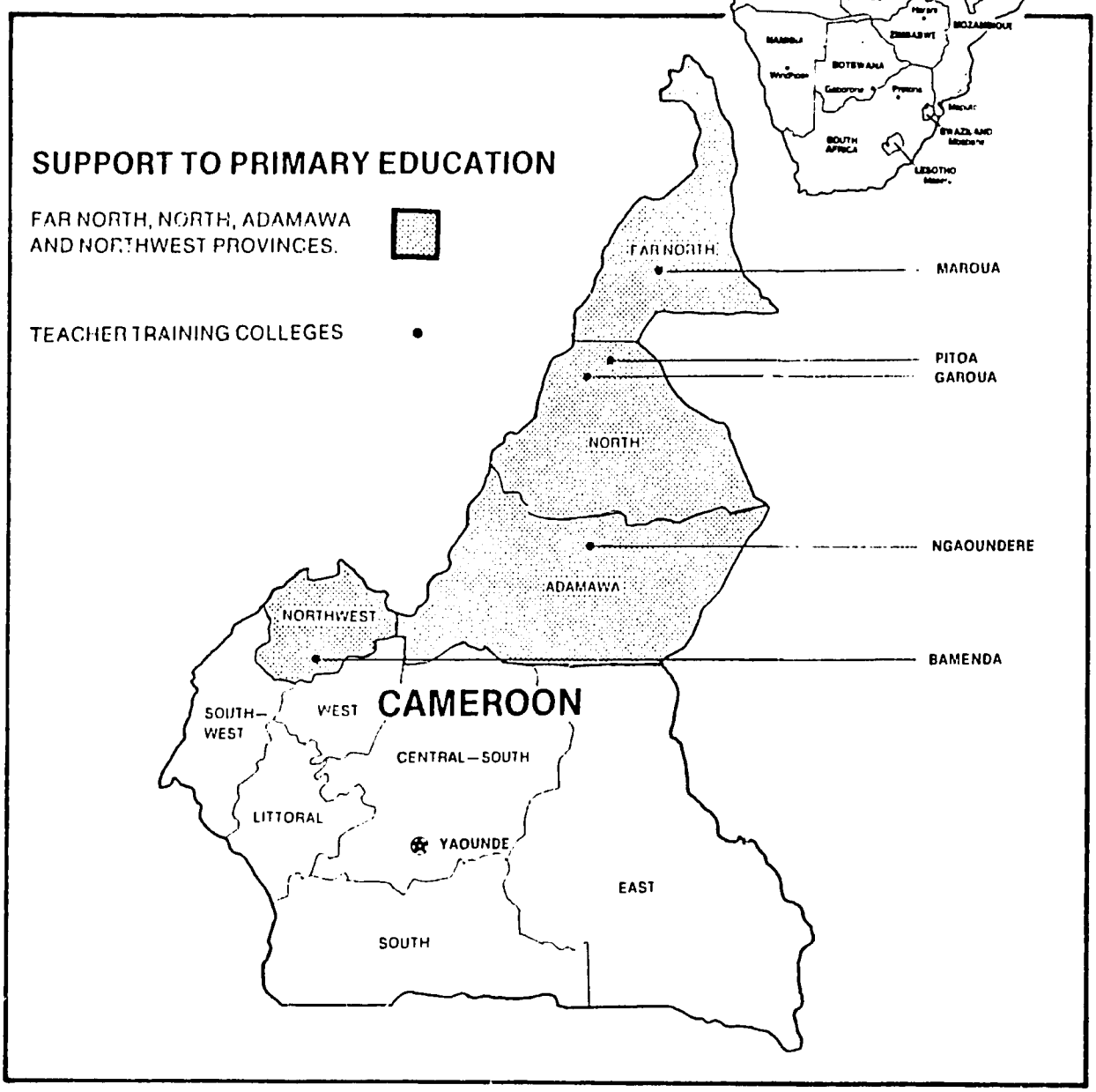
SUPPORT TO PRIMARY EDUCATION
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TEACHER TRAINING COLLEGES
FAR NORTH
MAROUA
PITOA
GAROUA
NORTH
NGAOUNDERE
ADAMAWA
NORTHWEST
BAMENDA
CAMEROON
SOUTH-WEST
WEST
CENTRAL—SOUTH
LITTORAL
YAOUNDE
EAST
SOUTH

AUDIT OF
THE SUPPORT TO PRIMARY EDUCATION PROJECT
IN CAMEROON

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IN CAMEROON

PART I - INTRODUCTION

A. Background

The Support to Primary Education Project in Cameroon was one of the largest A.I.D. education efforts in Africa. The project paper approved $27.6 million in A.I.D. grants and loans, and the host country agreed to contribute the equivalent of $73.1 million in support of the project (see Exhibit 1). The project purpose was to increase the quantity and quality of primary school teachers in four provinces in northern Cameroon, provinces which have the lowest primary school enrollment level in Cameroon. Major obstacles to correcting this imbalance and improving the quality of primary education have been: teacher shortages, weakness in school management, and the poor physical condition of the teacher training colleges. The project proposed to remedy this situation by (1) instituting in-service training programs for primary school teachers, principals and teacher training college staff, (2) expanding pre-service training programs for new teachers, and (3) improving and expanding five teacher training colleges in the project area.

The Ministry of National Education of the Government of the Republic of Cameroon (GRC) was implementing the project, and the University of Southern California (USC) was providing technical assistance under a $8.7 million contract with A.I.D. The contract was financed with grant funds. The University provided resident teacher training experts to work at the teacher training colleges and at the Ministry. Under the terms of the contract, the University was also to provide various short-term technical advisors such as a library science advisor, a project evaluation expert, and an institutional design advisor.

The Project Loan and Grant Agreement with the GRC was signed in March 1984, and the project was to have been completed by January 30, 1989. However, as of that date, A.I.D. had spent only about $7.9 million of the $27.6 million authorized. Technical assistance represented the bulk of project expenditures. The construction and long-term training components never got underway because of procedural differences between the host government and the Mission which occupied most of the early years of the project.

The $16.2 million project loan was to finance construction at the five teacher training colleges of faculty rooms, classrooms, laboratories, workshops, administrative blocks, dormitories, dining rooms, and libraries. The loan was also to finance furniture and equipment for these facilities. Construction, however, did not proceed because the host government and the USAID after years of effort were unable to finalize the architectural and engineering studies which the GRC was to provide as a part of its contribution to the project.

The project was also to provide $1.5 million in grant funding for observational tours for 10 Cameroonian officials to visit the U.S. and for 15 Cameroonians to complete long-term studies in the U.S. to the Masters level. Two observational tours including a total of nine government officials were accomplished, but long-term training was never provided because the host government and contractor failed to agree upon an acceptable list of candidates.

During the last year of the project, the Mission had attempted to convince the host government that project redesign was necessary. In February 1988 the Mission issued a project implementation letter (PIL) proposing that the project be scaled-down and that most of the construction funds be transferred to an A.I.D. higher education project in Cameroon. The host government refused to sign the document and indicated that they wished the project to be carried out as designed. In August 1988 the Mission issued another PIL proposing that $14.5 million in project loan funds be transferred to the higher education project as a grant. The host government again refused.

On November 2, 1988, the Mission informed the host government that USAID planned to let the project expire as of January 30, 1989, the Project Assistance Completion Date (PACD). On November 8, 1988, the Mission informed USC that the contract would be terminated as of PACD. The Mission, however, found itself liable for certain contractor costs beyond PACD because, due to a contracting error which the Mission had noted earlier but failed to correct, the USC contract had an estimated completion date of November 19, 1989, a date almost ten months after PACD. Nevertheless, in spite of the termination notice and in part because of the disparity in project and contract ending dates, contractor and host government efforts to salvage the project persisted to the end.

Audit survey work started in Cameroon on October 27, 1988. On January 20, 1989, at the conclusion of audit fieldwork, the Regional Inspector General recommended that the Mission

proceed with plans to terminate the project. The project ended on January 30, 1989, the Mission stating that its decision to allow the project to end was influenced by the Regional Inspector General's recommendation to terminate the project.

B. Audit Objectives and Scope

The Office of the Regional Inspector General for Audit, Dakar, conducted a performance audit of the Support to Primary Education Project. The primary objectives of the audit were to determine the reasons for the failure of the project in achieving its objectives, and to review project expenditures to date. The basic questions the audit sought to address were: (1) to what extent the project had achieved its stated objectives; (2) the causes of project failure and lessons that could be learned and applied to future education projects; (3) the extent to which the inappropriate contract ending date would increase project costs; and (4) whether contractor expenditures were reasonable and allowable.

The audit was conducted at the USAID/Cameroon in Yaounde and at one of the five project teacher training colleges. Auditors interviewed A.I.D , contractor, and host government personnel. Audit work included review and analysis of contracts, project implementation reports, various evaluation reports, and other relevant documents.

In our examination of contractor expenditures, the audit reviewed all expenditures made in Cameroon which were over $500 for the period June 1985 through October 1988. Such local expenditures represented $1.7 million out of a total of $7.3 million in contractor expenditures. Although the audit was unable to examine support for the $5.6 million in project funds expended by the contractor in the U.S. (as documentation was held at the contractor home office in Los Angeles), the audit reviewed contracts, budgets, and files available in Cameroon relative to activities paid for by the home office. As a result, the audit questioned certain contractor expenditures made in the U.S. when information came to the auditors' attention indicating that unallowable costs may have been charged to the project. In these cases the audit requested that the contractor home office provide the documentation necessary to support the questioned cost.

The audit covered project activities from March 1983 through January 1989 and except as noted above, total expenditures of about $7.9 million. The audit was made in accordance with generally accepted government auditing standards.

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PART II - RESULTS OF AUDIT

The project was in large measure not successful in meeting its stated purpose of increasing the quantity and quality of primary school teachers in the four project provinces. Host government austerity measures as well as the failure of the project construction component limited the ability of the five project teacher training colleges to increase enrollment as planned. While seminars and workshops conducted by the technical assistance contractor were well-received and an excellent rapport seemed to exist between contractor and host government personnel, the degree to which teacher quality improved was not precisely known.

In spite of the relative success of the technical assistance component, the overall project has failed, partly because the host government did not fulfill its responsibilities under the project agreement, but also because the host government and the Mission were unable to resolve procedural disagreements satisfactorily. As a result five years after the signing of the project agreement, no teacher training colleges had been expanded or equipped, and no Cameroonians had received long-term training in the U.S. The audit accordingly has identified several lessons learned. With regard to the inappropriate contract ending date, provisional estimates indicated that technical assistance costs of $323,000 might be billed to the project for contractor salaries for the five-month period following the end of the project, a cost which will in no way benefit A.I.D. or Cameroon. With regard to contractor expenditures, the audit found that certain minor items were not allowable.

The audit report recommends that the Mission deobligate about $16 million in loan funds (plus an undetermined amount in grant funds not needed for existing commitments and final settlement costs), that the Mission question the reasonableness of $52,310 in salary related costs claimed by the contractor for the period following termination of the project, that the Mission review its entire project portfolio to assure that contract termination dates are in concert with project assistance completion dates, and that the Mission request recovery of $29,150 in unallowable costs.

A. Findings and Recommendations

1. Construction and Long-term Training Components Have Failed

The Support to Primary Education Project in Cameroon was to (1) provide in-country technical assistance in the form of seminars and workshops, (2) expand and equip five teacher training colleges, and (3) provide long-term training for fifteen Cameroonians to the Masters level in the U.S. However, five years after the signing of the project agreement, only the technical assistance component had received funding and appeared to have achieved some success. No teacher training colleges had been expanded or equipped, and no Cameroonians had received long-term training. As a result, (1) project purposes were largely not achieved; (2) most of the funds spent on the project were for expatriate salaries and support; (3) Over $320,000 in A.I.D. funds related to proposed construction and library activities were spent without practical results; (4) relations between the USAID and the host government were strained; and (5) sustainability of the limited achievements of the project was questionable. The construction and long-term training components of the project did not materialize because the host government did not fulfill its responsibilities under the project agreement so that these components could proceed, and the host government and the Mission were unable to resolve procedural disagreements satisfactorily.

Recommendation No. 1

We recommend that the Director, USAID/Cameroon,

a. deobligate $15,852,479 in loan funds associated with construction, and

b. perform an analysis of funds associated with other project activities, and immediately initiate all actions necessary to deobligate funds not needed for existing commitments and final settlement costs.

Discussion

The Support to Primary Education Project in Cameroon had three major components. The project was to (1) provide in-country technical assistance in the form of seminars and workshops for teachers, teacher trainees, and administrators, (2) expand and equip five teacher training colleges in four disadvantaged provinces, and (3) provide long-term training for fifteen Cameroonians to the Masters level in the U.S.

However, five years after the signing of the project loan and grant agreement, only the technical assistance component had received funding and appeared to have achieved some success. Construction and equipment loan funds totalling $15,852,479 and approximately $750,000 in grant funds budgeted for long-term training were not used. None of the teacher training colleges had been expanded or equipped, and no Cameroonians had received long-term training. The Mission allowed the project to terminate on January 30, 1989, noting that its decision was influenced by a draft audit recommendation to that effect, which the audit team submitted at the conclusion of fieldwork on January 20, 1989.

Project Purposes Not Achieved - The failure of two of the three major project components and the termination of the project had numerous consequences. First and foremost, project purposes were in large measure not achieved, or in some cases, data which would indicate whether purposes were being achieved were unavailable or were questionable. For example, the five project assisted teacher training colleges were to increase total enrollments by 28 percent: from 1,020 students initially to 1,310 by end of project. As of October 15, 1988, enrollments had fallen to 536, and at the time of audit Ministry of Education records showed an enrollment of 881 students at the five project colleges. The reduction in enrollment was due in part to austerity measures taken by the host government. (In Cameroon students pay no tuition and are provided either room and board or a stipend for living expenses). Nevertheless, the lack of improved and expanded facilities potentially limited the number of students that could be accommodated, and in October 1988 the Mission concluded that whether, when, and by how much enrollments would increase was not known.

In other cases, data was not available to indicate whether project purposes were being achieved. For example, no data was available on whether primary school operating budgets had increased by 20 percent per year as required. In other cases data supporting the supposed achievement of a purpose was anecdotal and not independently gathered. With regard to the project purpose of increasing the quality of 3,310 primary school teachers, the Mission acknowledged that no independent data existed, but that a survey done by the technical assistance contractor had indicated that some improvement had occurred.

In still other cases, data which purportedly supported the achievement of project outputs was found to be questionable. The most recent Mission project implementation report, dated October 1988, stated that 4,040 primary school teachers had received in-service training. The audit requested backup data to verify this figure and

learned that the actual number trained in project sponsored seminars was only 1,490. Mission officials acknowledged that they had used the contractor figures without review, but subsequently explained that per the contractor the higher figure for in-service training included teachers who had received training "in local workshops" consisting of a minimum of one day of "training" by either contractor personnel or project trained individuals. Moreover, as of February 16, 1989, the contractor claimed that the original figure of 4,040 was underestimated, in that 5000 individuals had been "trained" in local workshops alone.

In response to our draft report, the Mission has noted that it nevertheless believes that significant improvements in quality were achieved as the result of the technical assistance component, and that Mission review of the various statistics convinces them that "the large number of primary school teachers who have learned new methods is evidence that there has been considerable diffusion of these methods." Furthermore, the Mission states that the most recent report it has received shows that the number of teachers who had received training surpassed the objective of 3310 by a factor of three. The auditors, while not denying that large numbers of Cameroonines may have been exposed, either directly or indirectly to methodologies introduced by the project, insist that in large part project purposes have not been achieved, and that data such as cited by the Mission above do not convincingly substantiate Mission claims that significant improvements have occurred.

Funds Largely Spent for Contractor Salaries and Support - One consequence of the failure to carry out construction and long-term training is that Cameroonians were not the direct beneficiaries of most the project funds spent. In fact, of the $7.9 million spent on the project, over $5 million were spent on expatriate contractor salaries and support. Salaries, fringe benefits, and associated overhead charges for contractor support staff based in the U.S. alone amounted to about $800,000. In contrast, total salaries paid to all Cameroonian staff over the life of the project amounted to less than $300,000.

Expatriate contractor staffing levels were in accord with contractual and project agreements, but without construction and long-term training, the duties of certain contractor personnel were more limited than anticipated. For example, the project funded a University of Southern California (USC) "Project Coordinator" who was based in Washington, D.C. A number of duties listed in the contract for this position related to monitoring and managing the financial costs for long-term trainees. As no long-term trainees were ever sent to the U.S., none of the $360,000 in project funds

(including the contractor 45 percent overhead charge) paid for this position from project inception through January 30, 1989, contributed to long-term training for Cameroonian officials as envisioned. (The Mission in response to this example correctly notes that the Project Coordinator in addition to duties listed in the contract had taken on additional responsibilities upon the termination of 3 subcontracts in 1987. In citing this example the auditors did not mean to imply that the individual was not fully engaged. Rather it was introduced as a graphic example of where and how A.I.D. technical assistance funds were used).

Funds Spent On Proposed Construction and Library Activities - The failure of the construction component, also meant that funds spent in anticipation of expansion and improvement of the five teacher training colleges were of little if any benefit. About $320,000 in A.I.D. funds relating to proposed construction and library activities were spent (see Exhibit 2). Most of these funds were spent for a U.S. firm to develop a construction master plan and for a Cameroon-based expatriate architect, whose job it was to help finalize host government funded architectural and engineering (A&E) studies. About $50,000 related to the activities of a library consultant funded under the technical assistance contract.

The contract with USC provided that the library consultant identify the needs of proposed project libraries. However, aside from the lack of direct benefit of the consultant's activities due to the fact that libraries were never built, the audit noted a certain extravagance in that the project paid for consultant trips to Montreal and to Paris (the latter was en route to Cameroon) to develop project book lists. The trips were approved by the Mission, as required. Nevertheless, it seemed to the auditors that exotic book lists were unnecessary in light of the fact that the colleges in question lacked even basic texts.

The book lists developed by the consultant were never used. In October 1988 after the failure of the host government and USAID to agree upon a project redesign which would have permitted library construction, A.I.D. provided about $10,000 in project grant funds for the purchase of 221 books for the five colleges. A.I.D., notwithstanding the lists compiled in North America and Europe, limited its purchases to books that were available locally. Thirty of these books, moreover, were lost during delivery in the November 1988 wreck of a project-funded vehicle and never reached the intended campuses.

In response the Mission has maintained that the $118,000 spent on the construction master plan could still produce

real benefits if the host government were to proceed with construction on its own. Furthermore, the Mission maintained that a comprehensive maintenance manual produced by the expatriate architect could have long-term benefits. The Mission has also rejected the charge that book lists produced by the project were extravagant and unnecessary. They stated that plans to send the consultant to Montreal and Paris were carefully scrutinized by Mission project management, and that even though not used by the project, the Mission stated the lists could prove a valuable resource to the Ministry of National Education in the future.

Relations Between USAID and the Host Government - The failure of the construction component has strained USAID/host government relations. Ministry of National Education officials asserted that they regarded the construction component as the most important part of the project. Host government officials also noted they had committed over $680,000 in funds for A & E studies (and had acquired land valued at over $5 million for construction) and that they felt abandoned when the Mission issued a project implementation letter outlining a proposed plan of action for redesign and transfer of construction funds to another A.I.D. project. The host government refused to sign the letter, and in retaliation suspended cooperation with the project at the Yaounde level. In effect, this meant that seminars which were to be conducted in the field by USC were cancelled (although the Mission pointed out that USC team members otherwise continued their work at the teacher training colleges and continued to draw their salaries). The suspension lasted for five months during which time A.I.D. personnel were told not to visit the Ministry of Education, and some ministry officials refused to meet with an A.I.D.-funded visiting consultant conducting an educational sector survey. The consultant returned to the U.S. early.

Sustainability - The failure of the construction and long-term training components call into question whether the limited achievements of the technical assistance component could be sustained. Contractor and Cameroonian officials noted that they regarded construction as the main means for sustaining the project. One project technical assistant argued that the project purpose of increasing the number of new teachers could not succeed without construction of new facilities, as current ones were already overtaxed. Also, because of the failure of the long-term training component, no officials with in-depth training would be returning to the project to carry on work started by USC. One A.I.D. official conceded that even the in-service and expanded pre-service training programs which were financed by the project and conducted jointly by the host government and USC

would not be continued once the project ended. With 90 percent of the education budget going for salaries, and even basics such as books lacking, he concluded that it was difficult to believe that behavioral improvement brought about by technical assistance would last.

The Mission in response to our draft report has argued that it believes sustainability is, however, possible. It argues that sustainability "will occur naturally" as primary school teachers and teacher training college staff pass along new methods to colleagues, and also that a troubled World Bank teacher training project (assuming it resumes) was designed to utilize new approaches developed in the A.I.D. project.

The Causes of Project Failure - The construction and long-term training components of the project did not materialize because the host government did not fulfill its responsibilities under the grant agreement so that these components could proceed, and because the host government and the Mission were unable to resolve procedural disagreements satisfactorily. The project agreement required the host government to furnish as part of the host country contribution an executed contract for architectural and engineering (A & E) studies. The provision of the studies was a condition for the disbursement of A.I.D. funds for construction. The studies were never completed. In opposition to A.I.D. wishes, and apparently under pressure from local architectural firms, the host government increased the number of A & E contracts to 3 and subsequently to 15, with separate contracts for each campus. The proliferation of contracts increased host country costs, and contracts became bogged down in various ministries. When the economic crisis struck Cameroon, firms refused to submit their work assuming that the government would never pay.

Likewise, the host government and contractor failed to agree upon an acceptable list of candidates for Masters level training. In May 1986, USC approved seven out of the originally submitted list of twenty candidates (many did not have an undergraduate degree), but rather than allow the seven to proceed to the U.S. for study, the host government withdrew all candidates.

In spite of Mission attempts to move the construction and training components forward, the Mission was unable to take effective action to accomplish this end, or to redesign the project, or alternatively, to terminate the project in a timely manner. Host government intransigence seems to have played a primary role in the frustration of Mission efforts, though Mission management can be faulted for its inability to informally influence events and for its

penchant for setting deadlines--which the host government regarded as ultimatums--when it was already too late (see Other Pertinent Matters). From the host government viewpoint, A.I.D. had made a legal commitment to help rebuild the five colleges, the host government had relied on this commitment and found A.I.D. overly rigid in its adherence to a legalistic project assistance completion date, when in many other cases such dates were routinely extended.

Lessons Learned - The auditors interviewed host government, contractor, and Mission personnel to see if there were any lessons to be learned from the current experience. Such lessons learned revolved around three issues: (1) the importance of keeping the host government informed, continuously and early on, as to critical target dates and as to Mission intentions; (2) the desirability of not dividing up responsibilities for A & E activities and construction; and (3) the advantages of permitting the substitution of more flexible training plans in lieu of a rigid degree or Masters program orientation.

The host government at times seemed to be uninformed about major project turning points. The proposed transfer of project construction funds to another A.I.D. project via a PIL seemed to have taken the host government by surprise. In this regard contractor personnel were especially critical of the Mission's "lack of communication" with the ministries, and thought that the Mission needed better informal contacts. One host government official criticized the Mission's lack of diplomatic skills and its style of "ordering around and sending out ultimatums." The audit noted that the Mission had in fact established a number of crucial target dates for host government action, but in some cases allowed only days to complete required actions (see examples in Other Pertinent Matters below). Also, with regard to keeping concerned ministries informed, the auditors found that one high-ranking Ministry of National Education official was still unaware in mid-January 1989 that the project contractor had been given a 90-day termination notice over two months before.

The subdivision of A & E and construction responsibilities established by the project design was ultimately responsible for the failure of the construction component in that without host government completion of the studies, A.I.D. could not proceed with construction. In contrast, one A.I.D. engineer commented that the only construction that works in Cameroon is done on a "turnkey" basis: that is, a construction firm is given dual responsibility to both design and build--an approach which is suitable when construction is of a relatively noncomplex nature. This approach has the advantage of going to bid only once,

thereby saving time, and would allow A.I.D. to exercise more complete control over construction activities.

While one Cameroonian official admitted that the host government was completely at fault for the loss of long-term training, others commented that the project requirement that such training be accomplished through a Masters program was perhaps inappropriate, in that this reduced the number of academically acceptable candidates, denied flexibility to consider alternative training possibilities, and ignored certain political realities. One official noted that primary school teachers in Cameroon require only two years of training to obtain a diploma. As candidates were required to have three years of training beyond the baccalaureat (high school degree) to enter a Masters program in the U.S., this accordingly limited the number of acceptable candidates for the project. Another official noted that a one-year training program in the U.S. or elsewhere would probably have been sufficient. Also, one technical assistant with years of experience in Africa commented that the scheme itself was flawed. He noted that one could not return to a teacher training college with a Masters degree because there were few posts at that level, and that returned trainees would pose a threat to other officials who themselves did not have an equivalent degree. In any case, the Masters degree orientation kept the project from considering other training possibilities early on and contributed to the project failure to provide in-depth training. The Mission, however, in formal response to the draft report indicated that it did not feel that the short-term training alternative was preferable at any point in the current project to advanced graduate-level training.

Management Comments

The Mission generally agreed with the recommendation and had already requested deobligation of $3.4 million, in loan funds, and pending the expiration of the Congressional Notification waiting period, planned to request deobligation of the balance. Also with the exception of technical assistance contract funds, all funds for other project activities have been decommitted and de-earmarked.

Nevertheless, the Mission supplied the Regional Inspector General with an extensive commentary on the body of the finding. Mission comments therefore appear in their entirety in Appendix 1, and we have revised and made additions to the finding in order to reflect Mission views.

One major issue bears discussion here: The audit characterization of USAID/host government relations. The

Mission found to be an exaggeration the audit report suggestion that procedural differences between the USAID and the host government had occupied most of the early years of the project. The Mission thought this characterization distorted the basically positive and constructive relationship that existed between USAID and the Ministry of National Education throughout most of the project. Furthermore, the Mission found the audit statement that relations were "strained" to be too sweeping, noting that while relations with some individuals at the national level of the Ministry of National Education were strained, that relations with teacher training college staff, provincial officials, and other ministries have been very positive. The Mission also stated that they and the contractor had taken continuous actions throughout the project, both formally and informally, and that on the construction issue they had made attempts, "officially and unofficially, formally and informally, at all levels to resolve the problem."

Office of the Inspector General Comments

Based on USAID/Cameroon actions, Recommendation 1(a) and 1(b) are considered resolved. Recommendation 1(a) can be closed upon receipt of a copy of the cabled request to deobligate the balance of the loan funds. Recommendation 1(b) can be closed upon final determination of contractor demobilization costs and requested deobligation of all funds not needed.

The auditors admit that their characterization of USAID/host government relations is sweeping, but we nevertheless assert that it is roughly descriptive of tendencies observed. We recognize, however, that the Mission has continued its dialogue with the government, and is considering renewed education sector assistance in the framework of the structural adjustment program now being negotiated. We have accordingly revised our remarks regarding the prospects for future cooperation which were expressed in the draft report. With regard to the Mission's assertion that they expended extensive effort to resolve the problems, we acknowledge wholeheartedly the evidence of considerable exertions on the part of the USAID in this respect. Not to do so would be unfair to a number of hard-working A.I.D. officials and contractors. However, there is a qualitative as well as a quantitative spectrum against which the efforts must, in the last analysis, be judged. We continue to feel, and a reading of the Mission's extensive chronologies of events occurring throughout 1985, 1986 and 1987 bears this out, that at some point, USAID management should have concluded that these approaches, as earnest and frequent as they may have been, were not proving effective.

2. A.I.D. Has Incurred a Liability for Contractor Services Not Received

Per A.I.D. Handbook 3 the Project Assistance Completion Date (PACD) provides a reference point for ending A.I.D. assistance, by stating that A.I.D. will not issue or approve documentation which would authorize disbursement for services or goods furnished after PACD. A.I.D., however, had approved a technical assistance contract with the University of Southern California, having an estimated completion date of November 19, 1989, a date about 10 months after PACD. As a result, the contractor has projected termination costs totalling $519,000, of which $323,000 is for salaries, fringe benefits and related charges, for the five month period following PACD. The USAID, if it accepts these costs, would in effect be paying for five months of services it has not received and will not receive. The discrepancy in dates occurred because of a regional contracting officer error which the Mission was aware of but had failed to correct. The audit, in reviewing projected post-PACD costs, has concluded that, at a minimum, $52,310 of these costs are not reasonable, and should be questioned.

Recommendation No. 2

We recommend that the Director, USAID/Cameroon,

a. should question the reasonableness of the $52,310 in salaries, fringe benefits and related costs projected by the contractor for the month of June 1989 and should report to the Regional Inspector General on the ultimate decision regarding these costs; and

b. review all technical assistance contracts in the Mission portfolio to assure that contract completion dates do not postdate project assistance completion dates, and upon conclusion inform the Regional Inspector General of actions taken to resolve any discrepancies found.

Discussion

Per A.I.D. Handbook 3 the Project Assistance Completion Date (PACD) contained in a project agreement provides a reference point for ending A.I.D. assistance, by stating that A.I.D. will not issue or approve documentation which would authorize disbursement for services or goods furnished after PACD. The guidance also mentions that A.I.D. "may decline" to approve or amend contracts if to do so would permit post-PACD performance.

A.I.D., however, had approved a technical assistance contract with the University of Southern California (USC)

having an estimated completion date of November 19, 1989, a date almost ten months after the project PACD of January 30, 1989. A.I.D. contracting officers who were interviewed by the auditors maintained that while one should never have a contract which goes beyond the PACD, the contract estimated date of completion is in fact only "approximate", and indicates an intent that services be provided to that point. In addition, they pointed out that A.I.D. always reserves the right to terminate a contract, a process which requires that the contractor submit a claim for any costs incurred upon such termination. Any costs claimed then become a matter of negotiation between the contractor and the Mission.

Contracting officers also noted that from the point of view of the contractor, the PACD is unofficial, and that the contractor would have no reason to think that the contract as written was not binding. The Regional Inspector General, on the other hand, is concerned that such a liberal interpretation of the PACD, even if supported by A.I.D. regulations, could create a situation wherein several contracts with dates extending beyond the PACD could be in effect, with the amount of money remaining in the contracts acting as the only effective constraint requiring closure of project activities.

Projected Costs For the Period Subsequent to the PACD - As a result of the discrepancy in ending dates, the contractor has submitted a budget totalling $519,000 for "demobilization" and final settlement costs for the period of February through June 1989. Of the total projected, $323,000 consists of salaries, fringe benefits, and related overhead and allowances for ten contractor personnel for the five month period after project termination (see Exhibit 3).

The argument for paying salaries through June 1989, even though most in-country USC personnel may have left Cameroon by the end of March 1989, is that most of the personnel are academicians, and will not be able to obtain employment in the middle of an academic term. Yet, if A.I.D. accepts the claim for the entire period, it would in effect be paying for five months of services it has not received.

The discrepancy in dates occurred because a regional contracting officer established the contract completion date for a period of five years from the date of approval of the contract (rather than for five years from the project start date). In addition, the Mission had not bothered to correct the discrepancy, even though noted early in the project and even though the contractor had complained bitterly about the lack of a definitive project end date.

While it was generally recognized that having a contract extend beyond PACD was irregular, the Mission in its defense argued that (1) PACDs are often extended, (2) the contract was a cost reimbursement/level-of-effort contract with the Mission retaining the right to give notice of termination at any time, and (3) there are certain costs involved in renegotiating any contract. The project, however, was not extended, and while A.I.D. admittedly retains the right to terminate the contract, A.I.D., per a general contract provision, necessarily needs to bear some of the costs of such early termination. Furthermore, a regional contracting officer has disputed the assertion that the costs of renegotiating the contract would have been significant, in that the contract could simply have been amended with a revised budget and a reduced level of effort.

The Regional Inspector General reviewed projected contractor costs beyond PACD and concluded that payment of salaries for the month of June 1989 should be questioned. We found the argument unconvincing that A.I.D. should pay for salaries through June 1989. We agree with the Mission contracting officer's observation that the contractor needs to make every effort to find employment for project personnel. We also recognize that under the contract, the contractor may submit claims for termination costs up to one year after termination, and that it is the Mission contracting officer who is responsible for negotiating allowable demobilization costs. We also feel that due to Mission negligence in not reconciling ending dates, a situation has been created in which A.I.D. may have a moral as well as a contractual obligation to provide some assistance.

We would argue, however, that is not reasonable for A.I.D. to pay for salaries for contractor personnel beyond May 1989, as summer session employment for academic personnel should be available at that time. Similarly, we see no justification for salary payments to contract personnel in nonacademic roles beyond May 1989, the rationale being that nonacademic personnel should receive no more consideration than their academic colleagues. (In contrast, we noted that Cameroonian support personnel paid under the contract were only to receive two months of severance pay rather than five for expatriate staff). Denying payment of salaries for June 1989 would allow a reduction of $52,310 in the amounts projected by the contractor (see Note in Exhibit 3). In addition, the Regional Inspector General has recommended a general Mission portfolio review to assure that other similar discrepancies do not exist.

In recommending that certain projected costs not be paid, the Regional Inspector General (RIG) does not mean to limit USAID/contractor negotiations nor to imply that all other

projected costs are in fact reasonable. In particular, it is not meant to endorse the viewpoint that all other costs claimed for periods beyond PACD are eligible for reimbursement. RIG only wishes to express its view that at a minimum, the final month of salaries projected by the contractor is not in accord with the avowed rationale for which post-PACD salaries were to be paid and for which payment was in effect being requested.

Management Comments

The Mission suggested in response to our draft report that Recommendation 2(a) be deleted, arguing that the contractor had not yet "claimed" termination costs as the draft had indicated (the costs were merely the contractor's "best estimate of the costs likely to be claimed") and that the final decision concerning cost negotiation rests with the contracting officer. It also requested that Recommendation 2(b) be closed as the controller had completed a review of contract completion dates and found no other instances where completion dates extended beyond related Project Assistance Completion Dates (PACD).

In addition, the Mission noted that the regional legal officer had determined that "payment of termination costs does not constitute payments for goods and services furnished to the project after PACD", but on the contrary, "allowable termination costs relating to contractor expenditures after PACD are considered to be costs of goods and services furnished before PACD. In a sense, the termination costs for expenditures after the PACD are more like an upward adjustment of an obligation rather than a new acquisition of goods and services." Furthermore, the Mission noted that it is impossible to unilaterally correct a contract termination date, and because of ongoing discussions with the Government of the Republic of Cameroon it would not have been reasonable to amend. Also, as of November 1988, it was highly unlikely that the contractor would have accepted a negotiated termination for anything less than it is likely to claim under the termination for convenience provision.

Office of the Inspector General Comments

The auditors agree that post-PACD costs are estimated and have not technically been "claimed" by the contractor and that the determination of whether such costs are reasonable and allowable ultimately rests with the contracting officer.

Accordingly, rather than delete Recommendation 2(a), we have revised both the finding and the recommendation to recognize these facts. Recommendation 2(a) therefore remains open pending resolution of questioned costs. Recommendation 2(b)

is considered closed upon issuance of the report, based on the controller review.

The auditors, however, find the legal argument presented above unconvincing, especially with respect to paying U.S. technical assistant salaries for a period of five months after PACD. We recognize that certain costs attendant upon termination for convenience of the U.S. Government are payable in accordance with the terms of the contract, but have nevertheless requested that, at a minimum, certain specific costs be questioned. The auditors agree that a negotiated termination in November 1988 would likely not have resulted in more favorable terms than termination for convenience at that point. Nonetheless, the auditors would argue that an earlier resolution of the discrepancy in dates could have been accomplished with minimal disruption of host government relations.

3. A.I.D. Should Recover Unallowable Costs Billed by the Contractor

Unreasonable and unallowable costs amounting to $29,150 were identified during the audit. The audit was primarily limited to the examination of the contractor's in-country records. Those records were found to be generally satisfactory and adequate for their intended purpose of reporting local expenditures back to the contractor's home office in Los Angeles where detailed project accounting is maintained. The costs identified as unallowable or unreasonable are itemized below. Detailed explanations on these costs are provided in Exhibit 4.

Language training costs for two proposed technical assistance personnel who never worked on the project	$4,727
Associated overhead computed at 45%	2,127
Costs for an evaluation which was to be produced by a subcontractor in mid-1986 but was never submitted	4,156
Associated overhead, general and administrative and other fees	3,381
Costs for airfare and transportation of effects back to the U.S. for a technical assistant who left early	10,179
Associated overhead computed at 45%	4,580
TOTAL	$29,150

Recommendation No. 3

We recommend that the Director, USAID/Cameroon, request AID/FM to effect recovery of $29,150 in unallowable and unreasonable costs, and that the Mission report to the Regional Inspector General on actions taken.

Management Comments

The Mission generally agreed with the recommendation and planned to request disallowance upon issuance of the audit report.

Office of the Inspector General Comments

The recommendation will be considered resolved upon our receipt of a copy of the Mission request that questioned costs be disallowed. Closure will take place when USAID/Cameroon reports that a bill of collection has been issued, that evidence of actual offset or monetary collection has been received, or that questioned costs have been otherwise resolved.

B. Compliance and Internal Controls

Compliance

The Government of the Republic of Cameroon did not fully comply with the project loan and grant agreement. Finding No. 1 discusses the host government's failure to furnish an executed contract for architectural and engineering services (a condition precedent for the release of A.I.D. construction funds) and its failure to provide an acceptable list of candidates for the long-term training component (a failure to comply with the agreement to provide the resources required to carry out the project effectively and efficiently).

A.I.D. did not comply with a Handbook 3 requirement that A.I.D. not issue or approve documentation which would authorize disbursement for services or goods furnished after the Project Assistance Completion Date (PACD). Finding No. 2 discloses that A.I.D. signed a technical assistance contract having an estimated completion date ten months after PACD, and that failure to correct this discrepancy has led to a situation where the project is liable to pay for post-PACD costs. Finding No. 3 discloses that the project paid certain unallowable costs billed by the technical assistance contractor.

Internal Controls

Finding No. 1 demonstrated a need for better controls regarding the collection and verification of data required to ascertain whether project purposes and outputs were being achieved. However, as the project has been terminated, the audit has made no recommendation in this regard. Also, controls did not exist to assure that contract completion dates not extend beyond the PACD.

C. Other Pertinent Matters

USAID Project Management and Host Government Relations Could Be Improved - Given the importance of this project and its relevance to similar education projects in Africa planned for the future, as well as for other ongoing USAID projects, we felt it was important to try to objectively assess the relative roles of the USAID and the Government of the Republic of Cameroon (GRC) relative to the failure of two key project components: construction and long-term training.

On the matter of construction, which the Minister of National Education considered the most crucial part of the project, the present problem surfaced in early 1985 when the Mission received a letter from the Minister showing serious disagreement about the selection of an architectural and engineering (A & E) firm. The Mission initially had insisted that the grant agreement specified that only one firm be selected, but it finally acquiesced in the host government substitution of multiple firms. While a great deal of Mission/host government discussion transpired during the next several months, the A & E contracts were never finalized. Although the option of elevating the issue directly to the Ministry of Plan was considered internally by the Mission in May and June of 1985, it was ultimately decided that this was unnecessary. (The Ministry of Plan was the GRC signatory to the project agreement). While various compromises and modifications were considered throughout the remainder of 1985 and 1986, no A & E contracts were signed, and it was not until June 15, 1987, that Project Implementation Letter (PIL) No. 11, which contained a series of suggested deadlines, was issued. The first deadline was the completion of A & E contracting by June 20, 1987, only five days after the date of the PIL. The PIL warned that the Mission could not continue justifying the obligation of these funds if the due dates were missed.

Another incident straining relations between the Mission and the host government was a controversial January 11, 1988 meeting at which the host government understood that it was to be given additional time to resolve the A & E problem, but which was quickly followed by the issuance of PIL No. 12 on February 3, 1988 in which the Mission stated it was necessary to cancel construction. This resulted in a situation where many host government officials felt they had been misled or given unreasonable ultimatums. The Mission, on the other hand, has been frustrated by what it properly considered unreasonable delays. While the adoption of a strong stand by the Mission in several instances cannot be criticized per se since host government inaction was graphically displayed, the question arises as to whether

these stances were delayed until so late that the resulting deadlines appeared unreasonable and the amount of elapsed time appeared unconscionable.

Finally, the USAID response to an April 8, 1988, letter from the Minister of Plan to the U.S. Ambassador requesting a four month extension and pledging to take all necessary steps for construction to begin, was a telex the following week reconfirming the decision to cancel the construction component. While the reasons behind this decision are understandable, the timing of the response so soon after the conciliatory letter of the Minister of Plan was considered abrupt by some GRC officials.

With regard to the long-term training component, there was abundant documentary evidence, supported by interviews among all parties, that the host government deserved a large share of the blame for the failure to agree on a list of 15 candidates. We did note, however, that the efforts of the USAID to remedy the situation, while extensive, did not include elevation of the matter to the level of a Project Implementation Letter, as it did in the case of the construction component. In view of the fact that these trainees were intended to have completed their degrees and to have returned to work in the project prior to the Project Assistance Completion Date (PACD), it would have seemed expedient to have surfaced difficulties to a higher level of visibility and decision-making almost immediately. However, the disapproval of 13 of 20 candidates by University of Southern California in May 1986 followed by the withdrawal of all candidates by the host government in June apparently did not result in a high level management meeting until almost a year later when the Mission Director and Minister of National Education met to attempt to expedite selection. The meeting held on June 16, 1987, was under a USAID deadline for candidate selection of June 30, 1987. The deadline was subsequently missed.

In response, the Mission has noted that it had in fact asked for and participated in high level meetings almost immediately upon withdrawal of the candidate list, but were told that that selection was proceeding on schedule.

Failure to Schedule an External Evaluation - The failure to carry out an external evaluation as called for by the project paper for the third year of the project allowed the impasse between the Mission and the host government to continue. The project, it must be pointed out, had expended quite a large amount of effort on evaluation, but most of the effort, except for a first year in-house evaluation, was provided and paid for under the technical assistance contract, and accordingly had a pedagogical slant. Delays

in construction and long-term training were in large part not addressed.

Management Comments

In response the Mission pointed out that it had repeatedly brought up the need for an external evaluation, but that in November 1987 when planning for an external evaluation was under way, the host government refused to cooperate. The USAID noted our opinion that the evaluation should have proceeded even without GRC input, and commented, "But, to what purpose?... We wanted and needed the evaluation as a basis for redesign; without host government participation... we could see no real prospect for moving into a revision of the project."

Office of Inspector General Comments

The Regional Inspector General does not consider Mission or technical assistant evaluations a substitute for an independent, objective review and believes that if necessary, the Mission should have proceeded without GRC input. The USAID response quoted above is somewhat telling in that it makes clear that even now the Mission apparently regards a so-called external evaluation more as a tool for their planning purposes than as a hard critical look at project management.

We also feel strongly that an objective external evaluation mid-way through the project (or an audit, had one been requested) would almost certainly have highlighted the total lack of meaningful progress on the construction and long-term training components and forced the elevation of procedural differences to a higher level of decision-making. As exasperating and difficult as the issues appeared to be, and we certainly agree that the USAID's efforts to resolve these impasses at the project level were intensive, we do not feel that these issues were so intractable or strategic in nature that they were not susceptible of resolution at some level of dialogue between the U.S. and Cameroon Governments. An external evaluation which highlighted these problems, rather them glossing over them as the internal evaluations clearly did, might have been the catalyst needed to prompt such a higher level intervention and might have brought the project back on course.

AUDIT OF
THE SUPPORT TO PRIMARY EDUCATION PROJECT
IN CAMEROON

PART III - EXHIBITS AND APPENDICES

Exhibit 1

PROJECT PAPER BUDGET
SUPPORT TO PRIMARY EDUCATION PROJECT
(Project No. 631-0033)

(in millions)

A.I.D. GRANT:	
Technical Assistance	$4.8
Commodities	.8
Training and Other	1.7
Contingency and Inflation	4.1
	$11.4
A.I.D. LOAN:	
Construction	$8.7
Commodities	1.3
Contingency and Inflation	6.2
	$16.2
TOTAL A.I.D. CONTRIBUTION:	$27.6
HOST COUNTRY CONTRIBUTION:	
Personnel*	$45.1
Land and Construction	1.6
Other	1.3
Inflation	25.1
	$73.1

*includes $26 million of new teacher salaries and $14 million for student stipends

Exhibit 2

A.I.D. Funds Spent On Proposed Construction and On Library Activities

Contract with U.S. Firm to Develop a Construction Master Plan		$118,000
Institutional Design Advisor:		
Salary (12 months)	$47,335	
Fringe Benefits	12,781	
Overhead @ 112.7% (Billed by Subcontractor)	67,753	
Housing, etc.	20,000	
		147,869
Cost of Library Consultant Activities (Including Overhead @ 45%)		55,323
TOTAL		$321,192

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Exhibit 3

Technical Assistance Contractor Project Costs
For the Period February
Through June 1989

	FEB	MAR	APR	MAY	JUNE*	TOTAL
U.S. Professionals	$5,678	$5,678	$5,678	$5,678	$5,678	$28,390
U.S. Non-Professionals	2,600	2,600	2,600	2,600	2,600	13,000
Expatriate Field Staff	20,422	20,422	20,422	20,422	20,422	102,110
Cameroonian Staff	6,321	3,679	2,300	0	0	12,300
Fringe Benefits @ 25.7%	9,000	8,321	7,967	7,376	7,376	40,040
Travel & Transportation	12,614	61,100	9,500	0	0	83,214
Allowances	16,785	3,640	0	0	6,500	26,925
Other Direct Costs	22,040	18,740	4,490	3,290	3,290	51,850
Indirect Costs @ 45%	42,957	55,881	23,831	17,715	20,640	161,024
TOTAL COSTS	$138,417	$180,061	$76,788	$57,081	$66,506	$518,853

*Note: Computation of salary related costs for June 1989: (June salaries x Fringe Benefit rate x Overhead rate) or ($5,678 + $2,600 + $20,422) x 125.7% x 145% = $52,310.

Exhibit 4

Explanation of Unallowable Costs Billed by the Technical Assistance Contractor

Training Costs for Two Proposed Technical Assistants - Costs of $6,854, including overhead of $2,127 computed at 45 percent as provided in the University of Southern California contract, were charged to the project. These costs are deemed unreasonable and should be recovered because they represent language training costs for two proposed technical assistants who never served in the project. The first technical assistant accepted another job prior to leaving for Cameroon, while the second was rejected by the host government.

Project Evaluation Costs of $7,537 (plus an undetermined amount for per diem charges) - The project was charged $7,537 for an evaluation report that was never submitted. This amount represents 19 days of work in Cameroon by a subcontractor employee billed at $3,272, plus $884 for fringe benefits. The total amount also includes subcontractor charges for overhead (72.1%), a general and administrative charge (7.1%), and fees (8%). The audit requested but did not receive information on subcontractor per diem charges to the project for the evaluation. Thus, $7,537, plus any per diem billed (increased by subcontractor charges for overhead, general and administrative and other fees), should be disallowed.

Return Transportation Costs of $14,759 - The project was charged $14,759, including overhead of $4,580 computed at a rate of 45 percent, for unallowable transportation costs. These expenses are not allowable because they represent airfare and transportation of personnel effects paid locally for a technical assistant who left the project prior to the end of his two year contract. The technical assistant left under pressure because of poor performance, but was allowed to resign and was permitted to stay just over one year so that the contractor would not be required to reimburse transportation costs from the U.S. to Cameroon. A.I.D. Handbook 14, however, provides that if an employee leaves (except for reasons beyond his or her control) after having served less than the required tour but more than one year, the costs of returning from the point of duty to the employee's permanent, legal place of residence are not reimbursable. Thus, the $14,759 should be recovered.

ACTION: RIG-2 INFO: AMB DCM

VZCZCDK0872
OO RUEHDK
DE RUEHYD #2857/01 0931452
ZNR UUUUU ZZH
O 0314352 APR 89
FM AMEMBASSY YAOUNDE
TO RUEHDK/AMEMBASSY DAKAR IMMEDIATE 3244
INFO RUEHC/SECSTATE WASHDC 3542
BT
UNCLAS SECTION 01 OF 07 YAOUNDE 02857

03 APR 89
CN: 16903
CHRG: AID
DIST: RIG

AIDAC

FOR: RIG/D/A (PAUL ARMSTRONG)
- AID/W FOR AFR/CONT

E.O. 12356: N/A
TAGS: N/A
SUBJECT: DRAFT AUDIT REPORT OF SUPPORT TO PRIMARY EDUCATION PROJECT IN CAMEROON (AUDIT REPORT NO. 7-631-89-XX).

REFS: (A) YAOUNDE 01673 (B) YAOUNDE 01422
- (C) YAOUNDE 01432

1. THIS PROVIDES USAID COMMENTS ON SUBJECT DRAFT AUDIT REPORT.

2. COMMENTS ON RECOMMENDATIONS:

A. RECOMMENDATION NO. 1A. USAID HAS TAKEN FOLLOWING ACTION TO DATE. PER REFTEL A, USAID REQUESTED FM/LMD DEOBLIGATE DOLS 3,405,000 IN FY 87 LOAN FUNDS AND, PENDING EXPIRATION OF CONGRESSIONAL NOTIFICATION WAITING PERIOD, WILL REQUEST FM/LMD TO DEOBLIGATE THE BALANCE OF UNDISBURSED LOAN FUNDS DOLS 12,447,479.08.

THE DRAFT AUDIT REPORT IS IN ERROR WITH REGARD TO THE QUOTE (PAGE 11) AT LEAST DOLS 750,000 IN GRANT FUNDS END QUOTE WHICH IS RECOMMENED TO BE DEOBLIGATED. THESE FUNDS HAD NOT YET BEEN OBLIGATED. THE GRANT PORTION OF THE PROJECT HAD NOT BEEN FULLY FUNDED AND OF THOSE FUNDS THAT HAD BEEN OBLIGATED NO FUNDING FOR LONG-TERM TRAINING IS COMMITTED UNDER THE USC TA CONTRACT.

BASED UPON ABOVE, REQUEST RECOMMENDATION 1A BE CLOSED.
B. RECOMMENDATION 1B. USAID HAS TAKEN FOLLOWING ACTION TO DATE: WITH THE EXCEPTION OF THE USC TA CONTRACT, ALL PROJECT FUNDS CURRENTLY OBLIGATED HAVE BEEN DE-COMMITTED AND DE-EARMARKED. ALL UNDISBURSED LOAN FUNDS ARE IN THE PROCESS OF BEING DEOBLIGATED (PER PARA 2A ABOVE) AND ALL UNCOMMITED GRANT FUNDS WILL BE DEOBLIGATED PENDING DETERMINATION OF USC DEMOBLIZATION COSTS.

BASED UPON ABOVE, REQUEST RECOMMENDATION 1B BE CLOSED.

C. RECOMMENDATION 2A. SUGGEST RECOMMEDATION BE DELETED.

THE REGIONAL CONTRACTING OFFICER (AND NOT THE DIRECTOR AS STATED IN THE DRAFT REPORT, PAGE 25 SERVES AS THE OFFICER RESPONSIBLE FOR NEGOTIATING ALLOWABLE DEMOBLIZATION COSTS. THE RCO WILL TAKE INTO CONSIDERATION RIG SUGGESTIONS BUT THE FINAL DECISION CONCERNING COST NEGOTIATION RESTS WITH THE CONTRACTING OFFICER. FURTHERMORE, AS RCO HAD PREVIOUSLY STATED TO RIG, ALL COSTS ASSOCIATED WITH FINAL SETTLEMENT ARE SUBJECT TO REVIEW BY AID/W.

AS RIG'S INTENT HERE IS NOT TO LIMIT RCO NEGOTIATIONS NOR TO IMPLY THAT OTHER PROJECTED COSTS ARE UNREASONABLE, AS STATED ON PAGE 29 OF DRAFT REPORT, USAID SUGGESTS THAT RECOMMENDATION 2A NOT BE INCLUDED IN THE FINAL REPORT.

D. RECOMMENDATION 2B. USAID CONTROLLER HAS COMPLETED A REVIEW OF CONTRACT COMPLETION DATES AND FOUND NO OTHER INSTANCES WHERE COMPLETION DATES EXTENDED BEYOND RELATED PROJECT ASSISTANCE COMPLETION DATES. REQUEST THIS RECOMMENDATION BE CLOSED.

E. RECOMMENDATION 3. USAID CONCURS WITH RECOMMENDATION AND WILL REQUEST PFM/FM TO DISALLOW DOLS 29,150 UPON ISSUANCE OF FINAL AUDIT REPORT. IT IS OUR UNDERSTANDING (PER HB 14 APPENDIX 5) THAT THE CONTRACTOR MUST HAVE AN OPPORTUNITY TO CONTEST THIS DISALLOWANCE PRIOR TO OUR EFFECTING RECOVERY.

3. USAID COMMENT WITH REGARD TO POST-PACD COSTS:
A. USAID BELIEVES THAT RIG IS OPERATING UNDER A MISUNDERSTANDING OF THE LEGAL AND CONTRACTING PRINCIPLES INVOLVED. THE CONTRACTOR'S TERMINATION COSTS, I.E. THOSE COSTS INCURRED AS A RESULT OF THE TERMINATION FOR CONVENIENCE BY THE USG, ARE PAYABLE IN ACCORDANCE WITH THE TERMS OF THE CONTRACT. THEY ARE NOT A MATTER OF NEGOTIATION, PER SE, NOR ARE THEY TO BE DECIDED A PRIORITY BY USAID UNILATERALLY. IT IS NOT SUFFICIENT TO SAY, FOR EXAMPLE, AS THE AUDIT REPORT DOES, THAT QUOTE SUMMER SESSION EMPLOYMENT FOR ACADEMIC PERSONNEL SHOULD BE AVAILABLE END QUOTE AFTER MAY 1989, AND CONCLUDE, THEREFORE, THAT USAID WILL NOT PAY SALARIES FOR CONTRACTOR PERSONNEL BEYOND THAT DATE. ALTHOUGH THE CONTRACTOR IS UNDER A DUTY TO MITIGATE COSTS ASSOCIATED WITH THE TERMINATION BY SEEKING ALTERNATIVE PLACEMENTS FOR

CONTRACTOR EMPLOYEES, THE FINAL DETERMINANT WILL BE WHETHER THE COSTS ULTIMATELY CLAIMED ARE REASONABLE, ALLOWABLE, AND ALLOCABLE. IF THEY ARE, USAID WILL BE OBLIGATED TO PAY THEM.

B. MOREOVER, IT SHOULD BE NOTED THAT THE CONTRACTOR HAS NOT YET QUOTE CLAIMED END QUOTE TERMINATION COSTS, ALTHOUGH IT HAS, AT USAID'S REQUEST FOR PLANNING PURPOSES, PROJECTED THOSE COSTS, BASED ON ITS BEST ESTIMATE OF THE COSTS LIKELY TO BE CLAIMED. UNDER THE TERMS OF THE CONTRACT, THE CONTRACTOR MAY SUBMIT CLAIMS FOR TERMINATION COSTS UP TO ONE YEAR AFTER THE TERMINATION DATE OF THE CONTRACT. FOR THIS REASON, THE AUDIT SHOULD PROBABLY USE THE PHRASE QUOTE PROJECTED COSTS END QUOTE RATHER THANQUOTE CLAIMED COSTS END QUOTE WHEN REFERRING TO THESE ESTIMATES.

C. THE REGIONAL LEGAL OFFICER HAS DETERMINED, IN CONSULTATION WITH THE GENERAL COUNSEL'S OFFICE, THAT PAYMENT OF TERMINATION COSTS DOES NOT CONSTITUTE PAYMENT FOR GOODS AND SERVICES FURNISHED TO THE PROJECT AFTER THE PACD. ON THE CONTRARY, IN THIS INSTANCE, ALLOWABLE TERMINATION COSTS RELATING TO CONTRACTOR EXPENDITURES AFTER THE PACD ARE CONSIDERED TO BE COSTS OF GOODS AND SERVICES FURNISHED BEFORE THE PACD. IN A SENSE, THE TERMINATION COSTS FOR EXPENDITURES AFTER THE PACD ARE MORE LIKE AN UPWARD ADJUSTMENT OF AN OBLIGATION RATHER THAN A NEW ACQUISITION OF GOODS AND SERVICES.

D. USAID AGREES THAT THE CONTRACT SHOULD NOT HAVE BEEN WRITTEN TO HAVE A TERMINATION DATE AFTER THE PACD, BUT HAVING INHERITED THE CONTRACT WRITTEN THIS WAY, CURRENT MISSION PERSONNEL COULD NOT UNILATERALLY CORRECT THAT DATE IN THE CONTRACT. THE CHOICES WERE EITHER (1) TO EXTEND THE PACD; (2) TO REACH A MUTUALLY AGREED-UPON NEW DATE BY CONTRACT AMENDMENT, FOLLOWING A NEGOTIATED REVISION OF CONTRACT COSTS; OR (3), AS WAS DECIDED, TO TERMINATE THE CONTRACT FOR THE CONVENIENCE OF THE USG BEFORE THE ESTIMATED CONTRACT COMPLETION DATE. FOR PROGRAMMATIC REASONS THAT HAVE BEEN WELL-DOCUMENTED, OPTION (1) OF EXTENDING THE PACD WAS REJECTED. OPTION (2) COULD ONLY BE ACCOMPLISHED WITH THE CONTRACTOR'S CONCURRENCE. BECAUSE OF THE ONGOING DISCUSSIONS WITH THE GRC, IT WOULD NOT HAVE BEEN REASONABLE TO AMEND, PRIOR TO ABOUT NOVEMBER 1988, THE CONTRACT TERMINATION DATE TO BRING IT IN LINE WITH THE PACD. IT IS HIGHLY UNLIKELY THAT, AS OF NOVEMBER 1988, THE CONTRACTOR WOULD HAVE ACCEPTED SUCH A NEGOTIATED TERMINATION FOR ANYTHING LESS THAN IT IS LIKELY TO CLAIM UNDER THE TERMINATION FOR CONVENIENCE PROVISION. THE DISADVANTAGE OF THE NEGOTIATED APPROACH IS PRECISELY THAT IT IS A NEGOTIATION, WHICH MIGHT BE A PROTRACTED PROCESS WITH NO CERTAINTY THAT COSTS WOULD BE LESS THAN A UNILATERAL TERMINATION FOR CONVENIENCE. OPTION (3), ON THE OTHER HAND, PROVIDED A UNILATERAL PROCESS WHICH USAID COULD IMPLEMENT EXPEDITIOUSLY.

4. COMMENTS ON OTHER PARTS OF THE DRAFT AUDIT REPORT.

A. (PAGES 7, 10, 12.) THE AUDIT REPORT STATES THAT THE

SPE PROJECT WAS "IN LARGE MEASURE NOT SUCCESSFUL IN MEETING ITS STATED PURPOSE." MISSION RESPONSE: THE PROJECT HAD 2 PURPOSES: (1) TO INCREASE THE QUANTITY AND QUALITY OF PRIMARY SCHOOL TEACHERS IN THE NORTH AND NORTHWEST PROVINCES AND (2) TO IMPROVE THE SKILLS OF THE PERSONNEL RESPONSIBLE FOR SUPPORTING THESE TEACHERS (E.G., PRIMARY SCHOOL PRINCIPALS, DIVISIONAL INSPECTORS, TEACHER TRAINING COLLEGE STAFF AND FACULTY).
TO ACHIEVE THESE PURPOSES, THE PROJECT HAD FOUR COMPONENTS: THE PROCUREMENT OF EQUIPMENT, VEHICLES, SUPPLIES AND MATERIALS (INCLUDING LIBRARY BOOKS); LONG-TERM GRADUATE-LEVEL TRAINING FOR 15 CAMEROONIAN EDUCATORS; TECHNICAL ASSISTANCE PROVIDED BY A TEAM OF SPECIALISTS FROM THE UNIVERSITY OF SOUTHERN CALIFORNIA (USC); AND CONSTRUCTION AND REHABILITATION OF PHYSICAL FACILITIES AT FIVE TEACHER TRAINING COLLEGE (TTC) SITES.

UNFORTUNATELY, TWO IMPORTANT ELEMENTS, CONSTRUCTION AND LONG-TERM TRAINING, WERE NEVER BEGUN. BECAUSE PHYSICAL FACILITIES AT FIVE TTCS WERE NOT RENOVATED, THE PURPOSE OF INCREASING THE QUANTITY OF PRIMARY TEACHERS WAS NOT REALIZED. IN FACT, AS THE PROJECT UNFOLDED OVER FOUR

YEARS AND BOTH THE LONG-TERM TRAINING AND CONSTRUCTION COMPONENTS WERE DROPPED, THE PROJECT EFFECTIVELY BECAME THE SUM TOTAL OF THE TECHNICAL ASSISTANCE AND COMMODITIES COMPONENTS. THIS WAS NOT THE PROJECT THAT WAS DESIGNED; IT TURNED OUT TO BE THE PROJECT THAT WAS IMPLEMENTED.

HOWEVER, THE MISSION BELIEVES THAT SIGNIFICANT IMPROVEMENTS IN QUALITY WERE ACHIEVED AS A RESULT OF THE TA COMPONENT. IT SHOULD BE BORNE IN MIND THAT THE TA CONTRACT REPRESENTED 77 PER CENT OF THE DOLS 11.4 MILLION GRANT AND 32 PER CENT OF THE ORIGINAL PROJECT FUNDING. REFLECTING THE MAGNITUDE OF THIS INVESTMENT IS THE FACT THAT FIVE OF THE SEVEN OUTPUTS OF THE PROJECT DESIGN RELATE TO IMPROVEMENTS IN PRE-SERVICE AND IN-SERVICE TRAINING, THAT IS, TO QUALITATIVE IMPROVEMENT. USC CONCENTRATED ITS EFFORTS ON THESE OUTPUTS, AND THE MISSION BELIEVES THAT THE MAJOR PORTION WAS ATTAINED. FOR EXAMPLE, THE MOST RECENT REPORT RECEIVED BY THE MISSION SHOWS THAT THE PROJECT GOAL OF PROVIDING PRE-AND IN-SERVICE TRAINING IN THE PROJECT PROVINCES TO 3310 TEACHERS WAS SURPASSED BY A FACTOR OF THREE.

B. (PAGES 3, 7.) THE AUDIT REPORT TOOK THE POSITION THAT "PROCEDURAL DIFFERENCES" BETWEEN USAID AND THE HOST GOVERNMENT "OCCUPIED MOST OF THE EARLY YEARS OF THE PROJECT." MISSION RESPONSE: WE DO NOT AGREE WITH THIS VIEW BECAUSE IT IS ON THE ONE HAND AN EXAGGERATION, SUGGESTING THAT THE PROJECT WAS ENSNARLED IN "PROCEDURAL DIFFERENCES" TO THE EXCLUSION OF EVERYTHING ELSE. ON THE OTHER HAND IT DISTORTS THE CHARACTER OF THE BASICALLY POSITIVE AND CONSTRUCTIVE RELATIONSHIP THAT EXISTED BETWEEN USAID AND THE MINISTRY OF NATIONAL EDUCATION (MINED), THROUGHOUT MOST OF THE PROJECT, DESPITE PROBLEMS WITH RESPECT TO THE SELECTION OF CANDIDATES FOR LONG-TERM TRAINING AND COMPLETION OF THE A AND E PRE-CONSTRUCTION ACTIVITIES.

C. (PAGES 8, 10, 17.) THE AUDIT REPORT STATES THAT "RELATIONS BETWEEN USAID AND THE HOST GOVERNMENT WERE STRAINED" AND "THE PROSPECTS FOR RENEWED HOST GOVERNMENT/USAID COOPERATION IN THIS SECTOR SEEMED REMOTE." THIS IS TOO SWEEPING. RELATIONS WITH SOME INDIVIDUALS IN THE MINED WERE STRAINED AT THE YAOUNDE LEVEL PRINCIPALLY; RELATIONS WITH TTC LEADERS AND STAFF AND WITH PROVINCIAL LEVEL MINED OFFICIALS WERE VERY POSITIVE. OUR RELATIONS HAVE BEEN AND REMAIN EXCELLENT WITH ALL OTHER MINISTRIES WITH WHICH WE COOPERATE: ESPECIALLY AGRICULTURE, HEALTH, HIGHER EDUCATION, LABOR, EXTERNAL RELATIONS, FINANCE, PLANNING, AND THE PRESIDENCY. HAVE THESE "STRAINED RELATIONS" WITH SOME MINED-YAOUNDE OFFICIALS SERIOUSLY AFFECTED THE POSSIBILITIES FOR FUTURE COOPERATION IN EDUCATION? IN FACT, THE PROSPECTS FOR SUCH COOPERATION ARE GOOD. THE MISSION HAS CONTINUED ITS DIALOGUE WITH THE GOVERNMENT SAYING, IN RESPONSE TO SPECIFIC REQUESTS FROM THE GRC, THAT WE WILL CONSIDER ADDITIONAL EDUCATION SECTOR ASSISTANCE IN THE FRAMEWORK OF THE STRUCTURAL ADJUSTMENT PROGRAM NOW BEING NEGOTIATED WITH THE GRC.

(1) THE AUDIT REPORT NOTES THAT OVER DOLS 680,000 HAD BEEN COMMITTED FOR A AND E STUDIES; THE MISSION POINTS OUT THAT AS OF 3/20/89 THE GRC HAD MADE PAYMENT (PARTIAL) TO ONLY ONE OF 15 CONTRACTORS WORKING ON THE A AND E STUDIES!
D.(PAGES 10, 14, 15, 16, 17.) THE AUDIT REPORT CHARGES THAT THERE WAS INAPPROPRIATE OR WASTEFUL USE OF PROJECT FUNDS; SPECIFICALLY:

(1) "MOST OF THE FUNDS SPENT ON THE PROJECT WERE FOR EXPATRIATE SALARIES AND SUPPORT." MISSION RESPONSE: THIS IS CORRECT; GIVEN THE FACT THAT THE PROJECT WAS REDUCED TO THE TA COMPONENT WHEN LONG-TERM TRAINING AND CONSTRUCTION COULD NOT BE CARRIED OUT, IT IS NOT SURPRISING THAT THE TA COMPONENT ABSORBED MOST OF THE FUNDS ACTUALLY SPENT. PERHAPS MORE TO THE POINT IS WHETHER THE MONEY THAT WAS SPENT PRODUCED REAL BENEFITS. AS STATED ABOVE, WE BELIEVE THE EVIDENCE IS CONVINCING THAT THIS WAS THE RESULT.

(2) HOWEVER, THE AUDIT REPORT STATES THAT "CAMEROONIANS WERE NOT THE DIRECT BENEFICIARIES" OF MOST OF THE PROJECT FUNDS THAT WERE SPENT. MISSION RESPONSE: AS POINTED OUT,

THE TA PROVIDED BY THE USC TEAM WAS INSTRUMENTAL IN ACHIEVING A MAJOR PART OF 5 OF 7 OUTPUTS. THE NEW METHODOLOGIES AND TEACHER TRAINING MATERIALS INTRODUCED BY USC DIRECTLY IMPACTED ON MORE THAN 9,000 TEACHERS, INSPECTORS, PRINCIPALS, TTC AND OTHER MINED STAFF. MINED OFFICIALS HAVE NEVER SUGGESTED THAT CAMEROONIANS DID NOT BENEFIT FROM USC'S SERVICES. THE ENTIRE THRUST OF THE TA WAS TO INFLUENCE CAMEROONIAN EDUCATORS POSITIVELY. THE MISSION'S EHRD OFFICE, INCLUDING THE PROJECT OFFICER, AS WELL AS THE USAID EVALUATION OFFICER, THE DEPUTY MISSION DIRECTOR AND THE MISSION DIRECTOR, CONSISTENTLY RECEIVED GOOD REPORTS OF USC'S WORK. SITE VISITS BY MISSION OFFICERS AND SEVERAL EXTERNAL EVALUATION SPECIALISTS OVER THE PERIOD USC WAS AT WORK PRODUCED UNIFORM AGREEMENT THAT THE TA TEAM'S CONTRIBUTION WAS EFFECTIVE AND OF HIGH QUALITY.

(3) THE AUDIT REPORT SAYS THAT THE "HOST GOVERNMENT" (ACTUALLY THE MINISTER OF EDUCATION) "SUSPENDED OPERATIONS OF THE TECHNICAL ASSISTANCE COMPONENT." MISSION RESPONSE: THIS IS NOT IN FACT WHAT HE DID; HE SUSPENDED COOPERATION WITH THE PROJECT AT THE YAOUNDE LEVEL; USC TEAM MEMBERS CONTINUED THEIR WORK AT THE TTCS AND CONTINUED TO DRAW THEIR SALARIES.

(4) THE AUDIT REPORT NOTES THAT ONE OF THE DUTIES ASSIGNED TO THE (USC) PROJECT COORDINATOR IN WASHINGTON WAS TO "MANAGE THE FINANCIAL COSTS, ORIENTATION, PLACEMENT AND MONITORING OF LONG-TERM MED AND MLS TRAINEES ACCORDING TO SPECIFICATIONS IN AID HANDBOOK TEN." A SECOND, CLOSELY-RELATED DUTY WAS "TO ARRANGE AND MONITOR SUMMER EXPERIENCES FOR THE MED LONG-TERM TRAINEES." THE AUDIT REPORT IMPLIES THAT SINCE THE LONG-TERM TRAINING COMPONENT WAS DROPPED FROM THE PROJECT, USC IN EFFECT COLLECTED FUNDS FOR DUTIES NOT CARRIED OUT. THE MISSION FEELS THAT WHEN IT TERMINATED 3 SUBCONTRACTS IN FY 87 AND RELIEVED THESE ORGANIZATIONS OF THE DUTIES ASSIGNED TO THEM, SEVERAL RESPONSIBILITIES OF TWO INDIVIDUALS REPRESENTING THESE ORGANIZATIONS (A PROJECT MANAGER ASSIGNED BY CREATIVE ASSOCIATES AND A PROJECT COORDINATOR ASSIGNED BY SOUTHERN ILLINOIS UNIVERSITY) HAD TO BE ASSUMED BY THE USC PROJECT COORDINATOR. (IN TERMINATING THESE SUB-CONTRACTS, THE MISSION ELIMINATED OVERHEAD CHARGED BY THREE SEPARATE ORGANIZATIONS.) IN SUM, THE MISSION FEELS THAT THE USC PROJECT COORDINATOR WAS FULLY ENGAGED IN RESPONSIBILITIES RELATED TO THE PROJECT, DESPITE THE ELIMINATION OF THOSE SPECIFICALLY LINKED TO THE CANCELLED LONG-TERM TRAINING.

(5) THE AUDIT REPORT SAYS THAT DOLS 320,000 IN AID FUNDS EXPENDED "IN ANTICIPATION OF EXPANSION AND IMPROVEMENT OF THE FIVE TTCS WERE OF LITTLE IF ANY BENEFIT." THESE FUNDS WERE SPENT ON THE MASTER PLANS FOR CONSTRUCTION OF TTCS (DOLS 118,000); AN INSTITUTIONAL DESIGN ADVISOR (DOLS 147,869); AND A LIBRARY CONSULTANT (DOLS 55,323). THE MISSION'S RESPONSE IS THAT THE DOLS 118,000 SPENT ON PREPARATION OF MASTER PLANS COULD STILL PRODUCE REAL BENEFITS, SHOULD THE GRC DECIDE TO PROCEED WITH CONSTRUCTION AT THE FIVE TTCS. MOREOVER, SOME OF THE WORK OF THE INSTITUTIONAL DESIGN ADVISOR, PARTICULARLY HIS

COMPREHENSIVE MAINTENANCE MANUAL, WILL HAVE LONG-TERM BENEFITS.

WITH RESPECT TO THE LIBRARY CONSULTANT, THE MISSION REJECTS THE ALLEGATION OF "EXTRAVAGANCE," AND THE CHARGE THAT THE BOOK LISTS PRODUCED BY THE CONSULTANT WERE "EXOTIC" AND "UNNECESSARY." THE AUDITORS ARE OBVIOUSLY NOT EXPERTS IN THE FIELD OF LIBRARY SERVICES FOR PRIMARY SCHOOLS IN FRANCOPHONE AFRICA. PLANS TO SEND THE CONSULTANT TO MONTREAL AND ESPECIALLY TO PARIS WERE CAREFULLY SCRUTINIZED BY MISSION PROJECT MANAGEMENT, WHO AGREED THAT THIS TRAVEL WAS JUSTIFIED, BECAUSE THE PROJECT WAS SEEKING PUBLISHERS WITH BOOKS AVAILABLE IN FRENCH APPROPRIATE FOR USE IN CAMEROON. SUCH PUBLISHERS ARE MORE PLENTIFUL IN CANADA AND FRANCE THAN IN THE UNITED STATES. AFRICAN SOURCES, INCLUDING CAMEROONIAN, WERE ALSO EVALUATED BY THE CONSULTANT.

ALTHOUGH THE BOOK LISTS COMPILED BY THE LIBRARY CONSULTANT WERE NOT USED BY THE PROJECT, USAID BELIEVES THAT THEY WILL PROVE A VALUABLE RESOURCE TO THE MINED IN THE NEAR FUTURE. THE WORLD BANK, UNESCO, AND BILATERAL DONORS INCLUDING AID ARE PLACING STRONG EMPHASIS ON INCREASING

THE AVAILABILITY OF TEXTBOOKS AND OTHER PRINTED MATERIALS FOR PRIMARY AND SECONDARY SCHOOLS IN DEVELOPING COUNTRIES.

(6) THE AUDIT REPORT MENTIONS THAT DESPITE THE FACT THAT THE PROJECT COULD NOT BE REDESIGNED AND A FULL SET OF LIBRARY MATERIALS PROVIDED TO EACH TTC, USAID AGREED THAT DOLS 10,000 IN GRANT FUNDS COULD BE USED TO PURCHASE A SMALL NUMBER (221) OF REFERENCE VOLUMES. THE IMPLICATION IS THAT IF CANADIAN AND FRENCH BOOKS IDENTIFIED BY THE CONSULTANT WERE SO IMPORTANT, THEN THE PURCHASE OF LOCALLY AVAILABLE TEXTS DID NOT MAKE SENSE. MISSION RESPONSE: THESE BOOKS WERE AN "OFF THE SHELF" PROCUREMENT FROM A CAMEROONIAN SUPPLIER, PURCHASED FOR USE IN A WORKSHOP CONDUCTED BY THE LIBRARY CONSULTANT. DUE TO AN UNFORTUNATE ACCIDENT (AFTER THE WORKSHOP) INVOLVING THE PROJECT VEHICLE CARRYING SOME OF THESE BOOKS, 30 VOLUMES (NOT, AS THE AUDIT REPORT STATES, "OVER HALF") WERE LOST. WE ESTIMATE THE VALUE OF THESE BOOKS AT ABOUT DOLS 1000, OR ONE-TENTH OF THE TOTAL INVESTMENT. THE MISSION STILL BELIEVES THIS SMALL INVESTMENT WAS JUSTIFIED.

E. (PAGES 12, 13, 20, 21, 36, 37, 38.) THE AUDIT REPORT FAULTS MISSION MANAGEMENT FOR INACCURATE REPORTING OF CERTAIN DATA, FOR BEING UNABLE INFORMALLY TO INFLUENCE EVENTS, FOR ISSUING ULTIMATUMS, FOR FAILING TO KEEP THE HOST GOVERNMENT INFORMED, AND FOR FAILING TO SCHEDULE AN EXTERNAL EVALUATION.

(1) WITH RESPECT TO THE DATA PROBLEM, THE MISSION ACKNOWLEDGES THAT IN ITS 15 OCTOBER 1988 PROJECT IMPLEMENTATION REPORT THERE WERE ERRORS. BY CABLE (YACUNDE 01432) TO RIG/A/D, THE MISSION REPORTED THE MOST ACCURATE INFORMATION AVAILABLE TO US AT THAT TIME (2/14/89), VERIFYING THE NUMBERS REPORTED WITH THE USC TEAM. AS STATED EARLIER, THESE DATA SHOW THAT LARGE NUMBERS OF CAMEROONIANS RECEIVED EITHER PRE-SERVICE OR IN-SERVICE TRAINING OR BOTH. MOST IMPORTANT, OUR REVIEW OF THE VARIOUS STATISTICS CONVINCES US THAT THE LARGE NUMBER OF PRIMARY SCHOOL TEACHERS WHO HAVE LEARNED NEW METHODS IS EVIDENCE THAT THERE HAS BEEN A CONSIDERABLE DIFFUSION OF THESE METHODS.

(2) THE AUDIT REPORT STATES THAT "USAID CAN BE FAULTED FOR ITS INABILITY INFORMALLY TO INFLUENCE EVENTS AND FOR ITS PENCHANT FOR SETTING DEADLINES -- WHICH THE HOST GOVERNMENT REGARDED AS ULTIMATUMS -- WHEN IT WAS ALREADY TOO LATE."

THE MISSION RECORD CONCERNING THE PROBLEM OF LONG-TERM TRAINING SHOWS FIRST, THAT USC, DIRECTLY RESPONSIBLE FOR WORKING WITH MINED ON THIS ELEMENT AS TRAINING CONTRACTOR, WAS IN CONTINUOUS FORMAL AND INFORMAL CONTACT WITH THE MINED FROM 10/8/85 UNTIL THE FIRST GROUP OF 15 CANDIDATES AND 5 ALTERNATES WAS SELECTED BY MINED ON 5/16/86. ELEVEN DAYS LATER USC ANNOUNCED IT COULD ACCEPT ONLY 7 OF THE LIST OF 20. THIS WAS COMMUNICATED TO MINED, AND ON 6/11/86 A USAID LETTER URGED THAT THE 7 CANDIDATES BEGIN TRAINING. THE MINED DECIDED TO RETRACT THE ENTIRE LIST, AND TO UNDERTAKE A NEW SELECTION. WE LEARNED INFORMALLY

THAT THIS DECISION HAD THE SANCTION OF THE PRESIDENCY. THE NEW SELECTION PROCESS GROUND ON FOR SEVERAL MONTHS. DURING THIS PERIOD, USAID PROJECT MANAGEMENT PERSONNEL COMMUNICATED FREQUENTLY WITH THE PROJECT DIRECTOR AND HIS STAFF, AND THE MISSION DIRECTOR SPOKE SEVERAL TIMES WITH THE MINISTER OF EDUCATION BY TELEPHONE AND IN PERSONAL VISITS TO HIS OFFICE ABOUT THE PROBLEM. ON 3/5/87 WE WERE TOLD THAT THE NEW CANDIDATES SELECTED BY MINED HAD BEEN REFERRED THROUGH THE USUAL GRC PROCESS TO THE MINISTRY OF PUBLIC SERVICE FOR APPROVAL. ON 5/4/87 USAID WAS ADVISED THE DOSSIERS HAD BEEN SENT TO THE PRESIDENCY FOR APPROVAL.

SECOND, DESPITE EFFORTS BY USC TO RESOLVE THE PROBLEM AND BECAUSE IT APPEARED TO THE MISSION THAT WE WERE RUNNING OUT OF TIME ON LONG-TERM TRAINING, THE MISSION DIRECTOR AND THE DEPUTY MISSION DIRECTOR MET WITH THE MINISTER OF EDUCATION ON 6/16/87 TO SOLICIT HIS ASSISTANCE IN BREAKING LOOSE THE CANDIDATE LIST. ON 6/17/87, THE MINISTER RESPONDED TO THE MISSION DIRECTOR THAT THE LIST OF CANDIDATES WOULD BE COMPLETED BY MID-JULY. THIS WAS NOT FORTHCOMING, AND ON JULY 23, 1987, USAID SENT A LETTER TO THE MINISTER OF PLAN REQUESTING HIS ASSISTANCE IN SOLVING

THE PROBLEM.

THE POINT HERE IS THAT WE AND USC TOOK ACTIONS THROUGHOUT THE 2 YEAR PERIOD, FORMALLY AND INFORMALLY. WHEN INFORMAL CHANNELS PROVED UNPRODUCTIVE, WE ASKED FOR AND PARTICIPATED IN HIGH LEVEL MANAGEMENT MEETINGS. OUR CHRONOLOGY AND THE MEMORY OF USAID STAFF ON THE CONSTRUCTION PROBLEM ALSO CONFIRMS ATTEMPTS MADE OFFICIALLY AND UNOFFICIALLY, FORMALLY AND INFORMALLY, AT ALL LEVELS TO RESOLVE THE PROBLEM.

THE AUDIT REPORT SAYS THAT "THE HOST GOVERNMENT REGARDED AS ULTIMATUMS" CERTAIN "DEADLINES" ESTABLISHED BY THE MISSION TO GET THE STALLED CONSTRUCTION MOVING. SOME INDIVIDUALS IN MINED MAY HAVE FELT THIS WAY. OTHERS, NOTABLY OFFICIALS OF THE MINISTRY OF FINANCE, THE MINISTRY OF PLANNING AND AT THE PRESIDENCY, DID NOT REGARD THESE DATES AS "ULTIMATUMS."
(3) IN THE SECTION OF THE AUDIT REPORT TITLED, "LESSONS LEARNED," THE MISSION IS CRITICIZED FOR NOT KEEPING THE HOST GOVERNMENT INFORMED, "CONTINUOUSLY AND EARLY ON." USAID BELIEVES THAT EVEN A CURSORY EXAMINATION OF THE MISSION'S LENGTHY CHRONOLOGIES AND VOLUMUNOUS CORRESPONDENCE WILL SHOW THAT WE WERE IN EARLY AND CONSTANT CONTACT WITH THE GRC AT ALL LEVELS; FOR EXAMPLE, THE USC CHIEF OF PARTY, THE USAID PROJECT OFFICER, THE EHRD CHIEF AND BOTH THE DEPUTY DIRECTOR AND MISSION DIRECTOR WERE IN FREQUENT MEETINGS WITH EACH OF THE THREE SUCCESSIVE CAMEROONIAN PROJECT DIRECTORS; USAID'S ENGINEERS WERE IN CONTINUOUS CONTACT WITH OFFICIALS OF THE MINED AND OTHER GRC MINISTRIES CONCERNED WITH CONSTRUCTION PROBLEMS. USAID'S DIRECTOR AND DEPUTY WERE REPEATEDLY IN TOUCH WITH THE TWO MINISTERS OF EDUCATION, THREE MINISTERS OF PLAN, THREE MINISTERS OF FINANCE AND TWO MINISTERS OF HIGHER EDUCATION WHO SERVED DURING THE LIFE OF THE PROJECT. PROJECT IMPLEMENTATION LETTERS AND OTHER COMMUNICATIONS WERE DISPATCHED AT CRUCIAL POINTS. IT IS TRUE THAT IN SOME CASES OUR COMMUNICATIONS PROVIDED ONLY A BRIEF TIME FOR THE GRC TO TAKE AN ACTION. BUT, BY THE TIME THESE TARGET DATES WERE SET AND COMMUNICATED TO THE GRC, THERE HAD BEEN MANY MONTHS OF DISCUSSION, AND NUMEROUS FORMAL AND INFORMAL REMINDERS THAT ACTION HAD TO BE TAKEN.

(4) THE NEED TO SCHEDULE AN EXTERNAL EVALUATION WAS BROUGHT UP REPEATEDLY. THE FIRST TIME WE BROACHED IT WAS OUR INSISTENCE THAT THERE HAD TO BE AT LEAST ONE PERSON FROM OUTSIDE THE PROJECT TO PARTICIPATE IN THE INTERNAL EVALUATION CONDUCTED IN EARLY 1987. WHAT WE FINALLY WERE ABLE TO ARRANGE WAS FOR THE CHIEF OF AFR/TR/EHR TO CARRY OUT AN INDEPENDENT REVIEW IN FEBRUARY 1987.

IN NOVEMBER 1987, WHEN IT BECAME MORE LIKELY THAT THE GRC WOULD BE UNABLE TO MEET THE TARGET DATES FOR CONSTRUCTION, WE BEGAN PLANNING FOR AN EXTERNAL EVALUATION, WHICH IN LINE WITH AID POLICY, HAD TO INVOLVE THE GRC. ALTHOUGH WE HAD AN APPROVED PIO/T FOR THIS EXTERNAL EVALUATION SIGNED BY THE PROJECT DIRECTOR (DIRECTOR OF PRIMARY EDUCATION,

MINED) ON 12/28/87, AND THERE HAD BEEN SUBSTANTIAL CORRESPONDENCE WITH AID/W IN ORDER TO ASSEMBLE THE TEAM OF EXTERNAL CONSULTANTS (SEE ESPECIALLY STATE 3942 OF 1/7/88 AND YAOUNDE 0478 OF 1/19/88), ON 2/16/88, FOLLOWING THE SUSPENSION BY THE MINISTER OF EDUCATION, THE MISSION HAD TO CALL OFF THE EVALUATION (SEE 88 YAOUNDE 7263).

THE MISSION REQUESTED THE GRC'S APPROVAL FOR AN EXTERNAL EVALUATION IN ITS SUBSEQUENT PILS AND OTHER COMMUNICATIONS, BUT THIS APPROVAL WAS NEVER FORTHCOMING.

THE AUDIT REPORT STATES THAT EVEN IF THE "HOST GOVERNMENT REFUSED TO COOPERATE" IN THE EVALUATION "THE MISSION SHOULD HAVE PROCEEDED WITHOUT GRC INPUT." PUT TO WHAT PURPOSE? THE MISSION HAD INTENSIVELY MONITORED THE SPE PROJECT LIKE NO OTHER IN ITS TOTAL PORTFOLIO. MISSION OFFICERS WERE COMPLETELY FAMILIAR WITH ALL SIDES OF THE ISSUES. WE WANTED AND NEEDED THE EVALUATION AS A BASIS FOR REDESIGN; WITHOUT HOST GOVERNMENT PARTICIPATION IN AN EVALUATION WE COULD SEE NO REAL PROSPECT FOR MOVING INTO A REVISION OF THE PROJECT. HAD WE GONE AHEAD WITH THE KIND OF UNILATERAL EVALUATION SUGGESTED BY THE AUDIT REPORT,

WOULD THIS HAVE PRODUCED MORE "STRAINED RELATIONS"?

F. (PAGES 20, 21, 22.) THE AUDIT REPORT SUGGESTS IN A SECOND OF THE "LESSONS LEARNED" THAT THE FACT THAT A AND E SERVICES WERE NOT UNDER AID'S CONTROL WAS A MAJOR FACTOR IN THE FAILURE OF THE CONSTRUCTION COMPONENT. THE MISSION AGREES THAT A "TURNKEY" APPROACH, IN WHICH DESIGN AND CONSTRUCTION ARE IN ONE CONTRACTING STAGE, MAY BE WORTH TRYING. HOWEVER, IT NEEDS TO BE POINTED OUT THAT THE WORLD BANK-FUNDED PRIMARY EDUCATION PROJECT, SIMILAR IN CONCEPT TO USAID'S PROJECT, MOVED RELATIVELY QUICKLY THROUGH THE A&E STAGE AND THEN FOUNDERED AT THE PRE-QUALIFICATION STAGE!

G. (PAGES 20, 22, 23.) THE AUDIT REPORT TAKES THE POSITION THAT THERE MIGHT HAVE BEEN ADVANTAGES IN PERMITTING SUBSTITUTIONGOOF MORE FLEXIBLE TRAINING PLANS IN LIEU OF THE "MASTER'S DEGREE ORIENTATION," WHICH "KEPT THE PROJECT FROM CONSIDERING OTHER TRAINING POSSIBILITIES EARLY ON AND CONTRIBUTED TO THE PROJECT FAILURE TO PROVIDE IN-DEPTH TRAINING."

MISSION REACTION: THE KEY CONSIDERATION WITH PARTICIPANT TRAINING IS THE LEVEL AND TYPE OF SKILLS TRAINEES WILL NEED WHEN THEY RETURN TO THEIR JOBS. INCREASINGLY, DONORS, AND ESPECIALLY THOSE LIKE USAID AND THE IBRD WHO ARE TAKING THE LEAD IN EDUCATIONAL DEVELOPMENT ASSISTANCE WITH EMPHASIS ON IMPROVING BASIC EDUCATION, ARGUE THAT WHAT DEVELOPING COUNTRIES NEED IS WELL TRAINED LEADERSHIP TO SPEARHEAD THE PLANNING AND MANAGEMENT OF MORE EFFICIENT EDUCATIONAL SYSTEMS. THIS IS NOT GOING TO HAPPEN IF DEVELOPING COUNTRY EDUCATORS ARE NOT ABLE TO TRAIN AT A SUFFICIENTLY ADVANCED LEVEL. WITHOUT WELL INFORMED LEADERS, THEY HAVE TO CONTINUE TO RELY ON SPECIALIST EXPATRIATE ADVISORS. THIS WAS IMPLICIT IN THE PROJECT DESIGN TEAM'S DECISION TO PROVIDE GRADUATE-LEVEL TRAINING.

THE MISSION SUGGESTED SHORT-TERM TRAINING AS A SUBSTITUTION FOR THE ABORTED MASTER'S DEGREE PROGRAMS AS A WAY TO PROVIDE AT LEAST SOME ADDITIONAL TECHNICAL SKILLS RELATIVELY LATE IN THE PROJECT, BELIEVING THAT THE GRC WOULD HAVE FEWER PROBLEMS SELECTING CANDIDATES FOR SUCH TRAINING. THE MISSION DOES NOT FEEL THAT THE SHORT-TERM TRAINING ALTERNATIVE WAS PREFERABLE, AT ANY POINT, TO THE ADVANCED GRADUATE-LEVEL TRAINING.

H. (PAGES 10, 17, 18.) ANOTHER ISSUE RAISED BY THE AUDIT REPORT HAS TO DO WITH THE QUESTION OF SUSTAINABILITY: "THE FAILURE OF THE CONSTRUCTION AND LONG-TERM TRAINING COMPONENTS CALL INTO QUESTION WHETHER THE LIMITED ACHIEVEMENTS OF THE TECHNICAL ASSISTANCE COMPONENT COULD BE SUSTAINED."

ALTHOUGH THE MISSION FEELS THAT FURTHER DISSEMINATION OF THE NEW TEACHING METHODOLOGIES WILL BE DIFFICULT GIVEN THE BUDGETARY LIMITATIONS UNDER WHICH THE MINED MUST OPERATE, WE BELIEVE SUSTAINABILITY IS POSSIBLE FOR THREE REASONS: IT WILL OCCUR NATURALLY AS PRIMARY TEACHERS AND TTC STAFF

WHO HAVE LEARNED NEW METHODS PASS THEM ON TO COLLEAGUES WHO HAVE NOT HAD IN-SERVICE TRAINING; THE WORLD BANK PRIMARY TEACHER TRAINING PROJECT, ASSUMING IT WILL RESUME, WAS DESIGNED TO UTILIZE THE NEW APPROACHES DEVELOPED IN THE SPE PROJECT; AND THE MINED, ENCOURAGED BY THE ENTHUSIASTIC RECEPTION OF THE METHODS IN THE FOUR SPC PROJECT PROVINCES AND THE WORLD BANK'S CONTINUED ENDORSEMENT OF THEM, WILL TAKE STEPS TO ASSURE THEIR DISSEMINATION. BRYNN
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