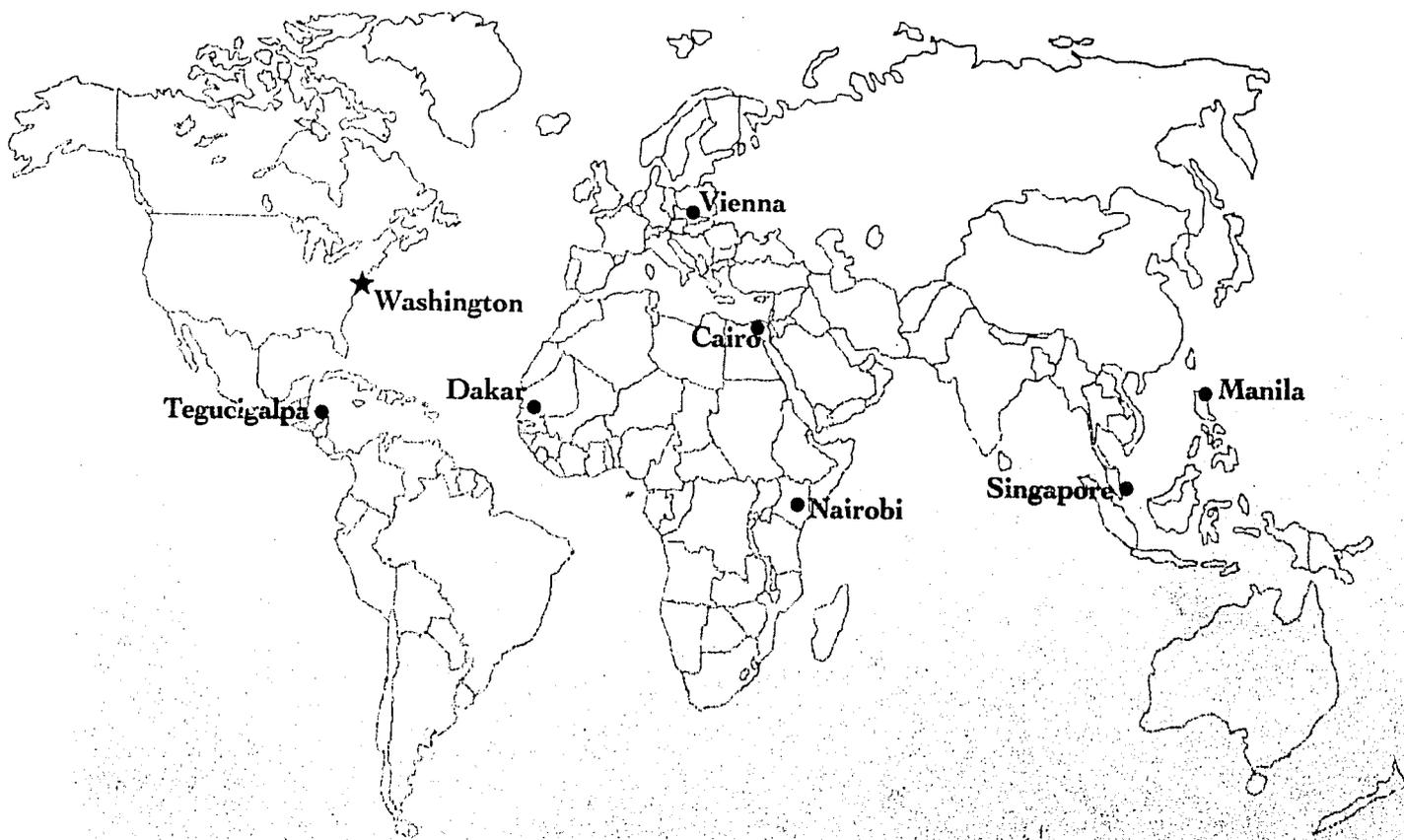


**Regional Inspector General for Audit
Dakar**

**Audit of USAID/Burkina Faso's
Management of Technical Services**

**Audit Report No. 7-686-94-008
May 31, 1994**



**INSPECTOR
GENERAL**

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

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

UNITED STATES ADDRESS
RIG / DAKAR
AGENCY FOR INTERNATIONAL
DEVELOPMENT
WASHINGTON, D.C. 20521 - 2130

May 31, 1994

INTERNATIONAL ADDRESS
RIG / DAKAR
C/o AMERICAN EMBASSY
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WEST AFRICA

MEMORANDUM

TO: Thomas Luche, USAID Representative, Burkina Faso

FROM: *Thomas B. Anklewich*
Thomas B. Anklewich, RIG/A/Dakar

SUBJECT: Audit of USAID/Burkina Faso's Management of Technical Services, Audit Report Number 7-686-94-008

Enclosed are five copies of the subject report. We have reviewed your comments in response to our draft report, and have taken them into consideration in preparing this report. Your comments are included in their entirety in Appendix II.

We appreciate your office's prompt and positive response to the draft report. The report contains one recommendation which is resolved based upon your comments and actions to date. The recommendation can be closed upon receipt of evidence that planned actions have been completed.

Please notify our office within 30 days of the Mission's actions towards implementing the open recommendations, including documentation supporting any completed actions so that we may consider closure.

I greatly appreciate the cooperation and courtesies extended to my staff during the audit.

Attachments: A/S

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EXECUTIVE SUMMARY

Introduction

Burkina Faso is a landlocked country in West Africa situated on the south-western edge of the Sahara Desert (an area sometimes called the Sahel). Like other Sahelian countries, Burkina Faso faces accelerating environmental degradation and severe periodic drought--conditions which are exacerbated by rapid population growth. Burkina Faso's per capita GNP was estimated to be \$320 in 1989.

USAID/Burkina Faso's development efforts focus on improving agriculture and health. The agricultural program focuses on increasing productivity and rural incomes. Programs in the health sector are wide-ranging and include family planning, child survival, diarrheal disease control, a media campaign for good nutrition and a condom social-marketing program aimed at preventing the spread of AIDS.

USAID/Burkina Faso's portfolio includes seven projects currently active or completed in 1992, with total project funds amounting to \$34.1 million. As of August 31, 1993, obligations and disbursement for these projects amounted to \$27.9 million and \$14.8 million, respectively. The USAID/Burkina Faso technical service portfolio totaled \$7.4 million, consisting of two contracts, two grants, three cooperative agreements and six buy-ins. Each of these technical assistance instruments were obligated at over \$100,000 and were active during calendar year 1992.

Audit Objectives

The Office of the Regional Inspector General for Audit/Dakar completed a performance audit of USAID-financed technical assistance in Burkina Faso as provided for in its approved fiscal year 1993 audit plan. The audit field work was conducted from September 13, 1993 through November 19, 1993 and was designed to answer the following three objectives:

1. Did USAID/Burkina Faso follow USAID policies and procedures in planning for technical services to ensure that the technical services were needed and that the scopes of work were specific enough to measure contractor and grantee performance?

2. Did USAID/Burkina Faso ensure that technical services contractors provided the personnel promised during the Request for Proposal competition award process and that the contractor and grantee personnel salaries were justified by the employee's salary history, educational background, and work experience?
3. Did USAID/Burkina Faso follow USAID policies and procedures in monitoring technical services contracts, grants and cooperative agreements to ensure the technical services were achieving their intended purposes and reaching intended recipients as specified in project documents?

Results of Audit

The audit showed that USAID/Burkina Faso followed USAID policies and procedures in:

- ensuring that technical services were needed and that scopes of work were specific enough to measure contractor performance (see page 3);
- ensuring that the technical services contractors provided the personnel promised during the request for proposal (RFP) competition award process, and that the personnel salaries were justified by the employee's salary history, educational background, and work experience (see page 5); and
- monitoring technical services contractors and grantees to ensure that technical services were meeting their objectives and reaching intended recipients as specified in project documents, except for the Rural Water Development Project during which the USAID/Burkina Faso did not;
 - adequately monitor project activities to ensure that the grant recipient provided required reports and performed project activities in a manner sufficient to allow completion of project objectives; and
 - perform the project and grant closeout procedures that USAID requires (see page 8).

The Rural Water Development Project was established to provide water to 12 rural villages in Burkina Faso through the construction of earthen dams in each of the 12 rural communities. Ultimately, only five dams were built and of these, only three were functional (see page 8).

Further, the audit showed that the grantee for the Rural Water Development Project had requested further grant funding to provide more construction services under another Mission program. The Mission considered granting their request in spite of their past performance (see page 14).

Audit Recommendations

The audit report makes one recommendation to USAID/Burkina Faso directed towards completing all the project and grant closeout processes for the Rural Water Development Project which would include:

- obtaining the Final Grant Report on the Rural Water Development Project;
- preparing the Project Assistance Completion Report to include an assessment of the grantee's performance on this project and the grantee's capability to perform future engineering and construction activities; and
- completing a Terminal Evaluation of this project (see page 8).

Management Comments and Our Evaluation

USAID/Burkina Faso responded very positively to our draft audit report. The Mission accepted the one report recommendation and reported some action taken toward its implementation. As a result, Recommendation No. 1 is resolved and may be closed upon completion of the corrective actions. The majority of the Mission's comments concerned the Rural Water Development Project, which was the focus of our recommendation. The Mission provided additional information that was not in the project files during our field work in Burkina Faso. This new information explained, among other things, why the project did not achieve its original goals, and the Mission's opinion on the effect of the decrease in the grantee's planned contribution to project outcomes. Also, the Mission defined reasons for the changes in the project scope and provided its perception of the extent of its monitoring responsibilities for this project. Mission comments are provided in their entirety as Appendix II to this report.

Office of the Inspector General
Office of the Inspector General
May 31, 1994

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INTRODUCTION

Background

Burkina Faso is a landlocked country in West Africa situated on the south-western edge of the Sahara Desert (an area sometimes called the Sahel). Like other Sahelian countries, Burkina Faso faces accelerating environmental degradation and severe periodic drought--conditions which are exacerbated by rapid population growth. Burkina Faso's per capita GNP was estimated to be \$320 in 1989.

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USAID/Burkina Faso's portfolio includes seven projects currently active or completed in 1992, with total project funds amounting to \$34.1 million. As of August 31, 1993, obligations and disbursement for these projects amounted to \$27.9 million and \$14.8 million, respectively. The USAID/Burkina Faso technical service portfolio totaled \$7.4 million consisting of two contracts, two grants, three cooperative agreements and six buy-ins. Each of these technical assistance instruments were obligated at over \$100,000 and were active during calendar year 1992.

Audit Objectives

In accordance with the fiscal year 1993 audit plan, the Office of the Regional Inspector General in Dakar, Senegal audited USAID/Burkina Faso's Management of Technical Services Contracts, Grants and Cooperative Agreements to answer the following objectives.

Did USAID Burkina Faso:

- follow USAID policies and procedures in planning for technical services to ensure that the technical services were needed and that the scopes of work were specific enough to measure contractor and grantee performance?
- ensure that technical services contractors provided the personnel promised during the Request for Proposal competition award process and that the contractor personnel salaries were justified by the employee's salary history, educational background, and work experience?
- follow USAID policies and procedures in monitoring technical services contracts, grants and cooperative agreements to ensure that technical services were achieving intended purposes and reaching intended recipients as specified in project documents?

Appendix I describes the audit's scope and methodology.

REPORT OF AUDIT FINDINGS

Did USAID/Burkina Faso follow USAID policies and procedures in planning for technical services to ensure that the technical services were needed and that the scopes of work were specific enough to measure contractor and grantee performance?

USAID/Burkina Faso followed USAID policies and procedures in planning for technical services to ensure that the technical services were needed, and that the scopes of work were specific enough to measure contractor performance.

For technical service contracts, grants and cooperative agreements, *USAID Handbook 3* requires that Missions determine and substantiate technical assistance needs in their project papers. Mission project paper review committees then determine if the stated need is justified. Project authorizations must then describe how this need will be met and state in a general nature the parties involved in the project and their project responsibilities. The Handbook guidance, also, stipulates that the contract/agreement between USAID and the contractor/grantee should specify in detail the responsibilities of the individual parties, outline the terms and conditions of the contract/agreement, and state measurable indicators for project performance.

USAID/Burkina Faso accurately determined and justified technical services needs for the nine contracts, grants and cooperative agreements we audited. Issues raised by project paper review committees were addressed and project authorizations were properly written. Project planning documents including the project papers (PP), project implementation orders/technical (PIO/T), and requests for proposals (RFP's) for USAID/Burkina Faso's technical assistance, clearly outlined the responsibilities of the parties and contained specific measurable performance indicators.

In our opinion, the technical assistance contract for the Agricultural Research and Training Support (ARTS) Project, project number 686-0270, was the best example of the Mission's compliance with USAID policies and procedures. This contract was the largest single technical assistance instrument handled by the Mission during the period audited--a contract which totaled \$2.8 million and comprised 65 percent of the project's \$4.3 million in total funding.

The objective of the six-year ARTS Project was to institutionalize farming systems research in Burkina Faso, and to ensure that technologies and practices developed through this research were responsive to farmer's needs and compatible with Burkina Faso's long-term development. With these objectives in mind, Mission planners designed and implemented the project jointly with host government officials, and built in prudent monitoring mechanisms to foster success. For example, officials of Burkina Faso's National Institute of Agricultural Research (INERA), the recipient of the technical assistance, were extensively involved in the selection of the technical assistance contractor. Specifically, they

- participated in specifying the requirements of the technical assistance to be provided;
- took part in all site-visits of prospective technical assistance contractors;
- had equal standing in the awarding of points during the selection process of the technical assistance contractor; and
- interviewed the promised consultants proposed by all the contract bidders.

To promote project success, Mission officials

- produced a detailed scope of work with specific tasks to be accomplished by the technical assistance contractor, and
- required the technical assistance contractor to provide workplans with even more specific performance indicators, such as timeframes and milestones.

We believe that the design, selection, and implementation approaches, such as those demonstrated by USAID/Burkina Faso for the ARTS Project, greatly facilitated project and contractor performance and ultimately fostered project success.



*Experiment of Alternative Methods of Sorghum Cultivation Developed
Under the Agricultural Research and Training Support Project
(October 8, 1993 - Donsin, Burkina Faso)*

Did USAID/Burkina Faso ensure that technical services contractors provided the personnel promised during the Request for Proposal competition award process and that the contractor personnel salaries were justified by the employee's salary history, educational background, and work experience?

USAID/Burkina Faso ensured that technical services contractors provided the personnel promised during the Request for Proposal (RFP) competition award process and that personnel salaries were justified by the employee's salary history, educational background, and work experience for the two applicable technical service instruments it managed, both of which were contracts with American universities.

Of the nine technical assistance instruments managed by USAID/Burkina Faso, only the technical assistance contracts for the Agricultural Research Training and Support (ARTS) project and for the Burkina Faso Human Resources Development Assistance project fell within the scope of this audit objective. USAID policies and procedures for selecting contractors, as described in USAID *Handbook 3*, require that technical project implementation orders (PIO/T) and requests for proposal (RFP) contain detailed

descriptions of project personnel requested and that the responsive proposals contain detailed biographical information of proposed personnel intended to meet those requirements. This same guidance requires that contractor personnel salaries; (1) be commensurate with the salary history and experience of the proposed individual, (2) do not exceed project requirements, and (3) do not exceed maximum salary guidelines, without the necessary waivers.

Although Handbook 3 requires proposals for grants and cooperative agreements to describe in detail the manner in which project objectives are to be met, it does not require grantees to provide descriptions of individual persons who are intended to perform the work. For this reason, we did not review the Mission's grants and cooperative agreements under this objective. Further, the Mission participated in several buy-in agreements--contracts and cooperative agreements which were centrally acquired and managed by USAID--for the Family Health and Health Financing Program. Buy-in agreements were not covered under this objective, either.

We concluded that, when planning for both the ARTS and Human Resources Projects, USAID/Burkina Faso prepared PIO/Ts and RFPs that stated clearly and precisely the type of contractor personnel needed for the project. For example, both the PIO/Ts and the RFPs stated the required educational background and work experience for each position to be filled by the technical assistance contractor. The resulting proposals from the competitors included all required documents including resumes and other required biographical information. Our review of the documents mentioned above indicates that the consultants proposed by these two universities for their respective contracts met the standards set forth in the related PIO/Ts and the RFPs. In addition, the final contracts for each university established ceilings concerning salaries to be paid to the technical assistance personnel. Further, our review showed that these contractor-universities actually provided the persons promised, at the time promised, and paid the consultants salaries in accordance with the contract and USAID policies and procedures.

Did USAID/Burkina Faso follow USAID policies and procedures in monitoring technical services contracts, grants and cooperative agreements to ensure the technical services were achieving intended purposes and reaching intended recipients as specified in project documents.

For eight of the nine contracts/agreements covered under the audit, USAID/Burkina Faso generally followed USAID policies and procedures in monitoring technical services contracts, grants and cooperative agreements to ensure the technical services were achieving their intended purpose and reaching their intended recipients as specified in project documents. However, one grant for technical assistance to the Rural Water

Development Project did not achieve its intended results, in part because of USAID monitoring problems.

The Family Health and Health Financing Program (FHHP) and the Agricultural Research and Training Support Program (ARTS) comprised the major part of USAID's assistance to Burkina Faso, amounting to \$17.3 million in total life of project funding or about 51 percent of the Mission total. For the portfolio of seven technical services contracts/agreements for these two programs, USAID/Burkina Faso monitored these technical service instruments in accordance with the requirements of *USAID Handbook 3*, Chapter 11 and *USAID Handbook 13*, Chapter 1. Specifically, our interviews with officials of the Burkinabe Ministry of Health, the National Institute for Research and Studies (INERA), and the Agricultural Extension Service (CRPA) as well as our review of the program files showed that Mission officials regularly held meetings with these officials to resolve issues and to ensure that follow-up actions were performed. These program files also showed that the technical assistance consultants provided the required field trip and progress reports in a timely manner, and that responsible Mission officials routinely reviewed these reports. As a result, the Mission ensured that this assistance was achieving its intended purpose and reaching its intended recipients.

On the other hand, the Mission had administrative difficulties with two grants. In one case, the Mission dealt with these difficulties in an effective manner, and in the other they did not. On a positive note, even though the grant for technical assistance related to the river blindness prevention program under the Population and Health Project was having trouble getting started, Mission managers allocated sufficient attention to these difficulties to overcome them and get the project on track. To illustrate, USAID/Burkina Faso executed this operational program grant on September 6, 1991. However, 18 months after the signing of this agreement, the grantee had neither executed its promised sub-agreement with the Burkinabe Government, nor submitted a detailed implementation plan for project activities--actions which were required under the grant agreement. Further, the grantee had not proposed consultants to work on the project whom the Mission and the Burkinabe Government judged to have sufficient skills, experience, and education to carry out the project objectives. This situation continued for half of the planned duration of the project. Mission officials persistently communicated their dissatisfaction to the grantee through USAID/Washington.

During the course of the audit, the grantee had finally executed the required sub-agreement with the host government, provided personnel judged capable to carry out the project, and provided a detailed implementation plan for project activities. This progress would not have happened without the effective efforts of the Mission staff. The Mission's Project Officer stayed on top of the problems and eventually came to closure with the grantee.

In contrast to the Mission's competent and active monitoring of the majority of its portfolio, the USAID/Burkina Faso did not follow USAID standard grant and project

monitoring procedures for the Rural Water Development Project and the related grant. Specifically, the Mission did not take timely and forthright actions to ensure that the grant recipient for the Rural Water Development Project provided timely project reporting and performed project activities in a manner sufficient to allow completion of project objectives.

**USAID/Burkina Faso Did Not
Properly Monitor and Closeout
The Rural Water Development Project**

USAID Handbooks and a USAID/Burkina Faso Mission Order require that projects and their associated grants be properly monitored during implementation and properly terminated upon completion. USAID awarded a grant under the Rural Water Development Project to provide water to 12 rural villages in Burkina Faso by building small earthen dams in each of these communities. At project completion only five dams were built, and of these, only three were functional. Further, even though the project was completed in 1992, the grant and project have yet to be closed out and evaluated. The Mission's project files showed that the Mission did not properly monitor and closeout the project and grant, and that there were serious questions as to whether the grantee had the technical expertise to do the work required under the grant. As a result, the stated project objective of providing water to 12 rural villages was only partially met. Further, because there has been no close out or evaluation, the Mission has no record of the management effectiveness of the grantee and the viability of the dams constructed under the grant. Now the same grantee is seeking additional funding to conduct similar activities. USAID/Burkina Faso must assess the grantee's performance under the Rural Water Development Project to determine whether future water resources assistance through this particular grantee is warranted.

Recommendation No. 1: We recommend that the Director of USAID/Burkina Faso:

- 1.1 obtain final reports from the grantee on the Rural Water Development Project (Grant No. 686-0271-G-SS-6021);**
- 1.2 prepare a Project Assistance Completion Report on the Rural Water Development Project to include an assessment of, (a) the work performed by the grantee on this project, and (b) the grantee's capability to perform future engineering and construction activities based upon its performance on the Rural Water Development Project; and**
- 1.3 perform a Terminal Evaluation of the Rural Water Development Project.**

In 1986, the resultant grantee submitted an unsolicited grant proposal for the Rural Water Development Project. This project was designed to provide water to twelve rural communities in Yatenga, Sourou, Passore, Sanguie, Sissilie, and Bulkiemde provinces of Burkina Faso by constructing earthen dams in twelve selected communities. These dams were to act as water catchments during the rainy season, and provide water for cattle and crops during the dry season.

In August 1986, USAID/Burkina Faso granted \$1,000,000 for the proposal without soliciting competing proposals. This grant was negotiated and approved as a Cost Sharing/Matching Grant in which the grantee agreed to provide \$1,368,000 from its own sources. The approved project budget was based upon this funding. In this agreement, USAID agreed to fund technical services, personnel salaries, and refurbishment and repair of heavy equipment, while the grantee agreed to pay portions of these same categories and *all* of the dam construction costs. The Rural Water Development Project ended, as of August 30, 1992, without the promised water resources being provided to most of the twelve Burkinabe villages. Only five of the 12 dams planned were actually constructed. Of the five dams which were constructed, three are functioning, one of which has structural problem due to erosion. The photos below depict the problems with the two non-functioning dams and the structural problem with one dam.



*Toma Dam collapsed the same year it was built, and to date has not been rebuilt to serve its intended function.
(October 7, 1993 - Toma, Burkina Faso)*



*Doure Minima Dam had never filled due to insufficient normal rainfall.
(October 6, 1993 - Doure Minima, Burkina Faso)*



*Tandaga Dam had severe erosion below its spillway which threatened its
structural integrity. (October 6, 1993 - Tandaga, Burkina Faso)*

There were several factors which contributed to the Rural Water Development Project not achieving its objectives. Chief among them was the fact that USAID/Burkina Faso managers did not monitor the project as closely as they should have. All the USAID/Burkina Faso managers and decision makers associated with this project had moved on to other assignments, so we were not able to determine precisely why the normal monitoring actions for this project (Grant No. 686-0271-G-SS-6021) did not take place.

Various officials cited another reason why the Rural Water Development Project did not meet its goals: the fact that the grantee had no permanent engineering staff in-country or at its national headquarters. As a result, the grantee did not have the technical skills to review dam designs and construction work performed by the engineers contracted to manage the Rural Water Development Project. After the failure of the first dam constructed (Toma), a Burkinabe Government examination of its design and construction showed that the dam failed as a direct result of a flaw in the design used for the first three dams. Closer oversight by a USAID/Burkina Faso project officer could have prevented this result.

Project Monitoring

In our view, better monitoring of the project by the Mission would have assisted in ensuring that project goals were met by providing an accurate measure of project status. For example, to assure that project objectives remain feasible, Chapters 1 and 4 of *A.I.D. Handbook 13* on project grant administration require a formal revision of the project budget to adjust project objectives to reflect significant changes in funding. In December 1986, four months after the original agreement, the grantee requested, and USAID/Burkina Faso granted Amendment No. 1 to the grant agreement deleting the requirement for the grantee to meet its \$1,368,000 contribution. After Amendment No. 1, the grantee was only required to exercise the intent to raise an unspecified amount of funding. As a result of this change, the grantee contributed only \$848,000 (about 62 percent) of the originally promised \$1,368,000.

Neither the grantee nor USAID revised the budget to reflect this change in funding. Revision of the grant budget to determine realizable grantee contributions and decreases in project funding would have enabled Mission officials to determine realizable project objectives and make decisions on the continued feasibility of this grant. This 38 percent decrease in grantee contributions undoubtedly contributed to the project producing only five of the planned 12 dams.

On November 12, 1986, the grantee informed the Mission that the originally selected dam sites were not adequate and that the Burkinabe Government had changed its requirements for dams; i.e., all dams **"...must have the potential for meaningful agricultural production."** So the grantee requested permission from the USAID to

change the location (**but not the number or size**) of the dams to be built. The Mission granted permission for the grantee to work in six provinces instead of only in the two originally planned. This location change certainly made project implementation more complicated, but there was no change in the project's objectives.

This information about why the dam construction locations changed was not available during the audit. USAID/Burkina Faso officials provided related documents with their official comments on the draft report. However, during the course of the audit work in Ouagadougou, neither the Mission, the Burkinabe Government, nor grantee officials, who were available were aware of the reasons for these changes. Further, there was no indication in the Mission's records as to why these changes were made.

In August 1989, close to the original project end date, the grantee notified the Mission that they would not be able to meet the objective of building 12 dams and offered to build eight dams instead. On August 18, 1989, the Mission responded by telling the grantee that the USAID believed that the project had already exceeded the surface area and volume of water impounded, and that USAID considered the project objectives as having been fulfilled. Quantitatively, this is true. The original 12 dams were to each capture 140,000 cubic meters of water for a total of 1,680,000 cubic meters. Two properly functioning dams at Boulpon and Goumogho capture 1,400,000 cubic meters and 900,000 cubic meters respectively for a total of 2,300,000 cubic meters. However, the project objective was to provide a large number of people over a wide geographic area, improved access to water resources. Qualitatively, the three dams produced by this project fall far short of the objective to provide water resources for twelve rural communities.

USAID Handbook 13, Chapter 1, and the grant agreement require that the grantee provide quarterly reports on project implementation. These reports are to address, (1) a comparison of actual accomplishments with the goals established for the period, (2) reasons why established goals were not met, and (3) other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

However, throughout the project, the grantee did not report on its progress as agreed. At two points, there were nine-month backlogs of these quarterly reports. In total, Mission records showed that the grantee submitted only 11 of the 24 required quarterly reports. Examination of the Mission's project files showed that the USAID/Burkina Faso project officer requested these reports from this grantee, but that the grantee continued to be late. Timely progress reports would have aided the Mission in determining the current status of the project in accomplishing its planned objectives.

Further, *USAID Handbook 3* requires that regular visits be made to project sites to monitor progress toward project objectives and, in addition, USAID/Burkina Faso Mission Order No. 89-03 (dated August 31, 1989) requires that these site visits be made quarterly. During the life of the Rural Water Development Project, Mission records

indicated that only six site visits were made by Mission personnel, an average of one site visit per year over the six-year life of this project. Twelve site visits should have been conducted since August 31, 1989 to comply with Mission Order No. 89-03, but only three visits were performed.

USAID/Burkina Faso Mission Order No. 88-02 requires that Quarterly Project Reviews be conducted on each of the Mission's active projects. These reviews are then to be consolidated into semiannual reports which are to include updates on needed corrective actions cited in the quarterly reviews. However, since 1988, the reports of these quarterly reviews on the Rural Water Development Project provided little information on the status of needed corrections.

Improved reporting by the grantee and more frequent visits to the project sites by Mission officials would have disclosed problems with the grant in a more timely manner, and would have allowed more timely assessment and correction of project problems. Follow-up on needed corrective actions would have assisted the Mission in determining the willingness of the grantee to implement these actions and the degree of encouragement needed to ensure grantee compliance in meeting project objectives.

Project/Grant Closeout

USAID Handbook 3 states that a project is complete when it is successfully generating a stream of benefits and helping intended beneficiaries in the manner and at the rate envisioned in the initial project or, if modified, in the final project design. At project completion, Chapter 14 of this Handbook states that the following monitoring activities are to be carried out:

- Periodic site visits, near project completion, should be performed to observe project operations focusing on the utilization of inputs, achievement of output targets and generation and delivery of benefits to the intended group(s).
- Reports should be prepared on the physical completion of the project, including available evidence of the benefits resulting from the project.
- The Project Assistance Completion Report, to be completed within six months after the Project Assistance Completion Date (PACD), should be prepared to include recommendations for continued USAID support and to state the expected timing of a final project evaluation.

Also, the grant agreement requires the grantee to provide USAID with a Final Grant Report on the project within six months of the PACD date. However, at the completion of the audit in November 1993 which was 15 months after the PACD date (August 30, 1992) for this project--none of these required project completion activities were done.

The Mission had requested but never received the Final Grant Report from this grantee. Also, the Mission had not conducted a Terminal Evaluation of this project or prepared a Project Assistance Completion Report. The completion of the Terminal Evaluation and the Project Assistance Completion Report would have enabled Mission Officials to make informed decisions with respect to this grantee's ability to perform in future projects.

An assessment of this grantee's capability is needed. In April 1993, the same grantee submitted yet another unsolicited proposal to USAID/Burkina Faso for "The Improved Watershed and Irrigation Management Project." This new project would rehabilitate some of the dams constructed under the Rural Water Development Project and would then construct irrigation systems at each of these dam sites. Grantee and USAID officials told us that under this proposal, P.L. 480 Title II commodities would be used to generate the \$3.9 million needed for this project, an amount that far exceeds the estimate for the originally promised 12 dams. During the time of the audit, USAID/Burkina Faso was considering making this grant to the same grantee.

Performance of the closeout actions on the grant would provide a record of the grantee's performance on the Rural Water Development Project which should assist in assessing the grantee's capability to perform similar projects in the future. In this regard, USAID/Burkina Faso needs to ensure that the grantee produces the final reports for the grant, and that the Terminal Evaluation of this project and the Project Assistance Completion Report are completed. These three reports should provide enough information so that the Mission can accurately assess the grantee's capability to manage future engineering and construction projects. In our opinion, without this assessment, additional funding to this grantee for construction services is questionable in light of the grantee's prior work.

Management Comments and Our Evaluation

USAID/Burkina Faso responded very positively to our draft audit report. The Mission agreed with and accepted the report recommendation and reported some actions toward its implementation. The majority of the Mission's comments, however, discussed and expanded on the history of the Rural Water Development Project, which was the focus of the report recommendation. The Mission provided background and new documentation that was not in project files during our field work in Burkina Faso. This new information explained: why the project did not achieve its original goals; the terminal date of project dam construction; and the Mission's opinion on the effect of the decrease in the grantee's planned contribution to project outcomes. The additional background defined reasons for the changes in project scope and provided the Mission's perception of the extent of its monitoring responsibilities for this project. We changed the final report to appropriately reflect this new information.

None of this new information contradicted the issues raised in the draft report. On the other hand, this information illuminated the fact that the Mission knew early during the project that, (1) there were significant implementation problems, (2) the project was becoming more complex, and (3) the grantee had reduced its project funding. All of these factors should have caused Mission managers to **intensify their monitoring activities to allay the increased risk**. However, this monitoring did not occur. In its comments on our draft audit report, the Mission also stated "...that Mission oversight or monitoring of Grants to PVOs is different in nature and intensity from what we require for Technical Assistance contracts."

While there is a difference in the leverage USAID has over grantees versus contractors who fail to perform, there is essentially little difference in the project monitoring requirements. Both **USAID Handbook 3 (Project Assistance)** and **USAID Handbook 13 (Grants)** provide extensive lists of monitoring actions project managers are required to take during project implementation, actions such as site visits and grantee reporting. In the Rural Water Development project, these actions did not take place in a consistent manner. We believe that if the Mission had monitored the Rural Water Development Project in the same manner as their other projects, the results would have been better.

SCOPE AND METHODOLOGY

The Office of the Regional Inspector General for Audit in Dakar, Senegal audited USAID/Burkina Faso's systems and procedures for planning, contracting and monitoring Technical Services contracts, grants and cooperative agreements. USAID has classified USAID/Burkina Faso as a Class B Mission, meaning that it has fewer full-time U.S. Foreign Service Officers than a full-size, Class A Mission. Consequently, USAID/Burkina Faso had no on-site contracting staff who specialized in contract formulation and administration. Thus, most of USAID/Burkina Faso's contracting actions were performed by Regional Contracting Officers at USAID's Regional Economic Development Support Office for West and Central Africa (REDSO/WCA) in Abidjan.

The audit was conducted in accordance with generally accepted government audit standards and covered \$7.2 million of USAID/Burkina's \$7.4 million portfolio of contracts, grants, cooperative agreements and buy-ins for technical services. All technical service instruments selected for audit were greater than \$100,000 and currently active, or ended in 1992. We conducted fieldwork from September 13, 1993 to November 19, 1993 in the offices of the Regional Economic Development Support Office for West and Central Africa (REDSO/WCA) in Abidjan, Ivory Coast, USAID/Burkina Faso, the Burkinabe Government and two grantees in Ouagadougou, Burkina Faso.

The audit determined whether USAID/Burkina Faso followed USAID policies and procedures in, (1) ensuring that the technical services were needed and that scopes of work were specific enough to measure performance, (2) ensuring that technical services contractors provided the personnel promised, and at salaries justified by the employees' salary history, educational background, and work experience, and (3) monitoring technical services contracts, grants and cooperative agreements to ensure that technical services were achieving their intended purpose as specified in project documents.

To accomplish audit objectives one and three, we reviewed all nine technical service contracts, grants and cooperative agreements over \$250,000 which were managed by USAID/Burkina Faso. For audit objective two we reviewed the two technical service contracts managed by USAID/Burkina Faso. We then reviewed applicable policies and procedures in USAID's handbooks and contractor information bulletins; reviewed files for each applicable project and related technical service instrument at the Mission and at technical service contractor and grantee locations; obtained documentary and

testimonial evidence from the Mission, the Burkinabe Government, and the technical service contractors and grantees; analyzed the reliability and sufficiency of that evidence; and concluded whether or not USAID/Burkina Faso followed the applicable policies and procedures. Further, we visited locations and facilities representative of all the technical service activities under audit. To assess program results we made extensive site visits to the operational sites of technical assistance recipients. We also obtained written representations from USAID/Burkina Faso management as to their complete disclosure of records and other information relevant to the audit objectives. Finally, we interviewed the cognizant contracting officials for USAID/Burkina Faso located at REDSO/WCA's Regional Contracting Office in Abidjan, Ivory Coast, and reviewed the contract files.

memorandum

DATE: April 13, 1994

REPLY TO
ATTN OF:

Thomas C. Luche, AID/REP, Burkina Faso, Ouagadougou

SUBJECT:

RIG/A/Dakar - Audit of OAR/Burkina Faso's Management of Technical Services, Draft Audit Report 7-686-94-00X

TO: Mr. Thomas Anklewich, RIG/A/Dakar

REF: Dakar 002987

Below are Mission comments to subject Draft Report.

Thank you for the opportunity to review subject Draft Report. We found the Report to be objective and appreciate the Audit team's efforts in collecting data through field trips and meetings with counterparts in preparing the Draft Report.

The only specific comments we have deal with your narrative about the Rural Water Development Project (No. 686-0271-G-SS-6021 Africare). We concur with the recommendation and its three elements. Several weeks ago the Mission requested Africare to prepare a final report on the Rural Water Development Project (Grant No. 686-0271-G-SS-6021) (See Attachment F.). In addition, we agree that the results of the three reports called for in Recommendation No. 1 will be taken into consideration in assessing the Grantee's capability to perform similar projects in the future.

Regarding your Draft Report comments on the Project No. 686-0271, we ask that you consider the following information. While it is several years old, we think taking it into consideration in the final report will add to the perspective and background of your presentation.

The information is as follows:

1. Reasons why the Project did not achieve its original goals:

The first paragraph of page 11 of the Draft Report reads, in part: "All USAID/Burkina Faso managers and decision makers associated with the Rural Water Development project had moved on to other assignments and because of this we were not able to determine precisely why this project (Grant No. 686-0271-G-SS-6021) did not achieve its planned objectives."

BEST AVAILABLE COPY

Documentation from several years ago refers to various factors which affected project implementation. The Africare Internal Evaluation Report of February, 1988 (See Attachment A) discusses implementation problems and their causes. In addition, the Mission, in its response to the draft version of Audit Report 7-686-89-08 of July 07, 1989, cited reasons for progress less than that planned for in the project. Appendix 1, Page 8, Para 1, of the response stated "Equipment procurement delays, initial fund raising problems, and size of the ultimate structures (as dictated by site requirements) were primarily responsible for the delays."

Some specific reasons for project implementation difficulties are:

A. Delays in procurement of necessary heavy equipment

After the project started, Africare determined that certain heavy equipment could not be purchased locally. Accordingly, Africare requested USAID provide a Source/Origin Waiver. Based upon advice from AID/W and REDSO/Abidjan, the Mission approved part of Africare's request. For the elements which were not approved, the Mission provided a listing of American suppliers. The bottom line is there was a delay in obtaining needed heavy equipment which in turn had an adverse effect upon project implementation. Attached are copies of a March 3, 1987 Action Memorandum signed by the Mission Director, and a March 30, 1987 Letter from the Mission Director to Africare advising them about the Source/Origin matter (See Attachments B-1 and B-2).

B. Changes In Project Scope and Original Plans

Original plans called for building eight dams in Yatenga Province, and four dams in Sourou Province. By letter of November 12, 1986 (See Attachment C-1), Africare requested USAID authority to build dams outside the Provinces of Yatenga and Sourou. Africare presented many reasons including Host Government policies and restrictions. There were a number of political changes during the years of this Grant, often with radical changes in GOBF policies and/or priorities. The Mission, through Grant Agreement Amendment No. 1 dated December 31, 1986 (See Attachment C-2), authorized Africare to build dams in six rather than two provinces. However, the Mission stipulated that Africare was not to initiate operations outside Yatenga and Sourou Provinces until environmental impact review requirements were met. While the change in program scope prevented time consuming bureaucratic differences and conflicts with the Host Government, it nevertheless was another factor affecting project implementation.

Another change in the original project plans dealt with the estimated size of the 12 dams to be built. Original planning

documentation envisioned the dams to be the following approximate measurements:

-- Length	=	270 Meters
-- Capacity	=	140,000 M3
-- Drainage Area	=	10 KM2

Page one of the Africare November 12, 1986 letter addressed to the Mission discussed new criteria established by the Host Government concerning construction of new dams (See Attachment C-1). The letter reads in part: "Moreover, the Government of Burkina Faso now requires that all water retention units or dams must have the potential for meaningful agricultural production." Consequently, the size of the dams eventually built were larger than planned to conform to new GOBF requirements.

For example, the sizes of the dam in Boulon and Goumogho Provinces are:

	<u>Boulon</u>	<u>Goumogho</u>
-- Length	700 Meters	560 Meters
-- Capacity	1,400,000 M3	900,000 M3
-- Drainage Area	54 KM2	52 KM2

We believe the change in size was one of the key factors as to why only five dams were built instead of the planned twelve dams.

According to page eleven of the Africare Internal Evaluation Report of February, 1988 (See Attachment A), various administrative problems also affected the project. Some of the problem areas cited were:

"Inability of project management in Burkina to plan, budget and request funds in time from Africare/Washington.

"Inability of Africare/Washington to process, in time, the financial batches and transfer funds to replace expenses. Also if all funds available to Africare/Burkina are Africare funds to be spent on Africare projects, regardless of projects which funds were transferred, then this fact should have been communicated in writing to Africare/Burkina."

"Assigning two important project positions to one person to serve as Project Engineer and Project Coordinator was an error. This was also a serious constraint on certain important aspects of project implementation such as design, budgeting, planning, reporting execution etc."

2. The Terminal Date of Project Dam Construction

The first paragraph of page 9 of the Draft Report reads in part,

"The Rural Water Development Project ended, as of August 30, 1992 without the promised water resources being provided to most of the twelve Burkinabe villages."

We agree the project ended on August 30, 1992. But the Audit Team may wish to note that the construction element of the project ended prior to the original August 31, 1989 project assistance completion date (PACD). Activities subsequent to August 31, 1989 were restricted to improving downstream development activities.

An August 18, 1989, Mission letter addressed to Africare (See Attachment D-1) reads, in part: "USAID believes, and stated in our response to the draft A.I.D. Audit Report, that project goals have been met and exceeded in terms of the surface area and volume of water impounded. Accordingly we consider the grant objectives as having been fulfilled."

On October 25, 1990, the Mission cabled REDSO/Abidjan (See Attachment D-2) asking for authority to amend the Africare Grant at no additional cost. The cable reads in part:

"Your approval is required of the following documents in connection with the subject project: (1) An amendment of the Africare Grant Agreement to extend the PACD, (2) A no-cost amendment to the PIO/T to allow Africare to complete the downstream development work identified in the Africare Grant Agreement.

"On August 29, 1986, OAR/Burkina signed a three-year grant with Africare under the Rural Water Development Project (686-0271) to construct 12 small earthen water retention dams in the Yatenga and Eastern Sourou Provinces. The aim of this activity is to improve the quality of life and enhance the food security of 100,000 people in the Northwest and Central Provinces of Burkina by increasing water availability through regulation of rain water flow and distribution, and ensuring the availability of water to promote vegetable gardening and livestock activities.

"The construction phase as revised (Earthen Dams) has been completed; however, Africare was not able to complete, prior to the PACD, the downstream development/food production activities envisioned by the Grant Agreement. Numerous project implementation delays prevented Africare from completing this part of the activity.

"While some downstream activities were initiated at each functioning dam site, a systematic plan is needed to maximize the benefits from the completed water retention units. Considering that Africare has exceeded by 208 percent the intended volume of water to be impounded, it was agreed to terminate dam construction and focus on food production activities. To

complete these activities, i.e., the downstream development, the Grant Agreement with Africare and the PACD of the project need to be extended to August 30, 1992. No additional funds are required."

REDSO concurred in the Mission's request per Abidjan cable 24431 of November 20, 1990.

On December 7, 1990, the Mission issued Amendment No. 2 to the Grant Agreement extending the PACD from August 31, 1989 to August 30, 1992 (See Attachment D-3). The Amendment reads, in part: "This Amendment has not increased the total estimated or obligated amounts of the Grant. However, funds equalling \$176,593 currently obligated under the Grant, but unexpended under the project shall only be used to finance activities directly aimed at improving downstream development through watershed exploitation and agricultural development at the water impoundment sites."

3. The Effect of Reduction of Africare Planned Fund Contribution From \$1,368,000 to \$848,000

The third paragraph of page 11 of the Draft Report reads in part: "This 38 percent decrease in grantee contributions is a major reason the project produced only five of the planned 12 dams."

The Mission concurs that the reduction of Grantee contributions had an effect but we question whether it was a major effect. As explained in the above two sections, the five dams which were built were substantially larger than the twelve dams originally planned. Also the Mission expressed its position that project goals were met and exceeded in terms of the surface area and volume of water impounded.

In fact, Africare in a letter of August 9, 1989, addressed to the Mission stated that they had \$215,000 of available Africare funds to construct three more dams for a total of eight dams (See Attachment E-1). The August 9 letter reads in part: "It is apparent that Africare will not be able to meet 100% of its project's objectives; however, I believe that if the project completion date is extended, then 67% of the project objectives - 8 dams-can be completed with the remaining funds."

The Mission in its response letter of August 18, 1989 rejected Africare's proposal (See Attachment D-1). The August 18 letter reads in part: "USAID believes, and stated in our response to the draft A.I.D. Audit Report, that project goals have been met and exceeded in terms of the surface area and volume of water impounded. Accordingly, we consider the grant objectives as having been fulfilled."

We noted that the Africare Internal Mid-Term Evaluation of

August, 1989 also recommended that three additional dams be built (See Attachment E-2). Page 19 of the August, 1989 Evaluation Report reads in part: "The Budget should be realigned to permit the construction of three additional dams. USAID support will be used as described in the project paper - to rehabilitate heavy equipment and provide technical support to this activity. Private funds from Rotary International, USA for Africa, and Africare are available to construct an additional three dams during the next campaign. With the existing funds the project can be extended until June, 1990."

In summary, it was the Mission's decision that construction goals had already been met in terms of the surface area and volume of water impounded.

4. Were the Changes In Project Scope Authorized?

The fourth paragraph of page 11 of the Draft Report reads in part: "During the construction phase, the grantee changed the location, size and number of dams to be built without informing or gaining the approval of either the USAID or the Burkinabe Government."

We refer to section 1-B "Changes in Project Scope and Original Plans" above in which we discussed certain correspondence between Africare and the Mission concerning changes in project scope. And as stated in section 1-B, the applicable correspondence, including Amendment No. 1 to the Agreement, are included as attachments C-1 and C-2. These attachments show that Africare proposals for major changes to the project scope were presented to USAID, and subsequently approved.

5. USAID Monitoring

The last paragraph of page 6 of the Draft Report reads in part: "However, one grant for technical assistance to the Rural Water Development Project did not achieve its intended results, in part because of USAID monitoring problems."

We agree there was room for improvement in Mission monitoring efforts during project implementation. But as indicated in this response, Africare was keeping the Mission advised of major developments and needs. Accordingly, we find it difficult to relate less than adequate monitoring/reporting etc. to the various major problems which affected project implementation. It should be noted that significant problem factors such as need for specific heavy construction equipment, change of planned locations and sizes of dams surfaced shortly after the August 29, 1986 signing date of the agreement. We refer to the Africare letter of November 12, 1986 addressed to the Mission, (See Attachment C-1). This letter discussed in detail the above cited problem factors. Since these major problems arose so early in

the project, there was little if any relationship to USAID monitoring efforts.

We also refer to page 3 of the Africare Mid-Term Evaluation of August, 1989 (See Attachment E-2). The third paragraph of page 3 of the Evaluation reads in part: "Better project planning and adherence to those plans should have been the vehicle for attaining the project's objectives."

While the foregoing provides additional clarification which we trust will improve the final audit report, it is also worth mentioning that Mission oversight or monitoring of Grants to PVOs is different in nature and intensity from what we require for Technical Assistance contracts. You may wish to review the draft report comments in view of this difference.

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