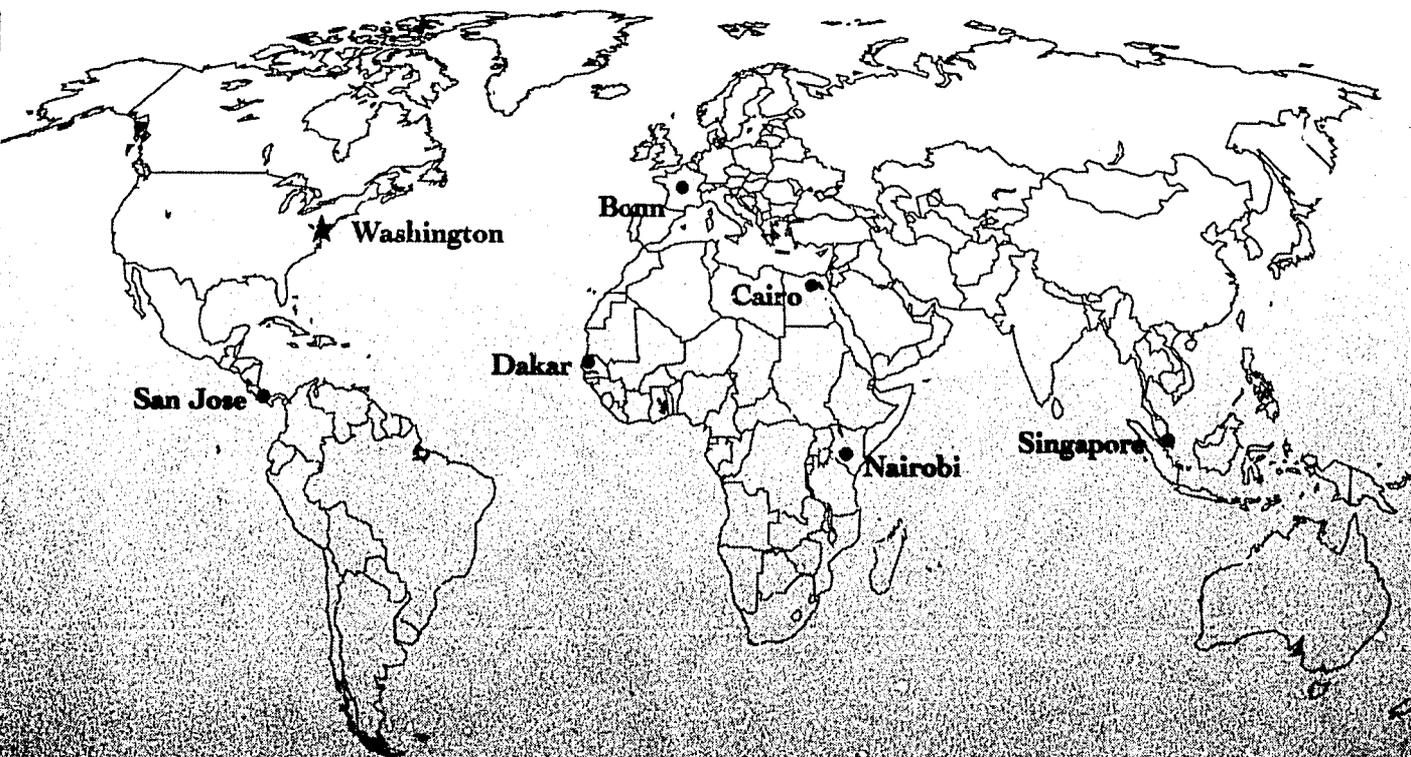


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**Audit of USAID/Benin's  
Children's Learning & Equity  
Foundation Program**

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**Audit Report No. 7-623-95-006  
May 30, 1995**



**Regional Inspector General for Audit  
Dakar**

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**Audit of USAID/Benin's  
Children's Learning & Equity  
Foundation Program**

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Report No. 7-623-95-006  
May 30, 1995

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

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WEST AFRICA

May 30, 1995

**MEMORANDUM**

**TO:** USAID Representative, USAID/Benin, Thomas B. Cornell

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

**SUBJECT:** Audit of USAID/Benin's Children's Learning and Equity Foundations Program, Audit Report No. 7-623-95-006

This is our audit report on the Children's Learning and Equity Foundations (CLEF) Program at USAID/Benin. We are making three recommendations regarding conditionality and program management systems. We considered your comments on the draft report and have included them as an appendix to this report (see Appendix II). Based on your comments, Recommendations 1.2 and 2.2 are closed and all other recommendations are resolved as of this date. We will close the open recommendations after receiving and reviewing the documentation you mentioned in your comments.

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

# **EXECUTIVE SUMMARY**

Following Benin's transition from Marx-Leninism to constitutional democracy in 1991, USAID decided to reward and support the new government's efforts. Consequently USAID signed an eight-year, \$57.5 million program (later augmented to \$64 million) to help develop Benin's primary education system. This assistance package, called the Children's Learning and Equity Foundation (CLEF) Program, had two main objectives, one political and one developmental:

- ◆ to infuse a large amount of dollars into the Government of Benin's (GOB) general budget to alleviate the budget deficit, and
- ◆ to rebuild Benin's primary school system through the development and implementation of reform action plans focused on four areas.

The Office of the Regional Inspector General in Dakar audited the CLEF program to learn whether USAID/Benin was managing it according to Agency policies. Specifically, we sought to verify if the Mission was monitoring both the cash transfers (non-project assistance) and technical assistance (project assistance) and, based on its monitoring, if it was taking the corrective actions necessary to ensure that the CLEF program would achieve its intended results.

USAID/Benin followed Agency policies and procedures when monitoring the CLEF project assistance component, but they did not always follow these policies and procedures in monitoring the non-project assistance component. On a positive note, USAID managers verified that dollars transferred to the West Africa Monetary Union were actually credited to the Government of Benin. Also, the Mission provided technical assistance to the Ministry of Education to help develop the Primary Education Reform Action Plans, the foundation of the CLEF program.

While progress is being made in providing general budgetary support to the Government of Benin, the Program was experiencing implementation problems.

- ◆ The GOB has provided less than five percent of the promised funding for primary education reform actions. As a result, the implementation of reforms for the primary education sector is behind schedule. In addition, the implementation of certain USAID technical services has been slowed. This lack of timely and adequate funding occurred primarily due to the program design which did not compel the GOB to actually spend money.
- ◆ The GOB needed to, but had not, (1) improved its overall financial management and accountability capabilities, as disclosed in a financial assessment performed by an international accounting firm, and (2) developed an education expenditure tracking system as required by the Program Agreement.
- ◆ USAID/Benin had not developed or implemented management systems and performance indicators to measure program performance. As a result, Mission management was not in a position to know the status of the CLEF Program at any given point in time. Lacking these systems, it was difficult for USAID management and others to (1) evaluate progress and compare actual Program results with those anticipated and (2) make the appropriate mid-course corrections in order to facilitate progress in the Program.

USAID managers were aware of these problems but did not take timely action to correct them. This lack of timely action was influenced by (1) the political imperative to start the cash flow to the GOB, (2) USAID/Washington's desire to minimize the workload for the new USAID mission in Benin, and (3) the rolling nature of the Program's design, which is still evolving. Mission officials also stated that they gave priority to helping the Ministry of Education develop a basic management structure before focusing on Mission and CLEF Program management systems.

In order to address these issues, we recommended that the USAID/Benin Representative stress to the GOB the importance and necessity of meeting its financial and other commitments to the Program. Also, the audit recommended that USAID develop conditions precedent to the disbursement of future USAID funds by requiring the GOB to (1) make funds available when needed to keep the Program on schedule, and (2) implement improvements in the GOB's financial management and accountability procedures. Finally, we recommended that USAID/Benin develop and implement monitoring and evaluation systems including time-phased performance indicators to measure Program progress.

In response to our draft report, USAID/Benin provided oral and written comments, the latter which are included in their entirety as Appendix II. The Mission agreed with and promised to implement all the recommendations. However, we revised Recommendation 2.1 and modified the report's text, where appropriate, to better reflect the Program's accomplishments per the Mission's comments.

*Office of the Inspector General*  
Office of the Inspector General  
May 30, 1995

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# INTRODUCTION

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## Background

Following Benin's transition from a Marxist-Leninist state to a constitutional democracy in 1991, USAID decided that it was important to reward and support the new government's efforts. As a result, USAID signed an eight-year, \$57.5 million program (later augmented to \$64 million) designed to assist in the development of Benin's primary education system. This assistance package, called the Children's Learning and Equity Foundations (CLEF) Program, has two main objectives:

- ◆ to infuse a large amount of dollars into the Government of Benin's (GOB) general budget to alleviate the budget deficit, and
- ◆ to rebuild Benin's primary school system through the development and implementation of primary education reform action plans.

The goal of CLEF is to institute an effective, efficient, and equitable primary education system that can be effectively managed and financed by the GOB after the Program ends. More specifically, CLEF aims to (1) improve the quality of the primary education system, (2) increase equity and access to primary education services, (3) improve fiscal sustainability, and (4) increase sectoral planning and management capacities as well as public participation in primary education. The road to these goals was to begin with a set of Primary Education Reform Action Plans.

The CLEF program was designed to facilitate education reform through a two-step process. First, USAID provides general budget support through cash transfers to the GOB. Second, in return for the cash transfers, the GOB is then supposed to provide funding to reform its primary education system through the CLEF program.

This reform process is based on the development and implementation of 18 action plans listed in the Program Grant Agreement Amendment Three dated September 21, 1993. Beninois educators along with some short-term

technical consultants developed the following plans between early 1992 and early 1994.

### **Primary Education Reform Action Plans**

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| <b>1.</b> Curriculum Reform                       | <b>10.</b> Equitable Enrollment by Gender            |
| <b>2.</b> Continued Education and Training        | <b>11.</b> Access to FQL Schools by Regions          |
| <b>3.</b> Textbook Production and Distribution    | <b>12.</b> Resources for Primary Education Reform    |
| <b>4.</b> School Canteens                         | <b>13.</b> Adequate Finances for FQL Schools         |
| <b>5.</b> Fundamental Quality Level (FQL) Schools | <b>14.</b> Mobilizing Outside Resources              |
| <b>6.</b> Student Assessment                      | <b>15.</b> Wage Bill                                 |
| <b>7.</b> Increase of Access                      | <b>16.</b> Ministry Planning Functions/Operations    |
| <b>8.</b> Rationalize Student/Teacher Ratios      | <b>17.</b> Educational Management Information System |
| <b>9.</b> Equitable Enrollment by Regions         | <b>18.</b> Public Participation                      |
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CLEF is a \$64 million program comprised of \$53 million in non-project assistance (NPA) cash transfers and \$11 million in project assistance (PA). The project activities completion date for each is December 31, 1996 and December 31, 1999, respectively. As of July 21, 1994, USAID had provided \$15 million in cash transfers to the GOB and had obligated \$1.8 million for technical services and consultancies. The Agency originally planned to transfer another \$10 million to Benin in two separate NPA tranches during Fiscal Year 1994. However, these disbursements have been delayed to fiscal year 1995 because the Government of Benin has not met the conditions precedent.

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## **Audit Objectives**

- 1. Did USAID/Benin monitor, report on and evaluate the non-project assistance component of the Children's Learning and Equity Foundations Program in accordance with Agency policies and procedures to ensure that the program accomplished its intended results?**
- 2. Did USAID/Benin monitor, report on and evaluate the project assistance component of the Children's Learning and Equity Foundations Program in accordance with USAID policies and procedures to ensure the technical assistance accomplished its intended results?**

Appendix I discusses the scope and methodology of this audit. USAID/Benin's comments to the draft report are included in their entirety as Appendix II.

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# REPORT OF AUDIT FINDINGS

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## **Did USAID/Benin monitor, report on and evaluate the non-project assistance component of the Children's Learning and Equity Foundations Program in accordance with Agency policies and procedures to ensure that the Program accomplished its intended results?**

USAID/Benin followed some USAID policies and procedures in monitoring and evaluating the Children's Learning and Equity Foundations (CLEF) Program to ensure the program achieved its intended results. Specifically, the Mission verified that the cash transfers to the Government of Benin (GOB) were deposited into the West Africa Monetary Union (WAMU), and they verified that WAMU credited the GOB account for the amount of CFA francs purchased with those dollars.

In addition, the Mission verified that most of the conditions precedent to disbursement of U.S. dollars to the GOB were met. For example, the Mission verified that the GOB provided sufficient documentation to show that it had (1) spent the equivalent of \$5 million on priority primary education sector reform actions, (2) delivered a Letter of Intent (LOI) containing a comprehensive list of actions that it intended to take during Fiscal Year 1993, and (3) passed the 1993 national budget. The Mission has delayed disbursement of a planned third tranche because the GOB has not met all of the conditions precedent to the disbursement of USAID funds.

However, Mission officials did not always plan or monitor the implementation of the Program according to Agency policies and procedures. For example, the Mission did not always ensure that conditions precedent to the disbursement of USAID funds were met, nor did they always take corrective actions to ensure that the Program was achieving the intended results.

As a result, the audit showed that after almost three years and \$15 million dollars of disbursement to the GOB (1) the Primary Education Reform

Program was not receiving the funding it needed from the GOB; (2) the GOB's financial management system remains inadequate; and (3) the Mission's monitoring and evaluation plan for the Program still needs to be clarified. These issues are discussed below.

### **The Government of Benin Has Not Adequately Funded its Primary Education Reforms When Needed**

USAID policy and guidance clearly support the use of conditionality to ensure that programs meet their intended goals. Agency policy<sup>1</sup> states, that program design should ensure that sufficient resources are made available by the host government for the successful completion of the program. Further, the Africa Bureau's guidance for authorizing non-project sector assistance (NPA)<sup>2</sup> states, "the program design will then incorporate...conditionality which is specific, action-oriented and complete..., yet sufficient over the life of the program to lead to achievement of the program's measurable objectives." While the conditions precedent for the CLEF program do require the GOB to provide adequate funding for the primary education reform, these conditions do not ensure that this funding is provided when it is needed. The Government of Benin was not required to demonstrate that it had fulfilled its commitment to fund primary education in 1993 until well after the school year was finished. It is clear that the condition precedent actually had no force. As a result, the GOB did not fund its primary education program as promised and the Program fell behind schedule.

The CLEF program's \$53 million worth of NPA cash transfers are to be paid in seven separate tranches. The conditions precedent for the disbursement of these funds are evolutionary; i.e., the conditions for one disbursement are dependant on the conditions for the next disbursement with more stringent conditions applied as the Program progresses. Specifically, the conditions precedent to the second tranche (as stated in the Program Grant Agreement) required the GOB to provide a Letter of Intent (LOI). This letter should set out actions the Government of Benin intends to take regarding the Program during 1993. These actions include the establishment of a quarterly expenditure tracking system to verify whether sufficient resources were made available to implement the action plans for the first three

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<sup>1</sup> USAID Handbook One, Part VII, paragraph 16 and the *Bureau for Africa NPA Guidance*, October 1992, Chapter V, paragraph 2C, page 21.

<sup>2</sup> See the discussion on Object-Based Programming in the *Bureau for Africa NPA Guidance*, October 1992.

quarters of 1993 and for the full year of 1992. The conditions precedent for the third tranche required the GOB to provide another LOI outlining tasks to be performed during 1994. These should include a list of all the actions the GOB intends to take as part of CLEF; the estimated costs and source of financing; and verification that the national budget is adequate to finance the program.<sup>3</sup>

The Government of Benin was not required to show evidence that it had provided funding for the 1992-1993 school year until July 1994 (the proposed date of the third tranche). Similarly, as conditions precedent to the disbursement of the fourth tranche, Amendment Three to the Program Grant Agreement (dated September 21, 1993), required the GOB to submit Annual Progress Reports demonstrating the actions accomplished during 1993 and 1994 and showing that the funding was provided for all of 1993 and the first three quarters of 1994. Also, the conditions precedent required the Government of Benin to provide a new LOI and National Budget for the next funding period. As before, evidence of funding for the 1993-1994 school year will not be required until 1995.

The Government of Benin promised that its Ministry of Finance (MOF) would provide CFAF 1,323 million to the Ministry of Education (MEN) for 1993 for CLEF Program Reforms. Of this amount, the MEN would then make CFAF 870 million available for implementation of the Primary Education Reform Actions Plans. The remainder was to be used for equipment and building expenses. The MOF, however, did not provide the funding to the MEN that it had promised. According to the GOB Treasury Office, as of December 1993, the MOF had disbursed only CFAF 185.4 million to the MEN and only CFAF 834.4 million by July 1994—significantly short of the promised CFAF 1,323 million and long after the 1994 National Budget should have been in effect.

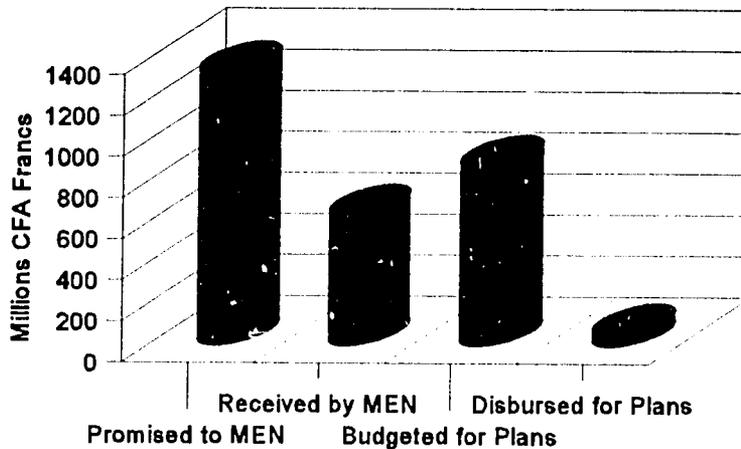
In addition, the MEN did not provide the promised funding to the USAID-sponsored reforms. Specifically, the MEN made available to the Direction de l'Analyse de la Prévision et de la Synthèse (DAPS), the department responsible for the coordination of action plan implementation, only CFAF 10 million by December 1993 and only CFAF 42 million by July 1994—less than five percent of the total amount budgeted for Primary Education Reform Actions and long after it was needed for the 1993 school year. The following chart shows the amount of disbursements to the MEN and through the DAPS for reform actions, as of July 1994.

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<sup>3</sup> Section 4.3 of Amendment One to the Program Agreement dated September 30, 1992.

# GOB FUNDING

## FOR PRIMARY EDUCATION REFORMS



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*...lack of timely and adequate funding occurred primarily due to lax program design which did not compel the GOB to actually spend money...*

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This lack of timely and adequate funding occurred primarily due to the program design which did not compel the GOB to actually spend money—it merely had to express the *intention* of doing so. Primary education reform does not seem to be a high priority for the GOB. Further, the Mission did not exercise enough leverage with the Government of Benin to change this perception. Government officials told us that other priorities take precedence over education reform. These same officials stated that since the USAID cash transfer dollars are provided for general budgetary support, the GOB is not compelled to provide funds for education reform. Another reason the funding is not being provided as promised and when needed is because the conditions precedent that require the Government of Benin to provide the funding do not take effect until well after the required action is needed. This was the consequence of the Program's design which did not provide early, frequent, and efficacious conditions to ensure that the GOB allocated funding to the primary education sector on a timely and continuing basis. Also, the Mission did not take aggressive action to ensure that the funding promised in the Government of Benin's LOI was actually delivered.

The Mission stated and we found that the lack of proper funding resulted in program implementation delays. To illustrate, only 16 of the 53 action-plan-related tasks which were to be completed by June 30, 1994 were accomplished. (A complete list of these action plans and their related tasks is provided in Appendix III.) Government officials told us that unless the funds promised in the LOI's are made available when planned, the CLEF Program and the continuing reforms will not succeed. An example of how this lack of timely funding has disrupted the primary education reform program is the new curriculum testing which was originally scheduled to begin in the 1993-1994 school year. This effort has been delayed until the 1994-95 school year. Also, the action plan for Equitable Access to Fundamental Quality Level (FQL) Schools by Region also has been delayed from the 1993-1994 to the 1994-95 school year. Further, this lack of funding has delayed the scheduling of CLEF technical assistance teams which also impedes the progress of the CLEF Program.

In other words, the funding and implementation of the CLEF Program is left up to the good intentions of the Government of Benin. It is clear that a more stringent program design which emphasizes accountability and conditionality would have made the GOB funding problems less likely.

The CLEF Program was intended to provide the GOB with both budgetary support *and* assistance in developing its primary education school system. In our view, progress is being made on the budgetary support objective. However, the Mission needs to take more aggressive action to ensure that the Government of Benin provides financial resources for the CLEF program when they are needed. The Mission needs to impress upon the GOB the importance and necessity of meeting its commitments relative to the timely funding for the MEN which it promised in its LOIs. The Mission must establish a system which will assure that the Government meets all the conditions it agreed to before further cash transfer disbursements are provided.

**Recommendation No. 1: We recommend that the USAID/Benin Representative:**

- 1.1 ensures that the Government of Benin understands the importance of meeting its financial and other commitments that it agreed to in the Program Grant Agreement for the Children's Learning and Equity Foundations program by requiring that the Government of Benin provide written concurrence indicating that this condition is understood and agreed to; and**

- 1.2 includes an additional condition precedent in the program agreement to ensure that the Government of Benin provides funds when needed in order to keep the program on schedule.**

### **Management Comments and Our Evaluation**

USAID/Benin agreed with our recommendations and promised to implement them. Based on our review of Amendments Three-A and Four to the Program Agreement, Recommendation 1.2 is closed as of the date of this report. Recommendation 1.1 is resolved and we will close it after we receive and review the project implementation letter which USAID/Benin promised to issue to the Government of Benin emphasizing the need to meet CLEF's funding schedule and commitments.

### **The Government of Benin Needs to Improve Its Financial Management and Accountability**

Agency policy requires program designers to perform a general assessment of a country's financial management system *before* selecting a disbursement mechanism for non-project assistance (NPA). This policy is implemented by the Agency to assure that adequate accountability for USAID-donated funds is present in a recipient country. USAID Africa Bureau guidance and other policy documents<sup>4</sup> explain this point in detail. Furthermore, USAID's "Supplementary Guidance on Programming and Managing Host Country-Owned Local Currency" states that the general budgetary support disbursement mechanism should not be used unless USAID planners have a *high degree of confidence* in the reliability of the recipient's financial control systems—a conclusion that could only be determined after a general assessment was completed. CLEF was designed and implemented before such an assessment was made.

Even though USAID planners selected the cash transfer general budgetary support funding mechanism for the CLEF program before knowing the GOB's financial management capabilities, they did require that a general assessment be conducted soon after CLEF began. Section IV. J. of the CLEF Program Assistance Approval Document stated that the Mission would make arrangements as early as possible in FY 1992 to conduct the General Financial Assessment of the Government of Benin's financial

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<sup>4</sup> Africa Bureau NPA Guidance, October 1992, Annex E as well as USAID Handbook One, Part 7, paragraph 8E.

management capabilities, and that it would conduct a similar assessment once every five years thereafter. In addition, in the Program Grant Agreement, CLEF designers also required the GOB to design and install a "comprehensive primary education expenditure tracking system" as a condition precedent to the disbursement of the first tranche.

But, USAID/Benin did not conduct the general assessment until August 1993—almost two years after the CLEF began. Similarly, two years after the second tranche was disbursed, the GOB still did not have an effective expenditure tracking system. As a result, there is some question as to whether the GOB has financial control systems to adequately account for its own or USAID's funds.

### **Financial Management Concerns Need To Be Addressed**

A general assessment of the GOB's financial management capabilities was performed by an international accounting firm and funded by USAID/Benin in early 1994, two years later than originally planned. In its report conclusions, this accounting firm made eight short-term recommendations (including one on the development of an overall GOB expenditure tracking system) which it said "could and must be carried out over the next few years" in order to improve the financial management capabilities of the Government of Benin. These recommendations included the following:

1. the MOF should ensure that its structural reorganization is operational;
2. a Steering Committee should begin developing the financial management development plan;
3. the General Treasurer should develop a policy to effectively manage the GOB bank accounts;
4. the MOF should prepare quarterly reports on budget to actual expenditures and revenue;
5. a chart of accounts must be developed;
6. training in financial management must be documented;

7. a time and attendance system for the GOB must be developed; and
8. the Supreme Audit Institution must develop policies and standards for the audit function of the State.

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*The accounting firm warned that unless these recommendations are acted upon in earnest, there would be no assurance that the GOB's financial management capabilities would ever reach the point where they would be acceptable.*

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The accounting firm warned that unless these recommendations are acted upon in earnest, there would be no assurance that the GOB's financial management capabilities would ever reach the point where they would be acceptable. Further, it was the strength of the Government of Benin's promise and commitment to quickly implement these recommendations that was the basis for a "medium level of confidence" rating that the accounting firm gave the GOB's financial management system. In general, USAID guidance states that a medium level of confidence would indicate that Agency assistance should be directed at **specific sector support** rather than **general budgetary support**.

The issue of the GOB's inability to account for its finances has been a matter of concern and debate within the USAID community beyond the Mission in Benin. Managers at REDSO/WCA and the Africa Bureau have discussed possible solutions to this issue. They discussed the issues of accountability and selecting the best approach for achieving developmental objectives in the CLEF program on several occasions. Most of these individuals concluded that financial management systems in the GOB were weak and that the interests of USAID and the Government of Benin would be better served by using a disbursement mechanism that allowed for more accountability.

In spite of these concerns and the accounting firm's report, the Mission continued using general budgetary support as the disbursement mechanism. This decision was upheld by the Africa Bureau in June 1994. According to USAID/W officials, the general budgetary support disbursement mechanism was selected in order to quickly infuse needed foreign exchange into the Benin Treasury. Further, a Mission official told us that selection of this disbursement mechanism was made to help the

GOB develop the capacity to handle its own affairs and to learn from its own mistakes, thereby assisting the GOB in their institutional development.

Mission managers indicated that the World Bank intends to provide financial technical assistance to the GOB. However, we were not able to determine the scope of the assistance. In addition, the Mission has not formalized any plans to assist the GOB to improve its financial systems. Since USAID is not changing the disbursement mechanism to **specific sector support** which would allow for better accountability, we believe the Mission must take substantive steps to assist the GOB in developing their financial management and accountability capabilities.

### **The GOB's Education Expenditure Tracking System Needs To Be Implemented**

The GOB submitted a document to USAID describing the payment procedures of the Ministry of Finance (MOF) to fulfill the condition precedent to the second tranche of cash transfers concerning the installation of a primary education expenditure tracking system. This document only explained how the tracking system *would* work in the Ministry. It was not a description of an actual, functioning system. Nonetheless, the Mission reviewed the document and felt that it met the condition precedent. Further, the Regional Economic Development Support Office for West and Central Africa (REDSO/WCA) approved the disbursement of the cash transfer based on the fulfillment of the conditions precedent. Thus, the Mission determined that the GOB had made "sufficient progress" to satisfy the conditions precedent for disbursement to occur. Further, Mission officials stated that there was pressure from Africa Bureau officials to make the disbursement. This appears to lessen the Mission's responsibility while increasing the Bureau's culpability for the GOB's lack of adequate financial controls.

During our review we found that the Government of Benin had not developed and was not developing the required primary education expenditure tracking system. In our view, it was premature for USAID to disburse the second tranche of the cash transfer based on the GOB's limited progress in meeting this condition precedent. We believe that "sufficient progress" must be judged by whether the Government has indeed met its commitments to primary education reform in order for disbursement of the second tranche to have been justified. Nonetheless, we believe that a financial tracking system is necessary, in fact vital, to the success of the CLEF program and primary education reform in Benin.

Even though the Agency first disbursed funds to the GOB under the CLEF Program over two years prior, the Mission had not taken aggressive steps to ensure the GOB improves its financial and accountability systems and has not finalized any measures to provide technical assistance to the Government of Benin to assist them to develop such capabilities. Thus, the Mission has disbursed \$15 million for the GOB's general budgetary support, without any assurance that the GOB has established an adequate accounting system for its financial resources.

**Recommendation No. 2: We recommend that the USAID/Benin Representative:**

- 2.1 develop and implement a plan, with the Ministry of Finance and other donors working in Benin, to improve the Government of Benin's financial management and accountability procedures as recommended in the 1994 Financial Assessment;**
- 2.2 develop conditions precedent for future disbursements of USAID non-project assistance funds requiring the Government of Benin to implement improvements to these procedures; and**
- 2.3 require the Government of Benin to develop and implement a Quarterly Expenditure Tracking System for the Ministry of Education.**

**Management Comments and Our Evaluation**

USAID/Benin agreed with our recommendations but asked that we change the wording of Recommendation 2.1 to emphasize the Government of Benin's role in formulating the plan. We did so. USAID/Benin provided Amendments Three-A and Four to the Program Agreement concerning Recommendation 2.2 which is closed as of the date of this report. Recommendations 2.1 and 2.3 are resolved and we will close them after we receive and review (1) the Government of Benin's financial management improvement plan and (2) evidence of the existence and operation of the Government of Benin's expenditure tracking system.

In their written comments concerning the GOB's expenditures for primary education reform, the Mission stated that an independent audit of the GOB expenditures showed that, as of June 20, 1994, the GOB had contributed 598 million CFA Francs, approximately 45 percent of the amount promised

for the reform program. (We reported expenditures of 46 million CFA Francs or five percent of the amount promised.) The independent financial audit report, to which the Mission referred, appears to have been completed some time after our field work. We have no evidence to support the Mission's statement, so we have not changed the numbers in the report.

### **USAID/Benin Does Not Have Program or Project Management Systems in Place to Measure Performance**

The Foreign Assistance Act requires USAID to establish quantitative indicators to determine the progress of U.S. assistance programs towards achieving their objectives. Further, Agency policy<sup>5</sup> requires non-project assistance programs to have time-bound implementation plans. In addition, Africa Bureau non-project assistance guidance<sup>6</sup> requires that missions establish interim indicators to allow Agency management to assess whether the programs are achieving their intended results.

Agency planners designed the CLEF program in a hurry as a vehicle for quickly pumping cash into the struggling Beninois democracy and its equally struggling economy. They intended the program to have a rolling design without the customary internal controls, i.e., that the CLEF program and its control systems would evolve after implementation. This is the base cause of most of the difficulties encountered by the Mission. Both the design and monitoring systems have evolved, but not to the extent where performance can be compared to planned results.

These management systems and performance indicators were not developed and implemented because of (1) the political imperative to start the cash flow to the GOB, (2) the USAID/Washington desire to minimize the workload for the new USAID mission in Benin, and (3) the rolling nature of the Program design, which is still evolving. Mission officials also stated that they gave priority to helping the Ministry of Education develop a basic management structure before focusing on mission and CLEF Program management systems.

Because such basic monitoring systems and a completed program design are not in place, Mission and project managers do not know the status of the CLEF program at any given point in time. Lacking these systems, how

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<sup>5</sup> See *Handbook One*, Part VII.

<sup>6</sup> See *Africa Bureau NPA Guidance*, Chapter IV, paragraph C, October 1992, page 17.

would it be possible to provide information to USAID management and others (e.g., the Congress) to evaluate progress and compare actual program results with those anticipated? Without this information, Mission management will have a difficult time making the appropriate mid-course corrections in order to facilitate progress in the program.

USAID is responsible under the Foreign Assistance Act to promote economic development and political stability in recipient countries. To enable the Agency and others (e.g. the Congress) to assess the success in implementing its programs and projects, Section 621A of the Foreign Assistance Act states that foreign assistance funds could be utilized more effectively by the application of a management system that will include:

**...the definition of objectives for United States foreign assistance; the development of quantitative indicators of progress toward those objectives; ...and the adoption of methods for comparing actual results of programs and projects with those anticipated when they were undertaken. The system should provide information to the agency and to the Congress that relates agency resources, expenditures, and budget projections to such objectives and results in order to assist in the evaluation of program performance, the review of budgetary requests, and the setting of program priorities.**

Normally, USAID programs and projects are planned through the use of a "logframe" which describes objectives and delineates "inputs and outputs" and the "interim benchmarks" or time-bound quantifiable indicators to be achieved throughout the duration of the program. Missions also use their internal operating procedures for program design, implementation, and evaluation to help them manage their programs and projects "from the cradle to the grave."

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*The overall results were to be measured at the end of the project—in 1999—instead of at regular intervals throughout the life of the program.*

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We found that the Mission had no documented internal procedures for program and project development, implementation, or evaluation as required by USAID and Federal Government policy. The CLEF program logframe contained only a few broad results to be achieved prior to each

cash transfer tranche. The overall results were to be measured at the end of the project—in 1999—instead of at regular intervals throughout the life of the program.

CLEF program designers expected that progress indicators would be developed during implementation of the "action plans." These action plans would then provide the specific tasks for the "program matrix" which would show anticipated activities for each fiscal year. The Program's implementation plan did in fact evolve this way. The Mission, through the CLEF program office, developed the implementation plan and a rudimentary tracking system for CLEF, but neither was fully developed. Further, the specific tasks, or indicators, were not time-bound as they should have been. Instead, they were tied to disbursement tranches. That is, the plan listed tasks to be completed before the next cash transfer disbursement. These tasks were not tied to the results expected at the end of the program.

To illustrate, here is how the CLEF program organization has evolved. The CLEF program was designed (in 1991) to achieve four supporting objectives:

- ◆ to improve educational quality and student learning by enhancing or upgrading key pedagogic systems;
- ◆ to increase the equity of access to fundamental quality level (FQL) primary education services;
- ◆ to establish a sustainable financial resources base for primary education; and
- ◆ to establish effective and efficient sectoral planning and management involving widespread public participation in primary education.

These four objectives were to be achieved through the implementation of 18 action plans. These action plans were developed with USAID-sponsored technical assistance to the point where implementation could begin, by late 1993. They are still "evolving."

Each of the 18 actions plans contained specific tasks expected to be completed before the disbursement of the third and fourth cash transfer tranches which were scheduled to occur sometime in late fiscal year 1994 and in 1995, respectively. As yet, there are no specific tasks to be completed before tranches five through seven can be disbursed. Specifically, 53 tasks were to be completed before the cash transfer of the third tranche (about \$10.5 million), originally scheduled for July 1994. Similarly, there were 60 tasks expected to be completed before the

disbursement of the fourth tranche. (Appendix III provides a breakdown of the supporting objectives with their related action plans and specific tasks.)

### **CLEF Program Organization**

<b>Supporting Objectives</b>	<b>Action Plans</b>	<b>Tasks July94</b>	<b>Tasks FY95</b>	<b>Later Tasks</b>
<b>4</b>	<b>18</b>	<b>53</b>	<b>60</b>	<b>??</b>

One of the 53 tasks to be completed prior to tranche three was the development of an Educational Management Information System (EMIS) geared towards monitoring the formulation and implementation of the action plans. This was completed. We asked USAID/Benin managers to provide us with an overview of how far the CLEF program had progressed toward its objectives. The overview was very difficult because the system only showed whether or not a specific task had been completed. It did not show:

- ◆ what was needed to complete a task within a certain time frame;
- ◆ progress in completing each action plan within a specific time frame;
- ◆ progress in completing each supporting objective within a specific time frame; and
- ◆ the effect of not completing a task (at all or on time) on the achievement of action plans and supporting objectives.

For example, Supporting Objective A has six action plans. They are aimed at improving educational quality and student learning. One of those action plans is entitled, "Student Assessment" which has the following four tasks to be completed by June 30, 1994:

- ◆ the establishment of National and Regional Assessment Units which are equipped, staffed, and trained;
- ◆ the finalization of a sample student assessment;
- ◆ the performance of baseline tests and the processing of the results thereon; and
- ◆ the creation of a capacity to develop a national achievement test.

Only the second task was completed. The project managers were not able to state the consequences for the Student Assessment action plan or the first Program objective given that the three tasks were not completed. Mission management was not able to determine the extent of these consequences because they had not established interim, time-bound, quantifiable indicators to measure progress at specific points in achieving the action plans and supporting objectives.

Based on our task-by-task review with Mission management, we determined that only 16 of the 53 tasks would be completed by the June 30, 1994 target date. Neither the Project Officer nor any other Mission official could estimate when the remaining 37 tasks would be completed or when work would begin on the next 60 tasks. In the long term, this situation will be further exacerbated because the Mission has not developed the specific tasks to be achieved as the result of the disbursement of the fifth, sixth, and seventh tranches of USAID cash transfers. Thus, a management-level 'snapshot' of the status of the CLEF program—its action plans and supporting objectives—was not available at USAID/Benin.

Mission management told us that they did not establish a Mission-wide Evaluation Plan or any other systems normally expected in a USAID mission to monitor program/project development or implementation because of various political, management, and design issues discussed above. The CLEF program itself did not contain an evaluation plan either. Mission management did tell us, however, that a Washington-based team would help the Mission develop time-bound quantifiable indicators during the upcoming Assessment of Program Impact (API) exercise currently scheduled for February 1995.

While USAID/Benin has made some progress toward implementing and tracking CLEF's progress, it has not established a complete monitoring and evaluation system and the related quantifiable indicators to fully measure the program's progress. Since the CLEF Program is over three years old, we

believe the development of these systems and quantifiable indicators is long over due.

**Recommendation No. 3: We recommend that the USAID/Benin Representative, take action to develop, establish, and document:**

- 3.1 the mission monitoring and evaluation systems to assess the progress and impact of Mission programs and projects as required by USAID;**
- 3.2 a complete implementation and monitoring plan for the CLEF Program, including time-phased performance indicators for the specific tasks, action plans, and supporting objectives; and**
- 3.3 an evaluation plan for the CLEF program as a whole.**

### **Management Comments and Our Evaluation**

USAID/Benin agreed with our recommendations and promised to implement them. Therefore, Recommendations 3.1, 3.2, and .3.3 are resolved. We will close these recommendations after we receive and review the documentation which provides evidence of the Mission's implementation actions. Specifically, USAID/Benin, in its written comments, promised to provide RIG/A/Dakar with the following: (1) Mission Orders outlining USAID/Benin's project/program monitoring and evaluation system, (2) the Monitoring and Impact Assessment matrix, and (3) the Performance Agreement under the new Institutional Contract for the CLEF Program.

In their written comments concerning our discussion of the 18 Primary Education Reform Action Plans, the Mission expressed an opinion that there were only 15 Action Plans submitted by the GOB between "early 1992 and September 1993." Our figure of 18 Action Plans was based on (1) Amendment 3 to the Program Agreement dated September 21, 1993, which the Program Manager gave us; and (2) discussions with the CLEF Program Manager regarding the status of the CLEF Program as of July 1994. Therefore, we did not change the number of Action Plans in the report. Further, what appears to be conflicting information from the Mission is explained in part by the difference in dates. In addition, we believe this difference in the number of action plans supports our point that USAID/Benin needs to develop a system to monitor specific program/project activities.

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**Did USAID/Benin monitor, report on and evaluate the project assistance component of the Children's Learning and Equity Foundations Program in accordance with USAID policies and procedures to ensure the technical assistance accomplished its intended results?**

USAID/Benin monitored, reported on, and evaluated the project assistance component of the CLEF as it should have.

The project assistance component of CLEF consisted of about \$11 million for short and long-term technical assistance to the Mission and the GOB. The long-term technical assistance was for six personal service contractors (commonly called PSCs) to staff the CLEF program office at the Mission. Thus, one PSC was to perform the duties of the Project Officer and the other five PSCs were staff assistants. The bulk of the technical assistance was for short-term consultancies, first to assist the GOB in formulating its 18 action plans, then later to assist the GOB and the Mission during implementation to evaluate the plans and make adjustments as needed.

As of July 21, 1994, the Mission has obligated \$1.8 million for both short and long-term technical assistance. There have been 12 separate short-term consultancies for the development of action plans, all of which were monitored and evaluated by the project managers. These consultancies have also produced the results expected—the primary education reform action plans.

Mission managers told us that managing these individual short-term contracts had become quite tedious for the Project Officer and his staff to manage. The Mission is now planning to find a single institutional contractor to handle all future consultancies. This effort to find a new contractor had only just begun when we finished our field work, in July 1994.

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## **SCOPE AND METHODOLOGY**

The Office of the Regional Inspector General for Audit, Dakar, audited USAID/Benin's CLEF Program in accordance with generally accepted government auditing standards. We conducted our field work in Cotonou, Benin from April 5, 1994 to July 21, 1994 at the offices of USAID/Benin, the GOB Ministries of Finance and Education, and the Treasury. We met with the United States Ambassador to Benin, and we contacted the Washington, DC offices of an international certified public accounting firm.

The USAID/Benin Representative made various representations concerning the management of the CLEF Program in a management representation letter signed on August 12, 1994.

We reviewed documentary and testimonial evidence and interviewed cognizant officials from the above organizations. Evidence reviewed included the relevant cash transfer program agreements, project papers, and Project Implementation Letters. We also reviewed GOB documents to gauge the satisfaction of the conditions precedent, as well as other Government documents relating to expenses for the primary education reform actions.

Our audit included an analysis of pertinent regulations, policies and procedures, a review of the Mission Operating Procedures, and the latest USAID/Benin Internal Control Assessment. We assessed internal controls relating to the release of the U.S. dollar disbursements, the use of the local currencies budgeted for primary education, including the monitoring and evaluation of the CLEF program.

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MAR 21 1995

TO: Thomas R. Ankiewicz, RIG/A/Dakar  
FROM: Thomas F. Cornell, Representative, USAID/Benin  
SUBJECT: Audit of USAID/Benin's Children Learning and Equity Program, Audit Report no. 7-680-95-00X

The Mission has thoroughly reviewed Draft Audit Report No. 7-680-95-00X on USAID/Benin's Children's Learning and Equity Foundation (CLEF) dated November 10, 1994.

USAID/Benin concurs with all recommendations as stated and will provide below actions taken, or to be taken, to address your recommendations.

We have also included a rather lengthy set of suggestions for your consideration in the audit narrative.

1. USAID would have liked the audit narrative to have been more positive about our approach and accomplishments.

The audit narrative alludes to a hurried and loose design of the program. We feel two points deserve clearer mention. One is that USAID had a positive role -- albeit a somewhat untraditional one for USAID -- in helping Benin refloat and reform its education sector. The other is that, program design notwithstanding, much has been accomplished.

Our unique role. Traditionally in areas of major sectoral reform, another large donor -- such as the World Bank under a Sectoral Adjustment Program -- has fostered the first rounds of policy identification, preliminary reform dialogue and institutional reorganization and restructuring around reform objectives. USAID then enters with a more discrete sectoral activity. For reasons internal to the World Bank and GDB other donor relations, consensus was that USAID would be an ideal partner for this role.

Despite weaknesses in program description, which you correctly identify, we feel that USAID's entrance into the sector at that time was warranted and our approach solid. The first phase, represented by Obligation No. 1 and covering the first two disbursements, was the planning phase around major policy reforms concerning student achievement, institutional performance measurement, equity of access, and parental and other civil society involvement. The measurement of successful planning was the publication of 15 Action Plans, which resemble Project Papers, in old AID parlance. The production by the GCB and acceptance by AID, of these Action Plans were the major measurement of performance against which disbursement was made.

This relatively clear delineation of the basis upon which we would disburse was, however, confused by two factors. The first, as you note, that USAID did not realize the extent to which we would have to do the institution building. That role, as we

discussed, was to have gone to the World Bank, who never got rolling. The second, in reviewing our discussions with your office, evolve around the Letter of Intent. Program design never made clear the legal role of the Letter of Intent. Only afterwards was the Mission made to understand that the GCB-stated goals in the Letter of Intent would somehow also be part of conditionality. Thus, allowing the GOB to discuss their urgent plans for refloating the school system as well as a rather ambitious set of reform promises and promised financing, confused the issue of what we would disburse against. In one of the first PILs we collaborated on with REDSO/WA, it became clear that we couldn't require all the GOB objectives in the Letter of Intent since they were overly ambitious. However, IG is right that we had no clear cut guidelines to decide which ones we would require. In retrospect, we should not have used the Letter of Intent approach during the first phase of the program. Using only the Project Documents, the original intention of disbursement against the Action Plans was clear. The situation will be resolved with the APIs which will guide our decisions on the letter of intent. Thus, conditionality and performance measurement will be melded.

Achievements. Because of the constant focus during Action Plan design and Program review on enrollment rates, curriculum improvements, teacher training and girls attendance, the GCB was seized with these issues. In this era of people level impact, we feel we successfully got all shareholders seized with priorities and worked collectively toward them. As we point out below, this is not a neat process. However, enrollment rates rose from 49.7 percent to 64.7 percent while standard indicators of student achievement also improved from 40 percent pass rates to 59.7 percent. The fact that the GOB focused on, and took actions regarding, curriculum and teacher training ahead of time is to our credit -- and a result of our on going policy discussion. Most poignant is girls enrollment, which rose from 36 percent to 48 percent. By 1994, the gap in attendance rates even began to close. Our constant work with the GOB and women's groups on the problem of girls' education certainly helped inspire a Minister who, on his own, exonerated school fees and thus made a tremendous first impact on girls enrollment rates.

2. USAID would have liked the narrative to recognize the very real challenge associated with setting specific and permanent objectives in a genuinely participatory manner with so many groups in civil society, the National Assembly and the Executive Branch.

Taking advantage of the democratic movement spurred on by Benin's historical National Conference, USAID/Benin has endeavored to make CLEF a model of participatory decision-making. We envisage genuine participatory programs to involve actual goal and benchmark setting, as well as decisions regarding mechanisms, and intermediate indicators such as curriculum, school quality and inventory control as well as community financing. This approach has, however, also been responsible in slowing down USAID's timetable. Firstly, getting parents, teachers, unions, government

and public interest groups to all agree on outputs and goals involving 15 action plans required considerably greater time than planned, as Beninese began to embody the empowerment that the National Conference began. Importantly, many of the issues of financing occurred from a Ministry of Finance (and sometimes Education) reluctance to finance and organize these large "validation exercises" (consensus-building), questioning their value and their costs. While it has slowed things down in the short run, we believe that the process itself -- protracted, cumbersome and sometimes unpredictable -- will go a long way to assuring the eventual sustainability of the new education system in Benin. To prove our hypothesis, and in keeping with the audit recommendations, we have developed indicators to measure for increasing levels of participatory decision making and reform. But the conflict between USAID or the Ministry of Education defining program goals and objectives as opposed to the shareholders has slowed down the process.

3. USAID would like RIG/Eaker to consider making certain changes in the narrative's wording, in cases where it doesn't bear on the recommendation. Our suggestions are presented in Annex 1.

4. USAID/Benin Response to Audit Recommendations:

RECOMMENDATION No. 1

We recommend that the USAID/BENIN Representative:

1.1 ensures that the GOB understands the importance of meeting its financial and other commitments that it agreed to in the PROGRAM grant Agreement for the Children's Learning and Equity Foundations Program by requiring that the GOB provide written concurrence indicating that this condition is understood and agreed to; and

1.2 include an additional condition precedent in the Program agreement to assure that the GOB provides funds when needed in order to keep the Program on schedule.

1.1 COMMENTS:

We believe the GOB understands the importance of meeting its commitments. As you know, we had several meetings with the Ministry of Education, Ministry of Finance and Ministry of Foreign Affairs, who then also met among themselves. We did write one letter to the Minister of Foreign Affairs advising of the fact that their lateness in making funds available would result in our late disbursement. Then we held up disbursement. Our position was that we would not focus in our discussions on GOB reasons and complaints, but rather on whether or not key actions were achieved.

At issue is political will when there are not sufficient budgetary resources to go around. In this case, the education priority must be upheld if we are to continue the program as is.

We must make this absolutely clear. We cannot entertain the approach that we disburse first and the GOB disburses afterwards; we are not sure this was as much a misunderstanding as a political move.

1.1 PROPOSED ACTION(S):

The Mission will write an implementation letter (PIL) to the three co-signers of our Agreement outlining emphatically the need to respect the funding schedule and commitments. We will supply RIG with a copy in order to close.

1.2 COMMENTS:

As stated above, we feel there is an issue of priority under circumstances of tight budget and poor disbursement coordination and that a CP is warranted.

1.2 PROPOSED ACTION(S):

After our debriefing with RIG, we established such a CP in Tranche III: Supplemental Agreement and Grant Amendment Four, which the GOB signed in September 1994. We will provide copies of these documents to RIG in order to close.

Further, in our implementation letter (PIL) of acceptance of the annual GOB Letter of Intent (LOI) we intend to make explicit comments and suggestions for improvement on the reasonableness and quality of the disbursement schedule which supports the intended activities and to make clear to the GOB that our acceptance of the LOI will be based in part on that schedule.

RECOMMENDATION No. 2

We recommend that the USAID/BENIN Representative :

2.1 develop and implement a plan, with other donors working in Benin, to improve the Benin Ministry of Finance's financial management and accountability procedures as recommended in the 1994 Financial Assessment;

2.2 develop conditions precedent for future disbursements of USAID non-project assistance funds requiring the GOB to implement improvements to these procedures; and

2.3 require the GOB to develop and implement a Quarterly Expenditure Tracking System for the Ministry of Education.

2.1 COMMENTS:

The Mission concurs with this recommendation, although we suggest a change in wording that shows the GOB actually developing their own plan, based on donor negotiation and assistance.

2.1 PROPOSED ACTION(S):

Since our debriefing, USAID has met with all donors stressing the

need for all to include both conditionality and needed technical support regarding financial management in our agreements with the GOB. At our urging, the latest World Bank/IMF Structural Adjustment Program has such conditionality. We have also met with the African Development Bank on the subject and they have suggested that they might help strengthen the Judiciary, a critical element to financial review and sanctioning. USAID has also been instrumental in getting all donors to press upon the World Bank the importance of incorporating more financial management in its revision of the Economic Management Support Project (PACE).

2.2 COMMENTS:

The Mission concurs with this recommendation. The Mission had proposed a financial management improvement project to address the more government-wide financial management issues in its 1993 Benin Country Program Strategy Paper (CPSP). The proposal was not approved by the Bureau in Washington as it was considered to be beyond the manageable interests of the Mission and could be more appropriately pursued by a multilateral donor such as the World Bank. However, USAID/Benin intends to fund short-term technical assistance to the MOF Reform Program as soon as the GOB's annual action plan is completed identifying reform activities and resource needs. The Mission is also considering providing technical assistance to strengthen the IGF. And implementation orders are already in process to fund the participation of Auditors from the IGF and the Chambre des Comptes at various training seminars and conferences.

2.2 PROPOSED ACTION(S):

After our debriefing with RIG, we established such CP's in Amendment Four to the Program Grant Agreement which the GOB signed in September 1994. We will provide RIG a copy of the Grant Amendment document in order to close this recommendation.

2.3 COMMENTS:

The Mission concurs with this recommendation. The manual accounting system which MEN continues to maintain in accordance with GOB accounting policies and procedures is not adequate for proper management and decision making. And MEN has not maintained on a timely basis the automated accounting system developed by USAID in 1993. MEN installed an improved expenditure tracking system in September 1994 with the assistance of a local CPA firm. The GOB has been submitting quarterly Financial Statements to the Mission since June 1994 with steady improvements noted in their quality and timeliness. Much improvement is still needed however to unify and integrate the automated accounting system including installation at the regional level. To help ensure this, financial management technical assistance and training will be provided to MEN under the CLEF project. In addition, a new CP requires the MEN to provide evidence that its financial statements were audited by an independent audit organization and that the Inspector General has performed audits in selected areas of MEN activities or functions. The audits will help MEN identify and correct financial management and internal control

weaknesses.

2.3 PROPOSED ACTION(S):

After our debriefing with RIG, we established appropriate CP's in Amendment Four to the Program Grant Agreement which the GOB signed in September 1994. We will provide RIG a copy of the Grant Amendment document in order to close this recommendation.

RECOMMENDATION No 3

We recommend that the USAID/Benin Representative, take action to develop, establish, and document:

3.1 the mission monitoring and evaluation systems to assess the progress and impact of Mission programs and projects as required by USAID;

3.2 A Complete implementation and monitoring plan for the CLEF Program, including time-phased performance indicators for the specific tasks, action plans, and supporting objectives; and

3.3 an evaluation plan for the CLEF Program as a whole.

3.1 COMMENTS:

The Mission concurs with this recommendation. As stated in our status report of our latest Internal Control Assessment (ICA), the USAID/Benin Program Office is in the process of developing a Mission Order detailing USAID/Benin's program/project monitoring and evaluation systems, after which it will be established officially.

3.1 PROPOSED ACTION:

The Mission will submit to RIG its Mission Order detailing our Program/Project monitoring and evaluation system.

3.2 COMMENTS:

Educational reform is so far-reaching and involves many stakeholders. In addition, unlike building an agricultural research station or a bridge, it is much more an evolving process with the many stakeholders, some of whom change their minds and priorities as costs become known or results get evaluated. The challenge of maintaining a genuinely participative manner in a democratic environment is great. However, the Mission has always understood it needed impact indicators and program progress indicators to judge performance. In the absence of reliable data, functioning structures and unified vision on some aspects of education reform, getting consensus on the indicators has been difficult. However, we believe we have arrived at a workable monitoring framework now.

With the development and submission to USAID/W of our Annual Performance Indicators (API) matrix, the Mission has now developed, adopted and documented our time phased monitoring of the Mission objectives of which CLEF is the major part. We then proceeded to develop, and adopt the more detailed Monitoring Impact Assessment and Evaluation (M & IA) for the CLEF Program which involves evaluative consultations between the Ministry of Education, USAID and CLEF staff. The M & IA comprises five supporting objectives with 29 indicators, all time-phased. As CLEF moved to an Institutional Contract, the Mission has adopted a performance-based contract arrangement which goes down to the level of specific tasks, and which will be negotiated to include time-phasing.

3.2 PROPOSED ACTION(S):

The Mission will submit to RIG a copy of 1) the Mission API submission; 2) the M and IA matrix; and 3) the Performance Agreement under the new Institutional Contract.

3.3 COMMENTS:

The Mission agrees to the recommendation. The original (and experimental) concept of the new USAID/Berlin was that it would be highly focused on primary education reform, its only Strategic Objective and that all systems would be dedicated to supporting, monitoring and evaluating performance. This led to an originally more informal monitoring and evaluation approach than is now desirable. The early program held weekly meetings of Mission staff to evaluate performance which was primarily setting up the Action teams and developing the Action Plans as well as the expenditure tracking system. The yearly ritual of re-amending the program to add the next tranche of money was an intense effort by the Mission, USAID/W and REDSO and assured USAID-USAID/W-REDSO concurrence that the program was proceeding acceptably.

3.3 PROPOSED ACTION(S):

The Mission will issue a Mission Order outlining its evaluation process, which will be submitted to RIG. This evaluation system will be comprised of i) the monthly meetings of the action plan pilots; (ii) the semi-annual evaluation of the program by the Mission and the MEN; (iii) the semi-annual Program implementation report (SAPIR) by the Mission to Washington; (iv) the annual Program Impact (API) report to Washington on the impact indicators; and (v) Planned and formal external evaluations and audits. The Program Activity Approval Document and Program Agreement will be amended to incorporate the formal evaluation process. A copy of the amendment will be submitted to RIG.

Attachments: a/s

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OAR/BENIN COMMENTS  
RIG/DAKAR DRAFT AUDIT REPORT NO. 7-680-95-00X

ANNEX 1

USAID would like RIG/Dakar to consider making the following changes in the narrative's wording, in cases where it doesn't bear on the recommendation:

- a. Page 5, para 1 Replace: "It is clear that the Condition Precedent had no force."

with:

"It is clear that the Condition precedent did not address adequately the issue of who was to disburse first, the USG or the GCB."

Discussion: In our discussions with RIG, it became clear that, due either to real budget constraints or posturing, the GCB would await disbursement of USAID funds prior to making budget resources available. The issue before the Mission was whether to hold up the entire disbursement while waiting for disbursement and results, which the Mission did, but which was not appreciated by the GCB. The GCB had to be brought to understand clearly that key disbursements had to be made for the reforms in order to attain results prior to our disbursement.

- b. page 7, para 1: "Also, the Mission did not take aggressive action to ensure that the funding promised in the Government of Benin's IOI was actually delivered."

Delete in its entirety.

Discussion: RIG accurately points out that the lack of funds availability caused delays. The Mission held meetings and wrote letters warning the GOB that such delays would result in late USG disbursements. Indeed, to the annoyance of many, USAID held up disbursement of tranche 1 (planned for September 1991 and disbursed in July 1992) tranche 2 (planned for June 1993 and disbursed in December 1993) precisely because the Action Plans were not satisfactorily ready because the steering committees did not receive supporting funds from MINISTRY OF FINANCE (MCF) and MBN. This rather radical and politically unpopular approach assured that the disbursement was not made without the conditionality in place, but we agree, did not address the generic problem of how to get the GOB to disburse in a timely fashion.

- c. page 9, para 3 replace: "But, USAID/Benin did not conduct the general assessment until February 1994..."

with:

"But, because of the late arrival of Mission staff and contracting delays, USAID/Benin was not able to conduct the general assessment until August 1993."

Discussion: The CLEF PAAD, approved in September 1991, stated that the Mission would make arrangements as early as possible in FY 1992 to conduct the General Financial Assessment. One of the reasons cited in the PAAD for having not performed the General Assessment in the design phase was the absence of staff at the Mission. The USAID Mission in Benin was not established until the arrival at post of the AID Representative in December 1991. The Mission Controller was not assigned to post until July 1992. Under these circumstances the general assessment could not have been carried out before the end of FY 1992 as stated in the PAAD.

The assessment was carried out as soon as feasible. The implementation order was executed and the consulting firm (Price Waterhouse (PW)) selected as early as April 1993, however the start date was several times delayed by PW due to difficulties first in identifying and then in scheduling the uniquely qualified consultants who performed the assessment. These constraints also caused the assessment to be carried out in three phases over the period August 1993 - February 1994. By the end of Phase One (September 93) however the consultants had gathered enough information to give the Mission an overall assessment--which they did. The Mission took this preliminary assessment into consideration immediately and withheld Tranche 2 until the issue of the disbursement mechanism was resolved by USAID/W in December 1993. We agree with RIG this crucial assessment was to help guide our thinking on financial management issues for the program, but the active voice of the statement suggests that the Mission was lax or slow, when personnel constraints and contracting procedures were at issue.

- d. Page 9 para 3. Replace: "Similarly two years after the second tranche was disbursed, the GOB still has no expenditure tracking system."

with:

"Similarly, two years into program implementation, an adequate expenditure tracking system is not yet in place."

and,

page 11 para 1: "The GOB submitted a document to USAID describing the payment procedures of the MOF to fulfill the conditions precedent to the second tranche of cash transfers concerning the installation of a primary education expenditure tracking system."

...Nonetheless the Mission reviewed the document and felt that it met the condition precedent.

...Thus, the Mission determined that the GOB had made sufficient progress to satisfy the conditions precedent for disbursement to occur."

Delete in its entirety.

Discussion: We agree that at the time of the audit, the tracking system proved insufficient. However, the statement as written is simply not true. First because Tranche 2 was only disbursed in December 1993. And secondly because the MEN does maintain a manual accounting system in accordance with COB policies and procedures. By the time USAID disbursed Tranche 1, in July 1992, the GOB had adopted a new budget nomenclature which permitted the segregation of primary education expenditures in their accounting records. It is on that basis that the Mission, before the arrival of the Mission Controller and without the benefit of a general financial assessment, made the determination that the related CP was met. By June 1993, USAID had already reviewed the manual accounting system maintained by MEN as part of the CP review of MEN's expenditure of the equivalent of \$5 million for Tranche 2. There was no CP relative to the expenditure tracking system per se in Tranche 2. In conjunction with that review, USAID developed a basic computerized accounting system which MEN committed to maintain thereafter simultaneously with their manual system-- which MEN did albeit inadequately. An improved expenditure tracking system was installed at MEN with the assistance of a local CPA firm in October 1994. The GOB has been submitting quarterly Financial Statements to the Mission since July 1994 with steady improvements noted in their quality and timeliness. Further improvements to the MEN accounting system are planned, including installation at the regional level.

- e. page 12, para 1 Replace: "During our review, we found that the Government of Benin had not developed and was not developing the required primary education expenditure tracking system."

with:

"During our review, we found that the MEN was not maintaining the automated accounting and reporting system on a regular basis nor had MEN begun to install a unified accounting and reporting system at the decentralized level."

Discussion: The MEN maintained continuously the GOB mandated manual tracking system which segregates primary

education expenditures but is not geared to generating financial statements. The USAID-developed automated accounting system does permit the rapid preparation of financial statements but it still constitutes a parallel accounting system which imposes extra work on the MEN accounting staff. Further, starting in January 1994 accounting became more complex when because of the CFA FRANC devaluation the GOB decided to continue operating under FY 1993 budget authority for certain categories of expenditures and under a PY 1994 Continuing Resolution (CR) for others. Donor-funded technical assistance in financial management was not provided to MEN as promised. Insufficient staff capability (competence, organization, etc) and the lack of material resources precluded the MEN from fulfilling USAID's original expectations with respect to expenditure tracking. MEN eventually caught up on their keypunching and submitted in July 1994 a set of Financial Statements as of June 30, 1994 which met generally accepted accounting standards. Much remains to be done however to unify and integrate the accounting and reporting system ministry-wide.

1. page 12, para 2 Replace: "even though the Agency first disbursed funds to the GOB under the CLEF program over three years ago,

...the Mission has not taken steps to ensure the GOB improves its financial and accountability systems and has not finalized...

with:

"Even though the Agency first disbursed funds to the GOB under the CLEF program over two years ago,

...we find that the Mission has not acted aggressively enough to ensure the GOB improves its financial...

Discussion: The initial disbursement was July 1992. The audit report is dated November 1994. The point is accepted but the timing is misstated. The Mission made many demarches to make sure GOB's need for improved financial management was understood, starting with the Assessment and trying to work with the World Bank and finally with new conditionality. We agree, with the lesson of time, this is not aggressive enough.

9. page 6, para 1: "The GOB was not required to show evidence that it had provided funding for the 1992-1993 school year until July 1994 (the proposed date of the third tranche);

and,

page 6, para 2: "The GOB promised that its MOF would provide CFAF 1,323 million to the MEN for 1993, and that the MEN would then make CFAF 870 million available for

primary education reform actions.";

and,

page 6 para 3: "The Direction de l'Analyse, de la Prevision et de la Synthese received only CFAF 10 million by December 1993 and only 42 million by July 1994-less than five percent of the total amount budgeted for Primary Education Reform Actions . . . .

Delete in their entirety.

Discussion: An independent audit report of the FY 1993 financial statements submitted by the GOB indicates overall GOB disbursements for the 1993 reform program at CFAF 598 million as of June 30, 1994 which represents >45% of the total budgeted for the reform actions. Therefore we question the 5% ratio stated in the audit report.

It is also important to note that in meeting one of the CPs for the second disbursement the GOB provided evidence that it had spent the equivalent of more than \$5 million on priority primary education sector reform actions. The expenditures made in 1992 to satisfy the CP were essentially for equipment and for the 1992-1993 school year. In 1993, the bulk of the activities carried out was conceptual in nature (planning workshops, etc..) performed by GOB personnel which did not require significant cash outlays. Therefore, progress on the reforms could not be measured by the volume of expenditures.

Furthermore it is inaccurate to state that the DAPS received funds since the DAPS coordinates the reform actions but it does not handle Action Plan monies. Likewise, the entire CFAF 1.323 million promised by the GOB was for the reform, not just the CFAF 970 million as stated in the draft report.

- h. page 1, para 4; replace: "This reform process is based on the development and implementation of 18 action plans."

with:

"this reform process is based on the development and implementation of 15 action plans."

Discussion: In the original FAAD, activities were defined for each of the four supporting objectives of the CLEF. The initial tasks were only indicative and subject to later refinement. As part of the second tranche conditionalities the GOB submitted 15 Action plans developed between early 1992 and September 1993. One action plan involving School Canteens was never finalized. These action plans integrate the initially defined activities. In that respect, the list presented in page 2 does not refer accurately to Primary

Education Reform Action Plans. On this basis, Appendix III also needs correction. The comprehensive list of action-plans is as follows:

1. Fundamental Quality Schools
2. Increasing Access
3. School Map
4. Management Information System
5. Curriculum Development
6. In-Service teacher training
7. Textbooks Development
8. Pedagogic Document Network
9. Student Assessment
10. Financial Viability and Public Participation
11. Organization
12. Human Resources
13. Administrative Training
14. Budgetary Processes
15. Equipment

**SPECIFIC TASKS PLANNED TO BE COMPLETED  
BY JUNE 30, 1994**

(Listed according to the Four Supporting Objectives  
as stated in ProAg Amendment 3)

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**Supporting Objective A:** To improve educational quality and student learning by enhancing or upgrading key pedagogical systems.

<b>Action Plan</b>	<b>Task Expected to be Completed by June 30, 1994</b>	<b>Completed (Y or N)</b>
<b><i>Curriculum Reform</i></b>	Curriculum Development Units (CRIS) in INFER operations (staff assigned and trained, logistical and technical support in place)	N
	Core competencies for each grade defined	Y
	New curriculum for grades 1 and 2 prepared	N
	Commence testing of new curriculum for grades 1 and 2 in 30 experimental schools	N
	Framework defined to obtain inputs from other stakeholders (parents, teachers...) on curriculum matters	N
	<b>Total Tasks</b>	<b>5</b>

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<b><i>Continued Education and Training</i></b>	Training needs of teachers, Inspectors, School Directors, and Pedagogic Counselors (PC) identified	N
	Finalize design of skill up- grading program for teachers and school directors	N
	Training program for PCS and Inspectors completed	N
	PCS equipped	N
	A new policy for pre-service training developed and adopted	N
	Responsibility for documentation centers transferred to DDS (training, technical and logistical support in place)	N
	<b>Total Tasks</b>	<b>6</b>

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<b><i>Textbook Production and Distribution</i></b>	Textbook Publishing Unit established at INFRE (staff appointed, training program commenced, logistical and technical support in place)	N
	Evaluation completed of existing pedagogical materials for grades 1 and 2 to determine new specifications	Y
	New policy adopted which is conducive to resolution of issues of textbook ownership and use, distribution, cost recovery and subsidization	Y
	<b>Total Tasks</b>	<b>3</b>

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<b>School Canteens</b>	Commence a pilot program for school canteens	N
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<b>Total Tasks</b>	<b>1</b>
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<b>Fundamental Quality Level Schools</b>	Draft definition of an FQL school developed, tested and adopted	Y
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FQL "Programme d'Urgence" developed and implemented	N
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Capacity to monitor and evaluate the implementation of the FQL program in place as part of EMIS	Y
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<b>Total Tasks</b>	<b>3</b>
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<b>Student Assessment</b>	National and Regional Assessment Units established and equipped; Staff trained	N
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Sample based assessment finalized	Y
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Conduct baseline sample tests and process results	N
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Capacity of national achievement test created within INFRE (training, logistical and technical support in place)	N
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<b>Total Tasks</b>	<b>4</b>
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**Supporting Objective B:** To increase the equity of access to FQL primary education services.

Action Plan	Task Expected to be Completed June 30, 1994	Completed (Y or N)
<b><i>Increased Access</i></b>	Conduct socio-economic study on factors affecting social demand in education	N
	On the basis of EMIS, identify and implement pilot actions to encourage girls' education (targets established, met and results published)	N
	<b>Total Tasks</b>	<b>2</b>
<b><i>Rationalize Student/Teacher Ratios</i></b>	Responsibility for teacher deployment decisions transferred to the regional directorates	Y
	Deployment targets met for current school year (annual)	N
	<b>Total Tasks</b>	<b>2</b>
<b><i>Equitable Enrollment By Region</i></b>	Responsibility for targeting construction and rehabilitation efforts transferred to regional directorates	Y
	First phase of action plan to encourage enrollment in rural area completed and enrollment targets met	N
	<b>Total Tasks</b>	<b>2</b>

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<b>Equitable Enrollment By Gender</b>	Pilot program to test different approaches to promote girls' enrollment completed and evaluated	N
	Action plan with enrollment targets developed on basis of pilot program to promote girls' enrollment Targets established, met and results published	N
	<b>Total Tasks</b>	<b>2</b>

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<b>Access to FQL Schools By Region</b>	Priority given to schools in disadvantaged zones and to schools furthest from FQL criteria when setting FQL targets: EMIS and school survey results used to identify targeted schools (annual)	N
	<b>Total Tasks</b>	<b>1</b>

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**Supporting Objective C:** To establish a sustainable financial resources base for primary education

<b>Action Plan</b>	<b>Task Expected to be Completed by June 30, 1994</b>	<b>Completed (Y or N)</b>
<b>Available Financial Resources by Region</b>	Expenditure tracking system (ETS) established to follow spending by program area	N
	Resources programmed in national budget for current year are made available in timely manner (annual)	N

	Annual review presents spending statement for previous year and first 3 quarters of current (annual)	Y
	Recurrent budget proposal for subsequent year for primary education reflects quantitative goals and qualitative norms (annual)	N
	Economic Account of Education created	N
	<b>Total Tasks</b>	<b>5</b>
<hr/>		
<b><i>Adequate Financing For FQL Schools</i></b>	Budget preparation process decentralized; Training, logistical and technical support provided	N
	Define and implement FQL "Programme d'Urgence"	N
	<b>Total Tasks</b>	<b>2</b>
<hr/>		
<b><i>Mobilizing Outside Resources</i></b>	Study on community financing of primary education completed	N
	New procedures for managing school fees adopted	N
	New regulatory framework to promote primary education formulated by joint Government/private education commission	N
	<b>Total Tasks</b>	<b>3</b>
<hr/>		
<b><i>Wage Bill</i></b>	Discussions on wage bill initiated	Y
	<b>Total Tasks</b>	<b>1</b>

**Supporting Objective D:** To establish effective and efficient sectoral planning and management involving widespread public participation in primary education.

Action Plan	Task Expected to be Completed June 30, 1994	Completed (Y or N)
<b>Ministry Planning Functions &amp; Operations</b>	Basic planning responsibilities transferred to DDEs (logistical and technical support in place)	Y
	First phase completed of training program in strategic management technical directorates	N
	First phase completed of training program in planning techniques for staff of DDEs and district offices	Y
	Reorganization of MEN completed: responsibilities of directorates and administrative positions identified and new staffing pattern implemented	N
	First phase of training program linked to new staffing pattern completed	N
	DAPS and DRH fully staffed and operational	Y
	First set of personnel and financial management responsibilities officially transferred to DDEs: corresponding staff and other resources transferred accordingly	N
<b>Total Tasks</b>	<b>7</b>	

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**Educational  
Management  
Information  
System (EMIS)**

First phase of implementation  
of EMIS completed: baseline  
- 1990/91 & 1991/92 school statistics

Y

Exhaustive data collection  
completed (school survey)

Y

Elements of EMIS available to  
actors in the Ministry of Education

Y

**Total Tasks 3**

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**Public Participation**

Forum for the promotion of non-  
governmental actors in the  
education system created

N

**Total Tasks 1**

**ACRONYMS**

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API	Assessment of Program Impact
CLEF	Children's Learning and Equity Foundations Program
CRIS	Curriculum Development Units
DAPS	Direction de l'Analyse, de la Prévision et de la Synthèse
DDE	Direction Departementale de l'Education
DEP	Direction de l'Education Primaire
DFR	Directorate of Financial Resources
DRH	Direction des Ressources Humaines
EMIS	Education Management Information System
FAA	Foreign Assistance Act of 1961
FQL	Fundamental Quality Level Schools
GOB	Government of the Republic of Benin
LOI	Letter of Intent
MEN	Ministry of Education
MOF	Ministry of Finance
NPA	Non-Project Assistance
PA	Project Assistance
PAAD	Program Assistance Approval Document
PACD	Project Assistance Completion Date
PC	Pedagogic Counsellors
REDSO/WCA	Regional Economic Development Services Office for West and Central Africa
RIG	Regional Inspector General
TA	Technical Assistance
USAID	United States Agency for International Development