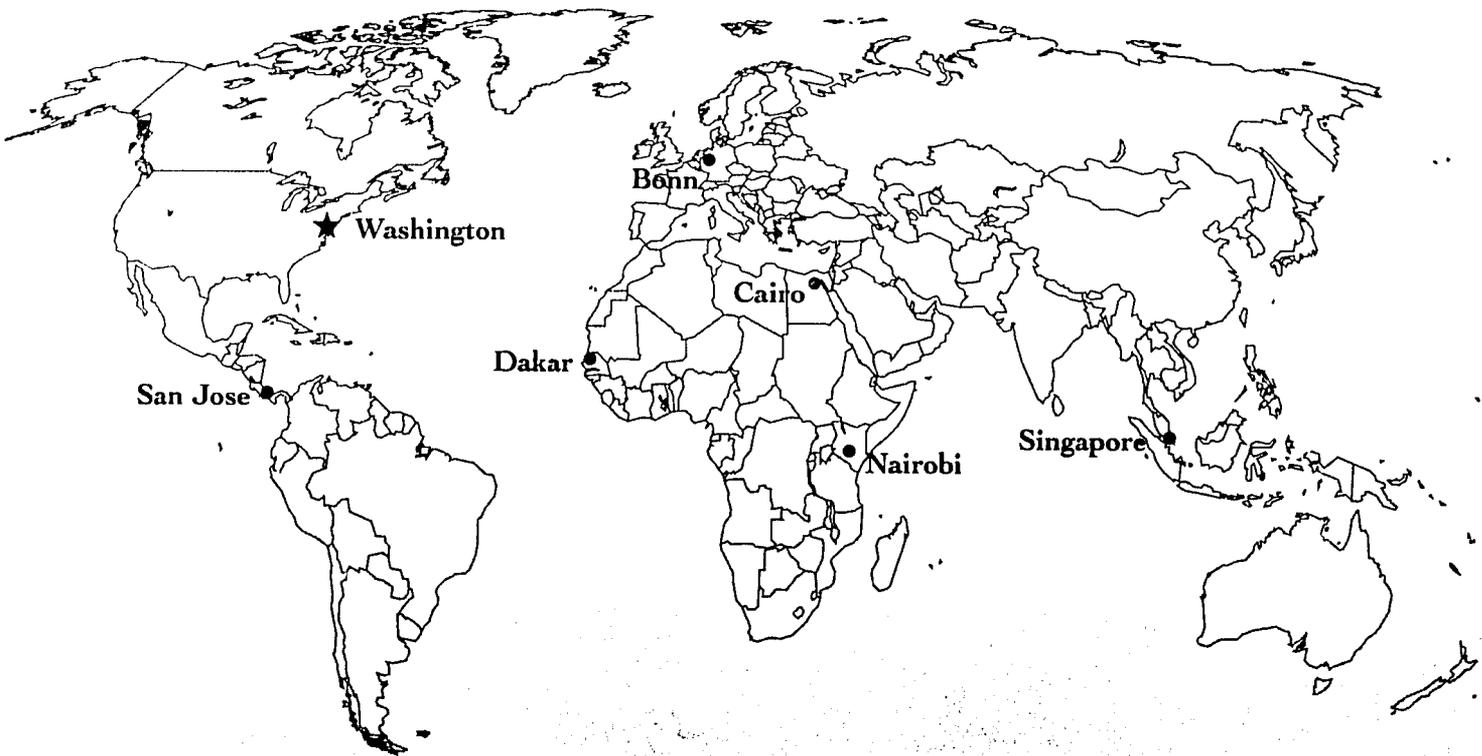


PD-AB17-322

**Regional Inspector General for Audit
Singapore**

**AUDIT OF USAID/BANGLADESH'S
POPULATION ACTIVITIES**

**Audit Report 5-388-96-001
November 17, 1995**





U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

November 17, 1995

MEMORANDUM

TO: Richard M. Brown, Director, USAID/Bangladesh

FROM: Richard C. Thabet, RIG/A/Singapore 

SUBJECT: Audit of USAID/Bangladesh's Population Activities
Audit Report No. 5-388-96-001

This memorandum is our report on the subject audit. Our audit work showed that USAID/Bangladesh has made good progress toward achieving its strategic objectives for population. Furthermore, the Mission developed a strategic plan that met the USAID's Directive on Setting and Monitoring Program Strategies which USAID/Washington approved without any changes. The objectives under this new plan remained consistent with the goals in a May 1992 Project Paper Supplement. Also, the Mission has progressed well towards meeting the planned output targets for measuring the overall success of the population program.

In responding to a draft of this report, USAID/Bangladesh fully agreed with the results of the audit and noted that all the areas covered by the audit are operating effectively. We carefully considered your comments in preparing this final report and have included them as Appendix II. Since this report makes no recommendations, no further action is needed from the Mission. I appreciate the cooperation and courtesies extended to my staff during the audit.

Background

According to USAID/Bangladesh's Family Planning and Health Services Project Paper Supplement, "Bangladesh is one of the world's youngest and poorest nations, with a per capita income of only \$180 per year. From its birth as a nation in 1971, the country has had to contend with formidable obstacles: extreme poverty; widespread illiteracy; lack of infrastructure;

frequent, devastating natural disasters; a limited natural resource base; and rapid population growth. The government recognized that the large and increasing imbalance between the country's population size and resource base is by far the greatest constraint to development."

The Supplement also says that, in 1991, Bangladesh's population of 115 million--nearly half the size of the United States--occupied a landmass the size of Wisconsin. Its density of nearly 2,000 people per square mile was exceeded only by the city-states of Hong Kong and Singapore.

The United States Agency for International Development (USAID) seeks to contribute towards a cooperative global effort to stabilize world population growth and support women's reproductive rights. USAID intends to measure the progress of its population program primarily in terms of reduced fertility. One intermediary sign of progress might be expanded access to, increased use of, and improved quality of family planning and reproductive health services. Another measure could be increased contraceptive prevalence.

In July 1987, USAID/Bangladesh authorized a seven-year Family Planning and Health Services Project¹ with a funding level of \$175 million. The last project amendment in May 1992 increased the funding to \$300 million, of which \$178 million pertained to population activities, and extended the project to August 1997. The Mission obligated \$253.4 million and expended \$190.4 million for the project, as of March 31, 1995. The Mission designed this project to improve the coverage, quality, and sustainability of family planning, and maternal and child health services provided by the Bangladesh's Ministry of Health and Family Welfare, the Social Marketing Company, and the non-government organizations. The project has four major components:

1. **Support for Government Family Planning Activities** - Assistance to the government focuses primarily on decentralized family planning service delivery, logistics management, communications, and urban immunization.
2. **Social Marketing** - The Social Marketing Company sells oral contraceptives, condoms and oral rehydration solution.

¹ We reviewed only the population activities of the project. Therefore, all discussions in this report only relate to population activities.

3. **Non-Government Organizations' Family Planning Activities** - The non-government organizations implement community-based delivery programs using female field workers who provide information, deliver condoms and birth control pills door-to-door, and refer clients to either the organizations' clinics or government clinics for clinical contraceptive methods.
 4. **Support Activities** - This component provides support to the other three components in the areas of contraceptive commodities; research, evaluation, and monitoring; and information, education, and communication.
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Audit Objectives

The Office of the Regional Inspector General for Audit, Singapore, audited USAID/Bangladesh's population activities to answer these objectives:

- **What progress has USAID/Bangladesh made towards achieving its strategic objectives for population?**
- **Has USAID/Bangladesh progressed towards output targets for population activities as intended in its project papers?**

Appendix I contains a discussion of the audit scope and methodology.

Audit Findings

What Progress Has USAID/Bangladesh Made Towards Achieving Its Strategic Objectives for Population?

USAID/Bangladesh has made good progress toward achieving its strategic objectives for population as assessed under the May 1992 Project Paper Supplement. USAID/Bangladesh achieved the planned targets for the four indicators used to measure the population program's overall progress. In addition, the Mission developed a strategic plan that USAID/Washington reviewed and approved, replacing the progress indicators of the Supplement. The strategic objectives under this new plan remained consistent with the goals in the Supplement.

Prior to April 1995, the Mission measured the program's progress based on the goals set in the May 1992 Project Paper Supplement. In April 1995, USAID/Washington approved a new strategic plan that included the strategic objectives to replace the progress indicators of the Supplement. Accordingly, we measured the progress of the population activities against the goals in the May 1992 Project Paper Supplement and then compared those results to the strategic objectives that were approved in April 1995. However, this audit only covered the period up to March 31, 1995.

USAID/Bangladesh achieved the planned targets for the four indicators used to measure the population program's overall progress, as shown in the table below.

PROGRAM INDICATORS²	Baseline 1991	Life-Of-Project Target	Planned Target	Total to Date³
Total Fertility Rate ¹ Reduced	4.6	3.8	4.2	3.4
Contraceptive Prevalence Rate for All Methods Increased	40%	50%	45%	45%
Contraceptive Prevalence Rate for Modern Methods Increased	31%	42%	36%	36%
Reliance on Clinical Family Planning Methods Increased	35% ⁵	42%	35%	35%

Source: USAID/Bangladesh's Project Status Report as of March 31, 1995

As of March 31, 1995, progress had been made as planned toward all the indicators. Furthermore, the program already exceeded the life-of-project target for one indicator "Total Fertility Rate Reduced". The next Bangladesh Demographic and Health Survey will be conducted around November 1996,

² These indicators are internationally-recognized. The Bangladeshi government performs a Demographic and Health Survey to measure these indicators every three years.

³ As reported by the survey in June 1994. The reported values will remain constant until the next scheduled survey in 1996/7. USAID/Bangladesh provides technical assistance to the Government of Bangladesh in conducting the survey. The Mission believes the data is reliable. We did not audit these numbers.

⁴ Fertility rate refers to the number of children a woman will have during her childbearing years.

⁵ The Mission only included this indicator in 1994. The baseline figure is 1993/4.

and the data will be available around June 1997. USAID/Bangladesh is planning a follow-on project to begin in August 1997 and will use the data from this survey to adjust the life-of-project targets.

The Mission achieved the above four targets because it ensured that the contractors and grantees implemented the various purpose-level activities as scheduled. The Mission designed these activities to contribute to the success of the four program indicators. The results of these activities complemented each other and influenced the program's overall progress.

For example, for the purpose-level indicator "Annual Sales of Condoms", the Mission exceeded its planned target of 140.8 million condoms for a 12-month period. As of March 31, 1995, the program sold 154.7 million condoms. It also exceeded the life-of-project target of 140.0 million. For another purpose-level indicator, "Contraceptive Prevalence Rates for Modern Methods Increases in Project Areas", the Mission achieved a rate of 57 percent versus the planned 54 percent as of March 31, 1995.

We verified these purpose-level activities from the progress reports of the five contractors and grantees involved in promoting the sale and use of contraceptives. The verification included reviewing the supporting documentation at the contractors' and grantees' headquarters to support the reported progress. Additionally, we traced the documentation to the original source documents at 15 field offices of the contractors and grantees, and found no exceptions. The contractors and grantees accurately reported their progress to USAID/Bangladesh.

As demonstrated by the two examples, the purpose-level activities complemented each other. The increased condom sales contributed to the attainment of the planned contraceptive prevalence rate. The achievement of these and other purpose-level activities' targets, as established under the May 1992 Project Paper Supplement, has contributed to the overall success of the population program.

In April 1994, USAID required all the missions to develop a new strategic plan (Plan), as part of its re-engineering process. The Plan established the context for specific USAID activities and the standards against which the missions will measure success. USAID/Washington reviewed and approved USAID/Bangladesh's strategic plan in April 1995. The new strategic objectives remained consistent with the population program's goals in the

May 1992 Project Paper Supplement. The Plan also complied with the requirements in the USAID Directive on Setting and Monitoring Program Strategies.

The two population objectives and their program outcomes in the new strategic plan followed closely the existing Project Paper's goals and activities. For instance, the first objective in the Plan has two performance indicators that were identical to the ones in the existing Project Paper: 1) Contraceptive Prevalence Rates for All Methods Increased; and 2) Contraceptive Prevalence Rates for Modern Methods Increased.

The second objective in the Plan relates to the sustainability of the population program. The Mission will measure the success of this objective by the indicator "Percentage of Overall Recurrent Costs of the Family Planning Program Funded by Donors Reduced". Under the existing Project Paper, the indicator, "Local Government and Community Contributing to the Family Planning Program Increased," addressed this aspect.

USAID/Bangladesh's Plan contained the four sections required by the USAID Directive on Setting and Monitoring Program Strategies (Directive). The Plan: 1) defined the strategic objectives that the Mission will pursue; 2) indicated how it will measure and report progress; 3) provided a stable planning framework; and 4) built support for the objectives and content of the population program's portfolio. In addition, it supported the Agency's emphasis on stabilizing world population growth and achieving one of the Agency's goals of sustainable development. The Plan also contained the three main parts required by the Directive: 1) Summary Analysis of Assistance Environment; 2) Proposed Strategy, Rationale, and Key Assumptions; and 3) Action Plan.

Each of these parts met the format and content requirements. All were well organized, easy to read and understand, and provided a logical and rational framework of the mechanics to the population program. USAID/Bangladesh had in place a monitoring framework, as required by the Directive, to review the performance of the Mission's population program strategy. This monitoring framework succeeded in linking the program's four separate components, clearly showing that the program indicators support and complement each other. It also clearly defined the performance targets, established procedures for data collection and analysis, and provided for an annual progress review to determine whether the Mission is making satisfactory progress.

In summary, USAID/Bangladesh developed a strategic plan that met all the requirements in the Directive. The Mission submitted the Plan on time to USAID/Washington for review and approval. Subsequently, the Agency approved it without any changes. USAID/Washington commended the Mission on its efforts to focus and produce a coherent and prioritized strategic framework for its population program.

Has USAID/Bangladesh Progressed Towards Output Targets for Population Activities As Intended in Its Project Papers?

USAID/Bangladesh has progressed towards output targets as intended. The achievement of the planned output targets contributed to the overall success of the Mission's population program, as described on page 3. The Mission has ensured this achievement by planning and monitoring the implementation of the output activities.

Sixteen of 19 total output targets (as related to population) had interim benchmarks to measure progress (see Appendix III). The Mission achieved the interim benchmarks for all 16 of these output targets. For example, for one output activity, the indicator was: "Number of Family Planning Active Users in Project Areas Increases". Due to the successful implementation of this output activity, the number of family planning active users was 1,714,617 people as of March 31, 1995. This was 11.5 percent above the planned target of 1,538,183 people.

We visited thirteen project areas with 110,519 reported active users to verify the accuracy of the data. The non-government organizations at these project areas maintained a well organized system of data collection and reporting. The system contained sufficient records that supported the number of active users reported in the project areas. Each organization also had a detailed breakdown of active users among the types of contraceptives. Besides data verification, our visits revealed other intangibles that probably had an impact on the progress of the population activities. For example, our conversations with local health officials and field workers showed that the field workers believed in the need to use contraceptives and were proud of their work. In one project area, the field workers insisted that we visit and talk to the users.

The expanding number of active users contributed to the achievement of the program activities, as stated previously. The rise in number of active users correlated to the increase in sales of birth control pills and condoms which ultimately affected the contraceptive prevalence rate for modern methods in project areas (page 4).

The three output targets that did not have interim benchmarks either were met or progress was being made towards their life-of-project targets. This lack of interim benchmarks did not impair the program's overall success, as shown previously.

For example, a project status report contained the indicator "Quality Assurance Index Developed". This Index is a survey to measure the quality of family planning services provided to the people. Although the cooperative agency's work plan did not indicate a completion time for the survey, it had completed and tested the survey as of March 31, 1995. Another example was the output indicator that measured the number of government and non-government personnel trained in local and overseas seminars and workshops. Under this indicator, the program trained 87 people of the life-of-project target of 150. This actual progress showed a reasonable accomplishment based on the time elapsed and life-of-project target. Therefore, it is also reasonable that the Mission will achieve the life-of-project target by the end of the project.

The proper planning and monitoring of the implementation of the output activities aided the Mission in achieving its planned output targets. To implement the activities, USAID/Bangladesh entered into eight major agreements with various contractors and cooperative agencies. The Mission then worked with these parties to develop annual work plans that indicated how and when these parties will achieve the output targets. The Mission then monitored the progress of these contractors and cooperative agencies by reviewing their progress reports, holding meetings, and taking field trips.

In summary, USAID/Bangladesh has made progress towards output targets as intended. This progress, in turn, contributed to the overall success of the Mission's population program.

SCOPE AND METHODOLOGY

Scope

The Office of the Regional Inspector General for Audit, Singapore, audited USAID/Bangladesh's population activities in accordance with generally accepted government auditing standards. The audit was conducted at the offices of USAID/Bangladesh and its contractors and grantees, and at 19 locations in the Chittagong, Khulna and Jessore districts from May 6 through July 20, 1995.

The audit only covered the population activities of USAID/Bangladesh's Family Planning and Health Services Project from May 11, 1992 to March 31, 1995. For these project activities, the Mission obligated \$178.3 million and expended \$106.8 million as of March 31, 1995. We did not verify the accuracy of the data from the Bangladesh Demographic and Health Survey. Verifying the accuracy of the data would have required analysis beyond the scope of our audit. However, Mission personnel noted that three organizations validated the survey results, and based on their analysis the Mission, the Bangladesh government, and other donors believe that the results are accurate. Finally, USAID/Bangladesh provided written representations which we considered essential for answering the audit objectives and for assessing internal controls and compliance.

Methodology

In conducting the audit, we reviewed the Family Planning and Health Services Project's documents such as the Project Paper, a strategic plan, project status reports, evaluation reports, contractors' and grantees' progress reports, and others. We interviewed the appropriate Project Officers about the project's progress and assessed the Mission's internal control system in monitoring, reporting, and evaluating this project. We

also reviewed prior audit reports on USAID/Bangladesh to determine whether any weaknesses related to the population program.

To verify the reported progress for both objectives, we obtained sufficient evidence from the contractors and grantees to support the achievement reported in their status reports. For the first audit objective, we reviewed the new strategic plan to determine whether it complied with the requirements in USAID's Directive on Setting and Monitoring Program Strategies. To check for consistency, we also compared the strategic objectives against the goals in the May 1992 Project Paper Supplement.

For the second audit objective, based on accessibility and performance data, we judgmentally selected 19 locations in the Chittagong, Khulna and Jessore districts to observe population activities. At these locations, we verified the progress reported by the contractors and grantees against the records maintained at the sites. We also interviewed various local government officials, field workers, and other family planning workers on their views and understanding of the population activities.



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
Dhaka, Bangladesh

19 OCT 1995

Mr. Richard C. Thabet
Regional Inspector General
RIG/A/Singapore

Dear Mr. Thabet:

You have asked that USAID/Bangladesh provide a Representation Letter in connection with your audit of our Population activities. It is our understanding that your audit objectives are as follows:

AUDIT OBJECTIVE NO. 1: What progress has USAID/Bangladesh made toward achieving its strategic objectives for population?

AUDIT OBJECTIVE No. 2: Has USAID/Bangladesh progressed towards output targets for population activities as intended in its project papers?

I have asked the following members of my staff to make available to you all records in our possession, relating to the projects under audit during the audit period for the purpose of this audit:

Mr. David Piet, Office of Population

Mr. Frank Caropreso, Controller's Office

Their written concurrences with the representations made in this letter are attached. Based on them and in reliance on your office which has not informed me of any difficulty in obtaining records on information, or of any difficulty in obtaining the full cooperation of the various offices and staff involved, I confirm, as a layman and not as a lawyer, the following representations with respect to the subject matter of the audit and the audit objectives:

1. For the projects under audit or active during the audit period, USAID/Bangladesh is responsible for (a) its internal control system; (b) its compliance with applicable U.S. laws, regulations, project agreements and contract terms; and (c) the fairness and accuracy of its accounting and management information.
2. To the best of my knowledge and belief, USAID/Bangladesh has made available to RIG/A/Singapore auditors all the financial and management information it maintains related to the activities audited.

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3. To the best of my knowledge and belief, there are no instances which we consider material where financial or management information directly relating to this audit has not been properly and accurately recorded and reported, other than the findings in the report.
4. To the best of my knowledge and belief, there have been no known material irregularities related to this audit and which we consider substantive involving Mission Management or USAID/ Bangladesh employees who have roles in the control structure; nor have there been any written communications from any of their organization not made available to your staff concerning noncompliance with or differences in the Mission's Management of the activities under audit.
5. To the best of my knowledge and belief, USAID/Bangladesh has reported to the auditors all known instances which, in the Mission's judgment, evidence material noncompliance with USAID policies and procedures or violation of U.S. law or regulations of the activities.
6. After review of your draft audit report and further consultations with my staff, to the best of my knowledge and belief, there are no other facts as of the date of this letter (other than those expressed in our Management Comments to the draft report) which I believe would materially alter the conclusions reached in the draft report.



Richard Brown
Mission Director
USAID/Bangladesh



UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
Dhaka, Bangladesh

APPENDIX II
Page 3 of 4

19 OCT 1995

MEMORANDUM

TO : Richard C. Thabet, RIG/A/Singapore

FROM : Richard M. Brown, Mission Director 

SUBJECT : Draft Audit Report of USAID/Bangladesh's Population Activities

REF : Thabet/Brown Memorandum of September 15, 1995

We appreciate the opportunity to respond to the subject audit report.

USAID/Bangladesh received the subject report on September 21, 1995. We are indeed happy to note that all the areas covered in your audit are operating effectively. Specifically, we note your audit disclosed that:

USAID/Bangladesh has made good progress towards achieving its strategic objectives for population. Furthermore, the Mission developed a strategic plan that met USAID's Directive on Setting and Monitoring Program Strategies which USAID/Washington approved without any changes. Also, the Mission has progressed towards the planned output targets which contributed to the overall success of the population program.

Our specific comments keyed to page numbers in the draft report are as follows:

1. Page 2, last para, 2nd sentence: add "(supplement)" following the word amendment.
2. Page 4, 1st para, last sentence: should read "replaced the logframe indicators of the May 1992 supplement."
3. Page 4, 2nd para, 3rd sentence: should read " to replace the logframe indicators of the May 1992 project paper supplement."
4. Page 5, 2nd sentence. This should read as follows:

The next Bangladesh Demographic and Health Survey (DHS) will be conducted beginning O/A November 1996. The preliminary results from the survey will be available O/A June 1997. The data will be used to readjust the life-of-project targets in the planned follow-on project. The follow-on project will be designed prior to the availability of 1996/97 DHS data in order to assure that FY 1997 funds are obligated on time. (The only way this DHS could be used to set indicators for the follow-on project is for the survey to be advanced almost a year. This is not a viable option since it would

-2-

only have been two years since the previous survey, not enough time for meaningful change to have taken place.)

5. Appendix III, Table: It should be noted that the outputs listed in this table do not represent a complete listing of all project outputs. In addition, to assist the reader, we propose that each output include reference to its relevant subproject. These references are as follows:

Outputs 1-4	:	Local Initiatives Program
Outputs 5-7	:	Family Planning Logistics Management Project
Outputs 8	:	Family Planning Warehouse Construction
Outputs 9-14	:	Information, Education and Communication
Outputs 15-17	:	Social Marketing Company - Family Planning
Outputs 18-19	:	NGO's

6. Appendix III, footnote 6: This should read as follows: " On average, a thana has a population between 200,000 and 300,000 persons."

Please do not hesitate to contact us if clarification is needed on any of the above.

SCHEDULE OF PLANNED VERSUS REPORTED
PROGRESS TOWARDS OUTPUT TARGETS⁶
AS OF MARCH 31, 1995

Output	Planned Progress	Reported Progress	Variance
1. <i>Thana</i> ⁷ personnel trained	None	852	Not meaningful
2. Number of female volunteers mobilized	28,671	28,447	(224)
3. Management manuals developed	8	8	0
4. New action plans developed	95	95	0
5. Logistics management training provided to Bangladeshi government staff	Unable to quantify as information was not readily available prior to 1993 ⁸	11,009	Not meaningful
6. Logistics management information report produced monthly	55	55	0
7. <i>Thana</i> family planning stores operational	18	18	0
8. Construct <i>thana</i> family planning storerooms	18	18	0
9. Cassette dramas of Family Planning and Maternal Child Health themes recorded, distributed and broadcast	25	25	0

⁶ The outputs listed do not represent a complete listing of all project outputs.

⁷ A *thana* consists of many villages. On average, a *thana* has a population between 200,000 and 300,000 persons.

⁸ As an alternative, the audit compared planned progress against actual progress for the period January 1, 1993 through March 31, 1995. The actual progress was 3,923 persons trained compared with planned target of 4,140.

Output	Planned Progress	Reported Progress	Variance
10. Number of Bangladeshi and non-government organization personnel trained in the United States, regional and local Information, Education, and Communication seminars and workshops	None	87	Not meaningful
11. Field worker guide revised, reprinted, and distributed	240,000	150,000	(90,000) ⁹
12. Training videos produced	1	1	0
13. Training curricula developed and implemented	1	1	0
14. Production of bi-monthly Information, Education, and Communication newsletter to share ideas among development partners	16	16	0
15. Annual marketing plan	3	3	0
16. Market research studies	18	16	(2)
17. Annual generated sales revenue for family planning activities only	\$2,293,000	\$2,050,000	(\$243,000) ¹⁰
18. Number of active users in project areas increases	1,538,183	1,714,617	176,434
19. Quality assurance index developed	None	Yes-Achieved	Not meaningful

⁹ The printing of the remaining 90,000 copies of the field worker's guide will commence upon the distribution of the initial batch of 150,000.

¹⁰ The negative variance is due to the different Bangladeshi Taka/U.S. dollar exchange rates used at the time of the preparation of the budgeted sales figure. However, the number of contraceptives sold has a positive variance.