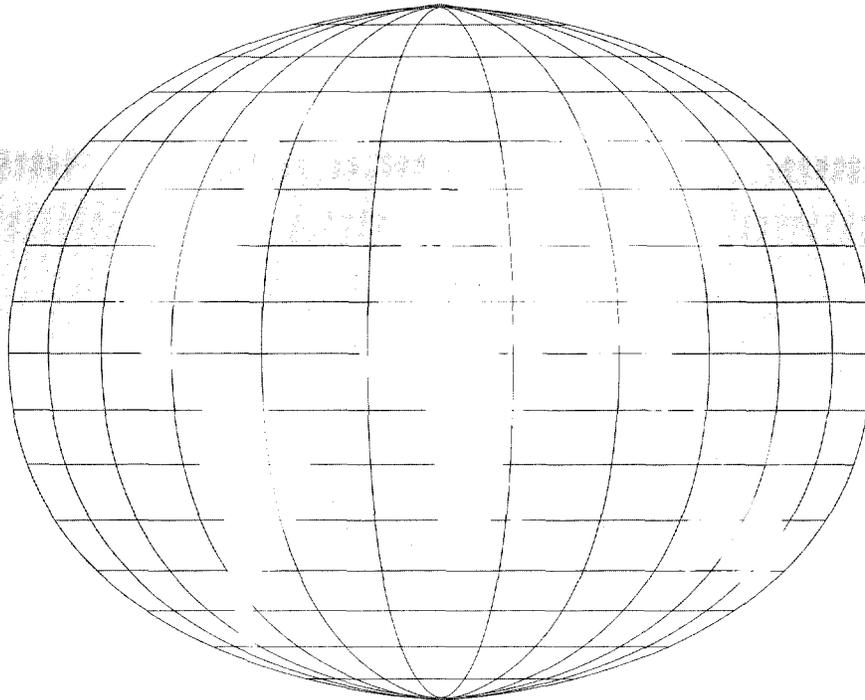


PD-ABN-712

Report of Audit

**Audit of USAID/Senegal's Implementation
of the Government Performance and Results Act
for
Environment-Natural Resources Management
and Biodiversity Activities**

**Audit Report No. 7-685-97-003-P
February 21, 1997**



**Regional Inspector General
Dakar**

**OFFICE OF INSPECTOR GENERAL
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

**Regional Inspector General for Audit
Dakar**

**AUDIT OF USAID/SENEGAL'S IMPLEMENTATION
OF THE GOVERNMENT PERFORMANCE AND RESULTS ACT
FOR
ENVIRONMENT-NATURAL RESOURCES MANAGEMENT
AND BIODIVERSITY ACTIVITIES**

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

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WEST AFRICA

February 21, 1996

FOR: Director, USAID/Senegal, Anne Williams

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

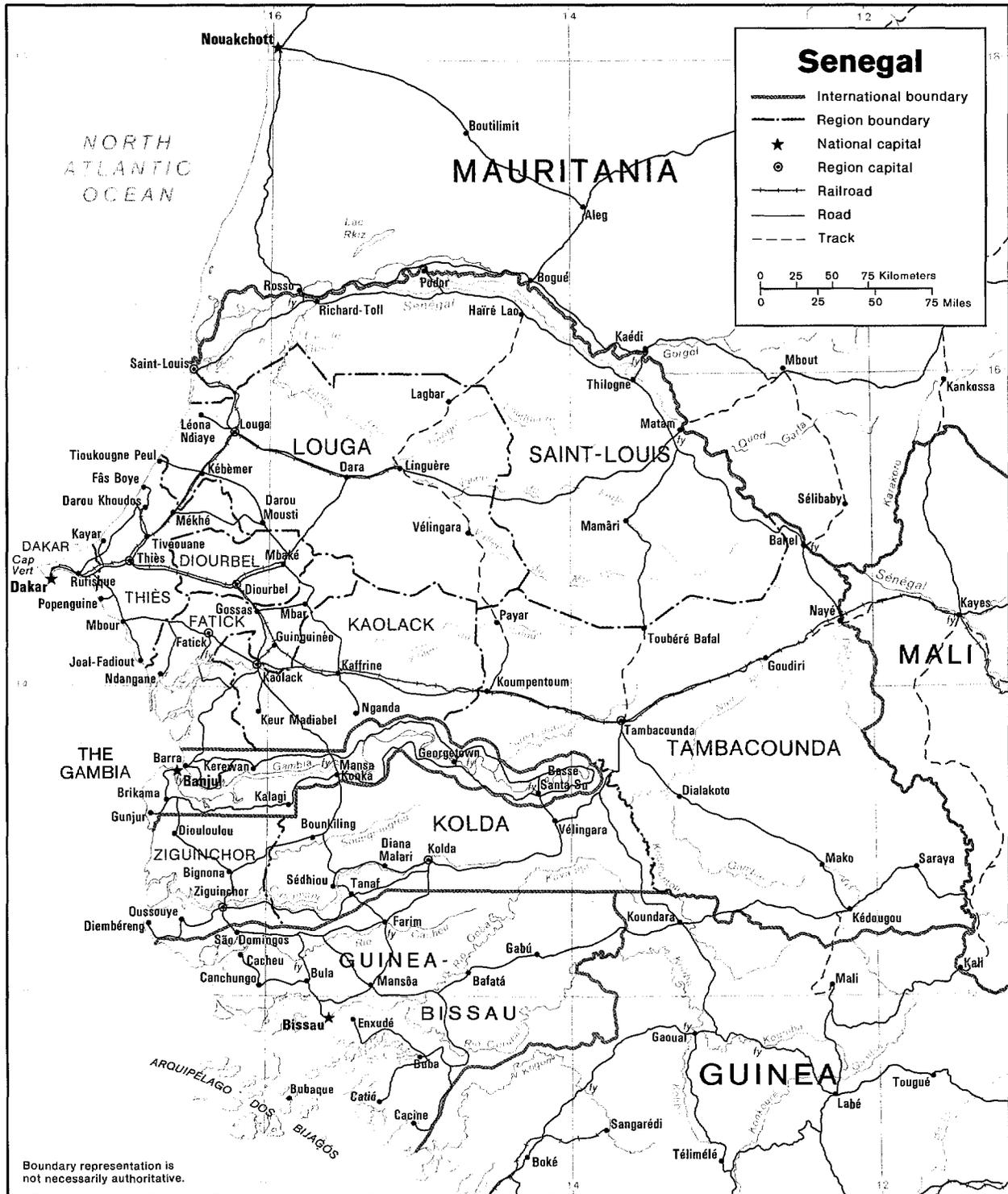
SUBJECT: Audit of USAID/Senegal's Implementation of the Government Performance and Results Act for Environment—Natural Resources Management and Biodiversity Activities, Audit Report No. 7-685-97-003-P

This is the final report on the subject audit. We considered your comments to the draft report and have included them as Appendix II. The audit report makes five recommendations. Based upon your comments and actions, USAID/Senegal has taken Final Action on Recommendation No. 3; has made Management Decisions to address Recommendation Nos. 1, 2, 5.2, and 5.3; and has not made Management Decisions to address Recommendation Nos. 4 and 5.1.

Please notify our office within 30 days of the status of actions planned or taken to make Management Decisions on Recommendation Nos. 4 and 5.1. In accordance with USAID guidance, M/MPI/MIC will be responsible for determining when Final Action has occurred for Recommendation Nos. 1, 2, 5.2 and 5.3.

I appreciate the cooperation and courtesy extended to my staff by USAID/Senegal and its natural resources management partners during the audit.

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EXECUTIVE SUMMARY

Background

In August 1993, Congress enacted Public Law 103-62 called the "Government Performance and Results Act of 1993" (GPRA). The Act requires Federal agencies to develop at least five-year strategic plans and annual performance plans beginning in fiscal year 1999 and to report annually on actual performance compared to Agency goals beginning in fiscal year 2000. The Act sets forth the major tenets of a results-oriented management approach that focuses on using resources and information to achieve measurable progress toward program outcomes related to program goals. (See page 1.)

As part of an Agency-wide audit of USAID's implementation of GPRA, the Regional Inspector General/Dakar reviewed USAID/Senegal's natural resources management activities to determine if the Mission had a) developed a strategic plan and an annual plan which were consistent with the Agency's strategic framework, b) developed performance indicators which were consistent with Agency goals, c) developed a system for collecting and reporting accurate performance data, and d) used performance information to enhance program effectiveness. In addition, the audit sought to determine if the Mission had effectively monitored the technical assistance contracts under its natural resources management and biodiversity activities to ensure that the technical assistance funds were efficiently utilized and that technical assistance contracts achieved their intended results. Our audit primarily covered the period from October 1, 1994 to November 8, 1996. (See pages 1 and 3.)

The total life of project funding for the Mission's five natural resources management activities was \$75.1 million of which \$36.2 million had been expended as of June 30, 1996. The total amount of planned technical assistance under these five activities was \$63.4 million of which \$32.4 million had been expended as of June 30, 1996. (See page 2.)

Summary of Audit Findings and Recommendations

The audit found that the Mission had developed a strategic plan and an annual plan which were consistent with the Agency's Strategic Framework. The Mission had also generally developed performance indicators which were consistent with Agency goals, but it had not established targets for 5 of 20 performance indicators and 3 of 20 performance indicators had not been measured timely and thus, did

not appear to be practical. We recommended that the Mission establish targets for five performance indicators, but did not make a recommendation for the Mission to modify the three performance indicators that did not appear to be practical as the project that related to those indicators had ended. (See pages 4 - 9.)

The audit also found that the Mission had developed a system for collecting and reporting performance data, but the Mission's system did not ensure that the most recently available performance data was reported. Specifically, we found that the Mission could have reported more recently available performance data for 10 of 20 indicators and that the Mission appeared to be reporting more than it was accomplishing for 6 of 20 indicators. The Mission had not reported the most current performance data due to a combination of factors, but mainly because the Mission's Program Core office did not check with the Mission's Agriculture and Natural Resources Core office to determine if more current performance information was available. We recommended that the Mission update the performance information for the ten indicators and establish a performance reporting checklist to ensure that the Mission reports the most current information. (See pages 10 - 12.)

We also found that the Mission was reporting on more results at the strategic objective level than what it was actually accomplishing. That is, we found that the Mission did not appear to have any substantial agricultural activities in one region, but that the Mission was including the region's crop production statistics in its Results Report. We recommended that the Mission reassess whether its activities in the region were sufficient to contribute to an increase in crop production in that region. (See pages 12 - 14.)

Concerning the use of performance information, the audit concluded that USAID/Senegal had used performance information to enhance program effectiveness, but that the Mission could improve its use of performance targets. To illustrate, we found that the Mission could have used performance information to revise 6 of 15 fiscal year 1997 targets. Mission personnel told us that the targets had not been revised because the Mission had lost its institutional memory for how the targets had been established (and their underlying assumptions) in 1991 and thus, the Mission was hesitant to change them. However, without clear performance targets, USAID/Senegal is in a weak position to compare planned results against actual performance results. We recommended that the Mission (1) reassess its 1997 performance targets and (2) establish procedures to document the assumptions that are used to develop performance targets and to reassess the validity of the targets on an annual basis. (See pages 15 - 18.)

Regarding its technical assistance contracts, the audit found that the Mission for the most part had effectively monitored four of five technical assistance contracts under its natural resources management activities to ensure that technical assistance funds were efficiently utilized and that the technical assistance contracts achieved their intended results. Regarding a fifth technical assistance contract that was reviewed, we found that the Mission monitored the contract, but did not ensure that its funds were efficiently utilized or that the contractor achieved the intended results. As a result, the Mission paid \$446,000 for the development of a financial management system that could not be certified by the Mission. We did not make any recommendation to address the issue as it appeared that the contractor had satisfied the terms of the contract and that communication problems between the three parties involved were the main reason that the intended results were not achieved. Accordingly, we stated that the contract's circumstances represented lessons learned for the Mission to ensure that its development partners fully support USAID's development efforts and understand their development responsibilities. (See pages 21 - 25.)

Management Comments and Our Evaluation

USAID/Senegal reviewed the draft report and its comments have been included as Appendix II. We considered these comments in preparing the final report. The Mission generally agreed with Recommendation Nos. 1, 2, 3, and 5, but it disagreed with Recommendation No. 4.

Regarding Recommendation Nos. 1, 2, 3, and 5, the Mission stated that it (1) planned to have targets established, documented, and included in its March 1997 Results Report, (2) planned to include updated performance data in its March 1997 Results Report, (3) had developed a performance data checksheet and (4) planned to reassess and define its performance targets and to establish procedures to document the methodologies and assumptions for these targets. But, the Mission believed that Recommendation No. 4 should be dropped because it reflected a misunderstanding on the use of the Mission's performance indicator for its natural resources management strategic objective. However, we found the Mission's comments to be unclear as to whether its activities were or were not directly affecting crop yields and believe there is still a need for the Mission to determine whether its activities in the Tambacounda region are sufficient to cause an increase in crop productivity in that region. Accordingly, we did not drop the recommendation. Based on the Mission's comments, USAID/Senegal has made Management Decisions to address Recommendation Nos. 1, 2, 5.2 and 5.3; has taken Final Action on Recommendation No. 3; and has not made a Management Decision to address Recommendation Nos. 4 and 5.1. (See pages 18 - 20.)

Office of The Inspector General
Office of the Inspector General
February 21, 1997

INTRODUCTION

Background

In August 1993, Congress enacted Public Law 103-62 called the "Government Performance and Results Act of 1993" (GPRA). The Act requires Federal agencies to develop at least five-year strategic plans by September 30, 1997 and annual performance plans beginning with fiscal year 1999, and to report annually on actual performance compared to Agency goals no later than March 31, 2000. The Act sets forth the major tenets of a results-oriented management approach that focuses on using resources and information to achieve measurable progress toward program outcomes related to program goals. Congress selected USAID to be a pilot agency for the implementation of GPRA for fiscal years 1994 through 1996.

To support the Agency's implementation of GPRA, the Inspector General's Office of Audit is conducting a series of audits designed to provide the status of USAID's implementation of GPRA in relation to the Agency's natural resources management and biodiversity activities. Our audit at USAID/Senegal, which primarily covered the period from October 1, 1994 to November 8, 1996, is an important part of this Agency-wide effort.

USAID/Senegal does not have any biodiversity activities, but it does have a portfolio of natural resources management activities and a significant amount of technical assistance that is being provided under each. The Mission's portfolio of natural resources management activities and the related amounts of technical assistance are illustrated in the chart below.

Activity	Life of Project Total Funding (in millions)	Life of Project Expenditures as of 6/30/96 (in millions)	Planned Technical Assistance Funding (in millions)	Technical Assistance Expenditures as of 6/30/96 (in millions)
Southern Zone Water Mgmt.	\$18.0	\$16.8	\$14.9	\$14.8
Natural Resources-Based Mgmt.	\$19.8	\$7.9	\$15.6	\$7.0
Kaolack Agricultural Enterprise Development	\$8.0	\$5.3	\$8.0	\$5.3
Community-Based Natural Resources Mgmt.	\$25.0	\$4.3	\$20.6	\$3.4
PVO/NGO Support	\$4.3	\$1.9	\$4.3	\$1.9
Total	\$75.1	\$36.2	\$63.4	\$32.4

As explained later in the report (see page 5), part of the Mission's natural resources management activities support both USAID's pillars for protecting the environment and encouraging broad-based economic growth.

Audit Objectives

We performed this audit as part of the Inspector General's Agency-wide audit of USAID's natural resources management and biodiversity activities. It was designed to answer the following audit objectives:

- 1) Did USAID/Senegal for its natural resources management and biodiversity activities, in accordance with Agency directives and in support of the Agency's actions to comply with the Government Performance and Results Act:
 - a) Develop a strategic plan and an annual plan which were consistent with the Agency's Strategic Framework?
 - b) Develop performance indicators which were consistent with Agency goals?
 - c) Develop a system for collecting and reporting accurate performance data?
 - d) Use performance information to enhance program effectiveness, service delivery, obtain feedback, etc.?

- 2) Has USAID/Senegal effectively monitored the technical assistance contracts under its natural resources management and biodiversity activities to ensure that technical assistance funds were efficiently utilized and that technical assistance contracts achieved their intended results?

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

REPORT OF AUDIT FINDINGS

Did USAID/Senegal for its natural resources management and biodiversity activities, in accordance with Agency directives and in support of the Agency's actions to comply with the Government Performance and Results Act:

a) Develop a strategic plan and an annual plan which were consistent with the Agency's Strategic Framework?

Except as discussed elsewhere in this report¹, USAID/Senegal developed a strategic plan and an annual plan for its natural resources management activities which were generally consistent with the Agency's Strategic Framework.

In 1991, USAID/Senegal developed a five-year Country Program Strategic Plan to cover its activities during the period from 1992 - 1997. Accordingly, the Mission's strategic plan was developed before USAID developed its 1994 Strategic Framework. Nonetheless, we found that the Mission's 1992 - 1997 Strategic Plan for its natural resources management activities was generally consistent with the Agency's Strategic Framework for protecting the environment and encouraging broad-based economic growth. In addition, we found that the Mission's latest annual plan which was in the form of its March 1996 Results Report was consistent with both the Mission's five-year strategic plan and USAID's Strategic Framework.

The strategic objective for the Mission's natural resources management activities is to increase crop productivity through improved natural resources management in zones of reliable rainfall. Thus, the Mission's strategic objective (as outlined in both its 1992 - 1997 Country Program Strategic Plan and its March 1996 Results Report) supports both the Agency's objectives for protecting the environment and encouraging broad-based economic growth. For example, USAID/Senegal's efforts to increase the use of natural resources management

¹ Weaknesses with USAID/Senegal's performance indicators and data collection system, which are an integral part of both the Mission's strategic plan and its annual plan, are discussed on pages 6 and 10.

techniques support the Agency's pillar for protecting the environment while the Mission's efforts to increase crop productivity support the Agency's pillar for encouraging broad-based economic growth. Thus, we found that the Mission's five-year strategic plan and its March 1996 annual plan were generally consistent with the Agency's Strategic Framework.

We also found that the Mission's funding request for fiscal years 1997 and 1998 was consistent with the manner in which the Mission's performance results have been reported in the past. That is, USAID's Office of West Africa Affairs' 1995 Results Review dated April 19, 1996 reported USAID/Senegal's fiscal year 1995 crop production results as a performance result under the Agency's goal for broad-based economic growth and reported the Mission's natural resources management technique activities as a performance result under both the Agency's pillars for broad-based economic growth and protecting the environment. Thus, we found that there was a consistency between how the Agency was reporting the Mission's past performance results with how the Mission was budgeting its natural resources management activities in the future.

The following chart illustrates how USAID/Senegal's natural resources management activities are funded from both the Agency's environmental and economic growth pillars for fiscal years 1997 and 1998.

SUMMARY OF USAID/SENEGAL'S 1997 AND 1998 RESOURCES REQUEST FOR ITS NATURAL RESOURCES-RELATED MANAGEMENT ACTIVITIES

Year of Funding	Source of Funding by Pillar	Budgeted Amt. (in millions)
1997	Environment	\$10.0
	Economic Growth	7.0
	Democracy	0.2*
	1997 Total	\$17.2
1998	Environment	\$4.8
	Economic Growth	10.6
	Democracy	0.2*
	1998 Total	\$15.6

* Funding from the Democracy pillar was considered insignificant for audit purposes.

In summary, we found that the Mission's five-year Country Program Strategic Plan and its March 1996 Results Report were consistent with one another and with the Agency's Strategic Framework.

Did USAID/Senegal for its natural resources management and biodiversity activities, in accordance with Agency directives and in support of the Agency's actions to comply with the Government Performance and Results Act:

b) Develop performance indicators which were consistent with Agency goals?

USAID/Senegal developed performance indicators which were generally consistent with Agency goals, except that targets for five performance indicators had not been established and three performance indicators did not appear practical. We consider these two weaknesses to be significant, but they do not adversely affect our overall opinion of the Mission's performance indicators.

USAID/Senegal reported on four general areas relating to its strategic objective for increasing crop productivity through improved natural resources management in zones of reliable rainfall in its March 1996 Results Report. The four areas included crop production rates, use of natural resources management techniques, income from forestry products, and number of trees per hectare. To measure its results on the four general areas, the Mission had adopted 20 performance indicators.

We found that there was a consistency between the Mission's performance indicators and Agency goals as the Mission had adopted two of the four USAID Agency-wide common indicators for natural resources management including (a) increased use of natural resources management technologies and (b) improved crop yields from sustainably managed lands. The adoption of the above Agency-wide common indicators will facilitate the Agency's aggregation of USAID/Senegal's performance results with the performance results of other USAID missions. In addition, we found that the Mission's 20 performance indicators were for the most part objective and quantitative and that the related performance targets were time-specific and verifiable. Further, the mission had determined (1) how to measure and (2) how often it would measure the performance indicators.

It should be noted that by the end of fiscal year 1996, USAID/Senegal, in conjunction with its partners, was developing results packages and revising its performance indicators to guide its fiscal year 1997 and 1998 activities. Although

the Mission was in the process of developing these results packages, we noted two weaknesses with the performance indicators from USAID/Senegal's 1992 - 1997 Country Program Strategic Plan: (1) targets for 5 of 20 performance indicators had not been established, and (2) 3 of 20 performance indicators did not appear practical in that they could not be timely measured. These issues are discussed below.

**Five Performance Targets
Need to be Established**

USAID's Automated Directives System Section E201.5.10 states that strategic plans will include proposed performance indicators and targets for achievement of each strategic objective. However, we found that USAID/Senegal had not established fiscal year 1997 performance targets for 5 of 20 performance indicators. Mission officials stated that it had not set performance targets for these performance indicators because it needed to have more than two data points to reasonably develop trend estimates and performance targets. However, by not developing performance targets for 5 of 20 performance indicators, the Mission cannot report on planned versus actual results and cannot determine whether it is progressing as intended for those performance indicators.

Recommendation No. 1: We recommend that the Director, USAID/Senegal establish performance targets for the percentage of compounds using the following natural resources management techniques: a) crop rotation, b) compost, c) water management, d) improved seeds, and e) erosion control.

USAID's Automated Directives System (ADS) Section 202.4 defines performance targets as the specific and intended result to be achieved within an explicit timeframe and against which actual results are compared and assessed. It also states that a performance target is to be defined for each performance indicator. Furthermore, ADS E201.5.10 states that strategic plans will include proposed performance indicators and targets for achievement of each strategic objective. Finally, USAID's Directive on Setting and Monitoring Program Strategies dated May 27, 1994 states that annual interim indicators shall be established to demonstrate whether or not progress is being made towards achieving the desired impact.

During our audit we noted that USAID/Senegal had not established performance targets for all of its performance indicators. Specifically, no fiscal year 1997 targets had been established for 5 of 20 performance indicators relating to the Mission's strategic objective for increased crop productivity through improved natural resources management in zones of reliable rainfall. The five performance

indicators include the percentage of compounds using (1) crop rotation, (2) compost, (3) water management, (4) improved seeds, and (5) erosion controls.

It should be noted that fiscal year 1997 targets were established for three of these five indicators in the Mission's fiscal year 1992 Assessment of Program Impact (API), but the targets were dropped in the Mission's 1993 API. The 1993 API indicated that three of the targets needed to be adjusted, but the Mission has never done so.

Mission officials stated that it had not set performance targets for some of its performance indicators because it needed to have more than two data points to reasonably develop trend estimates and performance targets. That is, the Mission had data on the use of natural resources management techniques for years 1992 and 1994, but it wanted to wait until it had 1996 figures so that it could better determine natural resources management trends. These trends would then be used by the Mission as a basis for developing future performance targets for the indicators. However, by not developing performance targets for 5 of 20 performance indicators, the Mission cannot report on planned versus actual results and cannot determine whether it is progressing as intended for those performance indicators.

ADS Section E202.5.2a(2) recognizes the difficulties in developing targets and requires strategic objective teams to identify and evaluate assumptions and hypotheses inherent in the program's activities and in the results framework. Reengineering requires all operating units in their strategic plans to establish performance targets for all performance indicators used to measure progress towards each strategic objective and intermediate results. Accordingly, we recommend that USAID/Senegal develop and establish performance targets for its performance indicators which do not have such targets.

Three Performance Indicators did not Appear to be Practical

USAID's Center for Development Information and Evaluation (CDIE) has issued guidance on performance monitoring in the form of "TIPS". "TIPS" #6, which concerns the selection of performance indicators, states that performance indicators should be practical in that they should be obtained in a timely way and at a reasonable cost. It adds that managers require data that can be collected frequently enough to inform them of progress and to influence decisions. In addition, USAID's Automated Directives System Section 202.4 states that performance indicators are usually expressed in quantifiable terms and should be objective and measurable.

During our audit we noted that 3 of 20 performance indicators listed in USAID/Senegal's fiscal year 1995 Results Report (dated March 1996) measured increased income per household from forestry products (i.e. rural share percentage and per capita cash revenue in the Kaolack and Kolda regions). However, we found that these three performance indicators did not appear to be practical as performance data on them could not be collected in a timely manner. That is, although estimated figures were available for these indicators for the year 1993, the Mission only had actual figures (as of March 1996) for the year 1992. Thus, there was a three-year time gap between the Mission's fiscal year 1995 Results Report and the date of the latest available figures for these indicators. Mission personnel stated that they did not have more up-to-date information on the performance indicators because the Ministry of the Environment and Protection of Nature had not released any actual statistics for the years 1993, 1994, or 1995 at the time that the Mission's March 1996 Results Report was being prepared.

Given the delay in measuring the indicators for rural share percentage and per capita cash revenue from forestry products, we believe that these indicators are not meaningful for evaluation or decision-making purposes. That is, how can the Mission plan its 1997 activities if it still does not know whether it achieved its planned results for 1993?

Although USAID/Senegal could not timely collect performance information on the three indicators, it did not take action to change the indicators or to adopt proxy measures for them for years 1994, 1995, and 1996. Instead, the Mission reported in its Assessment of Program Impact and Results Reports for those years that the Government of Senegal had not yet released the needed statistics. We believe that the Mission could have more actively monitored the performance indicators by considering proxy measures that were readily available or by providing technical assistance to the applicable Ministry to timely collect, assess and report the needed income statistics. However, we are not making any recommendation for the Mission to modify the three performance indicators because the project that was related to the indicators has ended.

Did USAID/Senegal for its natural resources management and biodiversity activities, in accordance with Agency directives and in support of the Agency's actions to comply with the Government Performance and Results Act:

c) Develop a system for collecting and reporting accurate performance data?

USAID/Senegal developed a system for collecting and reporting performance data in its Results Report for its strategic objective to increase crop productivity through improved natural resources management in zones of reliable rainfall, but the Mission's system did not ensure that the most recently available performance data was reported or that reported results were linked to what the Mission was actually accomplishing.

USAID/Senegal collected data for the 20 performance indicators listed in its March 1996 Results Report for its natural resources management-related strategic objective from reports furnished by the Government of Senegal (GOS) and special studies contracted by the Mission. The GOS' reports provide the Mission with a) crop production statistics and b) per capita income amounts that are earned from forestry products. There were no significant costs incurred by the Mission to obtain these reports. The Mission's Knowledge, Attitudes, and Practices (KAP) studies provide data on a) the percentage of compounds that are using natural resources management technologies and b) the number of trees per hectare on participating farms. The total cost of collecting data on the Mission's 20 indicators was estimated at no more than \$160,600 every two years. It should be noted that the strategic objective team is responsible for collecting performance information relating to the Mission's natural resources management activities, and the Mission's Program Core office and the strategic objective team are responsible for reporting the information in USAID/Senegal's Results Report. Accordingly, we found that the Mission had developed a system for collecting and reporting performance information. A comparison of performance information figures reported by the Mission's collection and reporting system versus figures determined by our audit has been included in Appendix III. In addition, a comparison of the Mission's reported and planned results has been included as Appendix IV.

Although the Mission had developed a system to collect and report performance information, we found that more current information could have been reported for 10 of 20 performance indicators and that 6 of 20 indicators appeared to be reporting more than what the Mission was actually accomplishing. These two issues are discussed below.

Performance Data Needs to be Updated

USAID's Automated Directives System Section E203.5.5(4)(a) states that comparable data for all performance indicators of strategic objectives and USAID-funded intermediate results shall be collected and reviewed on a regular basis. However, we found that USAID/Senegal did not ensure that it reported the most current statistics for 10 of 20 performance indicators listed in its March 1996 Results Report. The Mission did not report the most current information due to a combination of factors, but mainly because the Mission's Program Core office did not check with the Mission's Agriculture and Natural Resources Core office to determine if more current performance information was available. The reporting of outdated performance data places the Mission at risk for making inappropriate decisions.

Recommendation No. 2: We recommend that the Director, USAID/Senegal update its performance data for the following indicators: Percent of compounds using windbreaks, live fencing, field trees, fallow land, manure, crop rotation, compost, water management, improved seed, and erosion control.

Recommendation No. 3: We recommend that the Director, USAID/Senegal establish a performance reporting checksheet, which should be reviewed by the Program Officer before the Mission issues its Results Reports or Resources Request Reports, to ensure that the Mission is reporting the most current performance information.

USAID's Automated Directives System (ADS) Section E203.5.5(4)(a) states that comparable data for all performance indicators of strategic objectives and USAID-funded intermediate results shall be collected and reviewed on a regular basis. Further, ADS Section 203.5.5a states that operating units should complete and periodically update a performance monitoring plan that provides details for collecting relevant performance data and information. Although the above ADS sections require missions to collect and update performance monitoring information, we found that USAID/Senegal did not ensure that it reported updated performance results for 10 of 20 performance indicators listed in its March 1996 Results Report.

In its Assessment of Program Impact dated March 1995 and in its Results Report dated March 1996, USAID/Senegal reported on the percentage of compounds using ten natural resources management techniques (e.g. windbreaks, live fence, manure, etc.). Mission personnel said that the reported percentages were based on percentages listed in a draft version of the Mission's 1994 Knowledge, Attitudes, and Practices (KAP) Study. However, we believe the Mission should have reported percentages that were based on the study's final version which was

issued in January 1995. Although the Mission could have reported more recently available performance information for 10 of its 20 performance indicators, it is important to note that only four of the ten cited percentages on the use of natural resources management techniques from the study's draft version differed significantly (by more than five percent) from those listed in the study's final version.

The Mission did not report on the percentages listed in the KAP Study's final version because a copy of this version was not forwarded from the Mission's Agricultural and Natural Resources (ANR) Core office to the Mission's Program Core office. Further, the Mission's Program Core office did not follow up and check with the ANR office to determine if a final version of the KAP Study had been received. Mission personnel explained that the final version was packed away in January 1995 during the Mission's move to a new USAID building and that it was not unpacked until after the March 1995 Assessment of Program Impact was issued. They added that the figures from the final version were not cited a year later in the Mission's March 1996 Results Report because the ANR office was analyzing the KAP Study's files and doing technical work on the KAP Study's percentages.

USAID/Senegal stated that the cited differences between the figures reported in the draft and final versions of its KAP Study were not significant in terms of the Mission making programmatic content or funding changes. However, we believe that the reporting of outdated performance information places the Mission at risk for making inappropriate decisions. Accordingly, the Mission needs to update the performance information for its performance indicators. Further, to ensure that the Mission reports up-to-date performance information in future Results Reports, we recommend that the Program Core Office develop a performance reporting checklist which is reviewed by the Program Officer to ensure that the Mission has checked to determine if it is reporting the most current performance information.

The Mission may be Reporting More Than it is Accomplishing

During our review of USAID/Senegal's performance indicators, we summarized the Mission's activities in each of the zones for which it collects data and noticed that in one of Senegal's regions (Tambacounda), the Mission only had one direct agricultural activity. Thus, the Mission was measuring crop production in the Tambacounda region, but the Mission did not appear to have any substantial agricultural activities in that region. As such, it appeared that USAID/Senegal was reporting in its Results Report more crop production results than what it was actually accomplishing. The Mission had included crop production statistics from

the Tambacounda region in its Results Report because the region fell within Senegal's zone of reliable rainfall. However, a Mission official stated that the Mission had not assessed whether its activities in the Tambacounda region were sufficient to cause an increase in crop production in that region. USAID's Center for Development Information and Evaluation (CDIE) has issued guidance on performance monitoring in the form of "TIPS". "TIPS" #6 states that clarity is needed about the expected relationship between activities and their intended results in order to understand exactly what changes are reasonable to expect.

Recommendation No. 4: We recommend that the Director, USAID/Senegal not include crop production statistics from the Tambacounda region in its Results Reports until it determines that the Mission's activities in the Tambacounda region are sufficient to cause an increase in crop productivity in that region.

The Mission's strategic objective for its agricultural and natural resources activities is to increase crop productivity through improved natural resources management in zones of reliable rainfall. In Senegal, the zones of reliable rainfall include the regions of Fatick, Kaolack, Ziguinchor, Kolda and Tambacounda. To measure the progress that the Mission has made towards the achievement of its natural resources management activities, the Mission collects crop production data on six crops [millet, sorghum, rice, groundnuts (for oil), groundnuts (edible), and maize] in each of the above five zones. It then totals crop production statistics from these regions and reports the totals in its Results Report. These crop production statistics represent 6 of the Mission's 20 natural resources management performance indicators.

Mission personnel mentioned that it had been a very contentious issue as to whether the Mission should be using crop productivity to measure the impact of its natural resources management activities. Specifically, they stated that there were many factors which affected crop production such as required rainfall amounts and insect infestations which were outside of the Mission's control. Thus, they felt that an increase in the use of natural resources management techniques may not necessarily result in an increase in crop production. We noted that the Mission seemed well aware of the above weaknesses with the performance indicator and was in the process of developing a new natural resources management strategy for its next strategic plan which was scheduled to begin in fiscal year 1998. Accordingly, we do not have any recommendations for the Mission to address this general issue. However, we do recommend that it take action to determine whether its activities in one of Senegal's regions is having the desired impact at the Mission's strategic objective level. This issue is discussed below.

During our review of USAID/Senegal's performance indicators, we summarized the Mission's activities in each of the zones for which it collects data and noticed that in the Tambacounda region the Mission only had one direct agricultural activity. This activity is run by a non-governmental organization and is focused on market gardening and fruit trees. Thus, it was not clear how the Mission's activities in the Tambacounda region were contributing to increased crop production statistics or why production statistics for six crops from this region were being included in the Mission's overall results. In other words, the Mission was reporting on crop production in the Tambacounda region, but it did not appear to have any substantial agricultural activities in that region. As such, it appeared that USAID/Senegal was reporting in its Results Report more crop production results than what it was actually accomplishing. The Mission had included crop production statistics from the Tambacounda region in its Results Report because the region fell within Senegal's zone of reliable rainfall. However, the Mission had not assessed whether its activities in the Tambacounda region were sufficient to cause an increase in crop production in that region.

Although there may be some indirect effects on crop production in the Tambacounda region based upon the Mission's activities in other regions, USAID's Automated Directives System Section E202.5.4a(c) requires results packages to explain how activities will achieve the intended results, including linkages between USAID, intermediaries and ultimate customers. Further, CDIE's "TIPS" #6 states that clarity is needed about the expected relationship between activities and their intended results, in order to understand exactly what changes are reasonable to expect. As such, the Mission should reconsider whether its activities in the Tambacounda region are sufficient to cause crop production to increase.

Did USAID/Senegal for its natural resources management and biodiversity activities, in accordance with Agency directives and in support of the Agency's actions to comply with the Government Performance and Results Act:

d) Use performance information to enhance program effectiveness, service delivery, obtain feedback, etc.?

USAID/Senegal used performance information to enhance program effectiveness, service delivery, obtain feedback, etc., but the Mission could improve its use of performance targets.

Performance information has been defined as a product of formal performance monitoring systems, evaluative activities, customer assessments and surveys, Agency research and informal feedback from partners and customers. USAID/Senegal collects performance information on its activities through the use of evaluations, studies, site visits, coordination/review meetings, etc. to help it make planning and program implementation decisions. For example, the Mission used the results of mid-term evaluations to reduce the expected goals of the Kaolack Agricultural Enterprise Development (KAED) and the Southern Zone Water Management activities. Regarding the KAED activity, the Mission reduced the planned number of new Agricultural Business Enterprises from 72 to 56 to focus its efforts on fewer enterprises. In addition, the Mission used performance information to reduce the amount of technical assistance that was planned for its Natural Resources-Based Agricultural Research activity as the Mission determined that two of its technical assistance contract personnel were no longer needed.

Although we found that the Mission did use performance information to make program implementation decisions, it was not clear how the Mission used performance information to guide its budget and resource allocation decisions. A Mission official said that even though the Mission could request funds for their natural resources management activities based upon performance information, it did not have much control over whether it would actually receive those funds. When questioned about whether the Agency's Results Report and Resources Request process² was working, Mission personnel thought that it was still too early to determine.

² The Agency initiated its Results Report and Resources Request process to better link performance results to funding requests.

Although we determined that USAID/Senegal was using performance information to guide its activities, we found that the Mission could improve its use of performance targets. This issue is discussed below.

Six Performance Targets Need to be Reassessed

Section 203.5.8a(1) of USAID's Automated Directives System states that operating units and strategic objective teams should conduct reviews at least annually to assess progress towards the strategic objectives and the need for any changes to an approved strategic plan. However, we found that performance targets for the Mission's natural resources management objective may not have been clearly presented in the Mission's March 1996 Results Report and that performance information could have been used to reassess 6 of 15 targets. The targets were not clearly presented and had not been revised because the Mission had lost its institutional memory for exactly how the Mission's targets had been established (and their underlying assumptions) in 1991 and thus, was hesitant to change them. However, without clear performance targets, USAID/Senegal is in a weak position to compare planned results against actual performance results.

Recommendation No. 5: We recommend that the Director, USAID/Senegal

- 5.1 Clearly report its natural resources management performance targets by indicating whether they are listed in additive, absolute or other terms in its 1996 Results Report;**
- 5.2 Reassess and revise, if needed, the 1997 performance targets that the Mission has established for its agricultural and natural resources management strategic objective; and**
- 5.3 Establish procedures to a) document and file the assumptions that are used to develop performance targets at the Mission's strategic objective and intermediate result levels and b) reassess the validity of performance targets on an annual basis or as circumstances require.**

USAID's Directive on Setting and Monitoring Program Strategies dated May 27, 1994 requires Missions to have clearly defined performance targets which can be used to demonstrate whether or not progress is being made towards achieving the desired impact. It also states that annual progress reviews should be conducted to assess the cumulative performance for each strategic objective against the targets for that objective. In addition, Section 203.5.8a(1) of USAID's Automated Directives System states that operating units and strategic objective teams should

conduct reviews at least annually to assess progress towards the strategic objectives and the need for any changes to the approved strategic plan.

As listed in its March 1996 Results Report, USAID/Senegal set 15 fiscal year 1997 targets for the 20 performance indicators relating the Mission's strategic objective to increase crop productivity in zones of reliable rainfall and the related intermediary results. It should be noted that a key Mission official believed its performance targets for the indicators on the usage of natural resources management technologies were listed in additive³ terms because this was the only way that some of the targets made sense. However, there was no footnote to the targets in the Results Report to indicate that these targets were additive and the report's other targets were listed in absolute terms. Further, Mission personnel stated the Mission had lost its institutional memory on how the performance targets were established. Per a review of the Mission's 1992 Assessment of Program Impact (API), it appeared that the performance targets could have been written in absolute terms as the planned targets were above the baseline figures. However, we believe that if some of the Mission's performance targets are meant to be listed in additive terms and some in absolute terms, then the Mission needs to clarify the presentation of these targets in its next Results Report (covering fiscal year 1996).

Assuming the Mission's performance targets for the use of natural resources management techniques were written in absolute terms (per our review of the 1992 API), we noted that USAID/Senegal could have used performance information to revise 6 of 15 targets relating to its natural resources management activities. To illustrate, we noted that the results of a 1994 KAP Study indicated that the Mission had exceeded performance targets for fiscal years 1995 and 1997 for four natural resources management technologies (windbreaks, live fence, fallow land and manure use). However, the Mission did not use this information to reassess or revise its fiscal year 1997 targets—targets that had already been met in 1994.

We also noted that the Mission had not revised two performance targets that appeared would not be met. For example, a 1994 KAP Study revealed that the number of trees per hectare on participating farms had decreased from a 1990 baseline of 18 trees per hectare to 16 in 1994. However, the Mission had not revised its fiscal year 1995 and 1997 targets of 40 and 50 trees per hectare, respectively. Furthermore, the Mission reported that per capita cash revenue from forestry products in the Kaolack region had decreased from a 1990 baseline figure of 590 CFA to 330 CFA in 1993. Despite the decrease, the Mission did not

³ Additive in that a target of 2% would indicate an expected increase of 2% over the previous year's figure. For example, if the previous year's percentage was 12%, and a planned target was listed as 2%, then the actual planned target would be 14%.

revise its 1995 and 1997 targets which were 1,000 CFA and 2,000 CFA, respectively.

The Mission stated that it had not revised the performance targets for the use of natural resources management technologies because it wanted to wait until it had received the results of a 1996 KAP Study, which would allow it to more reasonably identify trends that it could use to develop future performance targets. A key Mission official stated that the Mission had also not reassessed its performance because it had lost its institutional memory for exactly how the Mission's targets had been established (and their underlying assumptions) in 1991 and thus, was hesitant to change them. However, without clear performance targets, USAID/Senegal is in a weak position to compare planned results against actual performance results. Accordingly, we believe that the Mission needs to reassess the fiscal year 1997 targets that are listed in its March 1996 Results Report and establish procedures to a) document and file the assumptions that are used to develop performance targets at the Mission's strategic objective and intermediate result levels and b) reassess the validity of its performance targets on an annual basis.

Management Comments and Our Evaluation

USAID/Senegal agreed with Recommendation No. 1 and stated that it planned to have targets established, documented, and included in its next Results Report, which is expected to be issued in March 1997. As such, RIG/Dakar believes that the Mission has made a Management Decision to address Recommendation No. 1. Final Action can be considered taken on the recommendation when the Mission provides evidence that it has established the recommended performance targets.

Regarding Recommendation No. 2, USAID/Senegal agreed that the most current performance data should be reported whenever possible and stated that it planned to include the updated data in its March 1997 Results Report. However, the Mission stated that the draft report stressed unreasonably the significance of more than a five percent variance between draft and final data sets. The Mission explained that even the largest difference (7 points for water management) was not significant in terms of USAID/Senegal making programmatic content or funding changes. We added the Mission's explanation to the audit report, but did not revise our five percent threshold. This threshold was established to determine whether a reported figure could be considered accurate for purposes of answering part (c) of audit objective No. 1. The Mission also stated that it believed its March 1996 Results Report was based on the most current information available from the Government of Senegal at that time and suggested that RIG/Dakar reconsider its analysis. We did so and have deleted sections of the finding and recommendation which related to the Mission's performance indicators for

"Increased Incomes from Forestry Products." Based on USAID/Senegal's comments we believe that the Mission has made a Management Decision to address Recommendation No. 2. Final Action can be considered taken on the recommendation when the Mission provides evidence that it has updated its performance indicators.

USAID/Senegal agreed with Recommendation No. 3 and provided a copy of the data checklist that it had developed and planned to use for its March 1997 Results Report. Since the Mission provided evidence that it had developed the recommended checklist, RIG/Dakar believes that the Mission has taken Final Management Action to address Recommendation No. 3.

USAID/Senegal was in disagreement with Recommendation No. 4. The Mission stated that it believed the recommendation reflected a misunderstanding on the use of the indicator and suggested that the recommendation be dropped. USAID/Senegal cautioned that the national statistics for key crops obtained from the Government of Senegal were reported as a type of barometer of agricultural conditions, in general, for its zone of intervention and stated that the Mission did not presume to influence directly year to year crop yields throughout the southern half of Senegal with its Strategic Objective No. 2 activities. The Mission pointed out that a multitude of complex factors, such as a 50 percent currency devaluation, rice deregulation, rainfall, pest infestations, etc. have influences that can wipe out or significantly magnify the Mission's and other donor's modest contributions.

However, the Mission also stated that it is an active player in the agricultural/natural resources management policy arena contributing to improving the macro-economic enabling environment and that improvements in the enabling environment directly affect agriculture/natural resources management sector productivity. Accordingly, we found it unclear as to whether the Mission was stating that its activities were or were not directly affecting crop yields. As such, we still believe there is a need for the Mission to determine whether its activities in the Tambacounda region are sufficient to cause an increase in crop productivity in that region. In making such a determination, the Mission will be in a better position to more accurately report on its Strategic Objective No. 2 activities. Accordingly we have not dropped Recommendation No. 4 from the audit report and the Mission has not yet made a Management Decision to address it.

USAID/Senegal agreed with Recommendation No. 5, but suggested that the phrase, "as circumstances require" be added to the end of Recommendation No. 5.3.b. It also suggested the recommendation be merged with Recommendation No. 1 as the two recommendations concerned the same indicators. We have reworded the recommendation as suggested, but we have not merged the two

recommendations because they concern two separate issues: (1) the need to initially establish performance targets and (2) the need to reassess established performance targets. Also, prior to issuing its March 1997 Results Report, the Mission stated that it planned to reassess and define its performance targets and to establish procedures to document their methodologies and assumptions. However, the Mission did not state how it planned to address Recommendation No. 5.1. Accordingly, RIG/Dakar believes that the Mission has made Management Decisions to address Recommendation Nos. 5.2, and 5.3, but that it has not yet made a Management Decision to address Recommendation No. 5.1. Final Action can occur on Recommendation No. 5.2 when the Mission provides evidence that it has reassessed and if needed, revised its fiscal year 1997 performance targets. Final Action can occur on Recommendation No. 5.3 when the Mission provides evidence that it has established procedures to (a) document and file the assumptions that are used to develop performance targets and (b) reassess the validity of performance targets on an annual basis or as circumstances require.

Has USAID/Senegal effectively monitored the technical assistance contracts under its natural resources management and biodiversity activities to ensure that technical assistance funds were efficiently utilized and that technical assistance contracts achieved their intended results?

USAID/Senegal for the most part effectively monitored four of five technical assistance contracts under its natural resources management and biodiversity activities to ensure that technical assistance funds were efficiently utilized and that the technical assistance contracts achieved their intended results. Regarding a fifth contract that we reviewed, the Mission monitored the contract, but did not ensure that its funds were efficiently utilized or that the contractor achieved the intended results.

Our audit included a review of the following technical assistance contracts:

Contract/Grant/ Cooperative Agreement	Total Value (in millions)	Funds Committed as of 9/30/96 (in millions)	Expenditures as of 9/30/96 (in millions)
Louis Berger International, Inc.	\$14.9	\$14.9	\$14.8
Consortium for International Development	\$15.6	\$9.4	\$7.6
South-East Consortium for International Development	\$20.6	\$7.0	\$3.4
Africare	\$8.0	\$8.0	\$5.3
Ernst and Young	\$0.456	\$0.456	\$0.446
Total	\$59.556	\$39.756	\$31.546

The Mission primarily monitored the above technical assistance contracts through meetings and discussions with the respective contractors, site visits, information from mid-term project evaluations and reviews of the contractors' performance and financial reports. The following is a discussion of the intended results of

each of the above technical assistance contractors and any significant weakness that we noted with the Mission's monitoring of them.

Louis Berger International, Inc:

Louis Berger International, Inc. (LBII) provided the long-term technical assistance for the Southern Zone Water Management Project. The main goal of this project was to increase cereal production (mainly rice) by 50% by 1999 by reclaiming or recovering 10,198 hectares of land through the building of anti-salt and retention dikes in 22 valleys. Although we only verified that anti-salt and retention dikes were constructed in four valleys, performance reports indicated that LBII had constructed anti-salt and retention dikes in 22 valleys and had reclaimed or recovered approximately 10,198 hectares. We were unable to determine if the project's goal to increase rice production by 50 percent was being met because rice production totals were not yet available.

Our audit found that the Mission effectively monitored the project between years 1994 and 1996, but that its monitoring could have been strengthened in years 1992 and 1993. Specifically, we noted that the Mission ensured that its technical assistance contractors obtained baseline crop production data on valleys that were improved in 1994 and 1995, but that it did not ensure that baseline data was collected on the first eight valleys that were improved by the project in 1992 and 1993. The total cost of the dikes that were constructed in these eight valleys was \$1.2 million. Since LBII did not collect baseline crop production statistics, the Mission can not compare rice production totals from before and after the dikes were constructed. Thus, the Mission is in a difficult position to measure the impact that the USAID-funded dikes have had on crop production in eight of the project's 22 valleys. However, we are not making any recommendations because (1) the Mission took corrective action to ensure that baseline data was collected for valleys that were to be improved in 1994 and 1995 and (2) LBII's technical assistance contract ended in December 1995.

Consortium for International Development (CID)

The objective of this contract was to provide technical assistance to strengthen the Senegalese Institute for Agriculture Research in the area of planning, management, conducting and disseminating natural resources-based agricultural technology in support of the Natural Resources Based Agricultural Research project. The project's goal was to increase the productivity of cereals-based cropping systems (i.e. sorghum, millet, maize, and rice) in zones of reliable rainfall. As of September 30, 1996, \$7.6 million had been expended under this \$15.6 million contract. No material weaknesses were noted in the Mission's monitoring of this activity.

South-East Consortium for International Development:

As of June 30, 1996, \$3.4 million had been disbursed under this \$20.6 million seven-year cooperative agreement with the South-East Consortium for International Development (SECID). The goal of the agreement is to increase private sector incomes derived from exploitation of natural resources, consistent with decentralized, sustainable natural resource management in up to 50 rural communities. As of June 30, 1996, SECID had selected five rural communities with which to work and had submitted to USAID/Senegal its required annual workplans, life-of-project workplans, quarterly performance reports, procedure manuals, and financial reports.

Africare

The purpose of Africare's Kaolack Agricultural Enterprise Development Project (KAED) is to establish and/or support viable agricultural/agro-industrial enterprises which utilize environmentally sound practices in the Kaolack region of Senegal. The KAED project is currently working with 56 Agricultural Based Enterprise (ABE) groups in 56 villages in the Kaolack region. As of September 30, 1996, Africare had expended \$5.3 million from its \$8 million grant agreement with USAID/Senegal. During our audit, we conducted six project site visits in the Kaolack region and found no major weaknesses with the Mission's monitoring of the project.

Ernst and Young

The principle objective of this contract was to assist Institut Senegalais de Recherches Agricoles (ISRA) in its development of a viable financial management system for both its human and technological dimensions. The specific goal was to improve ISRA's accounting and control over budgetary allocation decisions. Ernst and Young was contracted to assist ISRA with its financial controls including the identification of commodity, technical assistance and training needs. However, as discussed on page 24, we found that although the Mission monitored the contract, it did not ensure that contract implementation problems were adequately addressed, that the contract's funds were efficiently utilized or that the contractor achieved the intended results.

Although we found that for the most part USAID/Senegal effectively monitored the technical assistance for its natural resources management-related activities to ensure that it achieved its intended results, we did note an area where the Mission could improve its monitoring. Specifically, we found that the Mission

should ensure that contract implementation problems are adequately addressed. A discussion of this area follows.

Contract Implementation Problems Should be Adequately Addressed

USAID Handbook 3, Supplement A outlines the general roles and responsibilities of a project officer and states that a project officer should be considered a facilitator in identifying and resolving problems hampering the progress of contractors. It adds that the project officer plays a pivotal role in discharging the Agency's overall stewardship and accountability for the use of public funds.

In June 1992, USAID/Senegal entered into a \$315,000 contract (later augmented to \$456,000) with the accounting firm of Ernst & Young to assist ISRA in the development of a viable financial management system which could be certified by the Mission. The development of ISRA's financial management system was considered important because the Mission planned to disburse \$1 million to fund ISRA's research projects. However, several implementation problems developed during the course of Ernst & Young's contract which prevented it from developing the planned viable financial management system at ISRA.

For example, during the course of the contract, ISRA did not commit the necessary personnel to manage and jointly develop the financial management system with Ernst & Young and there was a change in ISRA's General Director. Further, ISRA did not accept responsibility for developing its financial management system and there was doubt as to whether ISRA fully supported the Mission's development efforts. In addition, there was poor communication between USAID/Senegal, ISRA, and Ernst & Young and a lack of defined responsibilities for what was expected of each party.

Although USAID/Senegal personnel monitored the contract, sought the assistance of the Mission Director, and were aware of the contract's implementation problems, they never adequately addressed the implementation issues. To its credit, USAID/Senegal's contracting officer did issue one Stop Work Order and one Cure Notice. These actions put Ernst & Young on notice that USAID/Senegal was concerned about the contractor's performance, but the Stop Work Order and the Cure Notice were later lifted based on the belief that effective corrective actions had been taken. However, in our view, the planned corrective actions were not the necessary actions needed to ensure that the contract achieved its intended results (i.e. the development of ISRA's financial management system). For example, the corrective actions did not include the implementation of a fund accounting system which would segregate costs at ISRA. Such a system was needed before a certifiable financial system could be developed. Accordingly, when the contract ended in December 1995, USAID/Senegal had spent \$446,000

on the Ernst & Young contract and ISRA still did not have a financial management system that could be certified by the Mission. Further, USAID/Senegal could not release the planned \$1 million transfer to ISRA for ISRA's research projects.

Upon completion of the Ernst & Young contract, the Mission developed a method to release its research funds to ISRA via a U.S.-based long-term technical assistance contractor that was working with ISRA. Accordingly, we do not have any recommendations for the Mission to continue to establish a viable financial accounting system at ISRA. However, we believe that the Mission could have put some of the \$446,000 paid to Ernst & Young to better use. Further, we believe that the circumstances under this contract represent lessons learned for the Mission to ensure that its development partners fully support USAID's development efforts and understand their development responsibilities.

SCOPE AND METHODOLOGY

The Office of the Regional Inspector General/Dakar, audited USAID/Senegal's implementation of the Government Performance and Results Act of 1993 and its technical assistance contracts as they related to the Mission's natural resources management activities, in accordance with generally accepted government auditing standards. USAID/Senegal's universe of natural resources management activities included five activities with expenditures totaling \$36.2 million as of June 30, 1996. Our audit focused on the performance results listed in USAID/Senegal's March 1996 Results Report that related to the Mission's natural resources management activities. The audit also covered five technical assistance contracts with approximately \$31.55 million in expenditures.

We conducted our field work in Dakar, Senegal from July 1996 through November 1996. Our field work was performed at USAID/Senegal, the Government of Senegal's Department of Forests and Water and at the project headquarters of the Natural Resources-Based Management and Community-Based Natural Resources Management projects. In addition, we performed field work at the project headquarters for the Southern Zone Water Management Project in Ziguinchor, Senegal and at Africare's Kaolack Agricultural Enterprise Development Project headquarters in Kaolack, Senegal. In addition, we made site visits to interview beneficiaries of USAID/Senegal's natural resources management activities in Thies, Baback, Maleme Serigne, Bouchra, Khinde, Keur Kouthieye, Ndioufene Perethie, Keur Madiabou, Columba, Balinghor, Kounouding-Dioe, and Mayor, Senegal.

The Director, USAID/Senegal made various representations concerning the management of the Mission's natural resources management activities in a management letter signed November 18, 1996.

In conducting our field work, we assessed internal controls relating to the Mission's reporting of performance results and its monitoring of technical assistance. Our audit included an analysis of pertinent regulations, policies and procedures, a review of Mission operating procedures, and the latest USAID/Senegal Internal Control Assessment.

We also gained an understanding of USAID/Senegal's natural resources management program strategies, approaches, and activities by interviewing cognizant USAID, Government of Senegal, and technical assistance officials and

recipients of USAID's development assistance. In addition, we reviewed project files, project evaluations, and financial reports. Further, we reviewed the Mission's March 1996 Results Report and as illustrated in Appendix III, traced reported results for Strategic Objective No. 2 and its intermediate results to a related source document (i.e. Knowledge, Attitudes, and Practices Study or a Government of Senegal Report). We considered the reliability of the source documents, but we did not audit the figures reported in them.

FEB 07 1997



USAID/SENEGAL
Memorandum

DATE: February 7, 1997
TO: Thomas B. Anklewich, RIG/Dakar
FROM: Douglas Sheldon, *Asst.* Director,
USAID/Senegal
SUBJECT: Response to RIG/Dakar on 12/23/96 Draft
Audit of USAID/Senegal's Implementation of the
Government Performance and Results Act for
Environment-Natural Resources Management
Activities (Report No. 7-685-97-XXX-P, February
XX, 1997)

This response from USAID/Senegal to the subject draft audit report is in four sections, as follows:

- I. Statement of Audit Objectives
- II. General Observations
- III. Responses to Individual Audit Recommendations
- IV. Specific Detailed Observations

Attachments: A: Performance Data Check List Memorandum
B: Results Report of 3/96, pg 6
C: SZWM PES
D: NRBAR PES
E: KAED PES
F: Draft Mission Order: Evaluation
Process and Follow-Up Procedures

In summary, USAID/Senegal:

- * agrees with recommendations #1, 2, 3, and 5, describes the time frames and actions to close them and suggests they be considered resolved;
- * does not agree with recommendations #4, 6 and 7, explains why, and suggests that they be dropped; and
- * suggests that recommendation #1 and 5 be merged, and explains why.

I. STATEMENT OF AUDIT OBJECTIVES

The objectives of the audit are stated below.

1) Did USAID/Senegal for its natural resources management and biodiversity activities, in accordance with Agency directives and in support of the Agency's actions to comply with the Government Performance and Results Act:

- a) Develop a strategic plan and an annual plan which were consistent with the Agency's Strategic Framework?
- b) Develop performance indicators which were consistent with Agency goals?
- c) Develop a system for collecting and reporting accurate performance data?
- d) Use performance information to enhance program effectiveness, service delivery, obtain feedback, etc.?

2) Has USAID/Senegal effectively monitored the technical assistance contracts under its natural resources management and biodiversity activities to ensure that technical assistance funds were efficiently utilized and that technical assistance contracts achieved their intended results?

II. GENERAL OBSERVATIONS

A. Overview of Audit Setting

USAID/Senegal considers this audit of USAID's implementation of the Government Performance and Results Act for Environment-Natural Resources to be a **very important effort for the Agency and for the Mission**. The environment and natural resources represent sectors of great importance to the Agency. A considerable level of Agency resources have been directed towards this "pillar."

This audit effort is a complex and difficult undertaking. The Agency has long had considerably difficulty in reaching consensus on definitions, indicator quantification, and measurement of results in this program area. The uncertain stage of transition in Agency processes poses a similar challenge. An audit of broad strategy and program management faces a further challenge in the transition from our previous project-based system to a new sector-objective oriented, results based systems. This complex situation is topped off by changing roles and responsibilities in a re-engineered Agency. In this context, this IG effort for a world-wide audit will be an important step for the Agency in developing a clear perspective both on the program area and Agency processes.

USAID/Senegal's situation illustrates the complexity described above. Over the strategy period, natural resource management has

been involved in two of our three Strategic Objectives. We have faced the long-standing challenges of measurement quantification and indicators. We have, in the context of new systems, changed the structure of performance reporting through the development of our Results Frameworks and Results Packages (RF/RPs). Our roles and responsibilities have changed with re-engineering. Lastly, we are developing a new strategy which will redefine our Strategic Objectives and our Key Intermediate Results. It has thus, been difficult to weave our approach to the audit through the evolution of our natural resource program.

B. Transition Phase

Some difficulties encountered during the audit were due to the transition from the old to the new management systems. As alluded to above, the old USAID management system was based on monitoring inputs and outputs designed through Project Papers and Logical Frameworks. The new USAID is geared to achieve impact through Activities designed under Results Frameworks (RF) and tracked through Results Packages (RP). Mixing the new and the old systems has led to some findings and recommendations which may have been unnecessary had the fully reengineered system been fully understood and in place at the time of the audit and the remnants of old system cleared from the path.

C. Proactive Approach to Objective Setting

USAID/Senegal found somewhat troublesome the process through which audit objectives were developed. There could have been a more proactive approach to establishing the audit objectives, by involving and seeking input of targeted USAIDs. USAID/Senegal finds that, as the pilot Mission for the audit, a proactive approach to establishing the objectives, involving the USAID partner offices, might have improved efficiency and may have been more appropriate, especially in light of reengineering and the complexity of the subject matter.

Numerous changes were made in the proposed objectives throughout the duration of the audit. This complicated the process and made an already difficult task, even more complex. Original audit objectives were revised in a 4/16/96 memo, and were again revised 6/7/96, even prior to the 7/12/96 entrance conference, without proactive involvement of USAIDs.

The entrance conference provided an opportunity for input and further revisions were done subsequent to that with some USAID/Senegal staff involvement in the 9/12 and 9/23 revisions of the audit objectives. The exit conference was held 11/8/96. USAID/Senegal concludes that a more reengineered, proactive approach to objective setting would have significant improved efficiency and then sense of ownership of the audit process for both USAID/Senegal and RIG/Dakar.

D. Ernst & Young (E&Y) Contract

The audit discusses at length the E&Y contract and its management. USAID/Senegal would like to note the following. USAID/Senegal did actively monitor the contract with E & Y. This is evidenced by frequent visits to, and meetings with ISRA, as well as the large amount of written correspondence exchanged between ISRA, E & Y and USAID. Most of these correspondences addressed implementation issues and progress toward achieving the main objective of developing a financially viable system for ISRA. In addition, under the E&Y contract, a steering committee including ISRA senior personnel, USAID and E&Y was established with a mandate to meet monthly to discuss implementation problems and progress made.

E&Y's failure to establish a system acceptable to USAID/Senegal had much to do with ISRA's politics, *laissez-faire management style of the former DG, and the leadership change*, and perhaps less to do with lack of concerted efforts by either E&Y or USAID/Senegal. These factors, gleaned over time, are clear to see, in hindsight. However, had it not been for the E&Y contract, these key limiting factors would not have become apparent. Thus, there are illuminative benefits drawn from the experience, which serve as lessons learned for the future.

III. RESPONSE TO INDIVIDUAL AUDIT RECOMMENDATIONS

***Recommendation No. 1:** We recommend that the Director, USAID/Senegal establish performance targets for the percentage of households using the following natural resources management techniques: a) crop rotation, b) compost, c) water management, d) improved seeds, and e) erosion control.*

USAID/Senegal agrees with recommendation #1 that these 5 NRM technology indicators should have targets for FY 97. USAID/Senegal plans to have the targets established, documented and included in the next results report (the FY1999 R4) to be issued in March 1997.

We further recommend that this recommendation be merged with recommendation #5, since they both concern the same indicators. If this approach is acceptable, USAID/Senegal suggests that this recommendation be considered resolved. With the acceptance of the new targets by the Director Core, this recommendation should be closed.

Almost all performance targets were established in USAID/Senegal FY91 and FY92 ARI Reports (except for fallow, fertilizer and crop rotation), using 1988 baseline data. Some of these were

subsequently altered and/or reconsidered in the FY94 API when the baseline was updated to take advantage of the 1992 KAP data. Indeed, as the audit points out, 5 targets have not been updated; or they have been overtaken by time and events. The SO2 team determined that to improve the definition of performance targets, a third data point (FY96 KAP) was needed to shed light on the trends.

The third data point will be available with the analysis of the 1996 KAP survey. The raw data and preliminary findings are expected before the March 1997 submission date for the FY1999 R4 (Results Review and Resources Request). USAID/Senegal intends to reassess all of its FY 97 performance targets, once the FY 96 KAP data and preliminary analysis are available. USAID/Senegal also agrees to the importance of documenting methodologies and assumptions used in setting and/or altering targets.

"Recommendation No. 2: We recommend that the Director, USAID/Senegal update its performance data for the following indicators:

- a) Percentage of households using windbreaks, live fencing, field trees, fallow land, manure, crop rotation, compost, water management, improved seed, and erosion control and
- b) Per capita income from forestry products for the regions of Kaolack and Kolda and rural share percentage of marketed value."

USAID/Senegal agrees that the most current performance data should be reported whenever possible. USAID/Senegal has updated the FY94 actual data with the final 94 KAP results and data from the GOS. The updated data will be included in the FY1999 R4 which will be issued March 1997. Therefore, with the issuance of the R4, as indicated above, USAID/Senegal suggests that this recommendation be considered resolved and closed.

Excessive focus on the differences between preliminary and final analysis results and timing is misleading (pgs. 10-11). The draft report stresses unreasonably the significance of more than a "5% variance" between draft and final data sets for the indicator: "Percent of COMPOUNDS (NOT HOUSEHOLDS) using NRM technologies".

In fact there is a range of 0.2 to 7.4 percentage points (for live fence and water management, respectively) between draft and final data among these 10 indicators. Even the largest difference (7 points for water management) is not significant in terms of USAID/Senegal making programmatic content or funding changes. While perhaps a 5% difference may be significant in a financial audit, it is not significant in NRM performance

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monitoring, given the more subjective nature of NRM technology adoption indicators.

When assessing performance in the AG/NRM sector, one needs to determine an appropriate criterion of judgement and consider, *inter alia*, the small sample size (2,207 compounds), error factors, the evolving science of determining appropriate NRM indicators, and the long-term nature of behavior changes required in the adoption of NRM technologies.

In addition, failure or success in achieving targets for these indicators is not necessarily a negative or positive outcome, *per se*. It is important to understand why farmers make these choices and alter their mix of NRM technologies and the impact over time on productivity. SO2 uses numerous ground truthing mechanisms to do this, including long term environmental monitoring through an agreement with the EROS Data Center of the US Department of Interior, and in collaboration with the GOS/CSE.

The explanation as to why the most current data was not used (pgs. ii and 11) is simplistic. USAID/Senegal's position is that the FY 95 Results Report dated March 1996 was based on the most current information available from the GOS (MOA Department of Forestry and Water) at that time (2/96). There may be some communication flaw at play in this confusion.

In light of the above, USAID/Senegal suggests that the analysis for this section of the draft report merits reconsideration.

Recommendation No. 3: We recommend that the Director, USAID/Senegal establish a performance reporting check sheet, which should be reviewed by the Program Officer before the Mission issues its Results Reports or Resources Request Reports, to ensure that the Mission is reporting the most current performance information."

USAID/Senegal agrees that a performance data check list would be a useful tool and one has been prepared (Attachment A). Therefore, with the issuance of guidance approved by Director Core on the use of the check list, this recommendation should be considered resolved and closed.

Recommendation 4: We recommend that the Director, USAID/Senegal not include crop production statistics from the Tambacounda region in its Results Reports until it determines that the Mission's activities in the Tambacounda region are sufficient to cause an increase in crop production in that region."

USAID/Senegal believes this recommendation reflects a

misunderstanding on the use of the indicator and suggests that it be dropped. USAID/Senegal's use of this indicator does not suggest a causal relationship between USAID interventions on the ground and crop increases in the Tambacounda region.

USAID/Senegal obtains crop production data from the GOS on six crops (millet, sorghum, rice, groundnuts for oil, edible groundnuts, and maize) for its intervention zone, as a whole, which includes Tambacounda. With this data, and numerous other information and data sources, we describe and analyze, on an annual basis, the trends, special conditions, and general investment environment for the AG/NRM sector as a whole, in order to build a holistic photograph in time of the AG/NRM situation. We would agree that the use of such data should not directly imply a linkage with on the ground interventions.

USAID/Senegal cautions that the national statistics for key crops obtained from the GOS are reported as a type of barometer of agricultural conditions in general for our zone of intervention. USAID/Senegal does not presume to influence directly year to year crop yields throughout the southern half of Senegal with its SO2 activities which include NRM practices, applied research, local empowerment, policy reform, limited credit, and agro-enterprise activities.

USAID's broad monitoring of overall productivity in the intervention zone discloses country and ecosystem level trends. For example, a multitude of complex factors, such as 50% currency devaluation, rice deregulation, intra regional trade shifts, and particularly natural phenomenon such as quantity and distribution of rainfall, periodic drought, and pest infestations, have influences that can wipe out or significantly magnify our and other donors' modest contributions.

USAID's broad-banded monitoring of productivity, is also because we are an active player in the AG/NRM policy and institutional reform arena, contributing to improving the macro-economic enabling environment with impact on the AG/NRM sector nationwide.

For example, USAID/Senegal has:

- (1) worked closely with the GOS to change the Forestry Code which has increased farmers "ownership" of natural resources on the land they inhabit;
- (2) funded a Rice Structural Adjustment (RSA) program, (685-0301) which has realized nation-wide reforms focussing on the private marketing of paddy and the distribution of local rice and imported rice;
- (3) sponsored the preparation of a National Environmental

Action Plan (NEAP), over the past 3 years, using a grassroots participatory process, which has contributed significantly to understanding of ENV/NRM issues and solutions;

(4) favored the liberalization of the AG/NRM economy, including the liberalization of all local cereals, including funding to assist with the SONACOS privatization; and

(5) financed, through an agreement with the US Dept. of Interior Geological Survey's EROS Data Center, long-term monitoring of environmental degradation in Senegal since the 1980's, which is central to national policy reform measures.

Such activities, policies and institutional reform measures, help alleviate needless restrictions on the private sector and have had a positive impact on the AG/NRM enabling environment nationwide. Improvements in the enabling environment directly affect AG/NRM sector productivity, competitiveness and investment decisions (i.e. on agricultural inputs, crop producer prices, and necessary diversification of crop production).

"Recommendation No. 5: We recommend that the Director, USAID/Senegal

- 5.1 Clearly report its natural resources management performance targets by indicating whether they are listed in additive, absolute or other terms in its 1996 Results Report;
- 5.2 Reassess and revise, if needed, the 1997 performance targets that the Mission has established for its agricultural and natural resources management strategic objective; and
- 5.3 Establish procedures to a) document and file the assumptions that are used to develop performance targets at the Mission's strategic objective and intermediate result levels and b) reassess the validity of performance targets on an annual basis."

USAID/Senegal agrees with audit recommendation #5. However, USAID/Senegal recommends that the phrase "as circumstances require" be added to the end of recommendation #5.3.b. USAID/Senegal plans to reassess and define these targets and establish procedures to document methodologies and assumptions used prior to issuing the next results report (the FY1999 R4) to be issued in March 1997.

In addition, we think recommendation #1 should be merged with this recommendation, since they all concern the same indicators. Therefore, with the preparation of the agreed targets and indicators, USAID/Senegal suggests that this recommendation be considered resolved and closed.

USAID/Senegal intends to reassess its FY97 performance targets once the FY96 KAP data is available. USAID/Senegal also recognizes the importance of documenting methodologies and assumptions used in both setting and altering targets. While the review of targets is part of the R4 preparation process, it is important to proceed with caution in adjusting targets on an annual basis. If KAP data is only collected every two years, there may not be a solid basis for reassessing targets annually.

USAID/Senegal would like to underscore that annual variations should not lead to revisions, unless it is established that they result from an irreversible trend. Evidence is not clear at this time that the decrease of per capita cash revenue from forestry products in the Kaolack region is irreversible. If over time a trend is determined to be irreversible, it will be documented and the target adjusted.

Deleted - Relates to Matter not Included in Final Report.

IV. SPECIFIC DETAILED OBSERVATIONS

Biodiversity is not a component of SO2. Please consider dropping reference to it throughout the report.

Compounds versus Households: It is important to distinguish between these two concepts. The indicators for SO2 refer to percentage of compounds using improved NRM techniques. In Senegal, a compound can include more than one household. Please delete reference to households throughout the report.

SO2 statement is misstated several times in the draft report. The SO2 is "Increased crop productivity through improved natural resources management (NRM) in zones of reliable rainfall". There is confusion between "crop productivity" and "crop production" and between "through improved NRM" and "increased use of NRM" in the draft. These are not interchangeable concepts for purposes of the SO2 statement. Please correct.

Recommendation #1 is not consistent with p8, para2, last sentence. Suggest they be harmonized.

P6, para 6: SO2 does not have an indicator of area under improved NRM practices. Please delete reference.

Appendix III and IV: The draft audit Appendix III has incorrectly analyzed or calculated the final data for percentage of **COMPOUNDS (NOT HOUSEHOLDS)** use of water management (should be 16.4%, not 11.15%) and erosion control (should be 19% and not 16.2%) techniques. These improved practices are broad categories and regroup several practices, for which the adoption rates are measured separately and then combined. The source documents for the different indicators in both appendices (column C) should be stated, perhaps as a footnote, for clarity. Also column B of appendix III should include precise documents referred to. Asterisked information (* in A.III and ** in A.IV) conflicts with information in tables.

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"Annual plan" language used in audit objective statement and throughout the report is confusing. Seems to be used to mean Results Review Report, but yet in USAID lingo seems closer to reference to an annual work plan. Suggest that term "annual plan" be deleted and replaced with the more precise term, or at a minimum the term be defined to clarify what is meant.

Page 11 (first sentence of the last paragraph) states that "the Mission could have reported actual figures for both 1993 and 1994 in its July 1996 Resources Request Report" (R2b). USAID/W instructed us to stick to the results we reported in our R2a document when preparing the R2b, and we abided by that guidance. Please consider dropping reference to this as it is counter to USAID/W guidance.

Page 15, recommendation #5.3.a and #5.3.b and pg 17 last sentence referring to 5.3.a and 5.3.b are not consistent in content. Please review.

KAP stands for Knowledge, Attitudes and Practices

APPENDIX III

COMPARISON OF REPORTED AND PER AUDIT PERFORMANCE RESULTS

Performance Indicator (A)	Amount per March 1996 Results Report (B)	Amount per Audit (C)	Difference (D)	Percentage Difference (D/B)
1) 1995 Crop Production in Kilos Per Hectare (kg/ha) for:				
Millet	830	830	0	N/A
Sorghum	913	913	0	N/A
Rice	1,157	1,157	0	N/A
Groundnuts (for oil)	1,036	1,036	0	N/A
Groundnuts (edible)	913	913	0	N/A
Maize	1,095	1,095	0	N/A
2) 1994 Percent of Compounds Using Natural Resources Mgmt. Technologies				
Windbreaks	10.4	9.4	1.0	-9.6%
Live Fence	6.6	6.8	0.2	3.0%
Field Trees	18.4	13.8	4.6	-25.0%
Fallow Land	39.7	43.2	3.5	8.8%
Manure	73.2	70.6	2.6	-3.6%
Crop Rotation	70.8	73.8	3.0	4.2%
Compost	8.0	8.4	0.4	5.0%
Water Management	9.0	11.15	2.15	23.9%
Improved Seed	47.7	49.2	1.5	3.1%
Erosion Control	16.9	16.2	-0.7	-4.1%
3) 1993 Increased Incomes from Forestry Products				
Rural Share Percentage	35%	*	N/A	N/A
Per Capita Cash Revenue in Kaolack	330	330	0	N/A
Per Capita Cash Revenue in Kolda	2,642	2,683	41	1.6%
4) 1994 Trees/hectare on participating farms	16	16	0	N/A

* Estimated percentage. No source document was available.

APPENDIX IV

PLANNED VS. REPORTED RESULTS

Performance Indicator (A)	Planned Target (B)	Amount per Audit (C)	Difference (D)	Percentage Difference (D/B)
1) 1995 Crop Production in Kilos Per Hectare (kg/ha) for:				
Millet	850	830	-20	-2.4%
Sorghum	910	913	3	0.3%
Rice	1,440	1,157	-283	-19.7%
Groundnuts (for oil)	1,100	1,036	-64	-5.8%
Groundnuts (edible)	1,155	913	-242	-21.0%
Maize	1,154	1,095	-59	-5.1%
2) 1994 Percent of Compounds Using Natural Resources Mgmt. Technologies				
Windbreaks	7	9.4	2.4	34.3%
Live Fence	3	6.8	3.8	126.7%
Field Trees	30	13.8	-16.2	-54.0%
Fallow Land	*	43.2	N/A	N/A
Manure	20	70.6	50.6	253.0%
Crop Rotation	*	73.8	N/A	N/A
Compost	*	8.4	N/A	N/A
Water Management	*	11.15	N/A	N/A
Improved Seed	*	49.2	N/A	N/A
Erosion Control	*	16.2	N/A	N/A
3) 1993 Increased Incomes from Forestry Products				
Rural Share Percentage	35	**	N/A	N/A
Per Capita Cash Revenue in Kaolack	600	330	-270	N/A
Per Capita Cash Revenue in Kolda	1,500	2,683	1,183	78.9%
4) 1994 Trees/hectare on participating farms	25	16	-9	-36.0%

* No fiscal year 1995 performance target was established.

** Estimated percentage. No source document was available.