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Sahel Development Program

**Financial Management Supplement
to the
Annual Report to the Congress**

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SAHEL DEVELOPMENT PROGRAM

Financial Management Supplement

to the

ANNUAL REPORT TO CONGRESS

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A. EXECUTIVE SUMMARY

The Sahel effort began with a relief program in 1973-74; the U.S. Sahel Development Program, an effort to achieve food self-sufficiency, was initiated in 1978. It became apparent in the late 1970's that A.I.D. projects suffered from management problems; consequently, A.I.D. officers began requesting audits. The audits, which began appearing in mid-1980, documented inadequate host government financial records and procedures, poor inventory control, weak host country supervision and control, and insufficient monitoring of activities by A.I.D. Since early 1981, A.I.D. has responded to these reports with a comprehensive effort to resolve both the particular project level problems identified in audit reports and, more importantly, the systemic weaknesses in host government and A.I.D. management structures of which the project problems were symptomatic. First priority has been given to improving accountability of funds provided to cooperating governments for project local costs. This effort comprised administrative actions directed at improving A.I.D.'s project management in the Sahel. Programmatic actions designed to improve host country financial management capabilities have also been deployed. In the future, we expect to undertake wider efforts aimed at strengthening the management capabilities of Sahelian institutions.

Administrative Actions

- A.I.D., both bilaterally and in international fora, has made a special effort to insure that both the donor community and recipient governments are aware of the seriousness with which the Administration and the Congress view financial accountability.
- A.I.D. has established strict procedures for the implementation of Section 121(d) of the FAA, which includes review of host country accounting systems, correction of deficiencies and continuous monitoring by A.I.D.
- A.I.D. has made a major effort to improve Mission management and the monitoring of the implementation of its project portfolio through assignment of more experienced officers, internal Mission reorganizations and managerial improvements.
- A.I.D. has undertaken a major effort to upgrade the financial and program management capabilities of its personnel by revising and strengthening the content of its project officer training courses.
- A.I.D. is now using several public accounting firms in Africa to augment Mission project monitoring and management.
- A.I.D.'s Office of the Inspector General, at the request of the Assistant Administrator for Africa, is adding an additional audit team in the Sahel, doubling the present audit coverage.

Programmatic Actions

- A.I.D. sent a diagnostic financial management improvement team to the Sahel to study causes for lack of financial accountability and to formulate an approach for correcting the problems. Their report, issued in June 1981, contributed to a strategy and an operational plan to respond to the basic problem areas in financial management. This laid the groundwork for subsequent A.I.D. programmatic efforts.
- A.I.D. designed, tested and implemented a major host country financial management training program during 1981/82 and sponsored other short-term training efforts directed at improved host country financial and program management.
- A.I.D. designed and authorized a three-year, \$5 million Sahel Regional Financial Management Project directed toward development of systematic, gradual improvement in financial management in each country according to its particular situation.

Future Actions

- A.I.D., under the Sahel Regional Financial Management Project, will provide technical assistance and practical on-the-job training to Sahelian personnel responsible for management and accounting of funds appropriated by the U.S. Congress.
- A.I.D. will maintain strict procedures to ensure financial accountability in accordance with FAA 121(d).
- A.I.D. is planning a second generation of program management projects that will support wide efforts to strengthen management capacity in the Sahel.
- A.I.D. has installed rapid response contracting mechanisms which will be used to facilitate use of public accounting firms based in Africa.
- A.I.D. is testing a system of quarterly project implementation reports for monitoring project performance and early identification of potential problems.
- A.I.D. will conduct an assessment of the Sahel Development Program Management structures in the field and in Washington. The assessment will identify needed areas of managerial improvements and develop a comprehensive multi-year plan for addressing these needs.

B. INTRODUCTION AND BACKGROUND

In response to the Sahelian drought emergency of 1968-73, the international community spent an estimated \$1 billion on drought relief and post-drought rehabilitation from 1973 through 1974. A.I.D. contributed about one-fourth of that amount and at one point U.S. Air Force planes were enlisted to transport food to distant parts of Mali and Chad. Not surprisingly, logistical and coordination problems were encountered. Despite their extraordinary efforts, donors were criticized for slow and inadequate reaction.

Congress authorized \$25 million in 1973 under Section 639(A) of the Foreign Assistance Act (FAA) and \$85 million in 1974 under the Foreign Disaster Assistance Act for emergency relief, consultation, rehabilitation and development of a long-term program. A.I.D. placed into operation a medium-term Relief and Rehabilitation (R&R) program of \$2-3 million per country to restore social services and infrastructure to provide transport for food supplies. In late 1975, Congress provided an additional \$5 million for research planning, consultation, and program development in the Sahel. These funds paid for the large studies and analyses which preceded the formulation of the regional strategy. From this period onward, A.I.D. and other donor assistance to the Sahel has been oriented primarily toward development of food self-sufficiency within the framework of the Sahel Development Program strategy developed under the CILSS (the Permanent Inter-State Committee for Drought Control in the Sahel) and the Club du Sahel, an association of all donors.

In the International Development Assistance Act of 1977, Congress authorized the U.S. Sahel Development Program; after FY 1978, Development Assistance from the functional appropriations was no longer allocated to the Sahel from the Central and West African Regional Program. The first \$50 million from the special Sahel account was appropriated in FY 1978. The U.S. contribution is not to exceed 10% of the assistance provided by other donors. Keeping well within that limitation since 1977, the U.S. contribution has been as follows:

<u>Obligations</u>	<u>U.S. Assistance to the Sahel</u> (\$ Million)		<u>Total</u>
	<u>Sahel Development Program **</u>	<u>P.L. 480 Food Aid</u>	
1978	50	50	100
1979	75	39	114
1980	75	49	124
1981	93	47	140
1982	94	27	121

** Sahel Development Program Funds - new money only - does not include reprogrammed prior year funds.

In order to respond quickly to Sahelian needs for humanitarian and development assistance, A.I.D. was obliged to work within the existing administration and institutional systems. In the late 1960s and early 1970s, A.I.D. did not have bilateral programs in the Sahel. Country activities were handled by three Regional Development Offices (RDOs) located in Dakar, Niamey and Yaounde. Thus, when the drought hit the Sahel, A.I.D. had permanent staff in only two Sahel countries--Niger and Senegal, where RDOs were located. The RDO/Dakar served Senegal, Mauritania, Mali, and the Gambia while the RDO/Niamey served Niger and Upper Volta (and other Entente countries). The RDO/Yaounde in Cameroon served Chad as well as other Central African countries. The RDOs were offices of 5 - 10 professionals and could not be knowledgeable in depth of the situations in all their countries. Many RDO staff lacked experience with the Sahel environment and were unfamiliar with French institutions, as well as the French language. Crucial understanding of the culture of target beneficiaries was absent. Compounding our own staffing problems was the absence of fully qualified counterparts in the Sahelian institutions. Furthermore, there were no A.I.D. controllers in the RDO's; financial control was exercised from AID/W.

As the results of the drought became more devastating, a few emergency assistance officers were sent to the Sahel in 1973 and 1974 to administer the R&R programs. In 1974 A.I.D. reviewed the financial management and controller situation and began posting controllers in the RDOs. There also was a small controller capability in REDSO/Abidjan, a service office established in 1971. In 1974-75 the R&R officers were phased out and Country Development Officers were posted in Sahel countries where there was no RDO. In some instances they were assisted by one or two officers. It was not until 1978 that the countries without RDO's were staffed and all the Sahel field offices except Cape Verde and the Gambia, were upgraded to full USAID Missions. Finding technically qualified, French-speaking staff during this period was extremely difficult. For example, in February 1978, only 64% of the staff positions were filled. As our experience in the area increases, so has the number of available qualified staff. By February 1983, 96% of staff positions were filled. Also, in 1978, Controllers were assigned to the USAID's which, until then, had been serviced from the RDOs. With the assignment of Controllers, the process of improving accounting and reporting on A.I.D. funds was initiated. However, the task was too large and A.I.D. did not have enough of a controller presence soon enough while the program was building. Since A.I.D.'s presence in the Sahel had been small, starting with the drought, our general experience and knowledge of the Sahel itself was very limited. We therefore underestimated the financial management problems we would encounter in our projects and were ill-equipped in terms of overall staff strength either to head them off or correct them as they became apparent.

Following a period of infrequent and interrupted coverage, audit coverage of the Sahel was re-established in 1979, and a resident audit office in West Africa was re-established in 1982. During 1979 to 1981, the audit teams carried out nine project audits and more have appeared since. Many of these

audits were performed at the request of concerned Sahel Mission Directors. One of these was a wrap-up report on the financial management findings gleaned from carrying out the project audits. Another covered the Inspector General's (IG) assessment of the sector programming and donor coordination functions carried out by the CILSS, the Club du Sahel, and the Institute du Sahel. These reports showed a pattern of inadequate host government accounting systems, records and control of funds released to Sahelian government agencies or parastatals for financing of local costs. The reports also document serious inadequacies in A.I.D. and host government financial and program management.

The reaction to these audit reports was strong and swift in both the executive and legislative branches. Key supporters of the Sahel Development Program in Congress and their staff were no less outspoken than others who were less involved in its formulation. The message from all concerned was that the weaknesses in financial and program management must be remedied. In particular, accounting and control of funds released to Sahelian governments must be verified, and where necessary, reestablished. The concerns in Congress were reflected in numerous committee reports and in legislation, particularly the amendment which added Section 121(d) to the Authorization Act. This report presents an account of the actions A.I.D. has taken to date to strengthen financial and program management in the Sahel Development Program.

C. CORRECTIVE ACTIONS COMPLETED

One of A.I.D.'s earliest concerns was to bring the financial management problem to the attention of the Sahelian and donor communities. Therefore, at the Kuwait meeting of the Club du Sahel in October 1980, the U.S. delegation called to the attention of the assembled donor and Sahelian representatives the need to launch concerted efforts to improve accounting and management of funds released for local cost financing to the CILSS Secretariat as well as other bodies. In January 1981, the Assistant Administrator for Africa again addressed the issue of CILSS Secretariat accounting in a letter to the Minister-Coordinator of the CILSS. In April, letters were sent to the Club du Sahel and CILSS Secretariats formally calling attention to the need for common action to strengthen financial management in the CILSS Secretariat and throughout the Sahel. In May-June 1981, similar statements were made by U.S. representatives both in plenary sessions and in bilateral contacts with Sahelian delegations during meetings at the Hague in preparation for the Paris UN Conference on the Least Developed Countries.

During early 1981, A.I.D. began to lay the groundwork for a concerted effort to strengthen financial management. Discussions between the Africa Bureau and the Office of Financial Management (FM) produced agreement that the Sahel would receive high priority in the assignment of senior, highly experienced controller staff. Also, the Office of Sahel and West Africa Affairs (AFR/SWA) and FM collaborated in fielding a diagnostic team which visited the Sahel to assess the problems and develop corrective measures.

Based on the work of the diagnostic team, as well as concurrent discussions between the Africa Bureau and the Office of Financial Management, there emerged during the Spring and Summer of 1981 a strategy for responding to the management problems documented in the audit reports. This strategy had three elements which needed to be pursued simultaneously. The most urgent was the need to assure control over A.I.D. funds released to cooperating governments. This required immediate steps aimed directly at verifying and rectifying project expenditure accounts. It was also necessary, on a less urgent basis, to strengthen A.I.D. administrative and program management capacities in the field. The third element was a longer-term effort to strengthen financial and program management capabilities of Sahelian institutions.

While it was clear that problems of financial management in the Sahel required a comprehensive response, it was also considered essential that the broader need for overall management improvement not detract from the immediate need to verify and rectify project local costs accounts so that project funds would not be cut off. This, plus the number and variety of A.I.D. and contract staff whose contributions were essential, required a Financial Management Coordinator, a new addition to the staff of the Director of Sahel and West Africa Affairs (AFR/SWA). The purpose of this position, which was created and filled during the Summer of 1981, was to ensure that implementation of the strategy moved forward on schedule and that problems were resolved at appropriate levels. Also during this period, the Office of Financial Management and the Africa Bureau Offices of Development Resources and Program Management Resources designated staff members to work on refining and implementing a comprehensive A.I.D. response to the Sahel financial management problem. In addition, the A.I.D. Controller assigned a financial analyst to insure that A.I.D. accounting and financial management standards would be maintained and to assist in the design and implementation of the various initiatives.

The seriousness and priority assigned to bringing about corrective action became a main theme in discussions between the AA/AFR and Sahel Mission Directors and between the A.I.D./Controller and Sahel Mission Controllers. Progress, problems and coordination of approaches to solving financial accountability problems was a main theme for discussion at both the June 1981 and June 1982 Sahel Mission Directors' Conference and at the March 1982 Africa Controller's Conference.

The comprehensive response formulated by the group in Washington and by the A.I.D. Missions in the field can be divided into administrative and programmatic categories. By administrative actions, we mean those internal to A.I.D. which involve tightening A.I.D. management controls or strengthening A.I.D. staff resources and structures. By programmatic actions, we mean those directed at the development of Sahelian institutional and staff capacities. The remainder of this section describes administrative and programmatic measures that have been taken since 1981.

C.1. ADMINISTRATIVE ACTIONS

C.1. (a) STRICT PROCEDURES TO ENSURE FINANCIAL ACCOUNTABILITY ESTABLISHED

During the summer of 1981, A.I.D. management realized that extraordinary measures were required to assure and demonstrate accountability over U.S. Government funds released to Sahelian host government entities for local cost financing. A process of "Certification Review" and "Certification" by Field Office Directors and Office Heads was initiated in October 1981. The Sahelian A.I.D. Missions were given until December 31, 1981, to determine which accounting systems met A.I.D. standards and which were deficient. On December 31, 1981, disbursements for local cost financing were halted for projects for which the A.I.D. Mission Directors had been unable to certify the adequacy of the project accounting system.

The A.I.D. Controller (Office of Financial Management) established the following minimum standards which host country accounting systems must meet. To be certified, host country accounting systems are required to:

- document the receipt and expenditure of A.I.D. funds;
- ensure that approved budgets/budget categories do not become over committed by maintaining a procedure for identification of commitments/encumbrances and funds due/receivables by budget categories;
- ensure that accounting entries will refer to supporting documentation which can be readily located;
- generate prompt and accurate financial reporting information, including periodic bank reconciliation;
- include appropriate internal controls which assure usefulness of financial data, accuracy and integrity by separation of functions, pre-numbered checks, two separate signatures on checks, etc.
- enable an auditor to trace each accounting transaction from accounting reports to source documents to determine the validity of project expenditures.

When Section 121(c) of the FAA was authorized on December 29, 1981, the "Certification" process became the basis for implementing a new legislative requirement. FAA Section 121(d) reads:

"Funds available to carry out this Section (including foreign currencies acquired with funds appropriated to carry out this Section) may not be made available to any foreign government for disbursement unless the Administrator of the Agency for International Development determines that

the foreign government will maintain a system of accounts with respect to those funds which will provide adequate identification of and control over the receipt and expenditures of those funds."

To implement this section, A.I.D. established the following procedures:

- Authority to make the determinations required by Section 121(d) of the FAA was delegated to the Office of the Assistant Administrator of the Africa Bureau. The AA/AFR has retained this authority with the exception of the Self-Help Fund, which supports activities not to exceed \$25,000. This authority has been redelegated to the Sahelian Ambassadors.
- The determinations by the AA/AFR are made on a project-by-project basis, based upon the Mission Director's Certification that: (a) there is no local-cost financing component, (b) no A.I.D. funds are disbursed by the host government, or (c) the host government is maintaining a system of accounts with respect to A.I.D. funds which provides adequate control over receipt and expenditure of funds.
- The Mission Director's Certification is based upon the recommendations of his staff, especially the Mission Controller. Staff recommendations are the result of intensive on-site review of existing systems, identification of deficiencies or inadequacies, agreement on the part of the host government to correct the deficiencies and follow-up re-examination by A.I.D. to determine whether corrective action has been taken.
- After the initial Certification/Determination has been made, the Missions are required to monitor the system to ensure that it is maintained and to decertify and inform the AA/AFR immediately if there is deterioration in the operations of the system.
- The Mission is also required to recertify projects prior to obligation of additional Sahel Development Program (SDP) funds; moreover, if more than six months have passed since the determination was made, the AA/AFR will review the new Certification and make a new determination prior to the obligation of additional SDP funds.

At the beginning of CY 1982, although a massive review and certification effort was underway, very few projects had been certified and no FAA Section 121(d) determinations had been made. Projects began to run out of funds for local cost financing and the obligation of new funds for projects with a local cost financing component was in question. The message was harsh but it soon became clear to Sahelian governments and A.I.D. and host government employees that the Congress and the Administration were serious about assuring strict financial accountability within the Sahel Development Program.

Significant resources were mobilized to assist the Mission Controllers in this process. These included retired French speaking A.I.D. Controllers, accounting firms, TDY Controller personnel from Washington, expatriates recruited from France, and locally available expatriates and Sahelians with accounting

capabilities. A.I.D. project officers and contract end use checkers were used for follow-up to monitor procedures. This effort was directed primarily at ensuring that future disbursements of U.S. Government funds would be properly managed and adequately accounted for.

The Sahel project portfolio is dynamic, with projects and sub-activities continuously being established while others terminate. In the summer of 1982, a financial analyst found that there were 182 separate accounting systems requiring certification. In order to improve our ability to monitor the Sahel project portfolio, A.I.D. is presently establishing on an experimental basis, a "Quarterly Certification and FAA Section 121(d) Status Report". The report lists 129 active projects of which 56 contain local currency components with a total of 108 active host country local cost accounting systems. The initial version of the status report, which forms Annex 1, shows the certification/121(d) determination status of each project. It also indicates outstanding local currency advances and the date of the last accounting center and voucher reviews.

C.1.(b) MISSION LEVEL MANAGEMENT IMPROVED

During the past two years, A.I.D. Sahelian missions have undergone reorganization, adopted new management and accounting tools and hired new staff with professional experience in critical areas. As a result, program management has improved. The following is a summary of the more important actions taken.

Gambia - In August 1981, a full-time Controller was assigned to the A.I.D. office. In July 1982, the Mission formally took over the accounting function from USAID/Dakar. Two newly hired Gambian accountants were trained by the Controller's Office and an experienced third country national was added. This has improved cooperation between the GOTG and the Mission on accounting matters. The A.I.D. office reviewed and certified all but one project, for which it requested an audit by the GOTG's Auditor General.

Mauritania - An internal USAID reorganization split the former Project Division into two technical divisions: Food and Agriculture and General Development; the former Project Support Division was divided into two support divisions: Management and the Office of Supply Management. The latter reorganization resulted in the addition of an experienced procurement specialist who provides professional advice to the Mission and Host Government (HG) on contracting matters. The Controller's Office added three third country nationals and is now providing project analyses to Mission management on a quarterly basis. These analyses and the project tracking and reporting system established for internal use and for the benefit of host government ministries, have improved project monitoring.

Upper Volta - The reorganization in July established two new offices: Agriculture and Human Resources, which has improved the Mission's ability to

manage its large project portfolio in the agricultural sector. A project review/monitoring system, which periodically examines the input, output, purpose and goal of each project, has been instituted. In addition, the Controller's Office is redesigning the project accounting system to make it more responsive to management. These activities have improved the Mission's ability to manage and monitor its portfolio.

Senegal - In 1981, the Mission produced an operations manual which sets forth policies and procedures to be followed by Mission personnel. The manual has assisted Mission personnel in defining their responsibilities, and increased management efficiency. It has been a valuable guide for newly arrived personnel and short-term contractors. Since 1982, the Mission has updated the manual, making appropriate modifications in procedures. Significant improvements have been made in the Mission's ability to manage its large project portfolio with the hiring of a senior accountant and two project account monitors to continually review host government accounting practices. The project review system was modified in 1982 and serves to inform the host government and Mission of progress and problems in project implementation. An overall workplan for the Mission is updated every six months as a management tool.

Mali - Improved guidelines on project accounting and reporting requirements issued by the Controller have substantially improved the Mission's ability to monitor its projects. In addition, a special unit was established within the Controller's Office to monitor project accounting and train host government staff. A project implementation reporting system, initiated to identify potential problems and involve host country project personnel in implementation scheduling, has resulted in improved communication between Mission and host country personnel.

Cape Verde - The Mission is reducing project activity from four sectors to one. Agriculture and Mission management were significantly strengthened by the assignment of a full-time Agricultural Officer. The frequency and duration of supervisory visits by the Chief Development Officer (resident in Bissau) have increased and job responsibilities of the Program Officer (who is the Acting Principal Officer most of the time) were more clearly defined. This resulted in improved administrative and program management. Also, better use has been made of available technical advisory services resulting in improved rates of project implementation and quick identification of issues. Joint host government-Embassy-USAID quarterly project reviews were initiated to identify implementation problems and secure host government support and participation in problem solving. Based on the results of these reviews, greater emphasis has been placed on project evaluation and re-design. The addition of a U.S. direct hire project officer has also improved the Mission's project monitoring.

Niger - A management assessment of the Niger Mission has recently been completed resulting in the preparation of a draft Mission Operations Manual. This manual is similar to Senegal's Operations Manual which has been used since 1981. During the last year, project monitoring has improved through

reorganization of the Controller's Office and an increase in the quality and number of local professional staff. Training has been provided to Controller staff in voucher examination and financial document examination, and an accelerated effort has been made by A.I.D. Controller staff to visit project sites and review project accounts. The Mission has also improved management and analysis by installing a micro-computer and word processor. Further computerization is planned.

C.1.(c) TRAINING OF A.I.D. MANAGERS AND PROJECT OFFICERS

The management problems which developed in the Sahel are in part due to (a) the high proportion of Sahel projects with local costs components and (b) the unusual demands placed upon managers of projects with significant local cost financing components. The auditors of the Sahel program found that many project officers in the Sahel had neither the time nor the management skills to effectively monitor financial management. Furthermore, the 1981 Financial Management Diagnostic Team found that many project officers believed they had no responsibility in this area and left financial management concerns to the Controller. This approach was untenable because the Controller's staff was not large enough to monitor all local cost project accounts. To address this problem, A.I.D. revised the content of its staff training programs.

The Project Implementation Course was revamped to strengthen the financial management component, particularly with respect to host country accounting. Annex 2 contains a workshop exercise used in this course to make project officers aware of their responsibilities and inform them whom they should consult on local currency advances. The course is directed primarily at developing and sharpening the project management skills of A.I.D.'s direct hire Project Officers. It includes an overview of the program/project development and implementation cycles, A.I.D. documentation and handbook requirements, the Project Officer's role in monitoring, implementing, and evaluating projects, and specific sections on the Officer's role with respect to contracting, commodity procurement, participant training, and financial management. Forty-seven (47) Sahelian A.I.D. Mission employees (27 U.S. Direct Hire and 20 local Direct Hire) have attended the course over the last two years (Upper Volta - 7 U.S. and 3 Local; Niger - 4 U.S.; Mali - 4 U.S. and 4 Local; Senegal - 5 U.S. and 12 Local; The Gambia - 2 U.S.; Cape Verde - 1 U.S. and 1 Local and Mauritania - 4 U.S.). AA/AFR has requested A.I.D.'s Training Division to hold one Project Implementation Course once each quarter for the next two years so that all A.I.D. project managers can attend.

The "Financial Management Training Program" for A.I.D. financial personnel is directed at upgrading the A.I.D.-related skills of Controller's Office personnel. The course includes investment/decision making criteria, statistical methods, project financial analysis including break-even, risk and inflation analysis, economic analysis, credit institutional analysis and internal controls. Four employees of Sahel A.I.D. Mission Controller's Offices attended: one each from Upper Volta, Niger, Mali and Senegal.

The Sahel Financial Management Improvement Effort was a series of tandem workshops designed to develop (a) the financial management skills of host country managers and (b) the accounting skills of host country accountants. (Host country training is described in detail in the Programmatic Actions section below.) This program also provided an excellent opportunity to improve dialogue between A.I.D. and host country project managers and accountants on financial management and accounting issues. It also served to improve the skills of A.I.D. officers. Sixty-seven A.I.D. employees participated in seminars for managers and thirty-eight participated in the training session for accountants. This effort has had a major impact on how the A.I.D. Project Officers in the Sahel view their roles and responsibilities.

C.1(d) INDEPENDENT PUBLIC ACCOUNTING FIRMS
USED TO IMPROVE MANAGEMENT

There are several public accounting firms located in Africa which offer their professional accounting, auditing and management services. Many of these firms are affiliated with the U.S. "Big Eight" audit firms. Over the last two years, several Sahel Missions have used the services of these firms to supplement the limited number of direct hire personnel in various aspects of project review and management.

In Senegal, the A.I.D. Mission presently is using a public accounting firm to assist the GOS in installing an inventory control system in one of its larger projects. The work also will entail end-use checking on the utilization of local currency disbursed under the project. The A.I.D. Mission in Upper Volta has used and plans to continue using public accounting firms in the project management area. The Mission has used Deloitte, Haskins and Sells to assess the financial management needs of the Grain Marketing Development Project and to design an appropriate financial management system for it. As a result of the public accounting firm's work, a complete manual has been developed which details all financial procedures. In the next few months, the Mission plans to use a public accounting firm to review the status of financial systems which have been certified. The scope of work will include consultation with the Mission in the preparation of project financial reports that will measure Mission management's confidence in the project's maintenance of an adequate project financial system.

C 1.(e) AID INSPECTOR GENERAL FIELD PRESENCE INCREASED

The A.I.D. Inspector General's Office (IG) has an important and integral role in the oversight function of A.I.D. Management. The IG not only investigates and documents known problems, it also looks at program areas of its own choosing, which frequently leads to the identification of problems not previously known to management. As a part of the A.I.D. management process the IG develops a yearly audit plan, which is a vehicle for requesting periodic input from line managers about projects most likely to benefit from an audit. The IG also responds to special requests for audits when a serious problem is

identified by line managers. IG audits are an extremely useful tool for A.I.D. management to monitor project accomplishments and work with host governments to correct deficiencies.

Since 1980, the IG has issued 17 audits of the Sahel program. The difficulties of operating in the Sahel and the concern of both the Administration and the Congress about preventing the recurrence of past problems has prompted the Assistant Administrator for Africa to request, and the A.I.D. Administrator to assign, three additional IG auditors to cover the Sahel. This staff increase, which will double current audit coverage, will increase the number of audits and the breadth of audit coverage. Consideration is also being given to moving the Regional IG staff from Abidjan to Dakar (a Sahel post). This would improve the IG's ability to be responsive to Mission requirements.

It is expected that the increased field presence of auditors will lead to further identification and documentation of management problems in the Sahel program. A.I.D. is committed to use its audits to target problem areas and strengthen its comprehensive efforts to improve program management.

C.2. PROGRAMMATIC ACTIONS

C.2. (a) SURVEY OF PROBLEMS AND TESTING OF SOLUTIONS

Immediately after the issuance of Audit Report No. 81-35, "Problems in Host Country Accounting and Utilization of A.I.D. Funds in the Sahel," the Africa Bureau dispatched a financial management team to the Sahel to analyze the underlying causes and nature of the problem and to develop a strategy for addressing the issues raised in that report. In general, the team found that the root of the problem was the lack of attention paid by top managers to fiscal accountability and the inadequate skills of some project managers and bookkeepers. The team concluded that strengthening financial management would have to be approached within the framework of a wider effort to address systemic weaknesses in host government and A.I.D. management structures. In developing its proposed course of action, the team adhered to two concepts: first, that methodology had to be appropriate to the needs and characteristics of the recipient institution and, second, that training to improve accountability must fit the organizational and cultural context of the target institutions.

The Team studied specific problems and past implementation experiences in order to identify and recommend solutions. Its final report laid out an operational plan for testing the proposed training strategies while taking the first steps to respond to demands for improved financial accountability. The report was built around two components: specific technical designs for accounting and financial management systems including documentation, document flows and controls and on-the-job training to ensure effective installation and implementation of the systems.

C.2.(b) FINANCIAL TRAINING PROGRAM

DESIGNED AND TESTED

The report of the Financial Management Team included models for an on-the-job training approach and a basic accounting/financial control system which would meet A.I.D. and Sahelian institutional needs. The team's recommendations were accepted and a group of experts from the A.I.D. Controller's Office, the Sahel Program and the USDA's Development Project Management Center (DPMC) designed and tested a short duration/high impact Financial Management Improvement Program. In this process, a set of accounting functions needed to meet A.I.D. accounting standards was agreed to, the action training approach pioneered by the DPMC was adopted, and a training manual was developed. The manual, which contains an illustrative basic accounting system, includes all accounting functions required to meet A.I.D. standards.

The underlying concept behind the training program is that a Sahelian accountant, in being taken through practical accounting exercises, will develop an understanding of the complete set of functions required to meet A.I.D. standards. After completing the program the accountant will be able to examine the host country accounting system and modify it so that the system includes the required functions. (Note: A.I.D.'s requirements are based on generally accepted accounting principles. A.I.D. is not imposing an accounting system upon the Sahel but is requiring that existing systems be revised to include all necessary functions).

In addition, the program included a separate session for managers to define the types of fiscal information they need for management purposes. They are then shown how accounting systems which include the complete set of required A.I.D. functions can yield this information in a periodic and timely fashion.

The program was tested in September 1981. Thirteen (13) Sahelian graduate students with no accounting background, who were enrolled in U.S. universities, were brought to Washington for a 5-day workshop. The test was successful, according to the participants' evaluation. With a few modifications, and the training of both French and Portuguese training teams, the program was ready for field trials.

C.2.(c) FINANCIAL TRAINING PROGRAM IMPLEMENTED

By the time the Financial Management Improvement program was ready to be taken to the field (December 1981), the "Administrative - Certification Review" was in process. It was decided that prior to the actual training, teams would be sent to each Sahelian country to help host country and A.I.D. project and financial management staff understand A.I.D.'s concerns, the nature of the Administrative and Programmatic interventions underway, and how both the Mission and the Host Country would benefit by the training.

Under a Participating Agency Service Agreement (PASA) with USDA, two teams were created: a three-person Francophone (French speaking) team that worked in four countries (Upper Volta, Niger, Mali and Senegal), and a two person Lusophone (Portuguese speaking) team that worked in two countries (Guinea-Bissau and Cape Verde) where the official language is Portuguese, and in one (The Gambia) where English is the official language. Three distinct activities were to be carried out in each country: (1) orientation visits, (2) a training workshop, and (3) a follow-up visit.

The Francophone team started orientation in Upper Volta and Niger in December 1981. It was designed to: (1) allow the teams to observe host government accounting practices at the project level; (2) become familiar with Mission practices and efforts to improve financial management; (3) meet key Mission and host government officials; (4) explain the training activities and basic accounting system proposed in the User's Manual (the principal training guide to A.I.D. Accounting Requirements) and gain support for them; and (5) prepare for the workshops to be conducted after orientation. These activities lasted about two weeks in each country.

An important objective of orientation was to encourage broad participation in the effort to improve financial management practices and create a sense of ownership and commitment to it among Mission and host government officials. The host government and the Mission each were asked to appoint a coordinator to facilitate team visits, monitor training and ensure continuity. In addition, the coordinators shared the responsibility for making preparations for subsequent workshops.

The orientation visits also gave the Financial Management Improvement Teams (FMITs) the opportunity to adapt training materials that they had developed. These included a Manual for the basic accounting system and accounting exercises designed to simulate actual project transactions for use during the training workshop.

The workshops were held in each country three to five months after orientation. They were composed of two phases: Phase I included host government project directors and Ministry officials as well as USAID project officers. Discussions during the two-day workshops centered on management's need for systems, controls, and financial information for decision-making. An overview of the Basic Accounting System was then presented which included a demonstration of the management information which it could yield. As a result host country project directors told their accountants what types of information would be expected after the accountant completed the Phase II training.

Phase II was six days long and concentrated on technical aspects of accountability. It was aimed primarily at project accountants and USAID project officers. The Basic Accounting System, as outlined in the Users Manual, was used as the tool for comparison and discussion to encourage project management and project accountants to adjust their systems as

necessary to incorporate elements of the Basic Accounting System so that their revised system would include all functions required by A.I.D. for "Project Certification."

The training methodology developed by USDA/DPMC resulted in active participation by host government and A.I.D. officials. During Phase II, the simulation exercises were based on typical project transactions, giving participants immediate "hands-on" application of the accounting principles that had been illustrated, and providing a comprehensive picture of accounting responsibilities and functions.

The final day of the workshop was reserved for the discussion of recommendations that had been generated by participants in the two phases, and these recommendations were presented to the USAID Director and the host government ministry official responsible for the effort. The recommendations included suggestions for improved management and accountability and called for specific action from both parties. Generally, the recommendations were well received and provided evidence of the cooperation and positive attitudes demonstrated throughout the workshop.

The workshops were given high level interest and visibility from the Sahelian governments and U.S. Missions. Many of the workshops were opened by Sahelian ministers and received significant press coverage. Participants who successfully completed the sessions were awarded certificates by the U.S. Ambassador.

Training teams returned to each country for follow-up visits. These provided an opportunity to assess and evaluate the system modifications that had been adopted since the workshop and allowed for the provision of additional technical assistance to projects and missions.

The table below shows the number of USAID and host government personnel who participated in the workshops.

<u>Country</u>	<u>PHASE I ATTENDEES</u>		<u>PHASE II ATTENDEES</u>	
	<u>A.I.D.</u>	<u>Host Country</u>	<u>A.I.D.</u>	<u>Host Country</u>
Upper Volta	16	22	8	9
Niger	13	11	5	5
Mali	12	16	18	18
Senegal	13	13	7	7
The Gambia	6	7	0	1

Cape Verde	7	1	0	1
Mauritania	<u>0</u>	<u>3</u>	<u>0</u>	<u>3</u>
Total	67	73	38	44

The immediate results of the training included improved technical capabilities and the opportunity for USAID and host governments to address the sensitive issue of adequate financial control and accountability. Host government project directors were given the opportunity to learn about management information needs and financial controls while accountants received instruction in specific technical areas to strengthen accounting and reporting practices. Communication and cooperation between Sahelian and A.I.D. staff on financial management needs was improved.

C.2. (d) RELATED SHORT-TERM TRAINING PROVIDED

Two other short-term training programs offered during this period have contributed to improved host country management.

The "Francophone African Development Management Seminar" was given by the University of Pittsburgh in short and long versions. The nine-week version was given in Pittsburgh and the three-week shortened version, covering the same material in less depth, was given in Ouagadougou, Upper Volta. The course focusses on project management and covers project planning and management, information requirements, human resources management, and financial management.

Number of Host Country Manager Attendees

Countries	<u>Pittsburgh-Nine Weeks</u>	<u>Ouagadougou-Three Weeks</u>
Upper Volta	9	7
Mali	8	4
Senegal	2	4
Mauritania	1	-
Niger	-	3
	20	18

The "Francophone Training Program in Economics for Host Country Project Management Personnel" was given by the University of Michigan/Center for Research on Economic Development (CRED) at Ann Arbor, Michigan. The project management curriculum includes macro-economics, quantitative methods and management seminars/case studies dealing with project design/evaluation, economic aspects of project design, linear programming, benefit-cost analysis, small and intermediate scale industry, and practical project management exercises. A total of 12 Host Country Managers attended this program in the summer of 1982 (Upper Volta - 1; Niger - 1; Mali - 4; Senegal - 3; Mauritania - 2; and Chad - 1).

C.2. (e) FINANCIAL INTEGRITY BUILT INTO NEW AND REDESIGNED PROJECTS

The identification and documentation of management problems over the last few years, particularly in the financial management area, has given A.I.D. baseline data on host country management capacity. This data was lacking at the inception of the Sahel Development Program. Although the process of obtaining this information has been costly in terms of poor management of A.I.D. funded projects, much of the required information is now available. A.I.D. now is in a position to properly analyze host country and USAID management capacity and build specially tailored management components into new and redesigned projects. These components will strengthen monitoring, and should eliminate repetition of problems similar to those documented in past audits, while helping build indigenous host country capacity to properly manage development activities.

In order to ensure financial and management integrity in new and redesigned projects, information gained from IG Audits, Public Accounting firm audits, evaluations, and the certification process, is taken into consideration during project design. Projects receive close scrutiny and appropriate management elements and conditions precedent to disbursement are included in Project Agreements (to insure proper management of U.S. Government funds).

The Phase II Mali Livestock Sector Project approved in 1982 is an example of the utilization of data to improve future financial integrity. This project was preceded by two smaller livestock projects which began in August 1975 and terminated in June 1982. A Controller assigned to the Mali Mission in August 1977 identified serious financial problems within the livestock effort. The Mission requested an IG Audit in November 1978 and again in May 1979. The projects were evaluated by the Consortium for International Development and its report was issued in July 1978. The Mission also proceeded to contract with a Public Accounting firm (Deloitte, Haskins and Sells) to audit and reconstruct past expenditures under the project and to design and install a new system of accounts and associated procedures. Deloitte, Haskins and Sells issued their report in November 1979. During the Fall of 1979, an IG Audit team audited the Livestock Sector activities and issued an extremely critical report in June 1980. In the meantime, an expatriate accountant under contract with Chemonix, was recruited (July 1979 - July 1981) to account for project expenditures. The project audits and evaluations, which in some cases contained extremely critical findings, were used to improve and tighten the financial management of the projects. As a result, the AID Mission Controller completed his Certification Review of the project in January of 1982 and on January 15, 1982 the Mission Director certified that an adequate accounting system was in place.

Still concerned about the status of the reconciliation and the adequacy of the accounting system, Washington subsequently contracted with a retired French-speaking A.I.D. Controller and a retired French-speaking A.I.D. Program Officer to review and report on the project's financial status. This team

spent April 1982 in Mali investigating previous activities and concluded that all funds had been accounted for and that the Mission had the situation under control.

The management and financial information generated in this process was made available to the design team for the Phase II Mali Livestock Sector Project (688-0218). The new project includes a five-person management development and support team which will be responsible for overall project coordination and administration. The team will also provide assistance to the Government of Mali (GRM) in the areas of financial management, logistical support, inventory control, equipment maintenance, and vehicle control. Based on the experience and information generated from the earlier projects, the Project Grant Agreement signed in August 1982, also contained a number of Conditions Precedent to disbursement which specifically detail requirements for the establishment of: a Joint Management Committee with the power and responsibility for coordination and monitoring, with the authority and responsibility vested in expatriate financial and management specialists, standard financial and reporting requirements for all participating GRM agencies and policies and procedures for equipment and vehicle usage and control.

These Conditions Precedent were met by the GRM in December 1982. However, the A.I.D. Mission was not satisfied that the participating GRM agencies had the capability to comply with the conditions. The A.I.D. Mission and the GRM consequently redesigned the project to strengthen the management technical assistance components for participating agencies by adding an additional 67 person-months of management-focused technical assistance. The Mali Mission Director certified on April 7, 1983 that adequate systems for financial control were in place.

A.I.D. is making a concerted effort to ensure that A.I.D. funds are not only properly accounted for but that they also are utilized efficiently. Other projects which have had special management components built into them are OMVS Agricultural Research II (625-0957), OMVS Groundwater Monitoring (625-0958), Integrated Pest Management (625-0928), Operation Haute Vallee (688-0210), Senegal Cereals Production Phase II (685-0235), Strengthening Health Planning Capacity (686-0251), and Senegal Village Enterprise and Community Development (685-0260).

**C.2. (f) ADMINISTRATIVE AND PROGRAMMATIC ACTIONS EVALUATED AND
SAHEL REGIONAL FINANCIAL MANAGEMENT
(SRFM) PROJECT DESIGNED**

In early 1982, AID began designing a regional project to address the basic accountability problems highlighted in the 1981 Financial Management Improvement Team's report. The designers of this project were able to build upon the "Certification Review" process and the efforts of the Financial Management Improvement Training Teams to further define management problems and weaknesses on a country-by-country basis.

In general, the designers found that the deficiency requiring special attention throughout the Sahel was the poorly developed institutional capacity of host governments to collect and use financial information for effective management. The design team evaluated the effects of remedial actions already taken -- i.e., the Financial Management Improvement Team efforts, the seminars and workshops conducted by USDA/DFMC and the certification/FAA 121(d) process. They found the following:

- (a) Basic accounting forms and principles illustrated in the Users Manual were compatible with and were already contained in the accounting and financial systems used in some countries.
- (b) The workshop training format was a useful tool for improving financial management in the Sahel and developing a recognition of the value of sound financial information in overall project management;
- (c) Additional on-the-job technical assistance and training through seminars and workshops was necessary.

The team also concluded that the Sahelian countries assigned too low a priority to providing adequate financial and project management. The number of trained managers and the quality of existing management and accounting systems did not meet the needs of donor-supported development efforts. The team concluded that if appropriate technical assistance and required training were not introduced, the ability of host country institutions to manage additional funds could be called into question and overall economic development would suffer. What was needed was a regional effort that induced systematic, gradual improvement in financial management in each country according to its particular situation.

To accomplish this, a three-year Sahel Regional Financial Management project was designed and authorized. It is described below under Future Corrective Actions. However, the design process itself made a major contribution to our knowledge and understanding of the problems facing AID Management. The design team systematically inventoried all AID projects in the Sahel to determine their status with respect to the certification process. The team analysed the Management and Financial Management training capacities and weaknesses of the region's Francophone training institutions. It initiated a dialogue with host country financial managers and auditors, which has given AID a perspective on how Sahelian Governments have viewed their financial control problems. They surveyed the indigenous private sector's accounting capacity and supplied AID Management with the knowledge required for the decision and planning process.

D. Future Corrective Actions

D. 1. Implementation of the Sahel Regional Financial Management Project (625-0950)

In September 1982, A.I.D. launched the Sahel Regional Financial Management project. The purpose of the project is to "Improve financial management of Sahelian development institutions that directly handle funds provided

by A.I.D. (sustained at or above FAA 121(d) requirements) and encourage institutionalization of improved management practices". This project is being implemented for A.I.D. under a Participating Agency Service Agreement (PASA) with the USDA/Development Project Management Center (DPMC) and a USDA/DPMC Cooperative Agreement with Virginia Polytechnic Institute (VPI). The long-term technical staff has been hired after a process of extensive screening, and expatriates and Sahelian technical staff will be at their posts by the end of May 1983. The technicians were chosen for their technical skills as well as their language proficiency. Comprehensive scopes of work have been prepared and each A.I.D. Mission has made the appropriate logistic support arrangements. The next year will be critical in determining how far A.I.D. has advanced. A full project evaluation will be completed within twelve months to measure the effectiveness of the project.

The project consists of four elements:

- (1) Materials Development and Dissemination - A central management unit in Washington will provide overall project direction and coordination; develop training programs and materials; and provide logistic support (procurement, contracting, translation and dissemination of information to workshops, etc.).
- (2) Long-Term Technical Assistance - Resident teams composed of one expatriate and one Sahelian will be sent to Niger, Mali, and Upper Volta and one expatriate each will go to the Gambia and Senegal. The Senegal advisor will be responsible for the Senegal, Cape Verde and Mauritania efforts. These teams will work with institutions which host A.I.D. projects. They will provide technical assistance to improve financial accountability. They will also be responsible for assisting the host governments to move from accountability to integration of accounting and control functions, and develop the institutional capacity for comprehensive financial management.
- (3) Short-Term Technical Assistance - U.S. short-term technicians will be available to the resident teams to provide special expertise (inventory control, credit program administration, etc.), work on specific problems and develop on-the-job training approaches.
- (4) Short-Term Courses and Workshops - Based upon the training needs identified by the field, short-term training courses and workshops will be developed. This training will have a core content, but will be individually tailored to the specific needs of each country.

The project will improve project implementation by providing (a) intensive, project-specific technical assistance and on-the-job training, (b) accounting and financial management training for numerous government agencies and their personnel, and (c) workshops and advanced training which raise the level of awareness, knowledge and interest necessary for the introduction of interventions to improve project management. The

project is designed to improve current Sahel projects where financial management is sometimes a problem, and provide for new projects in which proper financial management will be a prerequisite.

The project will also balance two objectives. On the one hand, A.I.D. will continue its intensive effort to maintain certifiability of problem projects using direct-hire and contract staff. On the other, this major program will develop improvements in management in Sahelian host governments. Maintaining a balance between these two objectives will be critical during project implementation. Too rapid a movement toward meeting higher project management improvement goals could divert attention from A.I.D.'s first priority: ensuring accountability for A.I.D. funds. Over-emphasis on "hands-on" technical assistance, conversely, could reduce host government agencies' motivation for self-development and eventual institutionalization.

Looking forward, the programmatic effort does not end with this three-year project; it begins. Therefore, one of the responsibilities of the technical experts fielded under this project is to assist Missions in the identification of potential financial and program management activities to be developed either as components in other bilateral projects or as discrete bilateral projects. An indication of the importance Sahel Missions have assigned to the improvement of host government financial management is the development of new projects that support management training needs in the Sahel. These projects will complement and/or build upon the Sahel Regional Financial Management Project. For example, Mali's Development Leadership Training project is strengthening management of Malian institutions by sending 15 participants a year to study advanced planning and managerial methods at U.S. universities. Niger is planning a \$2.5 million Financial Management Training project which will improve accounting, management, and business administration in Nigerien organizations. Other Missions are formulating ideas which this project will develop.

D 2. STRENGTHENING SUCCESSFUL ADMINISTRATIVE ACTIONS

The administrative controls which A.I.D. has put in place over the last eighteen months have been effective. They provide reasonable assurance that problems will be identified in the early stages and that corrective action will be taken. The controls, however, are relatively new and in order to continue recent improvements, A.I.D. Management will pay particular attention to the following:

D 2(a). Certification/FAA 121(d) Procedures

The Assistant Administrator for Africa will retain responsibility for implementing this section of the Act and will see that stringent host

country accounting system review standards continue to be applied prior to the obligation of Sahel Development Program Funds. Additional emphasis also will be given to the development of systems for the continuous monitoring and maintenance of certified systems. The experimental Certification Maintenance and FAA Section 121(d) Status Report (Annex I) represents an initial effort to ensure the maintenance of adequate project accounting systems. Each Mission, based on individual circumstances, is developing its own system. Upper Volta, for example, is considering the use of Public Accounting firms.

D 2(b) Project Monitoring and Reporting

Several agency-wide or Africa Bureau efforts to improve A.I.D. management capabilities will contribute to improvements in management of the Sahel portfolio. These are: Quarterly Project Implementation Reports, an A.I.D. Task Force on payment and verification procedures and a new cash management policy.

Project monitoring and tracking systems have been developed within all Sahel Missions (see C. 1.(b). - Mission Level Management Improved). These systems will be further developed and, as part of the Africa Bureau's overall management process, all posts will be required to submit quarterly Project Implementation Reports. The format of the report (Annex 3) provides financial information which shows whether the project is moving or stalled, measures performance towards objectives during the reporting period, and identifies key problems to be overcome in the forthcoming quarter.

A.I.D.'s payment and verification procedures are being tightened following the recommendations of an internal A.I.D. Task Force established in April 1982. New procedures will ensure that A.I.D. gives priority in program development to choosing the most effective means of implementation, and that projects are monitored adequately. The recommendations of the Task Force include the requirement that Missions develop comprehensive assessments of methods, that implementation and financing be reviewed from the standpoint of accountability, and that specific assessments be included in the project design. Final approval of the assessments must be given by the A.I.D. controller and justifications must be provided by Missions for methods of financing that depart from Agency policy. Once all the recommendations of the Task Force have been implemented, A.I.D.'s ability to manage and control individual projects will be improved.

In addition, A.I.D. is in the process of formulating a new cash management policy for preferred methods of financing of Borrower/Grantee contracts. The proposed policy will include a requirement that A.I.D. advance funds to any organization (profit or non-profit) only after determining that the recipient has an acceptable financial management system for controlling funds received.

D.2.(c) INCREASED USE OF INDEPENDENT PUBLIC ACCOUNTING FIRMS

During the last two years, several Sahel Missions have used public accounting firms in Africa to supplement the limited number of direct hire personnel and

to improve various aspects of project review and management. Although the number of qualified firms is limited, A.I.D. plans to take full advantage of this resource in the future. Sahel Missions will make increased use of CPA firms to improve project management and review, and to facilitate early resolution or preclusion of management problems. A.I.D. Regional Offices (REDSO) are establishing Indefinite Quantity Contract arrangements with Public Accounting firms. Missions will be able to draw on these contractual mechanisms for several types of services. It is anticipated that the CPA firms will provide management assistance by designing and installing comprehensive, simple, and accurate project financial management reporting and monitoring systems for host government project staff to ensure proper accountability for physical resources. In addition, the firms will perform standard year-end financial audits with emphasis on (1) effectiveness of financial management, including internal control procedures; (2) thorough assessment of annual financial statements; and (3) verification that inputs have been used as prescribed in project documents.

D.3. PROGRAM MANAGEMENT - THE NEXT PHASE

To date, our efforts to improve financial management of projects in the Sahel have concentrated overwhelmingly on the need to strengthen accounting and control of funds released for local costs financing. These efforts will continue. Permanent improvements have been made. Nevertheless, the local cost financial management problem is only one part of a more general picture of management deficiencies in the Sahel. In the coming year A.I.D. will begin the transition to a wider effort aimed at strengthening overall program management. The first step will be an assessment of Sahel Development Program management structures in the field and in Washington. The assessment will focus on the managerial requirements of the A.I.D.-financed program, but also will take account of Sahelian national and regional structures and the multi-donor coordination framework. When completed, the assessment will relate the adequacy of existing management capabilities to present and future program management workloads, thus providing a benchmark against which future progress can be gauged. It also will recommend needed improvements at the country level and at the regional and A.I.D./Washington levels and develop a comprehensive, phased, multi-year plan for strengthening the management of the A.I.D. Sahel Development Program.

ANNEX 1

CERTIFICATION MAINTENANCE & FAA SECTION 121(d) STATUS REPORT

- A. PROJECT NUMBER
- B. PROJECT TITLE
- C. LOCAL CURRENCY DISBURSED BY (1) None (2) USAID (3) Contractor (4) Private & Voluntary Organization(PVO) (5) Host Country
- D. NO. OF ACCOUNTING CENTERS
- E. CERTIFICATION CABLE NO. & DATE
- F. DETERMINATION DATE
(FAA 121(d))
- G. DATE OF LAST REVIEW OF ACCOUNTING
CENTER
- H. DATE OF LAST VOUCHER/RECEIPTS
REVIEW
- I. ADVANCE OUTSTANDING

NOTE: FAA Section 121(d) applies only to new obligations for projects where funds are disbursed for local cost financing by the host government. These projects are marked - C.5.

CERTIFICATION MAINTENANCE & FAA SECTION 121(d) STATUS REPORT

CAPE VERDE

Project Portfolio
(\$000)

(A)	(B)	(C)* LOCAL CURRENCY DISBURSED	(D) NUMBER ACCOUNT CENTERS	(E) CERTIFICATION CABLE/DATE	(F) FAA 121(d) DATE	(G) ACCOUNT CENTER REVIEW	(H) VOUCHER REVIEW	(I) OUTSTANDING ADVANCE
		I 2 3 4 5						
(655)								
0001	Rural Works		1	B 0208 2/3/82	3/25/82			Closed out
0003	Irrigation (Tarrafal)	X	-	B 0208 2/3/82				
0004	Potable Water Supply	X	-	B 0208 2/3/82				
0005	Desal. Power Supply		-	B 0208 2/3/82	1/21/82			
0006	Watershed Mgmt.		1	B 0208 2/3/82	3/25/82	11/82	3/81	420,300
0008	Primary & Nonformal Ed.		1	B 0208 2/3/82	3/25/82	11/82	12/31/82	401,300
0011	Irrigated Crop Res.	X	-	B 2706 12/7/82	4/6/83	8/07/82		

(625)

0237	AIP - Renewable Energy	X	-	Ltr 5/6/82				
0928	Crop Protection		1	P 0178	6/14/82	8/30/82	12/31/82	28,400
0928	Integrated Pest Mgmt.		1	B 0208 2/3/82				
0936	SMDP (Partial)	X	-	D 1438	2/23/82			
0936	SMDP (M.L.J. Acct.)		1	B 0208 2/3/82		11/82	5/30/82	
0960	SMDP - II	X		B 0897 4/23/83				

CHAD

Project Portfolio
(\$000)

(A)	(B)	(C)* LOCAL CURRENCY DISBURSED	(D) NUMBER ACCOUNT CENTERS	(E) CERTIFICATION CABLE/DATE	(F) FAA 121(d) DATE	(G) ACCOUNT CENTER REVIEW	(H) VOUCHER REVIEW	(I) OUTSTANDING ADVANCE
		I 2 3 4 5						

0041 Relief & Rehabilitation X - N 2177 4/13/83

(625)

0936	SMDP - I	X	-	Y Memo 2/16/82	4/15/82			
0960	SMDP - II	X		N 1015 3/24/83				

*NOTE: Local currency disbursed by: (1) None (2) USAID (3) Contractor (4) PVO (5) Host Government

CERTIFICATION MAINTENANCE & FAA SECTION 121(d) STATUS REPORT

Gambia

Project Portfolio

(\$000)

(A)	(B)	(C)* LOCAL CURRENCY DISBURSED					(D) NUMBER ACCOUNT CENTERS	(E) CERTIFICATION CABLE/DATE	(F) FAA 121(d) DATE	(G) ACCOUNT CENTER REVIEW	(H) VOUCHER REVIEW	(I)** OUTSTANDING ADVANCE
PROJECT NUMBER (635)	PROJECT TITLE	1	2	3	4	5						
0202	Soil & Water Mgmt.	X					-	B 0029 1/4/83	3/30/83			-0-
0203	Mixed Farming & Res.			X			2	B 1230 5/5/82		7/82		167,334
0205	Reforestation			X			1	B 1769 6/29/82		7/82		40,178
0206	Rural Roads	X					-	B 1339 4/11/83	6/10/82			-0-
0208	CLUSA (OPG)				X		1	B 1303 4/7/83	4/29/83	6/82		-0-
0211	Albert Market (OPG)	X					-	B 0899 4/6/82				Closed out
0215	GOIC (OPG)	X					-	B 0899 4/6/82	5/3/82			-0-
0216	Rural Development Trg.						-	B 0899 4/6/82				Closed out
0217	Integrated Rural Dev.		X				-	B 0899 4/6/82	6/10/82			-0-
0221	Small Project Assist.											
(625)												
0012	G. River Basin Dev. Org	X					-	D 4516 3/2/83				
0928	Integrated Pest Mgmt.	X					1	Memo 12/31/81	6/14/82			
0928	Crop Protection			X			1	D 3960 4/28/82	6/25/82	11/30/82	2/83	10,239
0936	Sahel Manpower Dev.	X					-	D 1438 ?	2/23/82			
0937	Comm. Dev. Tr. Center			X			1	(uncertified)		12/82	11/82	-0-

*NOTE: Local currency disbursed by: (1) None (2) USAID (3) Contractor (4) PVO (5) Host Government

**NOTE: Outstanding Advance in Dalasis.

27

CERTIFICATION MAINTENANCE & FAA SECTION 121(d) STATUS REPORT

Mali

Project Portfolio

(\$000)

(A)	(B)	(C)* LOCAL CURRENCY DISBURSED	(D) NUMBER ACCOUNT CENTERS	(E) CERTIFICATION CABLE/DATE	(F) FAA 121(d) DATE	(G) CENTER REVIEW	(H) VOUCHER REVIEW	(I) OUTSTANDING ADVANCE	
PROJECT NUMBER (688)	PROJECT TITLE	1 2 3 4 5							
0202	Oper. Mills Mopti II		1	B 3055/5068	9/9/82	Terminated by PIL No. 15 dated 12/16/82			
0203	Mali Livestock Sector		3	B 0265	1/15/82				
	CVL					2/83	1/31/83	24,643	
	OMBEVI					2/83	1/31/83	13,109	
	ECIBEV					2/83	10/82	8,828	
0205	Land Use Inventory	X	1	B 3847	6/30/82	7/15/82 As of 6/30/82, no local currency controlled by GRM			
0206	Riz-Sorgho		2	B 1286	3/14/82	4/12/82			
	Local Costs					2/83	1/31/83	75,644	
	Credit Fund	Suspended (uncertified)							
0207	Ag. Officer Training		1	B 3555	6/18/82	7/11/82	2/83	12/31/82	522
0208	Rural Health		1	Letter	3/22/82	6/83	1/81	-	-0-
0210	Haute Valle		2	B 1286	3/04/82				
	Local Costs					2/83	8/31/82	54,276	
	Credit Fund	Suspended			(uncertified)				
0212	Kayes-Nioro Road	X	-		6/14/82	2/83	1/31/83	73,950	
0213	Action Ble	X	-						
0217	Renewable Energy		1	B 2165	4/22/82	5/19/82	1/83	9/828/	
0218	Mali Livestock Sec. II		4	B 1916	4/7/83	7/13/82		-0-	
	ECIBEV - Credit								
	INRZFH								
	DNE								
	CVL								
0220	San Fisheries	X	-	B 1286	3/14/82	Closed out			
0221	Dev. Leadership Trg.	X	-	B 6212	2/2/82	2/22/83			
0222	High. Teacher Trg. Cen.	X	-	B 1286	3/14/82	Closed out			
0223	Riz-Sorgho II		1			Closed out			
0225	Training Center for Rural Women		1	B 1286	3/14/82	2/83	1/31/83	40,614	
0226	Semi-Arid Tropical Res.	X	-	B 7075	11/24/82	12/22/82			
0229	Sahel Wells	X	-	B 1286	3/14/82				
0234	Small Project Asst.	X	-	B 1021		3/10/83			

*NOTE: Local currency disbursed by: (1) None (2) USAID (3) Contractor (4) PVO (5) Host Government

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CERTIFICATION MAINTENANCE & FAA SECTION 121(d) STATUS REPORT

Mali
Project Portfolio
(\$000)

(A)	(B)	(C)*	(D)	(E)	(F)	(G)	(H)	(I)			
PROJECT NUMBER	PROJECT TITLE	LOCAL NUMBER					CERTIFICATION CABLE/DATE	FAA 121(d) DATE	CENTER REVIEW	VOUCHER REVIEW	OUTSTANDING ADVANCE
		CURRENCY DISBURSED	ACCOUNT CENTERS								
(625)		1	2	3	4	5					
0911	Sahel Institute - (See Regional Report)										
0927	Demo. Data Col. (USED)		X				B7575 12/21/82	12/29/82	2/83	12/82	50,432
0928	Integrated Pest Mgmt.		X				Memo 12/31/81	6/14/82			
0936	Sahel Manpower Dev.	X					Letter	4/15/82			
0937	Village Reforestation		X			1	B 1286 3/14/82		2/83	1/31/83	20,191
0937	Yelimane/Tam. Wells		X			1	B 1286 3/14/82				
0929	Dire Emerg. Relief	X					Memo 12/13/82	12/13/82			

*NOTE: Local currency disbursed by: (1) None (2) USAID (3) Contractor (4) PVO (5) Host Government

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CERTIFICATION MAINTENANCE & FAA SECTION 121(d) STATUS REPORT

Mauritania

Project Portfolio
(\$000)

(A)	(B)	(C)* LOCAL CURRENCY DISBURSED	(D) NUMBER ACCOUNT CENTERS	(E) CERTIFICATION CABLE/DATE	(F) FAA 121(d) DATE	(G) ACCOUNT CENTER REVIEW	(H) VOUCHER REVIEW	(I) OUTSTANDING ADVANCE
PROJECT NUMBER	PROJECT TITLE	I 2 3 4 5						
(682)								
0201	Guidimaka IRD	X	-	N0931 2/25/82	4/8/82			
0202	Rural Med. Assist.	X	-	Letter 4/11/81	4/12/82			
0203	Rural Land Rec.	X	-	Letter 4/22/81	4/12/82			
0204	Vegetable Prod.	X	-	Ltr 12/14/81	4/12/82			
0205	Renewable Res. Mgmt.	X	-	Ltr 12/16/81	4/12/82			
0207	Oases	X	-	N 6525 11/17/82	2/14/83			
0214	Rural Roads	X	-	Letter 7/16/82	7/29/82			
0226	SM Perimeter OPG		-					
0230	Primary Health							
0231	Title II Section 206 Support	X	-	N 1520 3/28/83				
0232	Small Project Assist.							
(625)								
0928	Regional Food Crop	X	1	Memo 2/15/82	6/14/82			
0928	IPM	X	1	N 1497 3/25/83	6/14/82			
0936	SMDP	X	-	N 231	2/23/82			
0937	Expanded Pgm of Immun.	X	-	N 0931	4/12/82			
	Land Tenure	X	-	N 0931	4/12/82			

*NOTE: Local currency disbursed by: (1) None (2) USAID (3) Contractor (4) PVO (5) Host Government

CERTIFICATION MAINTENANCE & FAA SECTION 121(d) STATUS REPORT

Niger
Project Portfolio
(\$000)

(A)	(B)	(C)* LOCAL CURRENCY DISBURSED					(D) NUMBER ACCOUNT CENTERS	(E) CERTIFICATION CABLE/DATE	(F) FAA 121(d) DATE	(G) ACCOUNT CENTER REVIEW	(H) VOUCHER REVIEW	(I)** OUTSTANDING ADVANCE
PROJECT NUMBER	PROJECT TITLE	1	2	3	4	5						
(683)												
0201	Niger Cereals	X		X			3	N 1507 3/15/82	5/3/82	10/10/82	2/83	60,000
0202	Niger Range & Livestock			X			1	N 1507 3/15/82	5/3/82	11/19/82	2/83	114,733
0208	Improving Rural Health			X			8	N 1103 2/25/83	3/25/83	10/30/82	2/83	331,264
0224	Sector Shelter Plan.	X					-	N 1483	4/28/82/5/7			
0225	Niger Cereals Res.			X			1	N7628 12/30/82	3/25/83	10/19/82	1/83	27,840
0226	Human Resources Dev.			X			1	N 1860 3/31/82	5/7/82	11/05/82	1/83	34,124
0229	Eval. Assistance			X			1	N 2075 4/8/82	5/3/82	1/03/83	12/82	29,487
0230	For. & Land Use Plan.			X			1	N 924 2/18/82	3/17/82	11/24/82	2/83	26,953
0234	Ag. Sec. Prod. Support			X			1	N 2077 4/14/83	5/7/82	12/10/82	1/83	258,100
0235	Solar Energy											
0237	Literacy Training			X			1	N 391 1/22/82	3/17/82	11/15/82	1/83	11,001
0240	Niamey Depart. Dev. II						2					
	Operating Exp.			X				N 1095 2/25/83	3/17/82	10/11/82	2/83	-0-
	Credit Fund			X				(uncertified)				
0242	Livestock											
0243	RA Farming Implements											
0245	Rural Irrigated Ag.											
0246	Ag. Sector Grant											
0249	Small Project Assist.											
0401	Accel. Impact Project	X					-	N 391 1/22/82				
(625)												
0915	Niger River Dev. Plan.	X					-	N 1568 3/17/82		N/A		-0-
0917	Sahel Water Data Net		X				-	N 391 1/22/82		N/A		39,159
0928	Integrated Pest Mgmt.			X			1	O 2561	6/14/82	3/82		-0-
0928	Regional Food Crop			X			1	D 3960 4/28/82	6/25/82			
0936	Sahel Manpower Dev.	X					-	N 039 1/22/82	4/15/82	N/A		-0-
0937	Maternal Lang. Texts			X			1	N 391 1/22/82	6/14/82	10/15/82	1/83	27,404
0940	Shl. Re. Water Data Net.	X					-	N 691 1/19/82	2/16/82	N/A	2/83	27,638

*NOTE: Outstanding Advance in U.S. dollars.

**NOTE: Local currency disbursed by: (1) None (2) USAID (3) Contractor (4) PVO (5) Host Government

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CERTIFICATION MAINTENANCE & FAA SECTION 121(d) STATUS REPORT

Senegal

Project Portfolio

(\$000)

(A) PROJECT NUMBER (685)	(B) PROJECT TITLE	(C)* LOCAL CURRENCY DISBURSED					(D) NUMBER ACCOUNT CENTERS	(E) CERTIFICATION CABLE/DATE	(F) FAA 121(d) DATE	(G) ACCOUNT CENTER REVIEW	(H) VOUCHER REVIEW	(I) OUTSTANDING ADVANCE
		1	2	3	4	5						
0202	Range and Livestock				X		3	D 2222 2/1/83	4/7/83	2/07/83	11/22/83	110,600
0205	Casamance Reg. Dev.						4	D11215 12/8/82	3/10/83			
	Health				X					2/10/83	2/3/83	7,700
	ISRA				X					1/26/83	6/30/82	82,800
	SOMIVAC/PIDAC				X					1/26/83	3/31/82	163,400
	SOMIVAC/PIDAC Credit Special				X			Letter 2/23/82		1/26/83	5/08/82	66,900
0208	Irrigated Perimeters						3	D11736 12/23/2	3/8/83			
	SAED (IRR. PER.)				X					7/17/82	11/30/82	216,000
	Bakel Health (U. of Dakar)				X					2/10/83	2/28/83	20,000
	Bakel Health - Bakel Prefecture				X					1/22/83	12/31/82	42,700
0209	Grain Storage				X		1			2/23/83	12/08/82	28,000
0210	Rural Health Services						2	D4178 2/26/83	4/7/83			
	BIRA Health				X					2/22/83	6/30/82	205,800
	BRN Health Survey				X					2/15/83	11/02/82	26,600
0217	Family Health Services				X		2	D 0732 1/26/82	3/29/82	2/24/83	12/31/82	19,100
	ASBEF				X					2/23/83	9/22/82	33,900
0218	SAED Training				X		1	D 0732 1/26/82	3/29/82	7/17/82	12/31/82	181,500
0219	Fuelwood Production						2	D 1166 2/8/82	3/29/82			
	PARFOB				X					2/23/83	12/31/82	333,200
	CNRF (Forestry Research)				X					12/20/83	8/30/82	37,200
0222	Youth Job Dev.				X		-	D11215 12/8/82	3/17/82			
0223	Agric. Research Plan.				X		-	D 2555 2/27/82	4/8/82			
0224	SODESP Livestock Prod.						2	Letter 1/12/82				
	Operating Fund				X					10/13/82	9/30/82	91,700
	Revolving Fund				X					11/16/82	9/30/82	152,600
0233	Nat. Plan for Land Use				X		1	D 2080 3/4/82	3/29/82	2/18/83	12/31/82	15,700
0235	Cereals Production II				X		2	D 7175 4/6/83	4/21/83	2/28/83	3/31/82	82,100
0239	CARITAS-Vil.Dev. (PVO)				X		1			2/22/83	12/31/81	73,000
0240	Lowland Fisheries				X		1			11/82	3/31/82	35,000
0242	Rural Health Services II											
0248	Family Health Phase II											
0249	Ag. Sector CIP											
0250	Millet Transformation											
0251	Land Res. Regeneration				X		-	D 1071 2/4/82				
0254	Fisheries Res. Assess.											
0256	ENEA Rural Mgmt. Train.				X		1	D2222 2/1/83	3/7/83	1/12/83	12/09/82	7,900
0260	Com. Ent. Dev.											
0270	Small Project Asst.				X		1	D2527 2/4/83	3/11/83			

*NOTE: Local currency disbursed by: (1) None (2) USAID (3) Contractor (4) PVO (5) Host Government

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CERTIFICATION MAINTENANCE & FAA SECTION 121(d) STATUS REPORT

Senegal
Project Portfolio
(\$000)

(A)	(B)	(C)* LOCAL CURRENCY DISBURSED	(D) NUMBER ACCOUNT CENTERS	(E) CERTIFICATION CABLE/DATE	(F) FAA 121(d) DATE	(G) ACCOUNT CENTER REVIEW	(H) VOUCHER REVIEW	(I) OUTSTANDING ADVANCE
PROJECT NUMBER (625)	PROJECT TITLE	I 2 3 4 5						
0620	Fiscal Allocation & Groundwater Map. (OMVS)	X	-	D 6952 4/1/83 (uncertified)				
0621	OMVS Intregrated Dev.							
0928	Food Crop Protection	X	1	D Memo 2/24/82	6/14/82	4/16/82	12/31/81	4,500
0928	IPM	X	1	D Memo 2/24/82	6/14/82	7/07/82	7/29/82	14,500
0936	SMDP	X		D 1438	2/23/82			
0937	Renewable Energy (AIP)		3	D 4490 5/14/82	7/12/82			
	ITA (Solar Fish Dryers)	X				2/09/83	1/31/82	7,300
	EAUX ET Forets (Charcoal Prod.)	X				2/08/83	12/31/82	17,800
	IPM/CERER (W. B. Stoves)	X				1/13/83	12/31/82	41,500
0957	Ag. Research	X		(uncertified)				
0958	Groundwater Monitoring	X		(uncertified)				

*NOTE: Local currency disbursed by: (1) None (2) USAID (3) Contractor (4) PVO (5) Host Government

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CERTIFICATION MAINTENANCE & FAA SECTION 121(d) STATUS REPORT

Upper Volta

**Project Portfolio
(\$000)**

(A)	(B)	(C)* LOCAL CURRENCY DISBURSED	(D) NUMBER ACCOUNT CENTERS	(E) CERTIFICATION CABLE/DATE	(F) FAA 121(d) DATE	(G) CENTER REVIEW	(H) VOUCHER REVIEW	(I)** OUTSTANDING ADVANCE
PROJECT NUMBER (686)	PROJECT TITLE	1 2 3 4 5						
0211	Strengthening W.I.D.	X	7	uncertified/suspended	6/81	8/82	10/81	
0212	Oncho Frd. Ar. Vil. De.	X	2	Ltr 12/1/82		12/82	3/83	99,229
0215	Eastern ORD-Rural Roads	X	1	Ltr 2/28/82				
0221	Ag. Human Resources De.	X	1	Ltr 12/31/82	3/25/82	3/82	1/83	227,726
0226	Train. of Women in the Sahel (Non Sahel Funds)	X	2	(uncertified)	suspended January 1983			
0228	Rural Water Supply	X	2	Ltr 12/31/82	3/19/82	12/81	1/83	797,329
0231	Seq. Inte. Rural Dev. (OPG)	X	-	Ltr 5/28/82	6/25/82	5/82		NONE
0235	Forestry Educ. and Dev.	X	1	Ltr 12/31/81		12/81	3/83	128,900
0243	Grain Marketing Dev.	X	1	(uncertified)				
0244	Eastern ORD Food Prod.	X	-	0 1349 3/8/83	3/16/83			
0245	Foundation Seed Prod. Govern. Operating Exp. Project Operating Exp. Revolving Fund	X X X X	3	Partial Ltr 3/29/82 Ltr 8/15/82 (uncertified)		8/82	2/83	107,078
0249	Small Eco. Act. Dev. (OPG)	X	-	Ltr 12/31/81	3/19/82	6/82	12/82	NONE
0251	Strength. Health Plan.	X	-	0 4417 8/23/82	9/1/82			
0255	Ag. Dev. Support							
0258	Fencing							
0259	Small Project Asst.	X	-	0 0678 2/4/83	2/24/83			
(625)								
0928	IPM	X	1	Memo 12/31/81	6/14/82	3/83	11/82	985,090
0936	Sahel Manpower Dev.	X	1	Ouaga 0812	7/23/82	N/A		
0937	AIP - Forestry	X	1	Letter 1/19/82				
	AIP - Fisheries	X	1	Letter 1/19/82				
	AIP - Rural Art. Train.	X	1	Letter 5/5/82				
	AIP - Yat. Ag. Forestry	X	1	Letter 1/19/82			6/82	

*NOTE: Outstanding advance in U.S. dollars.

**NOTE: Local currency disbursed by: (1) None (2) USAID (3) Contractor (4) PVO (5) Host Government

CERTIFICATION MAINTENANCE & FAA SECTION 121(d) STATUS REPORT

Regional Projects

Project Portfolio

(\$000)

(A)	(B)	(C)* LOCAL CURRENCY DISBURSED	(D) ACCOUNT CENTERS	(E) CERTIFICATION CABLE/DATE	(F) FAA 121(d) DATE	(G) ACCOUNT CENTER REVIEW	(H) VOUCHER REVIEW	(I) OUTSTANDING ADVANCE
PROJECT NUMBER	PROJECT TITLE	I 2 3 4 5						
(625)								
0010	LCBC	X		Y 1550 2/24/82				
0012	Gambia River Basin - (See Gambia Report)							
0492	Env. Training & Mgmt.	X	-	Memo AFR/RA	6/24/82			
0617	Sahel Water Data Net.		X	N 0391 1/22/82		N/A		39,159
0620	Fiscal Allocation Resp. (See Senegal Report)							
0621	OMVS IRD - (See Senegal Report)							
0911	Sahel Res. Coordination		2					
	Sahel Institute		X	B 3908 7/2/82	7/19/82	2/83	12/31/82	106,467
	CILSS		X	O 6943 12/30/2	1/17/83			
	Club		X	P38054 11/4/82	7/6/82			
0915	Niger River Dev. Plan. - (See Niger Report)							
0917	Water Data Net. - (See Niger Report)							
0927	Demographic Res. - (See Mali Report)							
0928	IPM/RFCP - (See Country Reports)							
	Cameroon IPM			Y 1582 2/25/82	6/14/82			
	Cameroon RFCP		X	Y Memo 2/24/82	6/14/82			
0929	PM&R		X	121(d) Doesn't Apply per State	65337			
0936	Sahel Manpower Dev. - (See Country Reports)							
0937	A.I.P. - (See Country Reports)							
0940	Sahel Reg. Water Data Mgmt Net. - (See Niger Report)							
0944	Niger Basin							
0950	Sahel Reg. Finan. Mgmt.		X	Memo 7/14/82	7/14/82			
0955	Manantali Resettlement							
0957	OMVS Ag. Research - (See Senegal Report)							
0958	OMVS Groundwater - (See Senegal Report)							
0960	SMDP II - Chad			NJ1015 3/24/83	4/29/83			
	Mali		X	B 1713 3/26/83	4/29/83			
	Mauritania		X	N 1539 3/28/83	4/29/83			
	Niger		X	N 1694 3/28/83	4/29/83			
	Senegal		X	D 6289 3/24/83	4/29/83			
	Upper Volta		X	O 1714 3/23/83	4/23/83			
	Gambia		X	B 1174 3/28/83	4/29/83			
	Cape Verde		X	B 0897 4/23/83	4/29/83			
0961	RFCP - II							
9901	Special Self-Help			State 120293 5/4/82			121(d) Authority delegated to Ambassadors	

*NOTE: Local currency disbursed by: (1) None (2) USAID (3) Contractor (4) PVO (5) Host Government

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PROJECT IMPLEMENTATION COURSE: SAMPLE TRAINING EXERCISE**Setting Up Local Currency Advance**

(Night-work exercise to follow "Managing a Project Budget - In-Box Exercise")

Funds were sufficient for Phase I, and the components of technical assistance, training, commodity procurement and renovation were all performed to the satisfaction of the MOH, the SCU/FM and USAID. In reaching those conclusions the joint evaluation team was particularly impressed with the linkage between TA, training and commodity inputs to clinics and the outputs of improved health. As a result USAID authorized increased funding to provide TA, training and commodities, as well as the renovation of clinics, for the remaining two principal cities and four governates. The MOH undertook to provide two additional paramedics to each clinic within a month of the completion of each renovation.

The ProAg providing the additional funding contains the normal disbursement provisions - letter of commitment, reimbursement and such other methods as are mutually agreed upon - and requires that the renovation work be done under "arrangements mutually satisfactory to the MOH and AID.

The MOH plans to contract out the renovation work in the cities and to use the Construction Branch of the Ministry of Works to renovate the rural clinics. MOH estimates that the work in the cities will take 18 months and cost the equivalent of \$900,000; in the country, two years and \$1,200,000. In the cities, MOH proposes that the contractors would receive progress payments on the basis of certifications from the Chief Engineer of the MOH that the contractual work has been completed according to specifications. In the country, MOH proposes that MOW's Construction Branch would receive periodic advances for its operating costs.

The MOH has requested an advance of the grant to establish an imprest, a revolving fund, to pay for the renovation. Your Mission Director's reaction has been to instruct you to consult with the Mission's engineer and controller and to recommend to him the proper amount to be advanced, measures to convert the dollars into local currency, where the advance ought to be held, who should be authorized to expend the advance, how frequently and against what documentation the advance ought to be replenished. (In that connection, he wants the documentation not only to show what the prior expenditures were for but also to be linked to physical progress and the MOH's performance of its agreement to provide paramedics.) He has in addition asked you to advise him on the nature of any certification he must make, and whether his responsibilities in that would be helped if you countersigned each draw-down from the revolving fund. He also wants to know whether there is any problem presented by the Ministry's proposal to use a parastatal for up-country renovation. Finally, he has asked you to consider whether this task will require the Mission to hire extra help or alternatively to permit the MOH to use the grant to hire either engineers or auditors.

United States Agency for International Development
Mission to Egypt

June 7, 1984

His Excellency Saleh ben Osman, M.D.
Minister of Health
29-C Taufik Crescent
Cairo, Egypt

Egypt: Suez Canal Area Medical Education and Health Service
Project (656-9087)
Project Implementation Letter No. 4

Dear Mr. Minister:

Thank you for your letter no. H-3508 of May 28 concerning the renovation of the clinics. It is a pleasure to inform you that we are in agreement with the proposed methods of renovation and with the concept of an advance of funds.

Enclosed is a Cash Flow Analysis which we believe would be useful in determining the initial amount to be advanced as well as the periodic replenishments. The footnotes to the analysis indicate the type of documentation needed. We would be happy to review this material with your staff to facilitate proceeding with the work.

You will note that this procedure lends itself to replenishing progress payments made upon engineering certification of completion of work according to specifications rather than to advancing funds for operating costs. I trust that such an arrangement can be made with MOW's Construction Branch, including detailing an MOH engineer to certify progress in renovating the rural clinics.

It is also important to us that the advance and replenishments be maintained in an institution that uses generally accepted accounting procedures and that is audited periodically. A separate account in a licensed commercial bank should qualify.

It has been a pleasure to work with your Excellency on this project, and I look forward to its successful continuation.

Sincerely,

Mission Director

CASH FLOW ANALYSIS

Renovation of clinics in _____

Initial Period

Period covered by this advance _____

Estimated percentage of renovation to be done in period 1/

Estimated disbursements during period _____ 1/

Subsequent Periods

Period covered by this replenishment _____

Disbursements during prior period _____ 2/

Percentage of work accomplished in prior period _____ 3/

Percentage of work estimated to be done in this period _____ 1/

Estimated disbursements during this period _____ 1/

Cash on hand at beginning of period _____ 4/

Required replenishment for this period _____

Clinics renovated, name and date, names of paramedics assigned and dates of assignment _____ 5/

Final Period(s)

Cash on hand at beginning of period _____ 4/

Percentage of work estimated to be done in this period _____ 1/

Estimated disbursements during this period _____ 1/

Liquidation of cash on hand _____

- 1/ To be supported by contractual scope of work and Engineer's certificate.
- 2/ To be supported by bank statement, contractor's or Construction Branch's paid invoice, Engineer's certificate of completion according to specifications.
- 3/ Engineer's certificate.
- 4/ To be supported by bank statement.
- 5/ To be supported by Engineer's certificate and letter from MOH.

QUARTERLY IMPLEMENTATION REPORTA. ADMINISTRATIVE DATA

1. Date of this Sheet: _____ 5. Country/Region: _____
 2. Field Project Officer: _____ 6. Project Title: _____
 3. AID/W Backstop Officer: _____
 4. Implementing Agent: _____ 7. Project No: _____

B. FINANCIAL DATA (\$000)

8. Type of Funding: _____ 11. Date of Initial Oblig: _____
 9. Life of Project Auth: _____ 12. PACD: _____
 10. Oblig-Cum. Proj. to Date: _____ 13. Expend-Cum. Project to Date: _____

C. PROJECT PROCESS AND STATUS

14. Project Purposes:
15. Conformance of Project Activities with the Implementation Schedule in the Project Paper and Progress Towards Achieving Project Purposes Since Last Report for Major Project Inputs:
16. Essential Actions Planned next 90 days: and Primary Action Agents:
17. Major Issues Requiring Resolution: and Primary Action Agents: