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SUMMARY REPORT ON AUDIT OF
A.I.D. MANAGEMENT IN THE SAHEL

Report No. 7-625-88-13

June 15, 1988

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

Deputy
Inspector General

June 15, 1988

MEMORANDUM FOR AA/AFR, Charles L. Gladson
FROM: D/IG,  James B. Durnil
SUBJECT: Summary Report on Audit of A.I.D. Management
in the Sahel

The Office of the Regional Inspector General for Audit/Dakar has completed the subject review. A draft of this report was provided to you for your review and comment; your written comments are included as Appendix 2. Five copies of the audit report are enclosed for your action.

This report contains six recommendations to the Africa Bureau, all of which are considered as closed upon issuance of this report. One recommendation in the report relative to defining and measuring mission workload will be discussed with the AA/PPC. We plan to determine the need for Agency-wide policy in this area.

I appreciate the cooperation and courtesy extended to the RIG/A/Dakar staff during the review.

EXECUTIVE SUMMARY

In 1978, Congress established the Sahel Development Program through which A.I.D. would provide economic assistance to eight Sahelian countries in West Africa. Since then, funds provided by the Sahel Development, Public Law 480 and Economic Support Programs have averaged about \$145 million annually. Between 1978-1982 serious A.I.D. management weaknesses limited the impact of A.I.D. assistance to these countries, causing A.I.D., in 1983, to develop a Sahel-wide strategy to (1) control A.I.D. local currency funds, (2) strengthen financial and program management capabilities of Sahelian institutions, and (3) improve A.I.D. administrative and program management. Concurrently, as part of a world-wide effort, the Agency installed new policies to improve financial management. Audits by the General Accounting Office and Inspector General in 1985 and 1986 reported that A.I.D. made progress controlling local currency funds. They also reported insufficient progress in strengthening host government management capability.

In fiscal year 1987, the Office of the Regional Inspector General/Dakar made program results audits at selected missions in the Sahel and at the Africa Bureau in Washington D.C. to determine the progress A.I.D. had made improving its management since 1983. Separate audit reports were issued on four missions. This report summarizes the results of audit at these four missions as well as audit work done at several other Sahel missions and the Bureau. The audit evaluated Bureau and mission (1) systems to measure project progress, (2) actions to implement selected A.I.D. financial management policies, and (3) efforts to balance work loads with staff and budget resources.

Audit results showed that, overall, A.I.D. had made good progress improving its management in the Sahel. A.I.D. increased its use of project evaluations, improved systems to track project implementation, established controls to verify host country accounting for A.I.D. funds, assessed management capacities to better allocate resources, and enhanced staff efficiency through training and use of computers.

Although management had improved, further action was needed to better oversee and control A.I.D. assistance to the Sahel. A.I.D. needed to (1) better measure project progress and expand its reviews of internal controls, (2) improve several areas of financial management, and (3) better balance work load with staff and budget resources.

To ensure that A.I.D. assistance promotes the economic development of recipient countries, A.I.D. must measure

project progress. Since 1983, improvement in Africa Bureau and Sahel mission management systems has resulted in better tracking of project implementation. However, the systems could have better collected, analyzed and reported data on whether project activities were producing the anticipated development changes. This weakness persisted, in part, because it was not identified in Bureau or mission vulnerability assessments. Improved measuring of project progress would have enabled A.I.D. to better evaluate and report on the effectiveness of its assistance to the Sahel. The report recommends that the Africa Bureau assist Sahel missions in establishing better project progress measurement systems, improve its reporting system, and ensure more comprehensive vulnerability assessments.

Evaluations and audit reports through 1983 noted that financial management weaknesses in A.I.D. projects caused serious problems in implementing the Sahel Development Program. Although A.I.D. improved its financial management, further progress was needed in assessing host country abilities to contract, providing for audit in project design, and controlling voucher approval and payment procedures. These weaknesses were not fully addressed because Africa Bureau guidance and oversight were not sufficient to detect the problems Sahel missions were having implementing these financial management policies. Therefore, A.I.D.'s vulnerability and risks were increased. The report recommends that the Africa Bureau further improve A.I.D.'s financial management in the Sahel.

To remedy prior problems handling Sahel work loads, the Africa Bureau established a strategy to increase staff efficiency and to reduce the number of projects. Although staff efficiency had increased, the number of projects remained about the same in 1986 as in 1983. Among other factors, A.I.D.'s annual budget process and congressional interests limited progress in reducing the number of projects. As a result, Sahel missions continued to have problems handling work loads. The work load of Sahelian missions will undoubtedly continue to be influenced by broader Agency and congressional interests. However, a system to define and measure work load would give Sahelian missions and the Africa Bureau more information to assess their ability to manage A.I.D. programs. Also, more training, better written guidance, and enhanced use of computers could further increase staff efficiency. The report recommends that the Africa Bureau develop a system to better define and measure A.I.D. mission work loads, and make further progress on improving staff efficiency.

Management Comments

The Africa Bureau commented that the report was fair and balanced and was notable for its even-handed tone which gave credit to the Bureau and Sahel missions for the significant progress in correcting many of the past problems. The Bureau stated that it had acted on almost all of the report issues over the last year or so. As the subject included in the report was pertinent to good management in general, the Bureau stated it would issue resulting guidance to all of its missions, rather than to only Sahel missions.

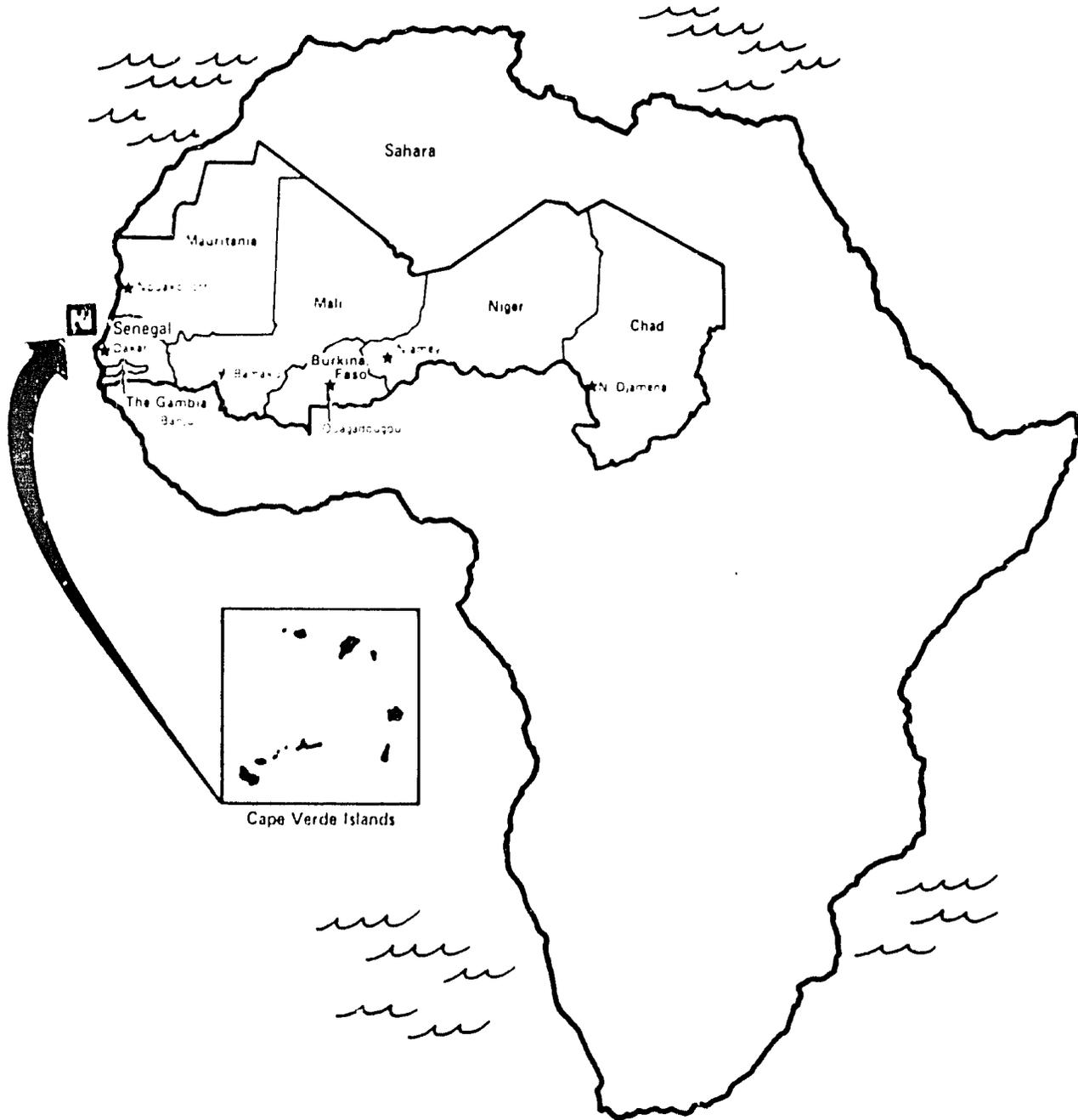
The Africa Bureau concurred in five of the six recommendations included in the draft report and took positive action to implement them. The Bureau did not accept a recommendation in the draft report on defining and measuring workload for use in allocating staff resources. The Bureau believed that any staff-workload assessment should be developed agency-wide, if done at all. Although it recognized the importance of workload assessment to program management, the Bureau doubted whether an appropriate methodology could be developed which captured the staff allocation decisions and rapidly changing priorities in the Agency's work in a realistic way.

Office of the Inspector General Comments

Africa Bureau comments and actions taken on the recommendations were considered and the six recommendations were closed upon report issuance. The recommendation on workload assessment will be discussed with the Bureau for Program and Policy Coordination. We concurred in the Africa Bureau's opinion that a broader look at workload analysis would be preferable to a study based on conditions faced by a single geographic bureau. In this way, an agency standard may be developed against which to measure appropriate staff workload.

Office of the Inspector General

THE SAHEL



SUMMARY REPORT ON AUDIT OF
A.I.D. MANAGEMENT IN THE SAHEL

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SUMMARY REPORT ON AUDIT OF
A.I.D. MANAGEMENT IN THE SAHEL

PART I - INTRODUCTION

A. Background

In 1978, Congress established the Sahel Development Program through which A.I.D. would provide economic assistance to eight Sahelian countries in West Africa ^{1/} to help increase food production and economic and political stability. Since then, the Sahel Development, Public Law 480 and Economic Support Programs have assisted these countries with development projects, food donations and budgetary support. This assistance has totaled about \$1.3 billion ^{2/} or an average of about \$145 million annually as follows:

<u>Fiscal</u> <u>Year</u>	<u>Sahel</u> <u>Development</u> <u>Program</u>	<u>Public</u> <u>Law 480</u> <u>Program</u>	<u>Economic</u> <u>Support</u> <u>Program</u>	<u>Total</u>
(In Thousands of Dollars)				
1978	\$49,847	\$32,275		\$82,122
1979	75,153	24,610		99,763
1980	76,478	40,501		116,979
1981	95,569	45,665		141,234
1982	93,824	32,047		125,871
1983	85,044	36,837	\$10,000	131,881
1984	106,619	62,729	18,000	187,348
1985	103,304	96,259	43,000	242,563
1986	85,213	45,511	42,054	172,778
Total	<u>\$771,051</u>	<u>\$416,434</u>	<u>\$113,054</u>	<u>\$1,300,539</u>

Between 1978-82, according to Inspector General and U.S. General Accounting Office audits, A.I.D. evaluations, and other reports, serious A.I.D. management weaknesses limited the impact of A.I.D. assistance throughout the Sahel. Host government financial records and procedures were deficient, host country supervision and control were lax, and A.I.D.

^{1/} The eight countries are Burkina Faso, Cape Verde, Chad, The Gambia, Mali, Mauritania, Niger and Senegal.

^{2/} This amount does not include centrally funded regional projects and the transportation costs of Public Law 480 commodities.

oversight of the program was poor. Sahel institutions lacked the trained personnel in accounting, financial management, planning and administration to handle the various donor projects. A.I.D. management was weakened by inadequate monitoring systems, unrealistic project designs, too many projects, and insufficient qualified staff. As a result, implementation delays, unaccounted for funds and property, and limited impact were characteristic of most projects.

In 1983, in response to the reports' findings, A.I.D. developed a Sahel-wide strategy to (1) control A.I.D. local currency funds, (2) strengthen financial and program management capabilities of Sahelian institutions, and (3) improve A.I.D.'s program and administrative management. Concurrently, as part of a world-wide effort, the Agency established new policies to improve financial management.

As part of this strategy, the Africa Bureau and Sahel missions have worked to improve oversight of local currency funds and increase the capability of Sahel institutions. Audits by the General Accounting Office ^{3/} and Inspector General ^{4/} reported that A.I.D. made progress controlling local currency funds. They also reported insufficient progress in strengthening host government management capability.

The Africa Bureau and Sahel missions have also worked to improve management by refining project design, implementation and monitoring, strengthening financial management, and furthering staff efficiency. Nonetheless, Inspector General (see Exhibit 1) and General Accounting Office (see Exhibit 2) audits, A.I.D. evaluations, and other reports issued since 1983, have continued to disclose problems limiting the effectiveness of A.I.D. assistance to the Sahel.

B. Audit Objectives and Scope

In fiscal year 1987, the Office of the Regional Inspector General/Dakar made program results audits at selected missions in the Sahel and at the Africa Bureau in Washington D.C. to determine the progress A.I.D. had made improving its management since 1983. Separate audit reports were issued on

3/ Can More be Done to Assist Sahelian Governments to Plan and Manage Their Economic Development?
NSIAD-85-87, September 6, 1985.

4/ Audit of A.I.D. Compliance with Section 121 (D) of the Foreign Assistance Act, 7-625-86-5, March 12, 1986.

four missions 5/. As of June 1, 1988 all recommendations in these reports had been resolved and most had been closed. This report summarizes the results of audit at these four missions as well as audit work done at several other Sahel missions and the Bureau. The audit evaluated Bureau and mission (1) systems to measure project progress, (2) actions to implement selected A.I.D. financial management policies, and (3) efforts to balance work loads with staff and budget resources.

The audit scope did not include an evaluation of management systems beyond Africa Bureau and mission control, such as those relating to A.I.D.'s personnel assignment and management system. Also, the audit did not determine the adequacy of host country or contractor management. Audit work was done in Burkina Faso, Mali, Mauritania and Niger. More limited audit work was done in The Gambia and Senegal. Testing of compliance and internal controls was limited to the conditions disclosed in this report.

The audit was conducted in the countries concerned and Washington D.C. It included interviews with A.I.D. officials and the examination of selected audit reports, evaluations, assessments, project papers, action plans, project implementation and status reports, work force/work load planning documents, staff development plans and budgets. The audit assessed A.I.D.'s systems to measure project/program progress on 22 of 109 Sahel projects and 3 of 8 Public Law 480 programs active in fiscal year 1986 (see Exhibit 3). Audit field work was completed in August 1987, and a discussion draft was issued to the Africa Bureau on December 1, 1987. Africa Bureau comments on the discussion draft were received on March 1, 1988, and a draft report was issued on March 3, 1988. Formal Bureau comments were received on May 21, 1988 (see Appendix 2). The audit was made in accordance with generally accepted government auditing standards.

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- 5/ 1. Audit of USAID/Niger Management,
Report No. 7-683-88-02, dated October 28, 1987
2. Audit of USAID/Mali Management,
Report No. 7-688-88-03, dated November 12, 1987
3. Audit of USAID/Mauritania Management,
Report No. 7-682-88-05, dated January 20, 1988
4. Audit of USAID/Burkina Management,
Report No. 7-686-88-06, dated January 29, 1988

SUMMARY REPORT ON AUDIT OF
A.I.D. MANAGEMENT IN THE SAHEL

PART II - RESULTS OF AUDIT

Audit results showed that, overall, A.I.D. had made good progress improving its management in the Sahel. A.I.D. increased its use of project evaluations, improved systems to track project implementation, established controls to verify host country accounting for A.I.D. funds, assessed management capacities to better allocate resources, and enhanced staff efficiency through training and use of computers.

Although management had improved, further action was needed to better oversee and control A.I.D. assistance to the Sahel. A.I.D. needed to (1) better measure project progress and expand its reviews of internal controls, (2) improve several areas of financial management, and (3) better balance work load with staff and budget resources.

The report contains six recommendations to the Africa Bureau to further improve A.I.D.'s management in the Sahel.

A. Findings and Recommendations

1. The System to Measure Project Progress Could Be Improved

To ensure that A.I.D. assistance promotes the economic development of recipient countries, A.I.D. must measure project progress. Since 1983, improvement in Africa Bureau and Sahel mission management systems has resulted in better tracking of project implementation. However, the systems could have better collected, analyzed and reported data on whether project activities were producing the anticipated development changes. This weakness persisted, in part, because it was not identified in Bureau or mission vulnerability assessments. Improved measuring of project progress would have enabled A.I.D. to better evaluate and report on the effectiveness of its assistance to the Sahel.

Recommendation No. 1

We recommend that the Assistant Administrator, Bureau for Africa, require Sahel missions to improve project progress measurement systems. At a minimum, missions should:

- a. establish qualitative and quantitative interim benchmarks to be met toward achieving project purpose indicators;
- b. gather, report, and verify data on progress in meeting the project purpose benchmarks and indicators; and
- c. analyze data to determine whether project objectives are being met, and if not, identify corrective actions.

Recommendation No. 2

We recommend that the Assistant Administrator, Bureau for Africa, require Sahel missions to periodically report on progress in meeting project purpose benchmarks and indicators.

Recommendation No. 3

We recommend that the Assistant Administrator, Bureau for Africa, ensure that Sahel missions' vulnerability assessments include reviews of the project progress measurement systems.

Discussion

Audit reports and evaluations made between 1978 and 1983 found serious weaknesses in A.I.D.'s management in the Sahel. Weaknesses included overly optimistic project design assumptions, objectives, and implementation schedules, delays in meeting conditions of A.I.D. assistance, lack of host government support, absence of counterpart staff, failure to construct project facilities, and poor contractor performance. A.I.D. management in the Sahel did not detect such problems to enable timely corrective action.

These pre-1983 weaknesses limited the impact of A.I.D. assistance in the Sahel. For example, a 1980 Inspector General audit 6/ of A.I.D. assistance to Mali's livestock sector reported that, after four years and the expenditure of \$13.1 million, A.I.D. projects achieved little in improving and sustaining livestock because of inappropriate design, improper accounting for funds and commodities, and ineffective host country and A.I.D. management. In 1983, an audit 7/ of an A.I.D. food production project showed that these same factors had caused the project's failure and subsequent termination after six years' effort and the expenditure of \$9.2 million.

To ensure that A.I.D. assistance promotes the economic development of recipient countries, A.I.D. must measure project progress. The Foreign Assistance Act requires A.I.D. to establish a management system that includes (1) the definition of objectives and programs, (2) the development of quantitative indicators of progress toward these objectives, (3) the orderly consideration of alternative means for accomplishing such objectives, and (4) the adoption of methods for comparing actual versus anticipated results.

The Africa Bureau developed a Sahel strategy in 1983 to remedy prior weaknesses in mission management. Since then, the strategy has been revised to delegate greater responsibilities to missions for authorization and implementation of projects and to hold them accountable for results. The Bureau has required certain missions to submit annual action plans for implementing the approved country strategy. The Bureau has also required missions to report project progress to enable the identification of systemic

6/ Problems in Implementing A.I.D.'s Livestock Sector Projects' Activities in Mali, 80-67, June 6, 1980.

7/ The Operation Mils Mopti Project in Mali was Poorly Designed and Implemented, 7-688-83-3, May 3, 1983.

problems and corrective actions during periodic program reviews. The Bureau made these changes to better ensure the effectiveness of A.I.D. assistance.

Despite such action, the Africa Bureau and Sahel missions have not adequately determined whether project activities helped to achieve the project purpose. The Bureau and missions could have better assessed the Sahel program's effectiveness through (1) project progress measurement objectives, (2) data collection and reporting, and (3) data analysis.

Project Progress Measurement Objectives - Although project papers provided the specific objectives upon which to measure progress, the Africa Bureau and Sahel missions did not include enough of these objectives in project progress measurement systems.

A.I.D. project papers present specific objectives upon which performance is to be measured. The project paper states the input/resources that are planned to produce specific outputs/products. The project paper sets out measurable indicators on how the inputs and outputs are expected to solve a development problem (project purpose) and under what assumptions. By establishing interim benchmarks to measure progress against these indicators, A.I.D. can determine whether the inputs or outputs need to be modified to achieve the project purpose, or if a project should be redesigned or terminated because of, for example, invalid assumptions.

The Africa Bureau required Sahel missions to report some, but not enough, of this data. To better assess progress and identify systemic problems and solutions, the Bureau required Sahel missions to semiannually report (1) financial obligations, commitments and expenditures, and indications of inadequate budgets, (2) progress and problems in achieving implementation plans, (3) instances where the host country was not meeting its commitments, (4) other significant implementation problems, and (5) the causes of problems and proposed solutions. However, the Bureau did not require missions to measure progress against approved project purpose indicators.

The audit found that Sahel missions had not consistently established project purpose benchmarks and indicators in progress measurement systems. An exception to this condition was found in a review of four projects in Senegal where the Mission generally measured progress against such benchmarks and indicators as part of periodic internal or joint reviews with the host country. Except for infrequent evaluations, of the remaining 21 projects/programs reviewed in 5 other Sahelian countries, only 1 project in Mali was subject to purpose level measurement.

The Africa Bureau and Sahel missions largely employed benchmarks and indicators to measure progress in implementing the project's activities, but not in accomplishing project purposes for which A.I.D. development funds were provided. Therefore, the Bureau and missions generally judged effectiveness by analyzing planned input and output levels rather than whether the projects were solving development problems.

The \$16.3 million Niger Rural Health Improvement Project, begun in 1978 illustrates. Progress was to have been measured by how well the project was helping to (1) decrease preventable illness by 15 percent, (2) increase medicine consumption by 20 percent, (3) provide preventive and curative health services to 3,500 villages or 39 percent of the rural population, and (4) establish a supervised and supplied health delivery system.

Rather than using these indicators to establish interim benchmarks and measure progress, USAID/Niger measured progress by gains in such areas as numbers of extension agents attending training, numbers of facilities constructed or renovated, and amounts of vehicles and equipment provided. After eight years and the expenditure of \$12 million, USAID/Niger was unable to show any measurable decrease in illness, increase distribution of medicines to the population, increase in preventive illness practices, or sufficient supervision and supply of health extension workers. Invalid design assumptions, inadequate host government support, insufficient supervision, and the resistance of the host government to allow A.I.D. to monitor the delivery system impaired A.I.D.'s ability to demonstrate progress.

When A.I.D. has utilized purpose level indicators to measure progress, it has been in a better position to ensure the effectiveness of its assistance. For example, the \$15.3 million Mali Cereals Market Restructuring Project was approved in June 1984 to liberalize cereals marketing, increase food production incentives, and reduce market subsidies. The project paper provided 15 indicators and numerous monitoring benchmarks to enable management to analyze progress. In implementation, USAID/Mali successfully incorporated the project paper's indicators and benchmarks into the project progress measurement system. By using the system to analyze project progress, the Mission was able to detect that one of three project objectives was based on faulty assumptions. The Mission was thus in a position to take timely action to redesign the project.

Africa Bureau officials stated that a timeframe for measurement of the purpose level was important. For

example, the Bureau pointed out that in the Niger Rural Health development project, measurement of the achievement of project purposes, i.e., decrease preventable illness by 15 percent, etc. would probably not be possible during the life of the project. Thus, the Mission would have to use other interim indicators or a different system that was able to identify or create the data base necessary for measuring progress.

We agree that Missions should have the flexibility to determine the most effective way to measure project progress, including ways to measure development change at the project's purpose level. We also agree that benchmarks or interim indicators can be useful to Mission management, particularly in those cases where full accomplishment of project objectives may occur after the project has been completed.

Data Collection and Reporting - Although A.I.D. collected a lot of data about the Sahel program and projects, Sahel missions and the Africa Bureau could have better ensured that data was collected and reported on the effectiveness of project activities, problems, and proposed solutions.

Sahel missions obtained a lot of data on project activities. In some missions, such as Niger, particular emphasis was placed on developing data collection systems within host government institutions. In such missions, data was primarily obtained from host country and technical advisors' progress reports. Mission management relied on project officers' site visits, meetings, special studies and evaluations to validate reported data. In all missions, project officers were responsible for organizing and presenting the data to senior mission officials for review and preparation of periodic project implementation reports to the Africa Bureau.

Although A.I.D. collected data, it did not have fully effective systems to ensure that data was used to evaluate the effectiveness of project activities, problems and proposed solutions or to communicate to senior agency officials. Five of the six missions reviewed had not compared the progress of project activities with planned and past performance.

For example, started in September 1978, the \$18.4 million Operation Haute Vallee project was to increase food crop productivity, production and marketing for one eighth of the Haute Vallee farm families. USAID/Mali was to measure project effectiveness by increases in food crop production, productivity and marketing caused by (1) the use of improved technology, and (2) better support systems for agriculture,

functional literacy, health and transport services and facilities.

After a 1982 Inspector General audit ^{8/} and a 1984 evaluation, the project's outputs were altered, but the purpose remained unchanged. In its October 1986 implementation report to AID/Washington, USAID/Mali reported that \$16.3 million had been spent, the attainment of project objectives appeared likely, and there were no significant implementation problems.

The audit found that data collection problems in the Operation Haute Vallee project limited the reliability of information available to confirm or deny the achievement of the project's purpose. Since neither the project nor USAID/Mali had a system to measure the effects of project activities, Mission personnel had difficulty in identifying data to be verified during site visits. Therefore, the results of project activities were not readily determined or used to guide management decisions. As a result, the Mission had little assurance that general increases in cereals production were brought about by the project's activities.

Data Analysis - Sahel missions and the Africa Bureau have reviewed and analyzed project progress through a variety of means. Although closely monitoring and acting on certain data, other data should have received more management attention.

For example, the audit found that USAID/Mali had placed particular emphasis on reviews by project committees. USAID/Niger and USAID/Senegal used joint reviews with the host country to ensure consensus on the resulting decisions. All missions used semiannual implementation reports and/or internal reviews to analyze project progress and problems, and to decide on actions to be taken. In Washington, as part of program week or the annual budget submission reviews, progress was reviewed by the Africa Bureau and missions. The basis for these reviews were the project implementation reports, evaluations and, in some instances, actions plans.

Based on the analysis of data presented in these reviews, A.I.D. has adjusted inputs and outputs, changed

8/ The Operation Haute Vallee Project in Mali is Experiencing Serious Problems, 7-688-82-01, September 20, 1982

implementation plans, extended project completion dates, or decided to undertake studies or evaluations leading to redesign. The analysis has also facilitated decisions on the appropriate development strategy and has often resulted in project modification, redesign or extensions. The reviews have not, however, consistently examined (1) progress in meeting approved project purpose indicators and (2) the continued validity of design assumptions. Only USAID/Senegal had systematized its reviews to ensure coverage of project purposes and assumptions. The other missions reviewed had not done so.

The \$2.6 million Grain Marketing Development Project in Burkina Faso illustrates that further analysis of project assumptions should be made. Commenced in 1980, the project was designed under the assumptions that the host government: (1) had the political courage to reduce dependence on food aid; and (2) desired cost effective results, and would concur on realistic food policy goals and the most economic means of achieving them.

A 1985 project evaluation reported that the project was not achieving its purpose, and that there were invalid design assumptions, as demonstrated by the following:

<u>Purpose Indicator Contained in 1980 A.I.D. Project Document</u>	<u>Progress as Reported in 1985 A.I.D. Evaluation</u>
1. Create a rolling fund to support the creation of grain stock reserves for influencing rural grain market price structures.	1. The rolling fund was established, but it had become decapitalized by 32 percent over the two seasons in use.
2. Establish sufficient stocks of grain to relieve food shortages in rural areas.	2. Most of the warehouses visited were empty of grain.
3. Increase grain producer prices to provide incentives for increased production.	3. The degree of the project's contribution to increased grain producer prices was unclear.
4. Provide the host government agency with enough trained staff for grain marketing.	4. The host government agency was overstaffed.

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|---|--|
| <p>5. Build 30 warehouses to facilitate grain marketing transactions.</p> <p>6. Establish an information system for policy and operational decision making in food grain marketing.</p> <p>7. Organize and staff a planning unit.</p> | <p>5. Only one warehouse had been built. The implementing agency should discontinue operating in the retail sales market.</p> <p>6. No explicit information on system was available.</p> <p>7. The planning unit was organized and staffed, but of limited impact.</p> |
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The evaluation found that limited progress had been achieved because USAID/Burkina had not examined the continued validity of design assumptions or measured progress against project purpose indicators. The evaluation stated:

"The project design was based implicitly on the incorrect assumption that strengthening OFNACER [the implementing agency] was equivalent to improving the overall grain marketing system... OFNACER's commercial buying and selling operations are very costly; it would lose less money by not buying any domestic grain at all... USAID... should be more willing to question its own basic assumptions. All major project objectives should be closely examined within the rigorous structure of the log frame".

USAID/Burkina officials believed the auditors relied too heavily on the evaluation report and did not consider other views. The Mission noted some concerns with the evaluation report findings, and pointed out that the auditors had given insufficient attention to the time-context of the evaluation and the succeeding years. The period 1984-86 was one of massive relief efforts and, according to the Mission, OFNACER played a central role in the receipt and distribution of emergency food grains. The Mission did not believe terminating assistance to OFNACER was warranted.

The auditors did not intend to overly rely on conclusions reached by the evaluation team. The issue was one that the Mission should have periodically assessed the project's assumptions to ensure they were realistic. Attainment of the project purpose, in many cases, is critically tied to the assumptions made about host country capabilities.

In interviews made to determine how the Africa Bureau and missions analyzed data in periodic reviews, Sahel mission

officials stated that the reviews focused on progress implementing activities, including the rate of financial obligations, commitments and expenditures. Similar views were given in Washington, although officials stated that the reviews also included emphasis on development strategy. However, except for Senegal, missions and the Africa Bureau did not review progress in attaining project purpose levels or the potential impact of invalid design assumptions on attaining project objectives.

The problems discussed above in measuring project progress, collecting data and reporting, were administrative control weaknesses that should have been identified in vulnerability assessments. Internal control includes both accounting and administrative controls. While accounting controls are concerned with safeguarding assets and the reliability of financial records, administrative controls are concerned with operational efficiency and adherence to managerial policies.

Sahel missions provided periodic reports to the Africa Bureau on the status of their internal controls. The reports were to show missions' assessments of vulnerability and to provide assurances on the adequacy of internal controls. Where material weaknesses were identified, planned corrective actions were to be reported so that the Bureau could monitor progress in implementing them.

Although in some instances, missions reported deficiencies in certain accounting controls, most missions assessed projects as having acceptable progress measurement systems. Examples from Mission reports included statements that:

- progress reports were timely, accurate, and useful;
- progress reports showed comparisons with planned and past performance;
- records were maintained on the activities and results achieved;
- projects' activities would attain their objectives within budgeted costs; and
- no corrective actions were needed or planned.

These statements were not consistent with the conditions disclosed by the audits. Except for USAID/Senegal, missions did not have reports providing data on progress in achieving project purposes. Neither the Africa Bureau nor missions could attest to the accuracy of reported information. Few missions had progress reports which systematically showed

comparison with planned and past performance. Sufficient records may have been maintained on the activities but not on the results achieved. Without a system to measure project progress at the purpose level, there was no assurance that projects would attain objectives within budgeted costs. These deficiencies were internal control weaknesses needing corrective action.

Africa Bureau reviews of the vulnerability assessments did not disclose these inconsistencies despite the findings of recent audit reports. For example, not measuring progress against objectives was noted as a weakness in audits made in 1985 and 1986, of A.I.D.'s livestock ^{9/} and river basin activities ^{10/} in the Sahel. Only in Senegal were systemic changes made in response to audits. The other missions, since their vulnerability assessments did not disclose weaknesses in project measurement systems, did not plan corrective actions.

In conclusion, improvements in A.I.D.'s project management system since 1983 have resulted in better project management. Indeed, the serious problems previously found with local currency funding, contractor performance, and project implementation have clearly been reduced. We believe, however, that A.I.D. should continue its efforts to better measure the effectiveness of its assistance in the Sahel and to increase its accountability for program results. In our opinion, project progress measurement systems can now be expanded to the purpose level of A.I.D. assistance efforts. This should result in better reporting on the uses of appropriated monies. We also believe A.I.D. should periodically verify the adequacy of project progress measurement systems through internal control reviews.

Management Comments

The Africa Bureau concurred in the recommendations and took corrective action. The Bureau will advise all of its field missions to review their portfolios during the next project implementation review cycle in order to: (a) examine the need to sharpen progress indicators as a part of monitoring and evaluation plans, (b) make plans to improve data collection and monitoring activities, and (c) utilize the results in internal reviews, in semiannual project

9/ Summary Report on A.I.D. Assistance to Develop Livestock in the Sahel, 7-625-86-3, October 17, 1985.

10/ Audit of A.I.D. Participation in Sahel River Basin Development, 7-625-87-4, December 31, 1986.

implementation reports, and in reporting on action plans. Also, in recognition of the importance of purpose level reporting, the Africa Bureau, in March 1988, issued new formats for field mission reporting which specifically requires reporting at the broader project purpose level.

In regards to the vulnerability assessment, the Bureau stated that it would work with A.I.D.'s Office of Financial Management to modify the vulnerability assessment to include reviews of the project progress measurement systems.

Office of the Inspector General Comments

Africa Bureau actions are responsive to the report recommendations; therefore recommendation numbers one, two and three are considered as closed upon issue of this report.

2. Financial Management Needs To Be Further Improved

Evaluations and audit reports through 1983 noted that financial management weaknesses in A.I.D. projects caused serious problems in implementing the Sahel Development Program. Although A.I.D. improved its financial management, further progress was needed in assessing host country abilities to contract, providing for audit in project design, and controlling voucher approval and payment procedures. These weaknesses were not fully addressed because Africa Bureau guidance and oversight were not sufficient to detect the problems Sahel missions were having implementing these financial management policies. Therefore, A.I.D.'s vulnerability and risks were increased.

Recommendation No. 4

We recommend that the Assistant Administrator, Bureau for Africa, provide guidance and oversight necessary to ensure that Sahel missions comply with Agency financial management policies, including requirements that:

- a. project papers assess host country contracting agencies' abilities to advertise, award and negotiate contracts; monitor contract implementation; examine invoices; and audit contractor records and reports;
- b. project papers assess the need to build financial and/or program audits into the implementation schedule of projects and include funding, as appropriate;
- c. missions conduct annual tests of their voucher payment and approval procedures; and
- d. project officers submit voucher approval checklists.

Discussion

Evaluations and audit reports through 1983 noted that financial management weaknesses caused serious problems in implementing the Sahel program. For example, the \$9.9 million Operation Mils Mopti Project was approved in April 1980 despite an evaluation which noted unsatisfactory management in a preceding project. Mission reviews and a 1983 Inspector General audit ^{11/} of the new project found that inadequate USAID/Mali oversight allowed improper financial management practices to continue. As a result,

^{11/} See footnote 6, page 6.

with millions of dollars of A.I.D. assistance unaccounted for and few results achieved, the Africa Bureau terminated the project.

A.I.D. made significant improvements over the past several years strengthening financial management. For instance, Sahel missions have implemented procedures to verify host government records and reports accounting for A.I.D. local currency funds. In certain missions, such as USAID/Mali, computer capability has been used to improve internal control over voucher payments and bills for collection. Also, missions such as USAID/Senegal have used public accounting firms to assist management. Throughout the Sahel, A.I.D. has provided assistance to develop host country accounting and financial management practices. As a result, a 1986 Inspector General audit ^{12/} found that A.I.D. had significantly reduced its level of vulnerability in providing local currency to the Sahel.

Further efforts were needed to (1) assess host country capabilities to contract, (2) plan for audits when designing projects, and (3) control voucher approval and payment procedures.

Host Country Contracting - Where host country contracting is proposed as a means of implementation, missions must systematically assess the prospective agencies' abilities to (1) advertise, award and negotiate contracts, and (2) audit contractor performance, records and reports. The results of these assessments are to be incorporated in project designs so that A.I.D. can plan oversight in vulnerable areas.

Since 1983, Sahel missions have informally assessed some of the host country's abilities to contract. For example, judgments made of host government capability to contract for technical assistance caused several Sahel missions to establish policies of A.I.D. direct contracting for these services. Also, reflecting missions' awareness and concern over the abilities of the host country to contract for construction, missions have increased their provisions for supervision and control, either by supplementing mission staffing with engineers or contracting for additional technical assistance to supervise construction.

Nonetheless, Sahel missions were not providing formal assessments of host country contracting capabilities in project papers as required. In Burkina Faso, for example, the mission had not made formal assessments of the host country's ability to contract in any of four project papers

^{12/} See footnote 4, page 2.

or project paper supplements approved since 1983. For example, a \$2,230,000 project paper supplement to the Agricultural Human Resources Development Project, approved in March 1986, proposed host country contracting for an additional \$575,000 for construction and \$150,000 for operating costs. The supplement contained no assessments or justification of this method of implementation as required.

Rather than assessing host country contracting ability Sahel missions described their own monitoring procedures, such as for reviewing and approving construction or for certifying the accounting system used for operating costs. Information was not provided regarding (1) the specific contracting procedures used by host governments, (2) the internal controls employed to ensure that approved procedures were followed, or (3) the identification of the specific weaknesses to enable missions to plan appropriate oversight.

Without describing and assessing the specific host government contracting procedures and internal controls in project papers, missions were unable to sufficiently identify weaknesses. Identifying weaknesses could have helped ensure that oversight plans were sufficient enough to avoid bottlenecks. For example, a 1986 Inspector General audit ^{13/} of the \$18.3 million Manantali Resettlement Project found that host country contracting contributed to significant implementation problems. The project paper did not focus sufficiently on host country contracting procedures. Consequently, project implementation was considerably delayed during the project's early stages.

Audit Coverage - Missions must assess the need for audits when designing projects and describe planned contract and project audit coverage by the host government, A.I.D. and/or independent public accountants. Where the need for audit has been identified, project funds should be budgeted for independent audits.

Some Sahel missions have informally assessed the need for audit and have taken action to provide audit coverage. For example, USAID/Niger has worked with the Inspector General on several occasions to provide nonfederal audit coverage of projects and programs. Also, the Mission has used local auditing firms to provide coverage of host government counterpart funds.

Notwithstanding significant progress in providing audit coverage by certain missions, all missions, except for

13/ Audit of the Manantali Resettlement Project in Mali, 7-688-86-10, September 23, 1986.

USAID/The Gambia, needed to better plan for audits in project design schedules. The review of one project paper in The Gambia found that the Mission had assessed the need for audit and had taken appropriate steps to provide coverage. However, the other missions reviewed needed further progress. Since 1983 USAID/Mauritania, for example, had not evaluated the need nor budgeted funds for audit in project papers. None of the Mission's project papers adequately described audit coverage by stating timeframes, who was to do the audits, or the amount of funds needed.

Voucher Examination and Approval Procedures - Missions must annually assess their voucher approval and examination procedures to determine any weaknesses, and to determine if staff are following the procedures. The assessments must verify supporting documents submitted with contractor invoices, and the ability of project officers to match contractor performance with contractor invoices. The assessments must involve a randomly selected sample of vouchers. Weaknesses that indicate high vulnerability should be highlighted for further action.

Sahel missions were found to have assessed their voucher approval and examination procedures on the basis of daily oversight rather than by using the systematic approach of sampling. Based on audit tests at four missions of vouchers totaling about \$10 million of about \$53.1 million processed in fiscal year 1986, a more formal approach was needed.

Audit testing of 183 vouchers, selected on the basis of auditors' judgment, found that 70 vouchers or 38 percent had insufficient documentation to show the basis for approval. The most frequently cited deficiencies were that (1) project officer approval checklists were not included with vouchers, although they were required to enable A.I.D. management to decide the vouchers' vulnerability to improper payment, (2) advances were made in excess of the recipients immediate disbursing needs, and (3) other supporting documentation, including contractor certificates of performance were not included with vouchers.

Inadequate host country contracting capabilities, insufficient audit coverage, and the need to improve voucher approval and payment procedures have been world-wide problems which the Agency has been trying to address. In April 1982, the A.I.D. Administrator named a task force to review these problems. The review resulted in 16 policies on (1) methods of project implementation and financing, (2) auditing, verification, and other monitoring practices, and (3) other accountability practices. The Bureau for Management sent implementing guidance to the missions in December 1983. The guidance acknowledged that it would take several years to fully implement the policies.

These weaknesses were not fully addressed because Africa Bureau guidance and oversight were not sufficient to detect the problems missions were having implementing these policies. Factors most often cited by mission officials as limiting their progress included (1) insufficient controller office resources to handle all that was required of these offices, (2) the absence of detailed written guidance within the missions, and (3) insufficient Africa Bureau oversight.

According to Sahel mission officials, the policy statement assessments called for more resources than were available. Mission controllers did not have the resources to make the comprehensive assessments required by the policies. Generally, staff did not have the training or capability to make the assessments, and could not handle any more responsibility.

Another factor limiting progress was the lack of detailed written guidance within the missions. Guidance was either restricted to a requirement for submission of the project officer checklist, or not present at all. Missions had not sufficiently emphasized the need for project officer checklists in assessing vulnerability. Also, officials indicated that designers waited until project papers were completed before consulting controllers on financial aspects. Consequently, it was too late to arrange for external assistance to conduct the assessments.

The third factor limiting the missions' progress was that A.I.D. did not identify instances of mission noncompliance because the criteria were not included in the Bureau's review system to identify mission progress and problems. Better oversight could have led to solutions to the staffing and financial problems being experienced by missions.

To lower A.I.D.'s vulnerability, the Africa Bureau needed to ensure that Sahel missions better assess host country contracting capabilities, plan for audits and improve voucher approval and payment procedures. The Bureau needed to ensure that Sahel missions make assessments of host country contracting agencies' abilities to advertise, award and negotiate contracts, monitor contract implementation, examine invoices, and audit contractor records and reports. The Bureau also needed to ensure that project papers provide an evaluation of the need for audit, as well as budget, and that Sahel missions annually test their voucher payment and approval procedures.

Management Comments

The Africa Bureau agreed with the recommendation and stated that it would reinforce to its missions existing guidance in terms of project design and implementation and would reemphasize the need to test voucher payment approval procedures.

Office of the Inspector General Comments

The Bureau response and action is responsive to the recommendation which is considered as closed upon issuance of this report.

3. Need to Develop A System to Define and Measure Work Load and to Further Increase Staff Efficiency

To remedy prior problems handling Sahel work loads, the Africa Bureau established a strategy to increase staff efficiency and to reduce the number of projects. Although staff efficiency had increased, the number of projects remained about the same in 1986 as in 1983. Among other factors, A.I.D.'s annual budget process and congressional interests limited progress in reducing the number of projects. As a result, Sahel missions continued to have problems handling work loads. The work load of Sahelian missions will undoubtedly continue to be influenced by broader Agency and congressional interests. However, a system to define and measure work load would give Sahelian missions and the Africa Bureau more information to assess their ability to manage A.I.D. programs. Also, more training, better written guidance, and enhanced use of computers could further increase staff efficiency.

Recommendation No. 5

We recommend that the Assistant Administrator, Bureau for Africa:

- a. develop a system to better define and measure Sahel mission work loads; and
- b. develop policy and procedures to use work load data in assessing Sahel mission program management capability.

Recommendation No. 6

We recommend that the Assistant Administrator, Bureau for Africa, further increase the staff efficiency of Sahel missions by:

- a. requiring missions to establish development plans for foreign national staff which include the actions, funding, and timetables required to meet staff development objectives;
- b. requiring missions to maintain a system for internal issuances of policies, procedures and notices to mission personnel; and
- c. developing plans to ensure that missions are provided the computer software programs and training to organize project management information systems and reporting.

Discussion

Between 1978 and 1983, A.I.D. had increased its assistance levels and the number of projects in the Sahel, but decreased the number of USAID direct hire staff. As shown below, total assistance increased from about \$66 million in 1978 to about \$100 million in 1983, while U.S. direct hire staff declined to 112 in 1983 from 117 in 1978.

<u>Fiscal Year</u>	<u>Sahel Developm. Program a/</u> (In Millions of Dollars)	<u>Public Law 480 Program b/</u> (In Millions of Dollars)	<u>Econom. Support Program</u> (In Millions of Dollars)	<u>Total</u>	<u>No. of Active a/ Projects</u>	<u>No. of D.H. Staff</u>
1978	33.5	32.3		65.8	57	117
1979	59.8	24.6		84.4	70	131
1980	54.8	40.5		95.3	70	140
1981	74.2	45.7		119.9	79	122
1982	61.0	32.0		93.0	82	133
1983	53.5	36.8	10.0	100.3	80	112

a/ Does not include regional projects.

b/ Does not include the transportation costs of Public Law 480 commodities.

During this time, Inspector General audits, A.I.D. assessments and evaluations reported that A.I.D. missions did not have sufficient qualified staff to administer the assistance program. The lack of staff was a major reason for the significant program problems which limited the impact of A.I.D. assistance and led the Congress to consider reducing the amount of assistance provided to the Sahel.

In 1983, in response to the audit reports and congressional concerns, the Africa Bureau established a strategy to increase staff efficiency in the Sahel. The strategy included assigning more experienced officers, revising and strengthening training courses for project officers and using accounting firms to assist management.

In 1984, A.I.D. supplemented this strategy with plans to reduce the number of projects. This occurred when in August 1984, a congressional committee expressed its concern over A.I.D.'s ability to manage further planned increases in Sahel funding levels while lowering still further the number of USAID direct hire staff. For example, bilateral project obligations were planned to increase from \$53.5 million in 1983 to \$79 million in 1986, and U.S. direct hire staff was planned to be reduced from 112 to 98. In response, A.I.D. submitted a plan to the congressional committee for reducing the number of projects in the Sahel.

By the end of fiscal year 1986, Africa Bureau and Sahel mission actions had increased staff efficiency. Actions were taken to assign experienced officers, revise and strengthen training courses, and utilize accounting firms. Other actions had also improved staff efficiency. For example, USAID/Burkina replaced the loss of five U.S. direct hire staff with host country nationals as a result of its training efforts. USAID/Niger hired more contractors to help compensate for reductions in U.S. direct hire positions. All missions had obtained and used computers.

A.I.D. did not, however, meet its objectives to reduce the number of bilateral projects and obligations in the Sahel. Compared to the plan submitted to the congressional committee in 1984, bilateral projects remained about the same rather than being reduced, and obligations rose more than planned. At the same time, the number of U.S. direct hire staff had declined more than planned. This is shown below:

Bilateral Projects, Project Obligations,
and Direct Hire Staff in the Sahel
Fiscal Years 1983-86

<u>Fiscal</u> <u>Year</u>	<u>No.</u>	<u>Bilateral Projects a/</u>		<u>Direct Hire Staff</u>	
		<u>Planned b/</u> <u>Amount of</u> <u>Obligations</u> <u>(\$ millions)</u>	<u>Actual c/</u> <u>Amount of</u> <u>Obligations</u> <u>(\$ millions)</u>	<u>Planned b/</u> <u>No.</u>	<u>Actual c/</u> <u>No.</u>
1983			80	\$53.5	112
1984	89	\$66.5	83	84.4	123
1985	72	77.7	83	123.4	111
1986	49	79.0	82	106.2	98

a/ Does not include regional projects or the Public Law 480 program included in Sahel mission work loads for which no work load measurement objectives were established.

b/ These objectives -- planned numbers of projects, amount of planned obligations, planned and direct hire staff -- were established in the Agency's 1984 response to the congressional committee's inquiry on A.I.D.'s ability to handle proposed funding levels.

c/ Data obtained from Congressional Presentations.

New projects and project extensions were factors in not reducing the number of projects. Between 1984 and 1986, A.I.D. terminated some bilateral projects. However, as shown below, new projects and project extensions offset reductions from terminating projects.

Projects Terminated, Started
and Extended in the Sahel
Fiscal Years 1984-86

	<u>1984</u>	<u>1985</u>	<u>1986</u>
Projects Terminated	8	17	8
Projects Started	11	17	7
Projects Extended	46	30	11
Total Bilateral Projects	83	83	82

The Africa Bureau initially questioned some of the auditors' data on the number of active projects in the Sahel, opining that the numbers of projects in the 1983-86 timeframe had been reduced. We met with Bureau officials in March 1988 and discussed the methodology used in the audit and the basis for the numbers of projects. While there were still some minor unreconciled differences, the numbers shown in the audit report for the period 1983-86 were considered reasonable. Bureau officials commented that the number of projects had since been reduced.

The audit identified some factors which limited A.I.D.'s progress in reducing the number of projects. Bureau and mission officials stated that A.I.D.'s annual budget process places high priority on ensuring that established funding levels are met, thus making it more difficult to cut projects. The impact of meeting funding levels on mission work load was described in a staff paper as follows:

"It is rare for mission Directors to submit ABSs [Annual Budget Submissions] or other documents and say that they don't have the horses to do the job. In our development profession, we want to do more. Therefore, there is an in-built tendency of people to rationalize that the challenging task laid out can in fact be handled one way or the other. This helps to explain why our eyes are frequently bigger than our stomachs. We're in the 'potentials' business and we hate to let anything drop. It is an admirable trait, and at the same time a dangerous one."

Congressional interests also influenced A.I.D.'s ability to reduce projects. An Office of Technology Assessment report 14/ issued in 1986 stated that over the years Congress had added new priorities and mandates through policy directives and earmarked funds for certain purposes. However, Congress had rarely removed previous mandates nor ranked the importance of existing ones. These actions increased pressure to expand rather than reduce the number of projects. Again, a staff paper highlighted the influence of this factor on mission work load by stating:

"...there are all the normal problems of egos invested in projects, the political need to be responsive to host country, embassy, bureau, agency and congressional policy and program emphases. There are a number of recent cases which demonstrate the problems of management rationality in a democratic system. The interest groups which have earmarked funding for certain objectives such as family planning or child survival have forced the creation of new projects just at the time that AID/W was also emphasizing the need to cut down on the number of projects in our portfolios, to concentrate our resources on only one or two major constraints, and to cut one's cloth to fit the pocket book. And there is probably no way of resolving such dilemmas in a democracy."

Audits made at Sahel missions disclosed that reductions in U.S. direct hire staff and budgets continued to pose problems handling work loads. For example, the audit in Niger 15/ reported that a heavy work load had limited the number of project site visits, more staff were needed to conduct the assessments required by A.I.D. financial management policies, and additional funds were needed for undertaking further actions to increase staff efficiency. In Mali, the audit 16/ reported that the Mission had difficulty devoting enough staff time to bilateral projects because of the work load involved with emergency drought and insect relief programs, and congressional and Agency pressure to implement additional regional projects in

14/ Continuing the Commitment: Agricultural Development in the Sahel, Office of Technology Assessment, OTA-F-308, August 1986.

15/ Audit of USAID/Niger Management, 7-683-88-02, October 28, 1987.

16/ Audit of USAID/Mali Management, 7-688-88-03, November 12, 1987.

certain fields. Also, because of budget reductions, officials said that they were not able to hire more contractors to help manage the program.

The auditors understand that the work load of Sahelian missions will undoubtedly continue to be influenced by broader Agency and congressional interests. Further, we understand that reductions in the number of projects alone is not a guarantee that work load will be better balanced with staff and budget resources. However, the audit showed that the Bureau and missions needed a better system to define, measure and assess work load. Also, more training, better written guidance, and enhanced use of computers could further increase staff efficiency.

Work Load Measurement System - Neither the Africa Bureau nor missions have had a system to define, measure and assess the Sahel work load. In 1984, the Bureau used an A.I.D. assessment ^{17/} of staff utilization in the Sahel to help plan program levels and resources. However, a system was not established that would measure progress, and follow-up was not made. Also, the Bureau required the fiscal year 1988 annual budget submissions to provide information on the missions' assessments of how they planned to allocate staffing levels among projects and programs. However, these assessments made no provisions for indirect time or other work load factors such as extending projects that had been scheduled for termination, significant variances in scope and complexity among projects, or the number of site visits required. Assessments were not required in the fiscal year 1989 budget submissions.

The need for better work load analysis was emphasized in the 1984 A.I.D. assessment. Among other factors, the assessment stated that work load analysis needed to consider the indirect time of staff used for illness, leave, and training which comprised about 25 percent of staff time available. The assessment recognized that work load analysis was not easily quantified since projects and program activities differed in size, complexity, implementing agents, and capabilities of project personnel. Nevertheless, the entire mission work load needed to be considered to avoid potential imbalances.

Of the Sahel missions audited, only Mali had attempted to establish a work load measurement system. In 1984 and 1985 the Mission conducted work load assessments to help justify its needs presented in the fiscal year 1986 and 1987 annual

17/ Report to the A.I.D. Deputy Administer on Staff Utilization in the Sahel, Dwight Ink, November 1984.

budget submissions. The Mission found these assessments useful in facilitating judgments on what work load was feasible and what resources were required to handle it. In addition, the Mission developed a low cost system to plan work loads which entailed listing out each individual in each division, listing the projects for which the person was responsible, giving broad descriptions of size and scale of projects, making a high, medium or low estimate of management intensity of each project, and listing the major tasks/outputs which faced the project.

USAID/Mali recognized that its effort was only a start in defining and measuring work load, and that further action was needed. In fiscal year 1988, USAID/Mali planned an independent review of their current work load. Officials said that such a review would advise the Mission how to organize or reorganize within given constraints, and that the expected changes in efficiency would offset the estimated \$15,000 cost.

We recognize the difficulty in developing a system to define, measure and assess mission work load. However, we believe further efforts should be made to better allocate scarce budget and staff resources. In this regard, while judgment will undoubtedly remain a key feature to any measurement system, there is good potential to supplement this judgment with more precise and objective work load indicators.

Host Country Employee Development - A key element of A.I.D.'s strategy to cope with work loads has been to rely on host country nationals to compensate for the reduced number of direct hires. Host country nationals (1) enable a reduction in operating costs, (2) understand the culture and the language, and (3) prevent gaps in program continuity caused by U.S. direct hire assignment changes.

Sahel missions generally established staff development plans to identify employee needs, provide necessary training and enable career advancement. The plans placed particular emphasis on developing the skills and increasing the responsibilities of host country nationals. To develop foreign national capabilities, missions provided formal and on-the-job training. Through such training, Sahel missions had achieved some success in replacing A.I.D. direct hire positions. Between 1983 and 1986 USAID/Mali, for example, added six host country nationals to its professional staff, of which three replaced direct hire positions.

Although missions had increased the use of host country nationals, missions indicated that these employees generally did not have the capability to effectively replace direct

hire positions. Employees needed further development in (1) English language proficiency, (2) computer operations, (3) program, financial, and administrative management skills, and (4) secretarial skills.

Sahel missions also cited budget limitations as a limiting factor. However, in our view better staff development plans could ensure the development of employee skills and ensure that funds are available for training.

The audit disclosed that personnel development plans lacked specific objectives. The objectives did not consistently specify which people were to move into managerial positions; what actions were required to meet staff development objectives; and in what timeframe were such actions to be completed. Therefore, missions did not use development objectives and time tables to determine and justify the level of funding needed for training programs.

Written Guidance - A.I.D. Handbooks 18 and 23 stress that missions establish and maintain a system for internal issuances of policies, procedures and notices to mission personnel. Missions are also responsible for ensuring that their internal directives are consistent with A.I.D. policies and procedures. Written procedures help to establish effective and consistent management systems and to train and guide less experienced staff.

Recognizing the need for and usefulness of written procedures in operating and training, all missions had established either a mission operations manual or other written directives. The Burkina Faso, The Gambia, Niger and Senegal missions established operations manuals while the remaining missions' systems consisted of mission orders.

However, the audit found that every mission had not maintained the systems, and therefore the systems of written guidance had fallen into disuse. Important areas, such as changed development strategies, new mission operating procedures, mission reorganization, new delegations of authority, and other procedures were not included in mission guidance.

Computers - Since 1984, A.I.D. has placed particular emphasis on obtaining computer equipment for Sahel missions to more efficiently administer the program. Because of these efforts, by 1987 most missions' needs for computer hardware had been met. To train staff on computers, AID/Washington has provided assistance. Also, in larger missions staffing has been augmented with computer specialists to help train secretarial and professional staff. These efforts resulted in more efficient financial

management and accounting, project planning and budgeting among missions. Particular use of computers for word processing had also improved efficiency.

Nonetheless, audits in all missions disclosed further opportunity to increase staff efficiency through computers. Missions had not used the computers for project management information systems and reporting. Computers could have been further used for program and project management and tracking systems, and economic and statistical analysis.

In conclusion, the Africa Bureau should develop a system to better define, measure, and assess Sahel mission work loads. Also, to further improve staff efficiency, the Bureau should ensure that missions establish comprehensive staff development plans, maintain systems of written guidance, and obtain computer software programs and training to organize project management information systems and reporting.

Management Comments

In regards to a draft report recommendation to develop a workload measurement system, the Africa Bureau stated that it did not accept the recommendation. The Bureau believed that any staff-workload assessment methodology should be developed agency-wide, if it were to be done at all. The Bureau also believed a Sahel-wide or Bureau-wide assessment would be counterproductive as there would not be adequate standards against which to measure staff workloads.

The Bureau recognized the importance of workload analysis and planning to program management, but doubted whether any particular assessment methodology could realistically capture the staff allocation decisions and rapidly changing priorities in the agency's work in a systematic way.

The Bureau concurred with the recommendation on increasing staff efficiency through training, better internal communication systems, and further use of computers. The Bureau cited specific actions planned and taken including a regionwide training conference on automation, and a series of mission management surveys which look at the administrative and fiscal procedures and systems at the Bureau's field missions.

Office of the Inspector General Comments

Bureau comments on its reluctance to address the issue of a workload measurement system have been considered. We agree that it may be better to consider this issue on an agency-wide basis in order to ensure that standards are

established which better meet agency conditions. Because this matter is important and not applicable only to Sahel missions, we plan to discuss this issue with the Bureau for Policy and Program Coordination. No further action by the Africa Bureau is needed on this recommendation.

Africa Bureau action on recommendation number six dealing with training, mission procedures, and the use of computers is responsive to the report recommendation which is considered as closed upon issue of this report.

B. Compliance and Internal Control

Compliance

The audit disclosed the following compliance exceptions. Finding 1 discusses the need to better comply with A.I.D. regulations requiring measurement of project progress, and expanding vulnerability assessments to include administrative controls. Finding 2 discusses the need for better compliance with selected A.I.D. financial management policies. Other than the reported instances of non-compliance, nothing came to the auditors' attention which indicated that untested items were not in compliance.

Internal Control

Several internal control weaknesses were identified. Finding 1 discusses weaknesses in project progress measurement systems, and the lack of sufficient emphasis on administrative controls when performing vulnerability assessments. Finding 2 discusses weaknesses in internal controls in selected financial management functions. Finding 3 discloses a lack of a good system to balance work loads with staff and budget resources, and incomplete staff development plans and written procedures. The review of internal controls was limited to the findings in this report.

SUMMARY REPORT ON AUDIT OF
A.I.D. MANAGEMENT IN THE SAHEL

PART III - EXHIBITS AND APPENDICES

Inspector General Audit Reports on
A.I.D. Projects and Programs in the Sahel

<u>Report No.</u>	<u>Date</u>	<u>Title</u>
80-67	6/6/80	Problems in Implementing A.I.D.'s Livestock Sector Projects' Activities in Mali
80-75	6/25/80	Improvements are Needed in A.I.D.'s Assistance Program in Cape Verde
81-6	10/14/80	An Assessment of Africare's Activities
81-22	12/15/80	Audit of Local Currency Expenditures - OMVS Agronomic Research Project
81-35	1/29/81	Problems in Host Country Accounting for Utilization of A.I.D. Funds in the Sahel
81-44	2/13/81	Review of Selected A.I.D.-Financed Activities in Upper Volta
0-685-81-50	3/6/81	Memorandum on Review of the Senegal Rural Health Services Development Project and the Cereals Production Projects
0-625-81-52	3/10/81	Improvements Must be Made in the Sahel Regional Development Program
0-635-81-61	3/27/81	Memorandum on Audit of Local Currency Expenditures - Food Crop Protection & Integrated Pest Managements Projects in The Gambia
0-000-81-112	7/28/81	The YMCA Vocational Training Project in Senegal Needs Improved Management and Administration

<u>Report No.</u>	<u>Date</u>	<u>Title</u>
0-688-81-139	9/24/81	Major Implementation Problems Confront Project Action Ble in Mali
0-635-82-09	10/30/81	P.L. 480 Food for Peace in The Gambia
0-669-82-60	3/25/82	A Report on A.I.D.'s Oncho Freed Areas Village Development Fund Project in Upper Volta
7-688-82-1	9/20/82	The Operation Haute Vallee Project in Mali is Experiencing Serious Problems
7-698-83-1	11/16/82	The Administrative and Financial Practices of the SAFGRAD Project Need to be Improved
7-683-83-2	2/10/83	The Niamey Department Development Project in Niger Needs More Management Attention
0-688-83-59	4/20/83	Management of USAID/Mali Operating Expenses
7-688-83-3	5/3/83	The Operation Mils Mopti Project in Mali was Poorly Designed and Implemented
7-685-84-1	11/17/83	The Casamance Regional Development Project in Senegal has Experienced Implementation Constraints
0-698-84-16	12/21/83	Need to Improve the Design and Implementation of Agricultural Credit Programs in the Sahel
84-20	1/31/84	Inadequate Design and Monitoring Impede Results in Sahel Food Production Projects
7-685-84-4	7/20/84	Better Internal Controls Could Have Improved A.I.D. Management of the Livestock Program in Senegal

<u>Report No.</u>	<u>Date</u>	<u>Title</u>
7-625-84-5	8/20/84	Need to Reassess A.I.D.'s Strategy for Food Crop Protection in West Africa
7-698-85-2	12/31/84	Strengthening Health Delivery Systems in Sub-Saharan Africa -- Need for Better Evaluations and Financial Management Controls
7-682-85-3	1/4/85	USAID/Mauritania Local Currency Accountability; Rural Medical Assistance Project
7-683-85-4	2/28/85	Need to Redesign the Niger Integrated Livestock Production Project
7-688-85-5	3/27/85	Progress and Problems in Managing the Mali Livestock Sector II Project
7-682-85-9	7/12/85	Mauritania Rural Roads Improvement Project -- Funding Effectively Reduced but Significant Problems Remain
7-688-86-1	10/9/85	Memorandum Report on the Mali Renewable Energy Project -- Accountability for A.I.D. Funds
7-686-86-2	10/9/85	Memorandum Report on Government of Burkina Faso Compliance with P.L. 480 Title II Agreements
7-625-86-3	10/17/85	Summary Report on A.I.D. Assistance to Develop Livestock in the Sahel
7-625-86-5	3/12/86	Audit of A.I.D. Compliance with Section 121(d) of the Foreign Assistance Act
7-698-86-6	3/12/86	Memorandum Audit Report of Use of Public Accounting Firms by A.I.D. Offices in West and Central Africa

<u>Report No.</u>	<u>Date</u>	<u>Title</u>
7-685-86-02-N	3/19/86	Nonfederal Audit of Senegal's Casamance Regional Development Project
7-686-86-7	4/18/86	Audit of Rural Water Supply Project Burkina Faso
7-625-86-8	5/14/86	Audit of the Sahel Regional Integrated Pest Management Project
7-688-86-10	9/23/86	Audit of the Manantali Re-settlement Project in Mali
7-688-86-03-N	9/26/86	Nonfederal Audit of the Mali Renewable Energy Project
86-09	9/30/86	Audit of Catholic Relief Services Administration of P.L. 480, Title II Programs in Burkina Faso and Kenya and at New York Headquarters
7-682-87-2	11/7/86	Audit of the P.L. 480 Title II Section 206 Program - Mauritania
7-635-87-3	11/21/86	Audit of P.L. 480 Title II Programs - The Gambia
7-683-87-01-N	11/28/86	Nonfederal Audit of The 1985 Niger P.L. 480 Title II Emergency Drought Relief Program
7-686-87-02-N	12/11/86	Nonfederal Audit of The Burkina Faso Foundation Seed Production Project
7-625-87-4	12/31/86	Audit of A.I.D. Participation in Sahel River Basin Development
7-683-87-03-N	1/28/87	Nonfederal Audit of The Niger Rural Health Improvement Project
7-698-87-5	3/16/87	Summary Report on Audits of Regional Projects

<u>Report No.</u>	<u>Date</u>	<u>Title</u>
7-677-87-04-N	3/30/87	Audit of Chad Budgetary Support to Development Ministries
7-685-87-11	9/30/87	Audit of A.I.D.'s Assistance to Family Planning in Senegal
7-677-87-08-N	9/30/87	Nonfederal Audit of Chad Private Enterprise Development
7-683-88-02	10/28/87	Audit of USAID/Niger Management
7-688-88-03	11/12/87	Audit of USAID/Mali Management
7-677-88-01-N	1/14/88	Audit of Chad Support to Development Ministries, Third Tranche
7-682-88-05	1/20/88	Audit of USAID/Mauritania Management
7-686-88-06	1/29/88	Audit of USAID/Burkina Management
7-686-88-02-N	2/16/88	Audit of Burkina Faso Agricultural Human Resources Development Project
7-683-88-10	3/21/88	Audit of Funds Provided for Planning, Management and Research in Niger

General Accounting Office Audit Reports on
A.I.D. Projects and Programs in the Sahel

<u>Report No.</u>	<u>Date</u>	<u>Title</u>
ID-78-18	3/29/78	The Sahel Development Program -- Progress and Constraints
ID-79-9	3/29/79	U.S. Development Assistance to the Sahel -- Progress and Problems
ID-81-32	6/23/81	Food for Development Program Constrained by Unresolved Management and Policy Questions
ID-82-29	6/3/82	Food Conservation Should Receive Greater Attention in A.I.D. Agricultural Assistance Policies and Programs
ID-82-36	6/15/82	Experience -- A Potential Tool for Improving U.S. Assistance Abroad
ID-82-50	9/16/82	Changes Needed in U.S. Assistance to Deter Deforestation in Developing Countries
ID-83-43	4/18/83	Political and Economic Factors Influencing Economic Support Fund Programs
NSIAD-83-36	9/8/83	Africa's Agricultural Policies -- A More Concerted Effort Will Be Needed if Reform is Expected
NSIAD-85-19	11/5/84	Financial Management Problems in Developing Countries Reduce the Impact of Assistance
NSIAD-85-105	8/7/85	Financial and Management Improvements Needed in the Food for Development Program
NSIAD-85-87	9/6/85	Can More Be Done to Assist Sahelian Governments to Plan and Manage Their Economic Development?

<u>Report No.</u>	<u>Date</u>	<u>Title</u>
NSIAD-86-36	1/86	A.I.D. Management -- Efforts to Improve Cash Management and the Payment Process at A.I.D.
NSIAD-86-25	3/86	Famine in Africa -- Improving Emergency Food Relief Programs
NSIAD-86-56	4/86	Famine in Africa -- Improving U.S. Response Time for Emergency Relief
NSIAD-86-103 BR	4/86	Foreign Aid -- Agency for International Development's 1978 and 1986 Programs for Jamaica, Kenya, and Senegal

Project/Program Progress Measurement Systems Tested

<u>Mission</u>	<u>Project Number</u>	<u>Project/Program Title</u>
<u>USAID/Burkina</u>	686-0221	Agricultural Human Resources Development
	686-0228	Rural Water Supply
	686-0243	Grain Marketing Development
	686-0251	Strengthening Health Planning Capacity
	625-0911	Sahel Regional Aid Coordination and Planning
<u>USAID/The Gambia</u>	635-0219	Agricultural Research and Diversification
	635-0934	CRS Oilseeds Promotion
	635-0202	Soil and Water Management
	P.L. 480	Public Law 480 Title II, Section 206
<u>USAID/Mali</u>	688-0210	Operation Haute Vallee
	688-0232	Farming Systems Research and Extension
	688-0240	Economic Policy Reform Program Cereals Market Restructuring
	P.L. 480	Public Law 480 Title II, Section 206
<u>USAID/Mauritania</u>	682-0214	Rural Roads Improvement
	682-0230	Rural Health Services
	682-0233	Human Resources Development
	P.L. 480	Public Law 480, Title II
<u>USAID/Niger</u>	683-0208	Rural Health Improvement
	683-0230	Forestry and Land Use Planning
	683-0234	Agricultural Production Support
	683-0240	Niamey Department Development II
<u>USAID/Senegal</u>	685-0248	Family Health and Population
	685-0256	ENEA Rural Management Training
	685-0260	Community and Enterprise Development
	625-0957	OMVS Agricultural Research II

Total Projects/Programs, including P.L. 480: 25

Report Recommendations

	<u>Page</u>
<u>Recommendation No. 1</u>	5
<p>We recommend that the Assistant Administrator, Bureau for Africa, require Sahel missions to improve project progress measurement systems. At a minimum, missions should:</p> <ol style="list-style-type: none">a. establish qualitative and quantitative interim benchmarks to be met toward achieving project purpose indicators;b. gather, report, and verify data on progress in meeting the project purpose benchmarks and indicators; andc. analyze data to determine whether project objectives are being met, and if not, identify corrective actions.	
<u>Recommendation No. 2</u>	5
<p>We recommend that the Assistant Administrator, Bureau for Africa, require Sahel missions to periodically report on progress in meeting project purpose benchmarks and indicators.</p>	
<u>Recommendation No. 3</u>	5
<p>We recommend that the Assistant Administrator, Bureau for Africa, ensure that Sahel missions' vulnerability assessments include reviews of the project progress measurement systems.</p>	
<u>Recommendation No. 4</u>	16
<p>We recommend that the Assistant Administrator, Bureau for Africa, provide guidance and oversight necessary to ensure that Sahel missions comply with Agency financial management policies, including requirements that:</p>	

Page

- a. project papers assess host country contracting agencies' abilities to advertise, award and negotiate contracts, monitor contract implementation, examine invoices, and audit contractor records and reports;
- b. project papers assess the need to build financial and/or program audits into the implementation schedule of projects and include funding, as appropriate;
- c. missions conduct annual tests of their voucher payment and approval procedures; and
- d. project officers submit voucher approval checklists.

Recommendation No. 5

22

We recommend that the Assistant Administrator, Bureau for Africa:

- a. develop a system to better define and measure Sahel mission work loads; and
- b. develop policy and procedures to use work load data in assessing Sahel mission program management capability.

Recommendation No. 6

22

We recommend that the Assistant Administrator, Bureau for Africa, further increase the staff efficiency of Sahel missions by:

- a. requiring missions to establish development plans for foreign national staff which include the actions, funding, and timetables required to meet staff development objectives;
- b. requiring missions to maintain a system for internal issuances of policies, procedures and notices to mission personnel; and

- c. developing plans to ensure that missions are provided the computer software programs and training to organize project management information systems and reporting.

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ACTION: RIG-2 INFO: DCM

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RUEHNM/AMEMBASSY NIAMEY 5760
RUFHPR/AMEMBASSY PRAIA 6854
RUTAND/AMEMBASSY NDJAMENA 7616
RUFHOC/AMEMBASSY OUAGADOUGOU 2873
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CHRG: AID
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AIDAC DAKAR FOR RIG/WA, JCOMPETELLO, ABIDJAN FOR REDSO/WCA,

E.O. 12356: N/A

SUBJECT: AFR COMMENTS ON DRAFT AUDIT OF AID MANAGEMENT
IN THE SAHEL (7-625-88-XX)

PARIS FOR LAMBACHER/USOEDC

REF: STATE 78879

1. BACKGROUND:

-A. AFR HAS REVIEWED SUBJECT DRAFT, WHICH SUMMARIZES THE RESULTS OF FOUR INDIVIDUAL MISSION AUDITS (BURKINA FASO, MALI, MAURITANIA, NIGER), AS WELL AS AUDIT WORK DONE AT OTHER MISSIONS AND WITH THE BUREAU. AS NOTED BY THE DRAFT, ALL REPORT RECOMMENDATIONS ADDRESSED TO THE INDIVIDUAL MISSIONS HAVE BEEN RESOLVED AND SEVERAL HAVE BEEN CLOSED. THIS CABLE GIVES AFR'S COMMENTS ON THE AUDIT AND IS CIRCULATED TO CONCERNED MISSIONS FOR THEIR INFORMATION AND/OR OBSERVATIONS.

-B. THIS AUDIT REPORT ON AID MANAGEMENT IN THE SAHEL WAS UNDERTAKEN BECAUSE OF THE SERIOUS MANAGEMENT WEAKNESSES NOTED DURING THE 1978-1982 PERIOD, WHICH LIMITED THE IMPACT OF THE SAHEL DEVELOPMENT PROGRAM. THESE WERE

N
DETAILED IN A NUMBER OF HIGHLY CRITICAL AUDITS. AS A RESULT, SWA UNDERTOOK TO IMPROVE LOCAL CURRENCY CONTROLS, STRENGTHEN FINANCIAL AND PROGRAM MANAGEMENT CAPABILITIES OF SAHELIAN INSTITUTIONS, AND IMPROVE A.I.D.'S ADMINISTRATIVE AND PROGRAM MANAGEMENT. THIS PROGRAM RESULTS-AUDIT WAS CONDUCTED IN FY 87 TO DETERMINE WHAT PROGRESS HAD BEEN MADE IN MANAGEMENT SINCE 1983.

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-C. AUDIT FINDINGS. THE AUDIT EVALUATED BUREAU AND MISSION (1) SYSTEMS TO MEASURE PROJECT PROGRESS, (2) ACTIONS TO IMPLEMENT SELECTED A.I.D. FINANCIAL MANAGEMENT POLICIES, AND (3) EFFORTS TO BALANCE WORK LOADS WITH STAFF AND BUDGET RESOURCES. THE AUDIT RESULTS SHOWED THAT A.I.D. HAD MADE GOOD OVERALL PROGRESS IN IMPROVING ITS MANAGEMENT IN THE SAHEL. A.I.D. INCREASED ITS USE OF PROJECT EVALUATIONS, IMPROVED SYSTEMS TO TRACK PROJECT IMPLEMENTATION, ESTABLISHED CONTROLS TO VERIFY HOST COUNTRY ACCOUNTING FOR A.I.D. FUNDS, ASSESSED MANAGEMENT CAPACITIES TO ALLOCATE RESOURCES BETTER, AND ENHANCED STAFF EFFICIENCY THROUGH TRAINING AND USE OF COMPUTERS. THE AUDIT TEXT CITES POSITIVE EXAMPLES OF IMPROVEMENTS MADE. ALTHOUGH MANAGEMENT HAS IMPROVED, THE AUDIT FINDS THAT FURTHER ACTION IS NEEDED TO BETTER OVERSEE AND CONTROL A.I.D. ASSISTANCE TO THE SAHEL. THE AUDIT MAKES RECOMMENDATIONS TO: (1) BETTER MEASURE PROJECT PROGRESS AND EXPAND ITS REVIEWS OF INTERNAL CONTROLS, (2) IMPROVE SEVERAL AREAS OF FINANCIAL MANAGEMENT, AND (3) BETTER BALANCE WORK LOAD WITH STAFF AND BUDGET RESOURCES.

2. GENERAL REACTION TO SUBJECT AUDIT:

THE DRAFT AUDIT REPORT IS A FAIR AND BALANCED DOCUMENT, AND THE RECOMMENDATIONS FOLLOW LOGICALLY FROM THE FINDINGS. THE REPORT IS NOTABLE FOR ITS EVEN-HANDED TONE WHICH GIVES CREDIT TO THE BUREAU AND MISSIONS FOR THE SIGNIFICANT PROGRESS MADE TO DATE. THE AUDIT IS THEREBY LIKELY TO ENCOURAGE CONTINUED MANAGEMENT IMPROVEMENTS IN BOTH AID/W AND THE FIELD. IT IS A GOOD EXAMPLE OF HOW THE AUDIT FUNCTION CAN PLAY A USEFUL ROLE IN ORGANIZATIONAL STRENGTHENING. THE BUREAU HAS IN FACT BEEN TAKING ACTION ON ALMOST ALL OF THE ISSUES RAISED OVER THE LAST YEAR OR SO. AS THE SUBJECTS COVERED ARE PERTINENT TO IMPROVED MANAGEMENT IN GENERAL, THE BUREAU WILL ISSUE THE RESULTING GUIDANCE TO ALL MISSIONS.

3. SPECIFIC COMMENTS ON RECOMMENDATIONS: THE FOLLOWING PARAGRAPHS WILL REPEAT THE RECOMMENDATIONS, FOLLOWED BY THE BUREAU'S COMMENTS.

A. RECOMMENDATION NO. 1. WE RECOMMEND THAT THE ASSISTANT ADMINISTRATOR, BUREAU FOR AFRICA, REQUIRE SAHEL MISSIONS TO IMPROVE PROJECT PROGRESS MEASUREMENT SYSTEMS. AT A MINIMUM, MISSIONS SHOULD:

ESTABLISH QUALITATIVE AND QUANTITATIVE INTERIM BENCHMARKS TO BE MET TOWARD ACHIEVING PROJECT PURPOSE INDICATORS;

BT

GATHER, REPORT, AND VERIFY DATA ON PROGRESS MEETING THE PROJECT PURPOSE BENCHMARKS AND INDICATORS; AND

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- ANALYZE DATA TO DETERMINE WHETHER PROJECT OBJECTIVES ARE BEING MET, AND IF NOT, IDENTIFY CORRECTIVE ACTIONS.

COMMENTS ON NO. 1. THE BUREAU ACCEPTS THE RECOMMENDATION. AID/W WILL ADVISE FIELD MISSIONS BY CABLE TO REVIEW THEIR PORTFOLIOS DURING THE NEXT PIR CYCLE IN ORDER TO: (A) EXAMINE THE NEED TO SHARPEN PROGRESS INDICATORS AS A PART OF MONITORING AND EVALUATION PLANS, (B) MAKE PLANS TO IMPROVE DATA COLLECTION AND MONITORING ACTIVITIES, AND (C) UTILIZE THE RESULTS IN INTERNAL REVIEWS, IN SEMI-ANNUAL PROJECT IMPLEMENTATION REPORT SUBMISSIONS (PIRS), AND IN REPORTING IN ACTION PLANS. MISSIONS WILL ALSO BE ADVISED TO TAKE APPROPRIATE ACTION NO LATER THAN PIR SUBMISSIONS OF 11/1/88, AND TO REPORT ON THEM IN THE ACCOMPANYING MISSION OVERVIEW STATEMENT AT THAT TIME. CONSULTATIONS WITH DP AND PD WILL BE HELD TO ENSURE CONSISTENCY IN GUIDANCES ISSUED.

IN RECOGNITION OF THE IMPORTANCE OF PURPOSE LEVEL REPORTING, AFR/PD HAS ALREADY ISSUED NEW PIR FORMAT GUIDANCE TO MISSIONS IN REF A WHICH FOCUSES CLEARLY ON ISSUES RAISED IN THE AUDIT. (THE AFRICA BUREAU'S EVALUATION WORKING GROUP CHAIRED BY AFR/DP HAS A SUB-GROUP WORKING ON THIS ISSUE.) THE SUGGESTED RESPONSE IS BELIEVED TO BE IN FULL ACCORD WITH THE ACHIEVEMENT MEASURES SUB-GROUP.

-B. RECOMMENDATION NO. 2. WE RECOMMEND THAT THE ASSISTANT ADMINISTRATOR, BUREAU FOR AFRICA, REQUIRE SAHEL MISSIONS TO PERIODICALLY REPORT ON PROGRESS IN MEETING PROJECT PURPOSE BENCHMARKS AND INDICATORS.

- COMMENT ON NO. 2. THE BUREAU ACCEPTS THE RECOMMENDATION. THE RECENTLY ISSUED AFR/PD GUIDANCE ON PIRS (REF A NOTED ABOVE) RESPONDS ADEQUATELY TO THIS RECOMMENDATION.

C. RECOMMENDATION NO. 3. WE RECOMMEND THAT THE ASSISTANT ADMINISTRATOR, BUREAU FOR AFRICA, ENSURE THAT SAHEL MISSIONS' VULNERABILITY ASSESSMENTS INCLUDE REVIEWS OF THE PROJECT PROGRESS MEASUREMENT SYSTEMS.

- COMMENT ON NO. 3. THE BUREAU ACCEPTS THE RECOMMENDATION. VULNERABILITY ASSESSMENT FORMATS WILL BE EXAMINED AND ALTERED TO RESPOND APPROPRIATELY TO THIS AUDIT RECOMMENDATION. AFR/CONT WILL WORK WITH FM TO MODIFY THE FORMATS FOR APPLICATION TO AFRICA BUREAU MISSIONS.

-D. RECOMMENDATION NO. 4. WE RECOMMEND THAT THE ASSISTANT ADMINISTRATOR, BUREAU FOR AFRICA, PROVIDE GUIDANCE AND OVERSIGHT NECESSARY TO ENSURE THAT SAHEL MISSIONS COMPLY WITH AGENCY FINANCIAL MANAGEMENT POLICIES, INCLUDING REQUIREMENTS THAT:

PROJECT PAPERS ASSESS HOST COUNTRY CONTRACTING

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AGENCIES' ABILITIES TO ADVERTISE, AWARD AND NEGOTIATE CONTRACTS, MONITOR CONTRACT IMPLEMENTATION, EXAMINE INVOICES, AND AUDIT CONTRACTOR RECORDS AND REPORTS:

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- PROJECT PAPERS ASSESS THE NEED TO BUILD FINANCIAL AND/OR PROGRAM AUDITS INTO THE IMPLEMENTATION SCHEDULE OF PROJECTS AND INCLUDE FUNDING, AS APPROPRIATE;

- MISSIONS CONDUCT ANNUAL TESTS OF THEIR VOUCHER PAYMENT AND APPROVAL PROCEDURES; AND

PROJECT OFFICERS SUBMIT VOUCHER APPROVAL CHECKLISTS.

COMMENT ON NO. 4. THE BUREAU ACCEPTS RECOMMENDATION. AFR/CONT WILL COORDINATE WITH PD TO DRAFT A CABLE TO MISSIONS WHICH WILL REINFORCE EXISTING GUIDANCE IN TERMS OF PROJECT DESIGN AND IMPLEMENTATION; AND AFR/CONT WILL COORDINATE WITH FM TO ISSUE CABLE TO REEMPHASIZE NECESSITY OF REGULAR TESTS OF VOUCHER PAYMENT APPROVAL PROCEDURES. THESE RECOMMENDATIONS CONFORM WITH THE AGENCY'S PAYMENT VERIFICATION POLICY STATEMENT OF DECEMBER 1983, AND THE NORMAL INTERNAL CONTROL REVIEW REQUIREMENTS.

RECOMMENDATION NO. 5. WE RECOMMEND THAT THE ASSISTANT ADMINISTRATOR, BUREAU FOR AFRICA:

- A. DEVELOP A SYSTEM TO BETTER DEFINE AND MEASURE SAHEL MISSION WORK LOADS; AND
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- B. DEVELOP POLICY AND PROCEDURES TO USE WORK LOAD

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DATA IN ASSESSING MISSION PROGRAM MANAGEMENT CAPABILITY.

COMMENT ON NO. 5. THE BUREAU DOES NOT ACCEPT THIS RECOMMENDATION. ANY STAFF-WORKLOAD ASSESSMENT METHODOLOGY SHOULD BE DEVELOPED AGENCY WIDE, IF IT WERE TO BE DONE AT ALL. IN THE ABSENCE OF AN AGENCY WIDE ASSESSMENT, A BUREAUWIDE OR SAHEL-WIDE WORK LOAD ASSESSMENT WOULD BE COUNTERPRODUCTIVE AS THERE WOULD NOT BE ADEQUATE STANDARDS AGAINST WHICH TO MEASURE APPROPRIATE STAFF WORKLOADS.

WHILE THE IMPORTANCE OF THE SUBJECT TO PROGRAM MANAGEMENT IS FULLY APPRECIATED, THE BUREAU DOUBTS WHETHER ANY PARTICULAR ASSESSMENT METHODOLOGY COULD REALISTICALLY CAPTURE THE STAFF ALLOCATION DECISIONS AND RAPIDLY CHANGING PRIORITIES IN THE AGENCY'S WORK IN A SYSTEMATIC WAY.

RECOMMENDATION NO. 6. WE RECOMMEND THAT THE ASSISTANT ADMINISTRATOR, BUREAU FOR AFRICA, FURTHER INCREASE THE STAFF EFFICIENCY OF SAHEL MISSIONS BY:

- A. REQUIRING MISSIONS TO ESTABLISH DEVELOPMENT PLANS FOR FOREIGN NATIONAL STAFF WHICH INCLUDE THE ACTIONS, FUNDING, AND TIMETABLES REQUIRED TO MEET STAFF DEVELOPMENT OBJECTIVES;

B. REQUIRING MISSIONS TO MAINTAIN A SYSTEM FOR INTERNAL ISSUANCES OF POLICIES, PROCEDURES AND NOTICES TO MISSION PERSONNEL; AND

-- C. DEVELOPING PLANS TO ENSURE THAT MISSIONS ARE PROVIDED THE COMPUTER SOFTWARE PROGRAMS AND TRAINING TO ORGANIZE PROJECT MANAGEMENT INFORMATION SYSTEMS AND REPORTING.

COMMENT ON NO. 6: MOST OF OUR MISSIONS HAVE PREPARED AND SUBMITTED TO WASHINGTON PLANS FOR THE DEVELOPMENT OF THEIR FSN STAFF. THESE PLANS ARE NOT SPECIFIC AS TO FUNDING LEVELS AND TIMING. GIVEN THE SEVERE SHORTAGE OF OPERATING EXPENSE FUNDS AND UNPREDICTABLE STAFFING GAPS, THE MISSIONS CANNOT BE SPECIFIC WITH REGARD TO THE TIMETABLE FOR COMPLETION OF THEIR PLANS. THEY ARE HOWEVER WELL SEIZED WITH THE NEED TO GIVE HIGH PRIORITY TO THIS OBJECTIVE.

ON THE SUBJECT OF AUTOMATION, OUR MISSIONS HAVE BEEN EXTREMELY AGGRESSIVE AT PROCURING STATE OF THE ART EQUIPMENT RELEVANT TO THEIR NEEDS AND M/IRM HAS KEPT THEM ABEAST OF DEVELOPMENTS WITH REGARD TO NEW AND IMPROVED SOFTWARE PACKAGES AND PROVIDED THEM TO THE FIELD AS -

REQUESTED. MANY TRAINING PROGRAMS ARE AVAILABLE AND THE MISSIONS HAVE AVAILED THEMSELVES OF THESE TO THE EXTENT THAT TRAVEL FUNDS HAVE PERMITTED. IN JUNE, M/IRM IS HOSTING A REGIONWIDE TRAINING CONFERENCE ON AUTOMATION IN ABIDJAN WHICH WILL BE ATTENDED BY OUR MISSION STAFF.

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AIR BUREAU HAS INSTITUTED A SERIES OF MISSION MANAGEMENT SURVEYS (NOT TO BE CONFUSED BY AGENCY MISSION MANAGEMENT ASSESSMENTS) WHICH LOOK AT THE ADMINISTRATIVE AND FISCAL PROCEDURES AND SYSTEMS IN OUR MISSIONS. THESE SURVEYS HAVE IDENTIFIED THE NEED FOR THE PREPARATION OF MISSION OPERATIONS AND PROCEDURES HANDBOOKS IN MANY CASES, OR THE NEED TO ADHERE TO THE CONTENTS OF SUCH HANDBOOKS WHERE THEY ALREADY EXIST. WE WILL CONTINUE TO CONDUCT THESE REVIEWS AND TAKE ACTION TO HAVE HANDBOOKS PREPARED AS THE NEEDS DICTATE.

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THEREFORE, IN RESPONSE TO THIS RECOMMENDATION WE FEEL THAT WE HAVE ACTION WELL UNDERWAY IN EACH AREA COVERED AND WILL CONTINUE TO STRESS THE IMPORTANCE OF THESE MATTERS.

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