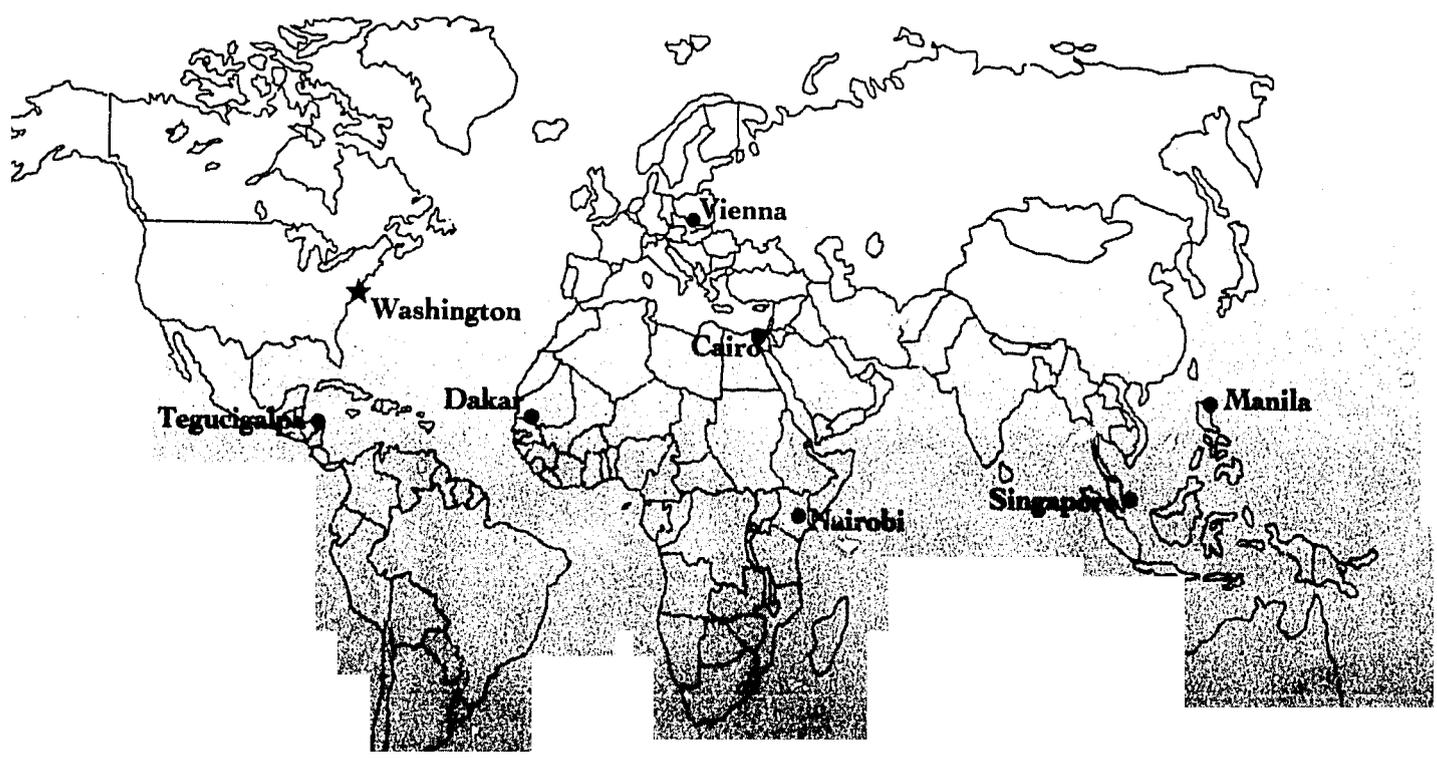


PD-ABK-593

**Regional Inspector General For Audit
Bonn**

**Audit of USAID/Caucasus Management of
Activities Conducted by *Save the Children
Federation* and Its Sub-grantees in the
Transcaucasia, Project No. 110-0001**

**Audit Report No. 8-110-95-006
February 28, 1995**



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE REGIONAL INSPECTOR GENERAL
AMERICAN EMBASSY
DEICHMANNS AUE 29
53170 BONN
GERMANY

February 28, 1995

MEMORANDUM

TO: USAID/Caucasus, Mission Director, Fred A. Winch
FROM: RIG/A/Bonn, John P. Competello
SUBJECT: Audit of USAID/Caucasus Management of Activities Conducted by *Save the Children Federation* and Its Sub-grantees in the Transcaucasia, Project No. 110-0001 (Audit Report No. 8-110-95-006)

This is our final report on subject audit. In preparing this report, we considered your comments to our draft report and have attached those comments as Appendix II.

The report includes two recommendations. Recommendation number one asks USAID/Caucasus to provide clear and comprehensive instructions to *Save the Children Federation* regarding information to be included in quarterly progress reports, and that USAID/Caucasus complete protocols with *Save the Children Federation* and the concerned U.S. Embassies defining the roles and responsibilities of key players in implementing the assistance program. Recommendation number two asks USAID/Caucasus to work with *Save the Children Federation* to establish quantifiable indicators, benchmarks and time frames to accomplish program activities, and for USAID to obtain more timely progress reports from *Save the Children Federation*.

Based on your comments to the recommendations contained in the draft report, we are closing recommendation number 1.1 and we modified recommendation number 1.2 to clarify whose roles and responsibilities needed to be defined. We will close this part upon receipt of the final protocol agreements between USAID/Caucasus, *Save the Children Federation* and the concerned U.S. Embassies. We are also closing all parts of recommendation number 2.

Please provide us as soon as possible the final protocol agreements so that we can close the remaining part of recommendation number 1. I appreciate the courtesies and cooperation extended to my staff during the audit.

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EXECUTIVE SUMMARY

Since the fall of Communism, Transcaucasia has been the scene of ethnic strife, military engagements, and natural disasters leading to swelling numbers of refugees, chronic shortages of food, fuel, medical supplies, and other basics compounded by harsh winter weather. In order to help address these conditions, USAID established a regional presence, and to achieve the most rapid response possible, it turned to one of the leading American private voluntary organizations (PVO), *Save the Children Federation (SC)*, to spearhead and oversee American emergency humanitarian assistance efforts.

Through a cooperative agreement, *SC* was to make sub-grants, using USAID funds, to American PVO/not-for-profit organizations, or indigenous organizations to implement assistance programs. *SC* was responsible for awarding and managing sub-grants to participating PVOs for activities approved by USAID. The original cooperative agreement between USAID and *SC*, valued at about \$7.1 million, was signed in late August 1993. By July 1994, after five amendments, USAID had increased the program's value to \$50 million, and reported \$35.1 million obligated and \$23.7 million expended. Of the \$50 million authorized, \$4.6 million was budgeted for *SC*'s operating costs with the remaining \$45.4 million to fund sub-grants to other PVOs for their activities.

The Office of the Regional Inspector General for Audit/Bonn answered two audit objectives: (1) Has USAID/Caucasus managed the cooperative agreement with *Save the Children Federation* to ensure that program operations were carried out as planned and (2) Has USAID/Caucasus ensured that *Save the Children Federation*'s sub-grant activities accomplished the outputs (results) envisioned in its sub-grant agreements?

The audit found that USAID/Caucasus generally managed the cooperative agreement with *SC* to ensure that program operations were initiated and assistance was delivered. Many positive aspects of the program were identified, including *SC*'s brisk execution of sub-grants and rapid start-up of sub-grant activity. However, because of the expansion of activities and, to some extent, shortage of staff, USAID/Caucasus did not ensure that its instructions to *SC* were carried out. For example, an Implementation Plan was to include jointly agreed benchmarks and a time-frame to be used to measure progress. However, even with a 9-month extension of the due date, the Plan and related country strategies were submitted three weeks late. In addition, the Plan still did not contain measurable performance indicators or benchmarks.

The audit also concluded that USAID/Caucasus did not ensure that SC's sub-grant activities accomplished the outputs (results) envisioned in its sub-grant agreements. In addition to the absence of quantifiable indicators by which to judge progress, the audit found that three-fourths of the sub-grant activities audited did not meet the planned time frames or the beneficiaries targeted. Despite these problems, the audit confirmed that assistance was provided to alleviate hardship conditions, such as providing food supplements to thousands of needy Georgians, and extending medical care to thousands of Azeri refugees and displaced persons.

The report contains two recommendations for USAID/Caucasus to improve management by better ensuring that SC clear receives instructions and complies with reporting requirements, and that more be done to establish quantifiable indicators of progress, benchmarks and time tables for assistance activities.

In response to the draft audit report, USAID/Caucasus said that the audit report did not adequately consider the limitations imposed on planning and management of a diverse set of activities in three countries in an exceedingly unpredictable environment. Most of the activities involved emergency assistance in a situation characterized by deteriorating communication, energy and transportation systems, an embargo against Armenia, a civil war and lawlessness in Georgia, and a major territorial conflict between Nagorno-Karabach and Azerbaijan. In such a situation, frequent changes in operating conditions and assumptions and consequent effects on staffing, transportation and procurement were the norm rather than the exception. USAID/Caucasus also told us of actions to implement the recommendations to the extent they considered doable in the difficult program environment.

We believe that USAID/Caucasus has taken positive actions to implement the two audit recommendations, in an admittedly very difficult environment. We also believe that both USAID/Caucasus and SC have intensified efforts to work more collaboratively and to ensure that the assistance program is implemented as mutually agreed upon. Further, we give USAID/Caucasus and SC credit for working toward identifying quantifiable indicators of progress, benchmarks and a time table for assistance activities. On the basis of USAID/Caucasus comments to the draft audit recommendations, we are closing part of recommendation number one and all of recommendation number two. The remaining part of recommendation number one is resolved and can be closed upon completion of promised action.

Office of the Inspector General

Office of the Inspector General
February 28, 1995

TRANSCAUCASIA

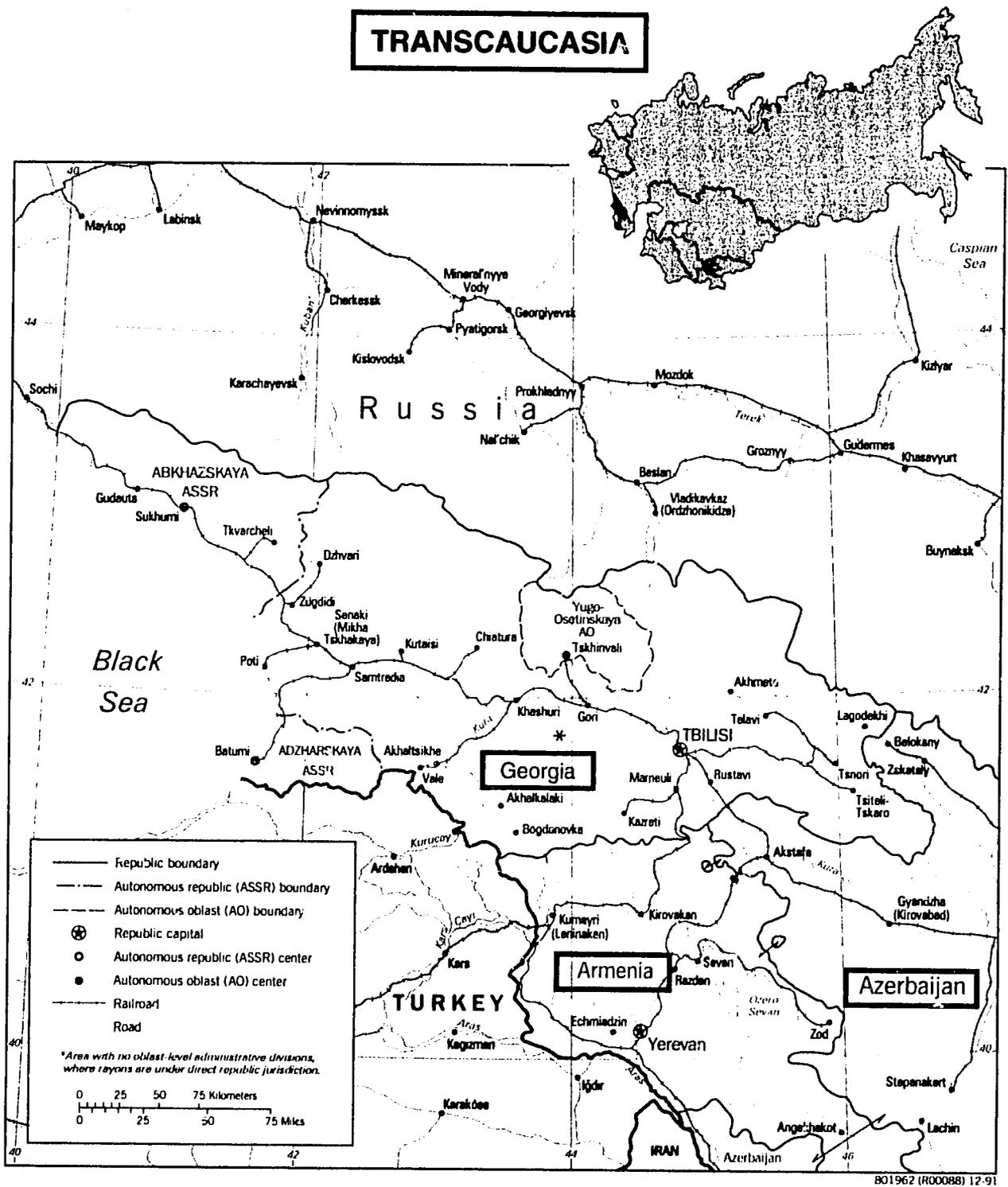


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ACRONYMS USED IN REPORT

AAA	Armenian Assembly of America
ARC	American Red Cross
ATG	Armenian Technology Group
MT	Metric Tons
NGO	Non-government Organization
PVO	Private Voluntary Organization
RI	Relief International
SC	<i>Save the Children Federation</i>
UMCOR	United Methodist Committee on Relief
USAID/C	USAID/Caucasus
USAID/W	USAID/Washington

INTRODUCTION

Background

Transcaucasia is an area south of the Caucasus Mountains between the Black and Caspian Seas comprising the former Soviet Republics of Georgia (1992 population - 5 million), Armenia (4 million), and Azerbaijan (7 million). Since the fall of Communism, the area has been the scene of ethnic strife, military engagements, and natural disasters leading to swelling numbers of refugees, chronic shortages of food, fuel, medical supplies, and other basics compounded by harsh winter weather. In order to help address these conditions, USAID established a regional presence headquartered in the Armenian capital, Yerevan, in 1992. However, in order to achieve the most rapid response possible, the Agency turned to one of the leading American private voluntary organizations (PVO), *Save the Children Federation (SC)*, to spearhead and oversee American emergency humanitarian assistance efforts. These efforts were included in one of the earliest USAID programs to provide rapid responses to the emergency needs of the new independent states (NIS) of the former Soviet Union, its Special Initiatives Project (No. 110-0001).

USAID launched the Special Initiatives Project in January 1992 to support NIS transition toward participatory democracy and economic freedom by funding innovative ideas. Project activities fall into two general categories: 1) Emergency Humanitarian Assistance and 2) Pilot Programs/Innovative Approaches. As foreseen in category one, USAID entered into a cooperative agreement with *SC* to manage an assistance program in Transcaucasia. A Cooperative Agreement is akin to a grant but differs in that USAID expects to participate as an active partner in the activities to be financed under the former.

This cooperative agreement directs *SC* to make sub-grants, using USAID funds, to U.S. PVO/not-for-profit organizations, or indigenous organizations to implement assistance programs. As part of the agreement, *SC* was given the responsibility to both award and manage sub-grants to participating PVOs for activities approved by USAID. *SC* was not supposed to deliver benefits directly itself, as the program was envisaged. The original cooperative agreement between USAID and *SC*, valued at about \$7.1 million, was entered into on August 27, 1993. As of June 30, 1994, after five amendments to the cooperative agreement, USAID had increased the program value to \$50 million, and reported \$35.1 million obligated, and \$23.7 million expended.

Of the \$50 million authorized, \$4.6 million was budgeted for SC's operating costs with the remaining \$45.4 million to fund sub-grants to other PVOs for their activities. At the time of our audit, SC had made 25 sub-grants to a variety of PVOs working in at least one of the three Transcaucasian countries. These included, but were not limited to, the six grantees we audited: CARE, United Methodist Committee on Relief (UMCOR), Relief International (RI), American Red Cross (ARC), Armenian Technology Group (ATG), and Armenian Assembly of America (AAA). The audit covered eight sub-grants, awarded to these six organizations, valued at \$9.6 million, or 47 percent of the total value of sub-grants awarded at June 30, 1994. The following table lists the PVO, country of operator, activity, beginning and ending dates, and reported obligations and disbursements (unaudited) of the sub-grants included in this audit at June 30, 1994.

Sub-grantee, Country and Activity	Start Date	Ending Date	Obligations	Disbursements
CARE-Georgia Food for Displaced Persons & Other Vulnerable Groups	11/1/93	7/31/94	\$1,216,391	\$925,000
UMCOR-Georgia Medical Supplies and Systems	9/8/93	10/31/94	702,952	432,000
ARC-Azerbaijan Food for Vulnerable Groups	10/1/93	8/1/94	2,600,000	500,000
RI-Azerbaijan Medical Assistance to Refugees	11/1/93	8/31/94	392,864	310,137
ATG-Armenia Technical Assistance to Farmers	2/20/94	11/30/94	259,996	121,705
ATG-Armenia Seed for Winter Wheat Crop	4/26/94	5/31/94	801,841	801,841
AAA-Armenia Increase Bread Supply by Swapping Diesel Fuel for Wheat from Farmers	3/14/94	10/15/94	1,194,145	1,074,297
AAA-Armenia Seed for Spring Wheat Crop	2/4/94	5/31/94	2,476,330	2,366,000
Totals			\$9,644,519	\$6,530,980

For a brief description of each sub-grant activity and results achieved, see Appendix III.

The cooperative agreement calls for substantial USAID/C (also referred to as the Mission in this report) involvement. For example, USAID/C is to: closely coordinate PVO technical assistance needs with SC, approve all sub-grant proposals, coordinate

all in-country training workshops with SC, approve all special studies, participate in two joint evaluations with SC, and participate in monthly program status meetings.

SC was to review, fund, and manage USAID-sponsored emergency humanitarian activities in Transcaucasia in order to:

- (a) provide support for vulnerable groups during winter months; and
- (b) coordinate the management of humanitarian assistance efforts of the U.S. and indigenous PVO community in the area.

More specifically, SC was to:

- serve as a clearinghouse in the U.S. to mobilize private sector interest and resources;
- serve as the conduit for USAID and other U.S. Government resources, providing sub-grants, as appropriate;
- coordinate PVO activities;
- coordinate procurement and logistics;
- provide technical assistance and information for participating PVOs;
- collect and analyze epidemiological and nutritional information in all three countries;
- develop and maintain a data base on vulnerable groups; and
- assure financial and managerial accountability for the emergency and humanitarian assistance program.

The cooperative agreement covered a 25-month period from August 1993 through September 30, 1995. The program was at first geared towards humanitarian assistance, but assistance was to become more developmentally-oriented in April 1994. According to USAID/C officials who bear ultimate management responsibility for this cooperative agreement, because humanitarian assistance needs in Transcaucasia were greater than originally anticipated, developmental programs were only just getting started after June 1994. Although some developmental activities, such as technical assistance for farmers, had taken place, it would have been premature to examine their results as part of this audit.

Audit Objectives

This was the Office of the Inspector General's first audit in Transcaucasia. It was added to our annual audit plan for fiscal year 1994 because of the unique nature of the program and its innovative approach to assistance implementation via an "umbrella" PVO program manager (*SC*). This audit answers the following two objectives:

- **Has USAID/Caucasus managed the cooperative agreement with *Save the Children Federation* to ensure that program operations were carried out as planned?**
- **Has USAID/Caucasus ensured that *Save the Children Federation*'s sub-grant activities accomplished the outputs (results) envisioned in its sub-grant agreements?**

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

REPORT OF AUDIT FINDINGS

Has USAID/Caucasus Managed the Cooperative Agreement with *Save the Children Federation* to Ensure that Program Operations Were Carried Out as Planned?

USAID/Caucasus generally managed the cooperative agreement with *Save the Children Federation* (SC) to ensure that program operations were initiated and assistance was delivered. However, there were several problems which affected USAID/C's ability to adequately oversee and direct this program.

SC's principal operations under the agreement included awarding and managing sub-grants, submitting an acceptable implementation plan, preparing acceptable country strategies, and providing complete and timely quarterly progress reports. Other operations were specified in the agreement, for example coordinating information on assistance to all three countries, and undertaking procurement and logistical services.

Among the positive operational aspects of the program, we found that:

- As of June 30, 1994, 25 sub-grants had been signed between SC and eligible U.S. PVOs. Total sub-grant obligations as of June 30, 1994 were reported to be about \$20.6 million and were geographically dispersed with 44 percent of this amount dedicated to Azerbaijan, 34 percent to Armenia, 18 percent to Georgia, and 5 percent to regional activities affecting all three countries.
- The sub-grants were executed briskly, and for the most part, PVOs arrived in country rapidly.
- Although only a regional office was originally contemplated, SC established one field office in each country plus a regional office in Armenia.

- *SC* has identified its subgrantees who have met the financial statement reporting requirements¹ dictated by USAID, and identified those who need to meet these. It also has taken action to ensure that all subgrantees meet these requirements and is to report the status of subgrantee compliance with these requirements.
- *SC* facilitated the delivery of USAID and other U.S. Government assistance.
- *SC* coordinated PVO activities.
- *SC* provided procurement coordination and logistical services.
- *SC* delivered technical assistance and information to operational PVOs.
- *SC* had begun to collect epidemiological and nutritional information on a regional basis.
- *SC* had begun to develop and maintain a data base on vulnerable groups.

However, certain essential management plans and reports were not rendered within planned time frames and some did not meet USAID/C's criteria or objectives.

USAID/C Needs to Ensure That Its Instructions Are Understood and Followed

Through the cooperative agreement and other correspondence, USAID/C provided instructions to *SC* regarding what was to be included in implementation plans and quarterly progress reports. However, *SC* had not generally followed USAID/C guidance. The cause of these problems stem from USAID/C staff shortages and the absence of a clear understanding of USAID/C's requirements, particularly the requirements for the quarterly progress reports. As a result, USAID/C was not satisfied with the Implementation Plan or the progress reports, and it was difficult to determine whether the program was making progress and whether the subgrantees were meeting their objectives. Furthermore, *SC* and the concerned U.S. Embassies were uncertain as to the roles and responsibilities of the various involved organizations and agencies. While USAID/C and *SC* had recognized a need for protocols defining the respective roles and responsibilities of the key players, this had not been accomplished.

¹ Office of Management and Budget Circular A-133 requires that all grantees, and subgrantees receiving more than \$25,000 each year, undergo financial statement audits, either annually or not less than every 2 years, which meet generally accepted government auditing standards.

Recommendation No. 1: We recommend that USAID/Caucasus:

- 1.1 prepare clear and comprehensive requirements as to the information to be included in *Save the Children Federation's* quarterly progress reports.**
- 1.2 complete formal protocols with *Save the Children Federation* and concerned U.S. Embassies which establishes the roles and responsibilities of the key players in this program.**

SC's Implementation Plan and quarterly progress reports did not follow the instructions established by USAID/C and the cooperative agreement. The Implementation Plan was to include jointly agreed benchmarks and a time-frame that would be used to measure implementation progress. The Plan—originally due in early October 1993 or 14 working days after execution of the agreement—was not completed until 9-months later, in July 1994. Although USAID/C approved the Plan on July 12, 1994, it still did not contain measurable performance indicators or benchmarks. Neither did it contain two-thirds of the other items required by the cooperative agreement and instructions given by USAID/C. Appendix IV provides a more detailed analysis of the cooperative agreement's and USAID/C's requirements.

As the program was initiated, the Implementation Plan was neglected. USAID/C had not pressed for the Implementation Plan, although it was required by the cooperative agreement. During this period, USAID/Washington (USAID/W) counseled that, in light of the perceived crisis the preceding winter, emergency humanitarian assistance was to be held to a different standard of accountability, and SC should be given maximum programmatic flexibility. Accordingly, USAID/C told us that although SC had not submitted an acceptable Implementation Plan, USAID/W had recommended the obligation of \$8.7 million as early as September 1993. USAID/W told us that it was generally believed that USAID/C was trying to do too much; for example, advocating developmental activities while an emergency was ongoing. As a result, USAID did not have an essential management tool—the Implementation Plan—to ensure orderly program progress.

The above differences in emphasis between USAID/C and USAID/W on the development of the Implementation Plan, according to SC officials, illustrates the confusion and mixed signals SC received from USAID/C. SC officials stated that USAID/C had not inquired as to the status of the Implementation Plan until March 1994, 6-months after it was due. USAID/C, on the other hand, stated that they inquired about the Plan as early as November 1993.

USAID/C's limitation in managing the cooperative agreement may also be seen in SC's quarterly progress reports. The deadline for these reports, originally due 45 days

after the end of each calendar quarter, was extended in June 1994 to 60 days after each quarter's end, apparently due to SC needing more time to process financial data from U.S.-based sub-grantees. Also, our analysis of SC's first three quarterly reports—for the periods ending December 1993, March 1994 and June 1994—revealed that they did not contain most of the information specified in the cooperative agreement or instructions which USAID/C had given to SC in April 1994. For example, the first quarterly report met only 18 percent of the reporting requirements; the second, 39 percent; and the third, 46 percent. Our detailed analysis of quarterly progress reports contents is set forth in Appendix V. When we asked SC why their quarterly reports did not contain what USAID/C had requested, we were told that the USAID-provided format was not viewed as a requirement, but only a suggestion for the future. SC's opinion contradicts the instructions given by USAID/C which was ". . . We expect that the quarterly report currently due [March 1994] will follow this format."

The audit also disclosed a weakness in ensuring appropriate markings on AID-provided commodities. On October 26, 1993, USAID amended the cooperative agreement (2nd amendment) to emphasize marking requirements on U.S. assistance, as described in USAID procurement regulations.² We found that two of five sub-grantees (to whom this requirement applied) were not suitably marking the assistance. This requirement pertained to about 58 percent of the audited sub-grantee obligations as of June 30, 1994.

Other instances of program operations not carried out as planned included:

- SC was not analyzing the epidemiological and nutritional data it had gathered on a regional basis to determine assistance needs.
- Although USAID/C pointed out that assistance was made available in Azerbaijan and Georgia (but not Armenia) during the winter of 1993/94, we found that most of the sub-grantees audited were late getting started and did not deliver the majority of the assistance in the winter months, as intended and when it was most needed.
- There was no evidence that SC served as a clearinghouse in the United States to mobilize private sector interest and resources for the region.

Because of USAID/C's limited oversight and the weaknesses in SC's operational efforts and reports, it was difficult to measure quantifiably whether the program as a whole or individual sub-grants were meeting their objectives, or whether SC was

² USAID Handbook 1B, Chapter 22, which states, in part: "It is AID policy that projects and imported commodities financed under the AID program be suitably marked to identify them as U.S. foreign assistance."

properly managing its sub-grantees. The following two examples demonstrate this point: 1) in the *AAA emergency bread program*, USAID/C approved the sub-grant, but did not require that the program demonstrate that more bread was actually available to Armenians—its overall objective; and 2) in *ARC's food assistance to vulnerable Azeri groups (refugees)*, USAID approved a continuous program covering a 10-month period, but ARC did not provide continuous assistance, nor to the specified individuals/groups. USAID/C was not advised by SC that ARC had modified its program benchmarks, nor was USAID/C tracking sub-grant progress by the benchmarks established in the sub-grants; thus these differences were allowed to continue.

Other factors have hampered program effectiveness; for example, USAID/C did not have a fully staffed office until the Spring of 1994. Prior to that time, the office was managed primarily by the USAID Mission Director and USAID/Washington employees on temporary assignment in Yerevan. Also, the USAID Mission Director was absent during the winter months of 1994. According to SC, it received different instructions or signals from USAID/C, and whenever a new person came, SC had to explain its program and react to that person's sense of priorities. In brief, there was confusion as to who was in charge, and what and when things were to be done.

There was also a lack of understanding among the various participants in the program and their individual responsibilities. For example, USAID/C hired personnel in T'bilisi, Georgia and Baku, Azerbaijan, but there was confusion about their duties. These overlapping roles caused a number of problems, such as giving conflicting guidance to PVOs which fueled dissension among the various parties.³ Although both USAID/C and SC indicated that a protocol defining the roles to be played by USAID, SC, concerned Embassies, and PVOs was needed, USAID/C did not take timely action to ensure that such a protocol was prepared.

Management Comments and Our Evaluation

In commenting on our draft report, the Mission believed that they had indeed given specific instructions to *Save the Children Federation* for use in preparing quarterly progress reports. The Mission also assured us that it continues to press SC to ensure compliance with these instructions and has provided detailed written comments to SC regarding deficiencies noted in quarterly reports for periods ending March 31, June 30, and September 30, 1994. The Mission also stated that they had drafted a formal protocol which establishes the roles and responsibilities of key players, but did not

³ According to USAID/C, the two personal service contractors (PSCs) in Georgia were provided scopes of work by USAID/W that differ from USAID/C's work requirements. Further, USAID/C dismissed these two PSCs because of personality and work conflicts.

include USAID/Washington nor the U.S. Department of State in its draft protocol. The Mission believed that it did not have the authority, nor was it appropriate to include these entities.

We believe that the Mission has taken significant steps to improve its oversight of the program and its increased effort to ensure that *SC* provide required information in the quarterly progress reports is commendable. We believe that the intent of recommendation number 1.1 has been met by the Mission's actions and we consider that part of the recommendation as closed upon issuance of this report. Likewise, we consider the Mission's action in regard to recommendation number 1.2 satisfactory to resolve the recommendation. We modified the draft recommendation based on the Mission's comments to indicate with whom the Mission needed to define roles and responsibilities. We will close this part of the recommendation upon receiving the final protocol agreements.

Has USAID/Caucasus Ensured that *Save the Children Federation's* Sub-Grant Activities Accomplished the Outputs (Results) Envisioned in its Sub-Grant Agreements?

USAID/Caucasus did not ensure that *Save the Children Federation's* sub-grant activities accomplished the outputs (results) envisioned in its sub-grant agreements.

Although USAID's cooperative agreement makes *SC* responsible for managing the program and sub-grantee activities, it also calls for "substantial involvement" by USAID/C, with USAID having oversight responsibility for the program. Our audit showed that most of the sub-grant activities reviewed did not meet the planned time frame for completion and did not always reach the intended beneficiaries. On the other hand, the program was successful in several areas of operation, such as: RI had been providing health care to refugees in Azerbaijan on its own since September 1993, and with USAID funding, since November 1993. RI was meeting the basic medical needs of over three times more beneficiaries than originally planned—34,000 per month. Under another sub-grant, CARE's records showed that over 42,000 beneficiaries were provided supplementary food in Georgia. A detailed analysis of all audited sub-grant activities, their purposes and time frames, and our observations may be found in Appendix III.

USAID/C Needs to Ensure that *SC* Reports Sub-Grant Activities Timely and Quantifiably

USAID bears the ultimate responsibility for the success of its program.⁴ The program essentially consists of sub-grant activities which provide food, medicines, medical care, agricultural supplies, and technical assistance. Six of the eight sub-grant activities that we reviewed either were not completed within the planned time frames or did not reach the beneficiaries targeted. Much assistance was provided under an exceedingly difficult environment, according to USAID/C, including deteriorating communication and transportation systems, an embargo on Armenia by one of its neighbors, civil war in another country, and a major territorial war in the third country. Because USAID did not ensure that *SC* reported on activities showing that assistance was delivered in a timely or measurable fashion, we could not readily determine if the activities had had their intended effect.

⁴ USAID Handbook 3, Supplement A, calls for a partnership between USAID and the recipient of a cooperative agreement and states that the project officer (USAID/C) should assume a more active role in planning and monitoring the project's implementation.

Recommendation No. 2: We recommend that USAID/Caucasus:

- 2.1 establish quantifiable indicators, benchmarks and time frames, jointly with *Save the Children Federation*;**
- 2.2 use these to measure the progress of sub-grant activities; and**
- 2.3 require *Save the Children Federation* to report progress to USAID/Caucasus in a more timely fashion.**

As confirmed by USAID instructions, the cooperative agreement between USAID and SC implies substantial involvement between USAID and SC. The agreement states that USAID and SC should jointly agree on benchmarks and a time-frame to measure implementation progress, and that both be included in the Implementation Plan. As such, it becomes USAID/C's responsibility to ensure that sub-grant activity can be quantifiably measured, and that SC reports in such a manner as to permit the desired quantification.

As shown in the following chart, only two of the eight activities reviewed—RI Mobile Health Clinics in Azerbaijan and AAA's Emergency Bread Program in Armenia—were timely in launching their principal activities, i.e., distributing food, providing technical assistance, or delivering commodities. Further, the activities generally were not completed as planned.

Comparison of Planned to Actual Time for Sub-Grant Activities

LEGEND ***** PLANNED ——— ACTUAL

UMCOR's Activity to Provide Medicines and Training to Hospitals (Changed to Poly Clinics in an April Amendment)

Planned Procurement Period *****
 Actual Procurement Period ———
 Planned Distribution Period *****
 Actual Distribution Period ———

ARC's Food Parcels for vulnerable groups in Azerbaijan

Planned Procurement Period *****
 Actual Procurement Period ———
 Planned Distribution Period *****
 Actual Distribution Period ———

CARE's Food Packs for vulnerable families in Georgia

Planned Procurement Period *****
 Actual Procurement Period ———
 Planned Distribution Period *****
 Actual Distribution Period ———

Relief International's Mobile Health Clinics

Planned Activity Period *****
 Actual Activity Period ———

ATG's Technical Assistance to Armenia Farmers in the receipt, planning, harvesting, and management of Spring and Winter Wheat Seed

Planned Period for TA to occur *****
 Actual Period TA occurred ———

ATG's Procurement of Winter Wheat Seed

Planned Procurement Period *****
 Actual Procurement Period ———

AAA's Procurement of Spring Wheat Seed

Planned Procurement Period *****
 Actual Procurement Period ———

AAA's Emergency Bread Program in Armenia -- Swapping Diesel Fuel for Wheat

Planned Activity Period *****
 Actual Activity Period ———

SEPT OCT NOV DEC JAN FEB MAR APR MAY JUN JUL AUG SEP
 1993 1994

Additionally, as detailed in Appendix III, several changes in either the type or number of targeted beneficiaries occurred after sub-grants were executed. For example, the cooperative agreement identified refugees as the most vulnerable group in Azerbaijan. Nevertheless, ARC's sub-grant for Azerbaijan stated that it was to assist: orphans, families with 5 or more children, the elderly living alone and in institutions, as well as refugees. Even so, ARC did not appear to meet the terms of its sub-grant because it only made a one-time distribution to refugees; the remainder of the food was delivered to elderly pensioners. Furthermore, ARC's sub-grant called for a continuous food delivery program

over ten months, but food delivery had been suspended for more than five months awaiting arrival of food.

Other examples include:

- UMCOR's original sub-grant was to provide medicines and medical supplies, and establish a method to strengthen distribution and control systems at eight hospitals in T'bilisi, Georgia. This was later changed to seven polyclinics and one hospital. In the end, however, assistance was provided to only six polyclinics and one hospital.
- CARE was to provide 734 MT of food in monthly packets to 7,500 families. Instead CARE provided food in bulk to eligible beneficiaries in a one-time distribution.
- AAA provided funding to the government of Armenia to purchase diesel fuel to be swapped for wheat from farmers in order to increase the supply of bread nationwide. AAA was also to monitor the swap program to ensure its stated objective. Instead, AAA focused on the Government's diesel fuel and wheat management and ignored the availability of bread.
- AAA delivered only 1,870 MT of spring wheat seed behind schedule instead of 2,500 MT as planned, and at a higher-than-planned cost.
- Although ATG told us that five consultants visited Armenia in April 1994, these consultants did not file reports, so there is no documentary evidence on what they did. Technical assistance was not provided again until August 1994—over 6 months behind schedule.

For each of the above examples, USAID/C commented that there were various contributing factors which led to these delays or changes in targeted beneficiaries. However, these factors did not alter the fact that USAID/C was not tracking SC's or sub-grantees' progress by comparing time frames or benchmarks with actual accomplishments. Thus these factors do not affect the end results, in our opinion.

Because neither USAID nor SC had consistently established and applied quantifiable indicators to measure the success of sub-grant activities, we could not readily determine if the projects were successful or not, or if SC was properly managing sub-grant activities. Although a cooperative agreement requirement, SC's Implementation Plan did not contain quantifiable benchmarks or time frames by means of which implementation progress could be measured. SC told us that USAID did not participate in determining what the benchmarks and time frames should be. However, even if such quantifiable indicators are added to each sub-grant and included in SC's quarterly reporting, they will serve no useful purpose because by the time the quarterly reports are read, the information will have become stale. Since the implementation period for most sub-grant activities is less than

1 year, we believe that monthly or key event reporting on progress is more appropriate.

Management Comments and Our Evaluation

In commenting on our draft report, the Mission stated that the audit report should note the difficulty of establishing indicators in a fluid and rapidly changing situation. In its view, no one could have anticipated the sudden influx of hundreds of thousands of refugees in Azerbaijan in the Spring of 1993, nor of the thousands of refugees from Abkhazia in the Winter of 1993. The Mission assured us of its acceptance of the recommendation by expressing agreement with the need to establish quantifiable indicators, benchmarks and time-frames jointly with SC and to use these to measure the progress of subgrant activities. The Mission stated that it had already reviewed and commented on several iterations of the Implementation Plan submitted by SC and is further assisting SC in another revision of the Plan. Finally, the Mission stated it had implemented a Project Monitoring System, updated monthly, for each subgrant designed to track both financial and programmatic progress.

We agree that establishing meaningful indicators of progress and benchmarks in the environment that the Mission and SC have been involved in, is a very difficult and challenging task. We also agree that the Mission and SC have intensified their efforts to do a better job in this area, and we give them credit for what they have done. Based on actions taken and planned, we are closing all parts of this recommendation. We would, however, appreciate receiving the final Implementation Plan upon approval by the Mission.

SCOPE AND METHODOLOGY

Scope

We audited USAID/C's management of activities conducted by SC and sub-grantees in Transcaucasia (Under Project No. 110-0001) in accordance with generally accepted government auditing standards. As of June 30, 1994, USAID reported that it had obligated \$35.1 million for the cooperative agreement and had recorded about \$23.7 in expenditures. SC had reported disbursements of approximately \$15.7 million for its activities. Audit work sufficient to answer the audit objectives was conducted primarily in Yerevan, Armenia; T'bilisi, Georgia; Baku, Azerbaijan; and Westport, Connecticut. The audit was conducted from July 22, 1994 through November 30, 1994, except for financial information which is as of June 30, 1994, and consisted of:

1. reviewing project documentation, the cooperative agreement, sub-grants, implementation plans, country strategies, quarterly progress reports, sub-grantee progress reports, trip reports, and other documentation relating to SC's activities in Transcaucasia;
2. interviewing USAID/C officials in Yerevan, Armenia responsible for implementing and overseeing SC activities in Transcaucasia, and discussing activities with SC's regional, country, and headquarters personnel, U.S. Embassy, and USAID/Washington officials familiar with SC activities in the region;
3. interviewing sub-grantee officials of RI, ARC/International Federation of Red Cross and Red Crescent Societies, CARE, UMCOR, AAA, and ATG about their participation and activities under the SC cooperative agreement;
4. making site visits to the following sub-grantees:
 - RI—refugee camps near Yevlakh, Azerbaijan where RI was providing medical care, a site where the refugees were assembling kerosene heaters, and RI's warehouse near Yevlakh;
 - ARC—food warehouse in Mingacevir, Azerbaijan;

- UMCOR—medical warehouse, a polyclinic and hospital in T'bilisi, Georgia where medicines were being prescribed and given to patients;
- CARE—an orphanage, two pensioners, and one large family in Kutaisi, Georgia where CARE food was distributed, and a shelter for the elderly in T'bilisi, Georgia that also received CARE food;
- AAA—in Echmiadzin, Armenia: the local government center where AAA-provided diesel fuel was stored and a site where wheat was being delivered by a farmer, and (2) in Armavir, Armenia: a silo where wheat was brought before delivery to the government mills, and a local government center where diesel fuel was stored;
- ATG—warehouse in Yerevan, Armenia where winter wheat seed was being off-loaded from rail cars and stored.

Methodology

The methodology for each audit objective follows.

Audit Objective One

To answer the first objective, we reviewed the cooperative agreement and background project documents to identify what program events and operations were planned, what these consisted of, when these were to be completed, and by whom. Next, we compared the outcome of these events and operations against the plan. We then analyzed potential causes for any variances based on interviews in the field and at SC/Headquarters and USAID/Washington. Under this audit objective, we also did an assessment of applicable USAID internal controls for monitoring, reporting and evaluating this SC cooperative agreement. Additionally, we assessed compliance with applicable laws and regulations—primarily U.S. marking requirements under the Foreign Assistance Act and Section 907 restrictions under the FREEDOM Support Act. Our audit findings concerning the Section 907 restrictions are the subject of a separate report. (See Audit Report No. 8-112-95-003, dated January 23, 1995.)

Audit Objective Two

For the second audit objective, we chose eight sub-grant activities to review. These activities were selected on the basis of: a) location--two activities in each country, with the exception of Armenia which had four activities by two organizations located close to

Yerevan; b) amount of funding--one activity funded at over \$1 million and one activity funded at under \$1 million for each country; and c) activities which were only recently completed or ongoing. We then reviewed each sub-grant to determine what results were foreseen in the agreements and by when. Next, we performed site visits and interviews, and reviewed sub-grantee progress reports to compare planned outputs with actual outputs. Additionally, we interviewed SC and USAID officials responsible for overseeing sub-grantee activities to determine causes for variances. We also read correspondence between various parties to ascertain the flow of information, and decision and management roles performed by program participants.

MANAGEMENT COMMENTS

Date: February 13, 1995

TO: Andy Olsen@RIG.A@BONN

CC: Frederick Kalhammer@IG.EUR@AIDW

FROM: *(signed)*
Fred E. Winch, USAID Representative to the Caucasus

SUBJECT: Comments on Draft Audit Report of USAID/Caucasus Management of Activities Conducted by Save the Children Federation and Its Sub-Grantees in the Caucasus

ATTACHMENT: AID/Caucasus Project Monitoring Document (see response to Recommendation 2.3)

We have reviewed the subject Draft Audit Report and offer the following comments.

First, the Mission believes that the Report does not adequately explain the limitations imposed on planning and management of a diverse set of activities in three countries by and exceedingly unpredictable environment. Most of the activities covered involved emergency assistance in a situation characterized by deteriorating communication, energy and transportation systems, an embargo against Armenia, a civil war and lawlessness in Georgia, and a major territorial conflict between Nagorno-Karabach and Azerbaijan. In such a situation, frequent changes in operating conditions and assumptions and consequent effects on staffing, transportation and procurement were the norm rather than exceptional.

With respect to Recommendation No. 1.1 concerning the lack of issuance by USAID/Caucasus of clear and comprehensive requirements as to the information to be included in Save the Children Federation's (SCF) Quarterly Program Reports, the Mission believes that clear and comprehensive written instructions were in fact communicated to SCF in both March 1994 (see Minutes of discussion session with SCF in March 1994 - a copy was transmitted to RIG/A/Bonn) and again on April 11, 1994 (see copy of letter to R. von Bernuth of SCF's Home Office - copy transmitted to RIG/A/Bonn). The Mission continues to press SCF to ensure compliance with these instructions and has provided detailed written comments to SCF regarding deficiencies

noted in Quarterly Reports for the periods ending March 31, June 30, and September 30, 1994.

With respect to Recommendation 1.2 concerning the need by USAID/Caucasus to complete a formal protocol which establishes the roles and responsibilities of the key players in this program, the Mission has drafted a protocol which addresses the roles and responsibilities of SCF/Home/Regional/Country Offices and USAID/Caucasus. However, since the AID Representative has the management and monitoring responsibilities under the SCF Cooperative Agreement (see Enclosure 1, Section F.2. of the Agreement), the Mission believes that preparation of a Protocol to address the roles and responsibilities of AID/Washington and the Department of State is not appropriate, nor within the AID Representative's authority.

With respect to Recommendations 2.1 and 2.2 requiring the Mission to establish quantifiable indicators, benchmarks and time frames jointly with SCF and to use these to measure the progress of sub-grant activities, USAID/Caucasus agrees with the need to establish and track indicators. To this end, USAID/Caucasus has reviewed and commented on several iterations of the Implementation Plan submitted by SCF and is further assisting SCF in another revision of the Implementation Plan to ensure to the extent possible the requisite indicators, benchmarks, and time frames. However, as noted above, given the nature of emergency relief efforts, the Report should note the difficulty of establishing indicators in a fluid and rapidly changing situation. No one could have anticipated, nevertheless quantified, the sudden influxes of hundreds of thousands of refugees in Azerbaijan in the spring of 1993, nor of the thousands of refugees from Abkhazia in the winter of 1993.

Last, with respect to Recommendation 2.3 requiring that SCF report progress to USAID/Caucasus in a more timely fashion, the Mission has implemented a Project Monitoring System for each sub-grant under the SCF Agreement which is designed to track both financial and programmatic progress and is updated on a monthly basis. An example of the key document used to monitor sub-grant activity is attached.

Clearance Page for Comments on Draft Audit Report on Mission Management of the SCF Agreement

Drafted: DLieberman, PDO: [initialed] Date: 2/13/95

Clearance: BGrogan, SPO: [initialed] Date: 2/14/95

GAnders, DD: [initialed] Date: 2/14/95
with changes

Armenia FDD KEROSENE DISTRIBUTION ('94 - '95)

01/11/95

Objectives: Distribution of 31,000 MT of krs. to schools & general
Distribution of approx. 20,000 heaters to Northern regions of Armenia

Key Assumptions: Kerosene & heaters are in country, start of program

Duration: 10/94 to 5/95

Budget: \$ 842,050

Inputs: 31,000 MT of kerosene, 20,154 heaters

Govt. Inputs: Providing storage, trucks for distribution

Level of Effort: 5 intl staff, 9 months

Amendments: 1. Budget extension of \$142,050 for supplies, labor, direct/indirect costs

Obligated \$ 842,050
Outputs

Current major issues
Inclusion of Beacon Project in Kerosene Distribution

	FY 95 Oct.	FY 95 Nov.	FY 95 Dec.	FY 95 Qtr IV	To Date
Achievements					
Milestones:	met? Y	N			
Objectives:	letter grade A	B			
Outputs:	% of target N/A	0% htrs, 66% coup.			0%
Inputs:	% - N/A	N/A			0%
Expenditures					
\$ amount:	\$0				\$0
% of total:	ERR	ERR	ERR	ERR	ERR
Submissions Required	Weekly reports	Weekly reports	Weekly reports		
Site Visits	USAID - ongoing SCF	ongoing	ongoing		
Assumptions Check	Yes	Yes	Yes		
Performance Issues (* identified by SCF)	Estab. organisation for Distrib. & monitor	begin coup. & hter distribution	finish coup. distrib. begin krs. & hter distr.		
Compliance Problems (* identified by SCF)	None	no distr. of heaters			
Comments/Follow-up	good planning & organization	PRGM going well in some delays			

DETAILS OF INDIVIDUAL SUB-GRANT ACTIVITY

RELIEF INTERNATIONAL (RI)

Purpose: To enable RI to continue the operation of a Mobile Health Unit established in September 1993, and to serve refugee/displaced populations (10,000 people per month for 10 months) with little or no access to medical care and to strengthen the capacity of local NGOs and medical care facilities (through hiring and training local personnel for the relief team).

Time-frame: From November 1, 1993 through August 31, 1994

Results in Brief:

- Health units were operating in the refugee camps and medical care was being provided. According to RI, they were treating over 34,000 patients per month, well over the projected figure. RI also appeared to be addressing management issues identified by USAID and SC and had a new management consultant on board.
- RI was experiencing problems in obtaining medicines. Most of the medicines have been donated from various sources and have either expired or been of no use. However, USAID/C stated that since our audit visit they approved a sub-grant through SC to provide \$1 million in pharmaceuticals beginning September 1, 1994.



RI doctor examining refugees near Barda, Azerbaijan, July 1994

AMERICAN RED CROSS (ARC)

Purpose: To extend emergency assistance to the most vulnerable populations in Azerbaijan through the delivery of 10,000 parcels per month for 10 months. The food parcels were intended for 40,000 of the most vulnerable individuals (orphans, families with five or more children, the elderly living alone and in institutions, and refugees) were targeted for supplementary food assistance on a monthly basis.

Time-frame: ARC was to start procuring food parcels in October 1993 and begin delivering the parcels in November 1993 with conclusion by August 1994.

Results in Brief:

- According to ARC records and SC monitoring visits approximately 20,000 individuals (elderly pensioners) received food parcels; also, there was a one-time distribution to over 40,000 refugees. ARC plans to distribute the remaining 70,000 parcels of food to the elderly pensioners when the parcels arrive.
- The first shipment of 30,000 parcels was not delivered until March 1994 (four months late). An additional 70,000 parcels were still being put together and were expected to arrive in Azerbaijan in mid-October. Instead of feeding 40,000 beneficiaries every month for 10 months, 20,000 elderly would receive food parcels twice and other beneficiaries would receive food once. Although vulnerable groups were identified by USAID and SC as displaced persons in Azerbaijan, and this project was to meet the needs of the most vulnerable groups, the parcels were distributed mainly to elderly pensioners—who may not have been the most vulnerable.



ARC operations with European Community donations, Mingacevir, Azerbaijan (July 1994)

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UNITED METHODIST COMMITTEE ON RELIEF (UMCOR)

Purpose: To provide emergency medical supplies to a broad section of displaced persons, refugees and the general population in Georgia; and to enable UMCOR to establish a reliable distribution and control system and provide priority medical assistance to seven polyclinics and one hospital in T'bilisi.

Time-frame: Procurement of medicines was to start September 1993; they were to arrive in T'bilisi by November 1993. The program was to end January 8, 1994; later extended to October 31, 1994.

Results in Brief:

- According to UMCOR records at June 30, 1994, medicines were provided to 36,166 beneficiaries in T'bilisi. The patients of the clinic receiving medicine seemed to benefit, but clinic's needs appeared greater than supplies.
- Medicines did not arrive until February 1994 (three months late) and only six of the seven polyclinics were being provided medicines. It also did not appear that any of UMCOR's inventory control methods would be adopted by the Georgian medical clinics/ hospitals after UMCOR leaves. We also found UMCOR's inventory of medicines to be somewhat unreliable and inaccurate although USAID/C stated that UMCOR's system has improved since our review. Additionally, UMCOR has faced other problems such as medicines donated through Project Hope and U.S. Department of Defense which have expired or are unusable in their program.



Patients in T'bilisi, Georgia waiting to receive USAID-provided medicines (August 1994)

CARE

Purpose: To provide coordinated administrative, logistical and commodity management support services to USAID, the Georgian Government and PVOs involved in the receipt and distribution of food and other commodities, plus a range of on-site support services; and to conduct a follow-up assessment of the Svanetia region to assess the need for food stocks; and to provide a minimum of 400 MT of food assistance to vulnerable groups by procuring and distributing 52,500 14 kg. family food packs over a period of 7 months.

Time-frame: Food was to be procured beginning in November 1993 and distribution started by December 1993 and to continue through June 1994; the program was extended to July 31, 1994.

Results in Brief:

- According to CARE records, 42,047 beneficiaries were served and our site visits confirmed eligibility of individuals reached. According to its reports, technical assistance/support was given to USAID, PVOs and the Government of Georgia.
- The first 189 MT of food arrived late in January 1994, and the second 734 MT arrived in early February. CARE did not provide family food packs, but distributed commodities in bulk to institutions, and individuals and families used their own containers. The food was not distributed over a 7-month period, but all at one time.



Orphanage (Baby House)
in Kutaisi, Georgia (August 1994)



Elderly Pensioner
in Kutaisi, Georgia (August 1994)

ARMENIAN TECHNOLOGY GROUP (ATG)

Purpose: To procure 3,000 MT of wheat seed for planting in Fall 1994.

Time-frame: Seed procurement was to start in April 1993 and the seed was to be delivered in Armenia by July 1994. It was delivered in August 1994.

Results in Brief:

- The wheat seed was arriving in August 1994 and was being unloaded into a warehouse.
- None of the bags were marked with USAID emblems and no one was counting the bags as they were being off-loaded. Additionally, although ATG said that they were keeping track of the bags ripped, they were not keeping track of bags repaired. Subsequently, USAID/C stated that 99,134 bags were received; 2,483 bags were torn and salvaged. USAID, SC and ATG had not determined what losses and damages were to be anticipated, so we could not determine if the loss sustained was reasonable.



Unmarked ATG/USAID-donated wheat seed
Yerevan, Armenia (August 1994)



Marked USDA donated rice
Yerevan, Armenia (August 1994)

ARMENIAN TECHNOLOGY GROUP (ATG)

Purpose: To provide technical assistance and supervision of the receipt, planting, management and harvesting of Spring and Winter Wheat Seed.

Time-frame: February 20, 1994 - November 30, 1994

Results in Brief:

- In August 1994, ATG was to begin visiting farmers and hold training programs.
- According to an ATG official, there were no tangible results that he was aware of from technical assistance provided. While ATG had sent five consultants to Armenia to provide technical assistance to farmers in April 1994, the ATG official in Armenia stated that there were no reports detailing what these consultants did or accomplished. SC had disallowed reimbursement of the consultant costs under the sub-grant because of the lack of reporting.

ARMENIAN ASSEMBLY OF AMERICA (AAA)

Purpose: To procure 2,500 MT of spring wheat seed from Russia to be used in 19 districts.

Time-frame: Seed procured before March 1994 for the spring planting, and to be delivered no later than March 1, 1994, but actually delivery began on April 4, 1994 and was completed on May 13, 1994, 1 to 1½ months late.

Results in Brief:

- Seed arrived and was used by farmers. According to ATG (who SC arranged to have monitor the results), there have been some higher yields; however, results were mixed.
- Only 1,700 MT (plus 170 MT of regeneration seed) were received, but not until April through May 1994—1 to 1½ months late. This seed cost \$779,599 versus the \$825,000 budgeted for 2,500 MT. On a per unit basis, the cost was 26% more than anticipated.
- Originally the seed was to be distributed in 19 districts to prequalified farmers. Because it arrived late, it was distributed in 33 districts and to farmers who said they would/could use the seed. No determination of farmer capability to maximize the use of the seed was made.

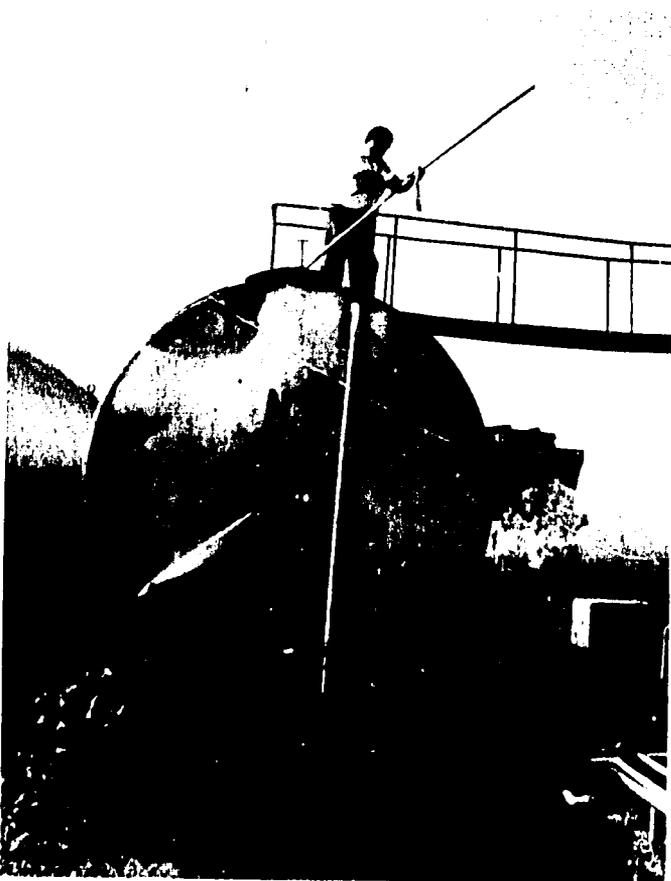
ARMENIAN ASSEMBLY OF AMERICA (AAA)

Purpose: To provide bread for the people of Armenia, and to obtain wheat from Armenian farmers through an exchange of diesel fuel for wheat.

Time-frame: To provide fuel for farmers to use in the Spring 1994 planting (March to May 1994); subsequently extended to October 15, 1994.

Results in Brief:

- From our site visits and review of documents, it appeared that farmers were obtaining diesel by swapping their wheat, barley and oats for this fuel. The Armenian Ministry of Agriculture (MoA) agreed to be responsible for any diesel shortages during storage and distribution.
- Diesel arrived in May 1994, too late to facilitate spring planting. Since the MoA was responsible for diesel shortages, we were unsure why AAA monitors were spending time on diesel storage, instead of concentrating on wheat receipts. Additionally, we found that no work was being done to determine whether more bread was available to the Armenian people. There had been no market surveys to determine this.



Local government official
measuring diesel

Local official and farmer
measuring bartered wheat

Echmiadzin, Armenia (August 1994)

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ANALYSIS OF INFORMATION INCLUDED IN SC'S IMPLEMENTATION PLAN

As Required by the Cooperative Agreement
(with Amendments) YES/NO/Incomplete

☐	Narrative summary of expected accomplishments and actions	YES
☐	Over the 25-month period ending 9/30/95	YES
☐	Benchmarks to measure implementation progress	Incomplete ¹
☐	Timeframe to measure implementation progress	Incomplete ²

As Required in USAID/Caucasus Instructions
Given During the March 1994 Regional Planning Meeting

☐	Total estimated number of beneficiaries by country and vulnerable group	NO
☐	Estimated cost of administering assistance:	
	In total	NO ³
	By country	NO ³
	Per beneficiary/by country	NO ³
☐	Benchmarks for measuring impact and meeting objectives	Incomplete ⁴
☐	Timeframe for measuring impact and meeting objectives	Incomplete ⁵
☐	Quantity and nature (type) of total assistance by country and vulnerable group	NO
☐	Technical Assistance and training seminars planned for PVOs	YES
☐	Estimated number of subgrants to be awarded by region and country	NO
☐	Number of needs assessments to be conducted by region and country	NO
☐	Establishment of a clearinghouse for compilation, assimilation, consolidation and dissemination of data on donations pledged, received, or in-transit	YES
☐	Identification of critical unmet needs that the PVO community can address over short, medium and long-terms	YES
☐	Promotion of database decision-making by region and country	YES
☐	Number of household and food basket cost surveys planned by region and country	YES
☐	Establishment of a tracking mechanism by vulnerable group and accumulation of baseline data by region and country	NO

As Required by USAID/Caucasus Instructions
Given During the March 1994 Regional
Planning Meeting

YES/NO/Incomplete

☐	Establishment of a management framework to assess capabilities of existing indigenous NGOs and to facilitate development of new community-based organizations	YES
☐	Integration of emergency relief assistance with other activities such as maternal child health programs, elderly medical care, preventive/curative health services, shelter programs and basic education for refugees/displaced persons	NO
☐	Estimated number of food for work programs to be established by country and region	NO
☐	Extent of technical assistance to be provided to subgrantees in areas of financial accountability monitoring, planning & management practices	Incomplete ⁶
☐	Monitoring plan for procurement, receipt, storage repackaging and distribution of commodities (should contain written procedures for testing compliance & provisions for end-use checks, USAID markings, on-site visits and implementation meetings)	NO

1. Benchmarks are included, but not so implementation progress could be measured.
2. Timeframes are mentioned, but not so implementation progress could be measured.
3. There is a discussion (page 3) about funds spent and remaining, but the plan does not discuss funds needed to administer assistance.
4. Benchmarks are discussed, but not in terms of measuring impact or meeting objectives.
5. Timeframes are discussed, but not in terms of measuring impact or meeting objectives.
6. These types of technical assistance are discussed, but not in terms of their **extent**.

ANALYSIS OF INFORMATION INCLUDED IN SC'S QUARTERLY REPORTS

<u>Report Element</u>	<u>12/31/93 Quarterly Report</u>	<u>3/31/94 Quarterly Report</u>	<u>6/30/94 Quarterly Report</u>
According to the Cooperative Agreement, Quarterly Reports Should Include the Following:			
☛ Cumulative expenditures and costs to complete projections	NO ¹	NO ²	NO ¹
☛ Description of activities	YES	YES	YES
☛ Progress toward achieving program objectives:			
Timely provision of Humanitarian Assistance	NO	NO	Incomplete ³
In time for the Winter of 1993-1994	NO	NO ⁴	NO
Bridge to Development	NO	NO	NO
Enhanced ability of both indigenous and international NGOs to provide and manage emergency and humanitarian assistance programs	NO	NO ⁵	NO ⁶
☛ Description of implementation methodology	NO	YES/NO ⁷	YES/NO ⁷
☛ Issues and problems (implementation deficiencies)	YES	YES	YES
☛ Status of previously scheduled actions	N/A	YES	YES
☛ Actions to be scheduled for the next reporting period in the form of a revised program/workplan	NO ⁸	NO ⁸	NO ⁸
☛ Funding, disbursement, and pipeline analysis (both regionally and by country)	NO	Incomplete ⁹	Incomplete ⁹
☛ A discussion of program needs	NO	NO ¹⁰	NO

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Report Element

As required by USAID/CAUCASUS Instructions Given During the March Regional Planning Meeting and in an April 1994 Memorandum to SC, Quarterly Reports Should Include the Following:

<u>Report Element</u>	<u>12/31/93 Quarterly Report</u>	<u>3/31/94 Quarterly Report</u>	<u>6/30/94 Quarterly Report</u>
Financial Data including:			
Amounts Authorized	N/A	YES	NO
Amounts Obligated	N/A	NO	YES
Expenditures to Date	N/A	NO ¹¹	NO ¹²
Expenditures for the Period	N/A	NO ¹³	NO ¹²
Amounts Unexpended	N/A	NO	NO ¹²
Expenditures per Budget Line Item in the Cooperative Agreement	N/A	NO	YES ¹²
Expenditures per Budget Line Item for each Subgrant	N/A	NO ¹⁴	YES/NO ¹²
Description of activities per subgrant by country	N/A	YES	YES
Includes life of subgrant	N/A	YES	YES
Progress (% of outputs) towards achieving program objectives as stated in the Final Implementation Plan	N/A	NO ¹⁵	NO ¹⁶
Description of implementation methodology, including monitoring activities	N/A	YES	YES
Issues and Problems	N/A	YES	YES
Includes delays and solutions to problems	N/A	YES	YES
Status of previously scheduled actions	N/A	YES	YES
Actions planned for the next period (in the form of a revised Implementation Plan)	N/A	YES	YES
Cash activity per books	N/A	NO ¹⁷	NO ¹⁷
	N/A	NO	NO

ENDNOTES

1. Report lists expenses and budget, but not expenditures or cost to complete projections.
2. Actual expenditures are listed per subgrant, but presentation is confusing/misleading because total expenditures at 3/31/94 do not reconcile with grant status figures presented. Additionally, the cost-to-complete projections are not disclosed.
3. Sometimes the timeliness of the activity is mentioned, i.e., in the narrative description of activities section or in the implementation methodology section. However, in the section "Progress Towards Meeting Program Objectives" section, where one would expect to see a quantitative report on progress, including timeliness, that attribute is discussed for only one out of five activities that we reviewed that were known to have timing problems.
4. On page 17, the report addresses relief programs intended for the winter and lists beneficiaries being provided assistance. However, in our field visit to ARC activities we discovered that the food did not arrive before winter; consequently the information presented in the report is inaccurate.
5. On page 11, the report discusses activities to strengthen NGO capacities, but does not describe the progress made towards actually enhancing NGO ability.
6. Training NGOs is mentioned under the AAA NGO training program activity, but NGO training appears to be a program in Armenia only. Additionally, the report does not address progress towards enhancing NGOs' ability to manage emergency and humanitarian assistance programs.
7. Implementation methodology is discussed for *Save the Children's* procedures, but not for subgrantee/actual activity procedures.
8. Actions are not in the form of a revised workplan (or any workplan).
9. No pipeline analysis is given.
10. Report states that an assessment of program needs was done, but the needs themselves were not described.
11. Actual expenditures are listed per subgrant, but presentation is confusing/misleading because total expenditures at 3/31/94 do not reconcile with grant status figures presented.

12. It is difficult to tell if expenditures are given because the terms—expenditures and expenses—are used interchangeably. Also, there is no explanation of what SC means by the use of these terms.
13. Only expenses are disclosed, not expenditures (which include advances).
14. Report discloses spending per category per subgrant, but not expenditures.
15. In this quarterly report there is some discussion of beneficiaries reached/commodities received and persons/commodities remaining, however, from our field work we know that for at least two of these activities, the information presented is inaccurate. With respect to ARC, we know that 40,000 mothers, orphans, etc. will not be provided food on an ongoing basis through 8/94, as stated in the report. Additionally, the report states UMCOR is donating medicines and is training workers at 8 hospitals. However, this had been changed to 7 polyclinics and 1 hospital and that only 6 polyclinics and 1 hospital were actually provided assistance, and SC was aware of these changes at the date of this quarterly report.
16. This is difficult to evaluate first because USAID and SC had not established quantitative benchmarks or objectives in the Final Implementation plan. Second, for some activities the outputs planned section appears to have been changed to agree with what actually occurred, not what was planned. Therefore, it is unclear whether there was progress towards achieving goals.
17. Not described as a revision to the Implementation Plan.