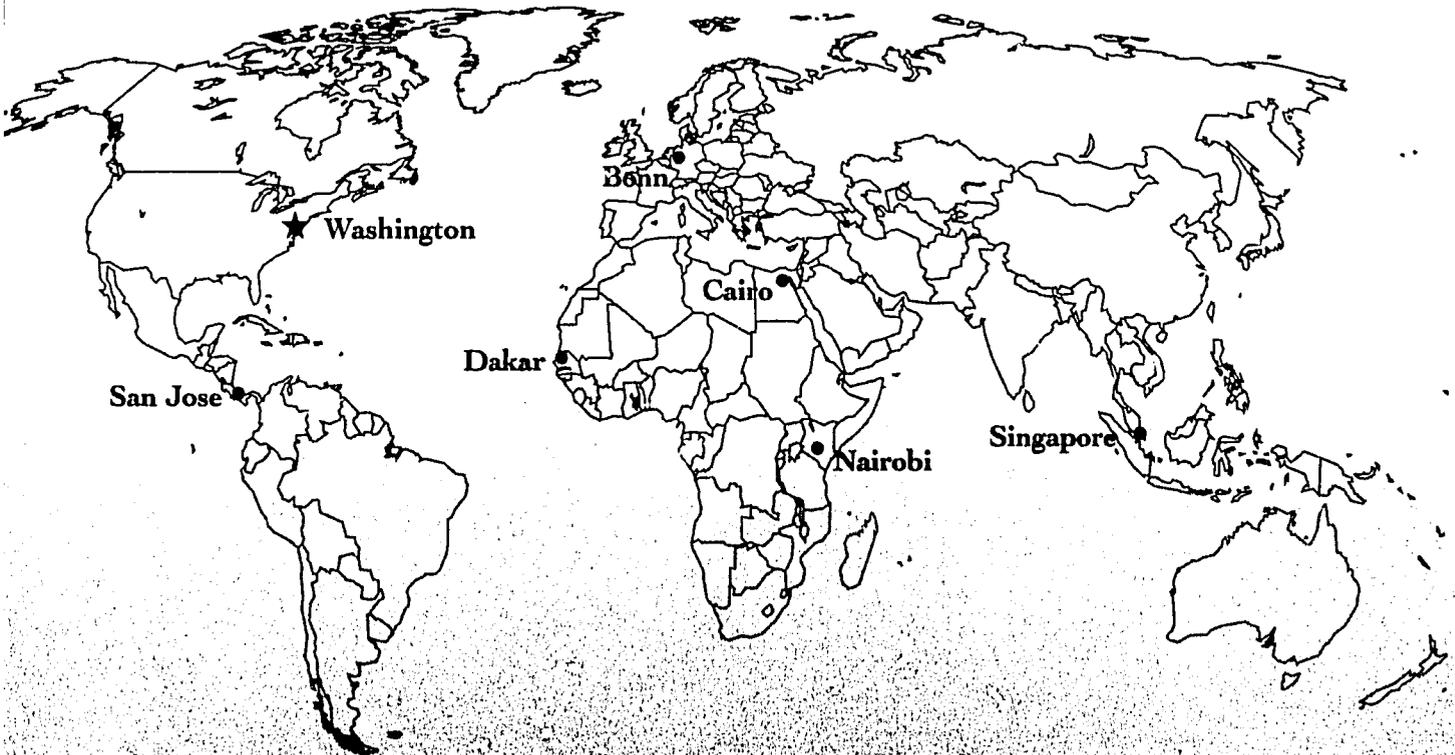

Audit of USAID/Guinea's Education Sector Reform Program

Audit Report No. 7-675-95-007

June 8, 1995



**Regional Inspector General for Audit
Dakar**

**Audit of USAID/Guinea's
Education Sector Reform Program**

**Report No. 7-675-95-007
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UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE REGIONAL INSPECTOR GENERAL FOR WEST AFRICA

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June 8, 1995

FOR: Acting Director, USAID/Guinea, Thomas E. Park
FROM: *Thomas B. Anklewich*
RIG/A/Dakar, Thomas B. Anklewich
SUBJECT: Audit of USAID/Guinea's Education Sector Reform Program
(Audit Report No. 7-675-95-007)

This is the final report on the subject audit. We considered your comments to the draft report and have included them as Appendix II. The audit report makes three recommendations. Based on your comments and actions, Recommendation No. 1 is resolved; Recommendation No. 2 is unresolved pending an agreement on the renovation of the Ministry of Pre-University Education's personnel office; and Recommendation No. 3 is closed. Please notify our office within 30 days of the status of actions planned or taken to close Recommendations No. 1 and 2.

I appreciate the cooperation and courtesy extended to my staff during the audit.

EXECUTIVE SUMMARY

Background

As of 1989, Guinea's education system was suffering the consequences of 25 years of mismanagement, underfunding and neglect which had resulted in primary school enrollment rates that were amongst the lowest in the world. In an effort to address its education problems, the Government of Guinea (GOG) established a national education policy that called for a concerted effort to restructure, expand and improve its education system. The GOG's restructuring policy is known as the Education Sectoral Adjustment Program, or PASE (Programme d'Ajustement Sectoriel de l'Education). In order to implement the PASE, the GOG received funding from various donor organizations, principally USAID/Guinea (\$39.8 million), the World Bank (\$20 million), and the French Aid and Cooperation Fund (\$12 million).

USAID/Guinea's \$39.8 million education assistance package is titled the Education Sector Reform Program. Its goal was to improve the quality of schooling for a continuously increasing number of primary school age children. The Program is particularly focused on equitable access to the system for rural children and girls. The Mission planned to achieve this goal by providing:

- non-project assistance in the form of budgetary support (known as "cash transfers") to the GOG as it rebuilds, reforms, and improves its primary education system, and
- technical assistance, along with training and commodities to assist the Guinean Government in implementing the education reforms.

The conditionality of the budgetary support presented the Guinean Government with a quid pro quo: If the GOG, (1) increased the average funds spent on education per student per year and (2) increased the education sector's total budget share and satisfied other various conditions, then the GOG would receive the non-project assistance.

Audit Objectives

The Office of the Regional Inspector General audited USAID/Guinea's PASE assistance package to learn whether the Mission was managing it according to USAID policies. Specifically, we sought to verify if the Mission was monitoring the implementation of its cash transfer (non-project assistance) and technical assistance (project assistance) programs to ensure these programs achieved their intended results. We also wanted to know if, based on their monitoring, the Mission was taking the corrective actions necessary to ensure that the intended results would actually be achieved.

Summary of Audit Findings and Recommendations

Progress on the program's non-project assistance has been good. The GOG met the conditions precedent established for the first three cash transfers and in some cases, such as the amount spent for pedagogical materials per pupil, exceeded them. Specific program results include the following: 1) primary school enrollments have increased by 125,000 (36 percent), 2) enrollment of eligible, school-age girls has increased from 18 percent to 26 percent, and 3) rural enrollments have increased by 12.6 percent. Each of these results exceeded the PASE targets.

Progress on the Program's project assistance has also been good. USAID/Guinea's project assistance has improved the level of staff and organizational performance of the Ministry of National Education through improvements to the budget preparation process. As a result, the Ministry can now efficiently and accurately prepare and defend its annual budgets.

It should be noted that it is difficult to apportion responsibility for the success of the program given that several conditions precedent were shared between USAID and the World Bank. Also, the PASE is a multi-donor program. Further, these initially encouraging program results must be approached cautiously. Clearly the Program's success rests not only on the Guinean Government's ability to make the initial reforms stipulated, but also on its ability to maintain educational standards once outside funding ends.

Although the Program has achieved numerous successes, we did note three problem areas that should concern the Mission. These involve the disbursement of cash transfers, donor coordination, and the safeguarding of project commodities.

Cash transfers were to be used by USAID to repay debts owed by the GOG. However, debt repayments made from the second and third cash transfers did not begin until several months after the conditions precedent had been met and in

some cases, after their required due date. Because USAID did not pay the Guinean Government's debts on time, the GOG incurred late interest penalties amounting to at least \$64,000. The cash transfer disbursements were delayed because the GOG did not readily designate the debts to be repaid and because the Mission did not have a time requirement for the Guinean Government to do so.

An original goal of the Mission's technical assistance was to increase the management efficiency of the Ministry of Pre-University Education's personnel system, in part by computerizing personnel records so that they would not have to be updated by hand. During the implementation of the Mission's Education Sector Reform Program, the FAC (Fonds d'Aide et de Cooperation, or the French Aid and Cooperation Fund) assumed the Mission's responsibility to improve and computerize the personnel office, but in order to do so, they needed assistance from USAID/Guinea to renovate the office space. However, due to inadequate donor coordination, a plan outlining specific actions to be performed by the Mission and the FAC has not been developed and the Ministry's personnel records have still not been automated.

Although the Ministry's personnel office was not computerized, the Ministry's Financial and Administration Office which prepares the Ministry's budgets, was computerized. We noted, however, that \$30,000 worth of spare computers and parts were being stored against a wall in a computer training room. Due to the number of people who use or have access to this room, there is a high risk that these commodities may be damaged or stolen.

To address the above problem areas, we have recommended that the Director, USAID/Guinea require the Mission and the GOG to reach an agreement on how to disburse the planned fourth cash transfer within a reasonable time frame (i.e. 30 days) once the Mission determines that the related conditionalities have been met. We have also recommended that the Mission take the lead to develop a donor coordination plan to ensure that the Ministry's personnel office is renovated and computerized. Finally, we have recommended that the Mission negotiate and implement an agreement with the GOG to ensure that the Project's spare computers and parts are less vulnerable to damage or theft.

Office of The Inspector General
Office of the Inspector General
June 8, 1995

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INTRODUCTION

Background

With considerable natural resources in agriculture, energy, fisheries and mining, Guinea's economy has long had the potential for rapid growth. However, this potential has been frustrated by low levels of education and training. As of 1989, the country's education system was suffering the consequences of 25 years of mismanagement, underfunding and neglect, which had resulted in primary school enrollment rates that were amongst the lowest in the world (28 percent overall and 17.8 percent among girls) with annual pedagogical expenditures per primary school students of only approximately \$0.16.

In an effort to address its education problems, the Government of Guinea (GOG) instituted a national education policy that called for a concerted effort to restructure, expand and improve its education system. The restructuring policy is known as the Education Sectoral Adjustment Program, or PASE (Programme d'Ajustement Sectoriel de l'Education). It is comprised of a series of administrative and policy reforms designed to lay the groundwork for future expansion of enrollments, improvements in the quality of the education system, a larger education budget, and administrative improvements and capacity-building at all levels.

The PASE is an ambitious enterprise requiring a substantial amount of resources. These resources were to be provided by the GOG (\$131 million) and various donors, principally USAID/Guinea (\$39.8 million), the World Bank (\$20 million), and the French Aid and Cooperation Fund (\$12 million). The World Bank's contribution included Education Sector Adjustment Credits and the French contribution included technical assistance focusing on curriculum and pedagogical improvements. USAID's assistance amounts to \$29.1 million in direct budgetary support (non-project assistance) and \$10.7 million in technical assistance (project assistance).

USAID/Guinea's \$39.8 million education assistance package is titled the Education Sector Reform Program (ESRP). Its goal was to support an education system in Guinea that would provide a continuously improving learning environment to ever-larger numbers of primary-school-age children, with a particular focus on equitable access for traditionally disadvantaged groups such as rural children and girls. The Mission planned to achieve its goal by providing:

- budgetary support to the GOG as it rebuilds, reforms, and improves its primary education system, and
- technical assistance, along with training and commodities to assist the GOG in implementing the education reforms.

The Mission's direct budgetary support involves four cash disbursements that may only be used to pay GOG debts to "eligible" U.S. and international creditors as agreed upon by the Mission and the Guinean Government. Each disbursement is conditioned on the GOG's commitment to: allocate adequate funding for teaching materials and other operating expenditures throughout the adjustment period; train, retrain and redeploy staff; and reallocate resources within the education system to assure more equal educational access throughout the country, with special regard to girls and rural children. The conditionality of the budgetary support presents the Guinean Government with a quid pro quo: If the GOG, (1) increases the average funds spent on education per student per year from US\$0.16 to \$2.80, and (2) increases the education sector's total budget share and satisfies other various conditionalities, then the GOG would receive the non-project assistance (NPA) component of the program. In Phase 1 of the Mission's ESRP, the technical assistance includes the provision of long and short term consultants as well as training and commodities in an effort to improve the Ministry of National Education's administrative and financial management.

The initial non-project assistance component was amended on September 8, 1993 to include a fourth cash disbursement of \$6.8 million that raised the total NPA component to \$29.1 million. In addition, the completion date for the project assistance component (PA) was amended on September 22, 1994 from August 26, 1995 to September 30, 1996. This amendment also added \$5 million in project assistance and increased the program's total PA component to \$10.7 million. Additional funding was added to both project components to serve as a "bridging" mechanism between Phase I and II of the ESRP, to keep the momentum of the reform process going, and to ensure that the GOG maintained its level of performance. During Phase II of the ESRP, USAID/Guinea plans to provide technical assistance towards curricular reform and textbook revision.

As of September 30, 1994, USAID/Guinea had committed \$4.2 million of its obligated \$10.7 million for project assistance and had approved the release of the first three cash transfers totaling \$22.3 million. However, \$5.2 million of this amount had not yet been disbursed. Also, at the completion of our audit fieldwork, the Mission was preparing to approve the disbursement of the fourth cash disbursement as soon as the GOG met the conditions precedent for its release.

Audit Objectives

The Office of the Regional Inspector General for Audit, Dakar completed a performance audit of USAID/Guinea's Education Sector Reform Program as provided in its approved fiscal year 1994 audit plan. The audit was designed to answer the following objectives:

- 1. Did USAID/Guinea monitor, report on and evaluate the non-project assistance component of the Education Sector Reform Program in accordance with Agency policies and procedures to ensure that the program accomplished its intended results?**
- 2. Did USAID/Guinea monitor, report on and evaluate the project assistance component of the Education Sector Reform Program in accordance with Agency policies and procedures to ensure that the project assistance accomplished its intended results?**

Appendix I discusses the scope and methodology of this audit. USAID/Guinea's comments to the draft report are included in their entirety as Appendix II.

REPORT OF AUDIT FINDINGS

Did USAID/Guinea monitor, report on and evaluate the non-project assistance component of the Education Sector Reform Program in accordance with Agency policies and procedures to ensure that the program accomplished its intended results?

USAID/Guinea monitored, reported on and evaluated the non-project assistance component of the Education Sector Reform Program in accordance with Agency policies and procedures to ensure that the Program accomplished its intended results. However, cash transfers could have been made more timely. Specifically, the Mission verified that the first cash transfer disbursement was deposited into a separate interest-bearing bank account and that amounts disbursed under the first, second, and third cash transfers were used solely to pay "eligible" Government of Guinea debts to U.S. or international creditors as agreed by the Mission and the GOG.

In addition, the Mission verified that the Guinean Government had met or exceeded conditions precedent prior to approving cash transfer disbursements. For example, the Mission verified that the GOG provided sufficient documentation to show that it had secured adequate financial resources from other donors or its own revenues to cover the annual cost of the PASE, spent at least GF¹2,800 (about \$2.80) on teaching materials per primary pupil and GF210,000 (about \$210) for operating expenditures per administrative staff member, and allocated at least 34 percent of its annual education budget to primary education.

More specifically, the Mission confirmed that during the 1990-1991 school year, the GOG spent GF4,602 (about \$5) per pupil on pedagogical materials. This was a vast improvement from the estimated pedagogical materials per pupil during 1988-1989 of GF160 or about \$0.16. It was also more than twice the amount that was required to be spent to meet the conditions precedent. For the 1991-1992 year, the rate was GF11,618 (about \$12)—more than four times that called for by the condition precedent.

The Mission also confirmed the budgeting of GOG resources for the primary education sector. Before the PASE commenced, the Guinean Government was

¹ Guinean Francs

allocating approximately 14 percent of its recurrent revenues to education. However, as a result of the conditions precedent, by its FY² 1993, the GOG had increased spending levels to 20.2 percent and was in an excellent position to attain the targeted percentage of 21 percent within three years of the end of the PASE. Conditions precedent were also set to encourage the Guinean Government to allocate 34 percent of its education budget to primary education; during 1992 - 93, it allocated 35 percent. Furthermore, a condition precedent was set for the GOG to allocate at least 17 percent of its primary education budget to operating resources and teaching materials—it allocated 31 percent during the 1991 - 92 period. The chart below illustrates the GOG's actions in regards to selected conditions precedent.

Description	Condition Precedent	GOG's Action
Primary School expenditures per pupil	GF 2,800 (1990 - 91) GF 2,800 (1991 - 92)	GF 4,602 (1990 - 91) GF 11,618 (1991 - 92)
Primary school operating expenditures per administrative staff	GF 210,000 (1990 - 91) GF 210,000 (1991 - 92)	GF 715,258 (1990 - 91) GF 591,478 (1991 - 92)
Primary school budget (PASE Years 2 & 3) Allocation as a percentage of the GOG's education budget	34% (1991 - 92) 35% (1992 - 93)	35% (1991 - 92) 35% (1992 - 93)
Percentage of primary school budget (PASE, years 2 & 3) allocated to teaching material	17% (91 - 92) 18% (92 - 93)	31% (91 - 92) 33% (92 - 93)

The Guinean Government often exceeded the conditions precedent.

Overall, the NPA program can be considered a success not only because the GOG met or exceeded the conditions precedent, but because the program either exceeded or was on track to meet its end-of-project indicators. These indicators were established in the Program Assistance Approval Document (PAAD) and included the following:

² GOG's Fiscal Year

- 1) **Three percent increase in primary school enrollment by the year 1992,**
- 2) **No decline in girls enrollment rate of 30 percent through the year 1992,**
- 3) **Five percent increase in rural enrollment rates by the year 1992,**
- 4) **Thirty percent admission rate by the year 1992,**
- 5) **Increase the student grade 6 completion rate from 40 percent to 72 percent by the year 2000, and**
- 6) **Reduce the number of years of instruction to complete primary school from 16.1 to 8.2 by the year 2000.**

Between January 1991 and the 1993-94 school year, primary school enrollments increased from approximately 347,000 to 472,000—an explosion of almost 125,000 students (36 percent)! In addition, girls' enrollment remained above 30 percent (it was 33 percent during 1993-94) and rural enrollments had increased by 12.6 percent since 1991. Furthermore, the admission rate was 35 percent for 1991-92 and had increased to 51 percent during the 1993-94 school year. Both interim indicators for items five and six, listed above, were on target. For example, completion rates have increased steadily during the PASE and reached 50 percent during the 1993-94 school year. The number of years of instruction to complete primary school has decreased to between eight and nine years. In sum, the PASE has either far exceeded or was on track to meet its goals.

It should be noted that it is difficult to apportion responsibility for the success of the program given that several conditions precedent were shared between USAID and the World Bank. Also, USAID was one member of a large group of donor countries involved. Further, these initially encouraging program results must be approached cautiously. Clearly the program's success rests not only on the Guinean Government's ability to make the initial reforms stipulated, but also on its ability to maintain educational standards once outside funding ends.

Despite the many successes of the NPA program, USAID/Guinea's cash transfer disbursements which were earmarked for GOG debt repayments and linked to the successful meeting of the conditions precedent, were not always released timely. As a result, the GOG incurred late interest penalties and thus, became further in debt. This problem area is discussed below.

USAID/Guinea Needs to Ensure That Cash Transfers to Pay GOG Debts Are Disbursed Timely

Prudent financial management practices and common sense require that debts with late payment penalties be paid on time to avoid additional charges. For example, the Prompt Payment Act requires U.S. Government institutions to pay its general debts within 30 days of verification. The ESRP agreement between USAID and the GOG stated that USAID would pay GOG's debts owed to the United States and international financial institutions. The agreement required the GOG to identify the debts to be paid. However, GOG debt repayments from the second and third cash transfers were not made until several months after the conditions precedent were met, and in some cases the debts were paid after their required due dates, incurring additional debt for interest due to the late payment.

To illustrate, the conditions precedent for the release of the second cash transfer were deemed met on November 4, 1992. However, debt repayments did not start until September 23, 1993 and were not completed until December 31, 1993—over 13 months after the conditions precedent had been met. Thus, ten months had elapsed between the time the conditions precedent were met and the time the first payments were made. Similarly, although the conditions precedent to the third cash transfer were considered satisfied on December 13, 1993, debt payments did not start until June 1994—six months after the conditionalities were met. Further, as of November 30, 1994, only \$2,960,447 or 36 percent of the third cash transfer had been disbursed.

The second and third cash transfers were not disbursed timely because the GOG did not develop a plan for the payment of debts within the specified due dates. USAID and GOG officials stated that several Guinean Government offices were involved in the process of identifying eligible debts. The process was further complicated by the fact that some of the debts were to be renegotiated and possibly rescheduled by the Paris Club³. Thus, the GOG did not readily provide a list of eligible⁴ debts to be repaid. In addition, the Mission had no time requirements for the GOG to provide such a listing.

When the GOG finally agreed on the specific debts that USAID should pay, some of the bills were late. Interest charges and penalties for the late payments on GOG's debts amounted to at least \$64,000 on payments made from the second and third cash transfer disbursements.

³ This refers to a number of major donor nations comprising the Group of Seven (G-7) who regularly meet in Paris to discuss Third World debt owed directly to foreign governments, or to private firms that is guaranteed by foreign governments.

⁴ i.e., any debt USAID and the Guinean Government agrees on.

During the course of our audit, the Mission executed a Project Implementation Letter (PIL No. 16) which allows for the disbursement of the remaining funds from the third cash transfer to repay GOG debts that are due between January 1, 1995 and June 30, 1995. Also, the Mission obtained a listing of Guinean Government debts sufficient to disburse the planned fourth cash transfer. However, to limit any disbursement delays relating to the fourth cash transfer, the Mission needs more than a listing. USAID needs to conclude an agreement with the GOG, as soon as possible, which specifies each debt to be paid with the \$6.8 million fourth cash transfer disbursement. This will avoid further interest charges to the GOG associated with USAID debt payments.

Recommendation No. 1: We recommend that the Director, USAID/Guinea conclude an agreement with the Government of Guinea specifically stating the debts to be paid with the \$6.8 million fourth tranche, within a reasonable time frame (e.g. 30 days) after the conditions precedent for the fourth tranche have been met.

Management Comments and Our Evaluation

In response to the draft report, USAID/Guinea was in agreement with the audit finding. The Mission stated that per Project Implementation Letter No. 17 (issued two months after the completion of our audit fieldwork), the GOG had successfully met all the conditions precedent to receive the planned \$6.8 million fourth cash transfer. Further, it stated that disbursements for the cash transfer would take place according to an agreed schedule of debt repayment. Accordingly, Recommendation No. 1 is considered resolved. It may be closed upon RIG/A/Dakar's receipt of an agreement between the Mission and the GOG, which specifically states the debts to be repaid with the \$6.8 million cash transfer.

Did USAID/Guinea monitor, report on and evaluate the project assistance component of the Education Sector Reform Program in accordance with Agency policies and procedures to ensure that the project assistance accomplished its intended results?

USAID/Guinea did monitor, report on and evaluate the project assistance component of the Education Sector Reform Program in accordance with Agency policies and procedures to ensure that the project assistance accomplished its intended results, but improvements could be made in the areas of donor coordination and project commodity storage. Specifically, the Mission monitored the Program's progress at least monthly in conjunction with the GOG and other international donors and at least weekly with its technical assistance contractors. In addition, Mission officials conducted site visits to Guinea's rural areas to observe the implementation of the Program. The Mission also evaluated and reported on Program results through semi-annual Project Implementation Reviews and had conducted first year and mid-term evaluations of the Program as called for in the Program Assistance Approval Document.

The project assistance component originally consisted of \$5.7 million (augmented to \$10.7 million on September 26, 1994) and included \$3.1 million for long and short term technical assistance, \$1.4 million for training, with the remaining funds for supplies, evaluations/audits and local costs. As of August 31, 1994, the Mission had earmarked \$3 million for both long and short term consultants and \$706,000 for training. The goal of the project assistance was to improve the level of staff and organizational performance within the Ministry of National Education (MEN).

The bulk of the Project's technical assistance (\$2.5 million) has been furnished by an institutional contractor, Florida State University's Improving the Efficiency of Education Systems (IEES), through a buy-in contract⁵ with USAID/Washington. The IEES program was charged with 1) providing all of the long term and much of the short term technical assistance, 2) planning training for project-funded Guinean participants, 3) conducting on-going monitoring, and 4) planning equipment and commodity purchases.

The IEES program provided two long term (Resident Technical Advisor and a Public Sector Accountant) and several short term contractors to focus on strengthening the administrative capability of the DAAF (Division des Affaires

⁵ This refers to large or long term contracts, usually for an indefinite quantity of goods or services which are negotiated by USAID/Washington. Thereafter, Missions "buy-in" to these contracts by requesting USAID/W to negotiate on the missions' behalf for a contract for goods or services.

Administratives et Financieres, or the Administrative and Financial Affairs Office). The DAAF is charged with budget preparation and tracking, expenditure accounting, and the planning and channeling of resources called for by PASE. As a result of USAID's technical assistance, the MEN can now efficiently and accurately prepare and defend its annual budget amounts. For instance, before the PASE, Ministry officials stated that budget amounts simply "fell from the sky," but now their estimates are based on actual needs and can be justified. Furthermore, as a direct result of USAID's technical assistance, the Ministry of Pre-University Education (Ministere d'Education Pre-Universitaire or MEPU) has been praised as having the best budget of all the GOG's ministries.

In addition to improving the MEN's budget preparation process, IEES assessed training needs and developed a training plan for MEPU officials. The IEES program also monitored the GOG's performance in meeting the conditions precedent and briefed the Mission on its progress as well as the progress of the PASE. Finally, the IEES planned and procured 50 computers for the DAAF to automate the budget preparation process and update the skills of DAAF officials. Thirteen of the 50 computers were designated for a computer learning center located at the MEPU. As of September 30, 1994, this computer center had instructed almost 100 Guineans in software packages that are used to prepare the MEPU's budget.

Around \$500,000 of the training component of the project assistance has been obligated for four participant trainees who were sent to the U.S. to earn Masters Degrees. As of October 31, 1994, one had completed his Masters and returned to Guinea and one was due to complete his degree in December 94. Concerning the two remaining trainees, one had received approval to stay until May 95 so that he could earn a second degree, and the other needed to retake some classes during Spring 95 to raise his grade point average in order to graduate. Overall, three of the four trainees had achieved or planned to exceed the intended results of the ESRP's long term training program. The fourth trainee may complete his Masters Degree in May 95.

Although the technical assistance and the long term participant training program were mostly successful, management and automation improvements that were to have been made to the Ministry's personnel office have been negligible. Furthermore, although the computer center is open and functioning as planned, an adequate storage area is needed for \$30,000 in spare computers and parts. These two problem areas are discussed below.

USAID/Guinea Needs to Develop a Donor Coordination Plan to Ensure that the Ministry of Pre-University Education's Personnel Office is Improved

As a multi-donor program, good coordination among donors is essential. For example, the PAAD for the ESRP states that donor collaboration is a key element of the PASE and that the Mission should be prepared to devote sufficient time and resources to working with the GOG to promote donor coordination. In addition, USAID Handbook 3⁶ states that coordinated arrangements are necessary in co-financed undertakings and that these arrangements should be documented (usually in a Memorandum of Understanding signed by all parties). However, in the case at hand, insufficient coordination between USAID/Guinea, the Fonds d'Aide et de Cooperation (FAC) and the GOG has kept the planned construction renovation and computerization of the Ministry of Pre-University Education's (MEPU) personnel office from being realized. Accordingly, approximately 18,000 MEPU employees' files are still updated manually.

During the planning of the PASE, USAID/Guinea decided it would provide technical assistance to the GOG to improve the management capacity of the MEPU's personnel office. These improvements were to include training in personnel management, renovating office space for the installation of computers and computerizing personnel files. However, as the implementation of the PASE began, USAID's contractor was having difficulty locating a qualified technical assistant to reform the personnel office. Accordingly, the GOG's PASE coordinator suggested that the FAC might be able to find a suitable technical assistant.

The French agreed with the proposition and requested that they be responsible for improving the management of MEPU's personnel office. The Mission then felt that it was the FAC's responsibility to ensure that all planned improvements were achieved. However, the FAC actually needed USAID assistance. Specifically, the FAC needed USAID assistance to renovate the personnel offices so that computers could be installed in them.

Although the FAC needed USAID assistance to improve the MEPU's personnel office, the Mission did not coordinate and develop a plan with the FAC, which specified each donor's responsibilities to ensure that the intended renovations and computerization were achieved. Accordingly, the construction renovations and computerization have not occurred. To ensure that these planned improvements are realized, USAID/Guinea and the FAC need to develop a plan, which outlines each donor's responsibilities, such as which donor will renovate the personnel office, purchase the needed computers, and provide computer training to

⁶ USAID Handbook 3, Chapter 3B Section C Para. 2.3.

personnel officials and specifies the time frames for these events to occur. Further, until such a plan is developed and agreed upon by the donors, the Ministry's personnel files are likely to remain un-automated.

Recommendation No. 2: We recommend that the Director, USAID/Guinea coordinate with the Government of Guinea and the Fonds d'Aide and de Cooperation to develop and implement a joint agreement between the three parties which specifies USAID's role in the construction renovation and computerization of the Ministry of Pre-University Education's personnel office.

Management Comments and Our Evaluation

USAID/Guinea stated that the Ministry of Pre-University Education's personnel files have been fully computerized and that its Mission Director was able to personally verify the accuracy of a computerized listing of MEPU personnel during site visits to schools in Moyenne Guinea. RIG/A/Dakar is pleased that the MEPU's personnel files have been computerized, but believes the Mission still needs to take action to develop a joint agreement with the GOG and the FAC which delineates the Mission's role in the planned construction renovation of the MEPU's Personnel Office. Since the Mission did not comment on the renovation aspect of the recommendation, Recommendation No. 2 is still unresolved. It can be resolved when the Mission agrees to negotiate an agreement with the FAC and the GOG which specifies any actions needed by USAID/Guinea to renovate the MEPU's Personnel Office. The recommendation can be closed upon RIG/A/Dakar's receipt and review of such an agreement.

USAID/Guinea Needs to Ensure that Spare Computers and Parts Are Properly Stored

As part of USAID/Guinea's efforts to build the GOG's capacity to produce and manage its education budget, 50 computers were purchased for the Ministry of Pre-University Education's Administrative and Financial Affairs Bureau. These computers have been used to upgrade the skills of DAAF personnel. In addition to the 50 computers, 13 CPUs⁷ and 21 French extended keyboards were procured to serve as spare parts. The total value of these spare computers and parts is estimated at \$30,000.

During a visit to the DAAF, we noted that the 13 unopened CPUs and 21 keyboards were stored against a wall in the computer training room. This room

⁷ Central Processing Units

is used regularly by DAAF personnel for computer software training and accordingly, anyone including unauthorized persons has easy access to it.

USAID Handbook 3, Appendix 11E(3) states that Project Officers should review warehousing methods to ensure proper storage.

The Project Officer stated that she had requested the Ministry to move the spare computers and parts to a small room adjacent to the computer room where they could be locked up and where access would be limited. However, this room was being used as an office by a MEPU official. The Project Officer explained that the Ministry had informed her that as soon as a new office was available, the official would move, and the room could be used for storage. However, as of December 1, 1994, the Ministry had still not acted on the Project Officer's request.

Therefore, due to the number of persons who use or have access to the computer training room, there is a high risk that the spare computers and parts may be damaged or stolen. In addition, any theft or damage to these spares could have an adverse impact on Education Sector Reform Program goals because of the difficulties in procuring additional computers and the GOG's own financial difficulties which could delay or prevent the purchase of any additional spares.

Recommendation No. 3: We recommend that the Director, USAID/Guinea negotiate and implement an agreement with the Government of Guinea's Ministry of Pre-University Education to properly store the spare computers and parts purchased for the Education Sector Reform Program so that these commodities are less susceptible to damage or theft.

Management Comments and Our Evaluation

USAID/Guinea agreed with the recommendation and took action to ensure that the computers and spare parts were properly stored. Specifically, the Mission stated that a storage and maintenance room was constructed and that all computer equipment had been secured inside this locked room. Further, the Mission stated that the Mission Director visited the project facilities to verify that the computers were adequately stored. Accordingly, Recommendation No. 3 is closed.

<p style="text-align: center;">SCOPE AND METHODOLOGY</p>

The Office of the Regional Inspector General for Audit, Dakar, audited USAID/Guinea's Education Sector Reform Program (ESRP) in accordance with generally accepted government auditing standards. The audit covered \$2.6 million of the \$3.4 million (76 per cent) disbursed for project assistance and all of the \$22.3 million disbursed for non-project assistance. Thus, the total audit coverage was \$24.9 million of the \$25.7 million (97 per cent) that could have been disbursed under the ESRP during the period audited.

We conducted our field work in Conakry, Guinea from October 2, 1994 through December 1, 1994. Our field work was performed at USAID/Guinea, the GOG's Ministry of Pre-University Education, and it's Ministry of Finance. We also interviewed GOG officials at the Ministry of National Education's offices in Kindia, Dabola, and Dinguiraye, Guinea. Furthermore, we made site visits and interviewed teachers at six rural primary schools in Upper Guinea.

The Director, USAID/Guinea made various representations concerning the management of the Education Sector Reform Program in a management representation letter signed December 8, 1994.

In conducting our field work, we assessed internal controls relating to the release of the U.S. dollar disbursements and the monitoring, evaluation, and reporting of the ESRP. Our audit included an analysis of pertinent regulations, policies and procedures, a review of the Mission operating procedures, and the latest USAID/Guinea Internal Control Assessment.

We also reviewed documentary and testimonial evidence and interviewed cognizant USAID, GOG, World Bank and Fonds d'Aide et de Cooperation (FAC) officials. Evidence reviewed included the relevant cash transfer program agreements, project paper, Project Implementation Letters, project evaluations, and contractor reports. We also reviewed GOG documents to gauge whether the conditions precedent were met.

Mission Comments

UNCLAS AIDAC FOR RIG/A/DAKAR RIG/A/DAKAR USAID

CONAKRY 01537

ACTION: AID-1
INFO: AMB-1 DCM-1 ECON-1 RIG-1

DISTRIBUTION: AID
CHARGE: AID

VZCZCDXO125
RR RUHDX
DE RUPARY #1537 0741255
ZNR UUUU ZZH
R 151255Z MAR 95
FM AMEMBASSY CONAKRY
TO AMEMBASSY DAKAR 0618
BT
UNCLAS CONAKRY 001537

AIDAC

FOR RIG/A/DAKAR, THOMAS B. ANKLEWICH

E.O. 12356: N/A
SUBJECT: CLOSURE OF RIG/AUDIT RECOMMENDATIONS

1. MISSION IS PLEASED TO REPORT THAT MAJOR PROGRESS HAS BEEN MADE ON CLOSING THE OP SUBJECT AUDIT RECOMMENDATIONS. THE STATUS OF EACH RECOMMENDATION IS SUMMARIZED BELOW. EACH OF THE RESPONSES IS SUPPORTED BY A PACKET OF DETAIL DOCUMENTATION THAT WAS SENT TO YOUR OFFICE IN FEBRUARY, 1995. THE MISSION UNDERSTANDS THAT THIS PACKET OF INFORMATION HAS BEEN RECEIVED BY RIG/A/DAKAR.

2. RECOMMENDATION NO.1. USAID/GUINRA NEEDS TO ENSURE THAT GOG DEBTS ARE PAID TIMELY.

3. MISSION RESPONSE TO REC. NO.1. TRANCHE THREE WILL BE COMPLETELY DISBURSED BY 30 JUNE, 1995, ACCORDING TO AN APPROVED PAYMENT SCHEDULE GIVEN TO RIG/A/DAKAR. THE GOG HAS SUCCESSFULLY MET ALL THE CONDITIONS PRECEDENT UNDER TRANCHE FOUR, AND PROJECT IMPLEMENTATION LETTER (PIL) 17 HAS BEEN SIGNED BY BOTH USAID AND THE GOG. SEE THE SIGNED COPY OF PIL# 17 SENT TO RIG/A/DAKAR 13 FEBRUARY 1995. DISBURSEMENTS WILL TAKE PLACE ACCORDING TO AN AGREED UPON SCHEDULE OF DEBT REPAYMENT. BASED ON THE ABOVE, IT IS REQUESTED THAT THIS RECOMMENDATION BE CONSIDERED RESOLVED, WITH CLOSURE TO BE MADE UPON RECEIPT OF AN AGREEMENT OF AN ACCEPTABLE DEBT REPAYMENT SCHEDULE.

4. RECOMMENDATION NO.2. USAID/GUINEA NEEDS TO DEVELOP A DONOR COORDINATION PLAN TO ENSURE THAT THE MINISTRY OF PRE-UNIVERSITY EDUCATION'S

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PERSONNEL FILES ARE COMPUTERTIZED.

5. MISSION RESPONSE TO REC. NO. 2. THE PERSONNEL LIST, AND UNDERLYING SYSTEM, HAS BEEN FULLY COMPUTERTIZED BY THE MINISTRY OF PRE-UNIVERSITY (MPPU-EP). THIS WAS TESTED BY USAID AT 2 OF 34 PREFECTORATES. ON JANUARY 26 AND 27TH THE USAID DIRECTOR AND THE HRDO/PROJECT MANAGEMENT SPECIALIST PAID A SITE VISIT TO SCHOOLS IN MOYENNE GUINEA. THE DIRECTOR WAS ABLE TO PERSONALLY VERIFY THE ACCURACY OF THE LIST. BASED UPON THE ABOVE, IT IS REQUESTED THAT THIS RECOMMENDATION BE CLOSED.

6. RECOMMENDATION NO.3. USAID/GUINEA NEEDS TO ENSURE THAT COMPUTER SPARE PARTS ARE SAFEGUARDED AGAINST DAMAGE OR THEFT.

7. MISSION RESPONSE TO REC. NO.3. THE USAID/GUINEA MISSION DIRECTOR AND THE HRDO VISITED THE PROJECT FACILITIES ON JANUARY 24, 1995. THE STORAGE AND MAINTENANCE ROOM HAD BEEN CONSTRUCTED, AND ALL COMPUTER EQUIPMENT WAS SECURE INSIDE THIS LOCKED ROOM. THERE IS NO FURTHER NECESSARY ACTION TO BE TAKEN ON THIS ITEM. AS A RESULT, IT IS REQUESTED THAT THIS RECOMMENDATION BE CLOSED.

8. IN SUMMARY, MISSION REQUESTS CLOSURE OF RECOMMENDATIONS 2 AND 3, AND REQUESTS RESOLUTION ON RECOMMENDATION 1, WITH CLOSURE COMING WHEN AN ACCEPTABLE DEBT REPAYMENT SCHEDULE HAS BEEN FINALIZED, APPROVED AND SIGNED BY THE BOTH PARTIES (USAID AND GOG).

9 THANK YOU FOR YOUR GUIDANCE AND ASSISTANCE IN THE MISSION AND AGENCY ONGOING AUDIT MANDATE.
SALOOM
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UNCLAS

AIDAC FOR RIG/A/DAKAR RIG/A/DAKAR USAID

CONAKRY 01537

ACRONYMS

CPU	Central Processing Unit
DAAF	Direction des Affaires Administratives et Financieres (Office of Administrative and Financial Affairs)
ESRP	Education Sector Reform Program
FAC	<i>Fonds d'Aide et de Cooperation</i> (Aid and Cooperation Fund)
FY	Fiscal Year
GOG	The Government of Guinea
IEES	Improving the Efficiency of Educational Systems
MEN	<i>Ministere d'Education Nationale</i> (Ministry of National Education)
MEPU	<i>Ministere d'Education Pre-Universitaire</i> (Ministry of Pre-University Education)
NPA	Non-Project Assistance
PA	Project Assistance
PAAD	Program Assistance Approval Document
PASE	<i>Programme d'Adjustement Sectoriel de l'Education</i> (Program for the Sectorial Adjustment of Education)
PIL	Project Implementation Letter