

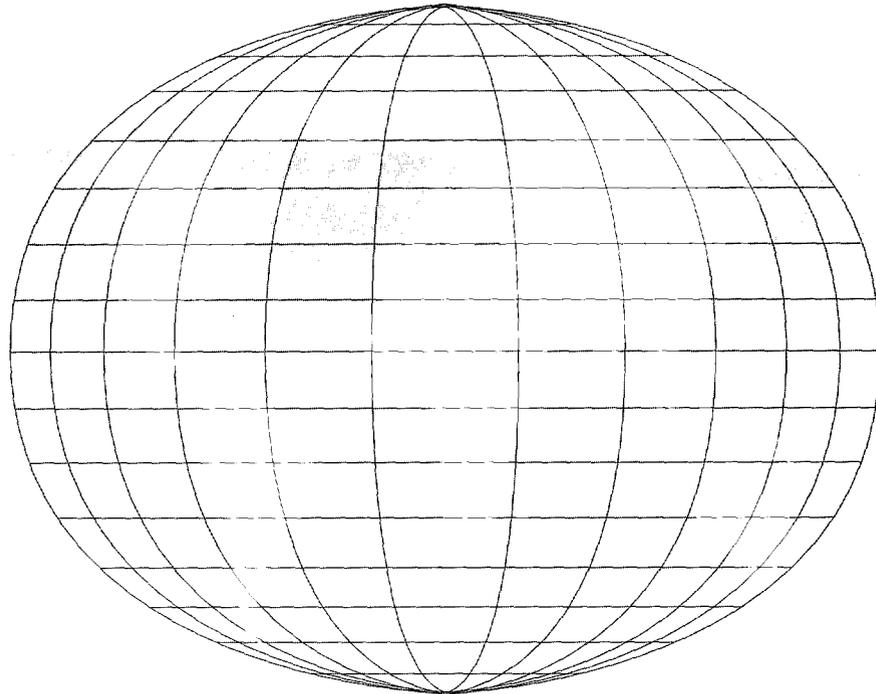
PD-ABN-124

Report of Audit 91052

Regional Inspector General
San Salvador, El Salvador

Audit of USAID/Dominican Republic's Population Activities

Audit Report No. 1-517-96-003
August 21, 1996



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



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August 21, 1996

MEMORANDUM

TO: USAID/Dominican Republic Director, Marilyn A. Zak
FROM: RIG/San Salvador, Wayne J. Watson
SUBJECT: Audit of USAID/Dominican Republic's Population Activities

The Office of the Regional Inspector General/San Salvador has completed its audit of USAID/Dominican Republic's Population Activities. This final report is being transmitted to you for your action.

The report makes four recommendations. Your comments on these recommendations and the draft report were fully considered. Based on those comments, we consider that USAID/Dominican Republic has taken final management action on Recommendation Nos. 1 through 3 upon issuance of this report. Final management decision has been taken for Recommendation No. 4. However, this recommendation still awaits final action. Your comments to the draft report are summarized on Page 11 of the report and are presented in their entirety in Appendix II.

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

**Regional Inspector General
San Salvador, El Salvador**

**Audit of USAID/Dominican Republic's
Population Activities**

**Audit Report No. 1-517-96-003
August 21, 1996**

EXECUTIVE SUMMARY

The U.S. Agency for International Development (USAID) provides assistance to stabilize population growth in the Dominican Republic through its Family Planning and Health Project. This \$26.6 million seven-year project began in October 1993 as a follow-on to past efforts and is scheduled to end in September 2000. Project records show obligations and expenditures totalling \$12.5 million and \$5.8 million, respectively, as of September 30, 1995.

As part of a worldwide audit, the Regional Inspector General's Office in San Salvador, El Salvador audited USAID/Dominican Republic's population activities to answer the following questions:

- What progress has USAID/Dominican Republic made toward achieving its strategic objective for population?
- Has USAID/Dominican Republic progressed toward output targets for population activities as intended in its Project Paper?

The audit showed that USAID/Dominican Republic needed to improve its system for gathering and reporting information on progress and impact towards achieving its strategic objective for population. USAID managers did not annually compile data to assess performance at the level of program outcome or strategic objective -- information required annually by USAID directives to assure effective program management. As a result, performance data related to the strategic objective for population activities was not available for audit verification. The volume of family planning services provided through the Family Planning and Health Project does indicate progress impacting the strategic objective; however, the degree of progress cannot be determined until USAID/Dominican Republic strengthens its monitoring system.

USAID/Dominican Republic made substantial progress toward achieving the output targets specified in the Project Paper for the Family Planning and Health Project. Of the five performance measures reviewed, the project exceeded targets established for two of the measures and generally met two others -- but fell significantly short on the fifth. In the latter case, the largest subgrantee showed increasing difficulty in meeting target levels of family planning services as measured by the number of contraceptive methods distributed, and overall the project fell 21 percent short of planned output levels for contraceptive distribution. Additionally, USAID/Dominican Republic could improve its monitoring and reporting of project results by establishing written definitions for output targets and ensuring improved reliability of one subgrantee's reporting system.

The audit report made four recommendations to improve project management and implementation. USAID/Dominican Republic generally agreed with the overall findings and recommendations. Based on USAID/Dominican Republic's comments final management action has been taken on three of the recommendations. Management comments and our evaluation are on page 11 of this report and USAID/Dominican Republic's comments are attached in their entirety as Appendix II.

Office of the Inspector General

Office of the Inspector General

August 21, 1996

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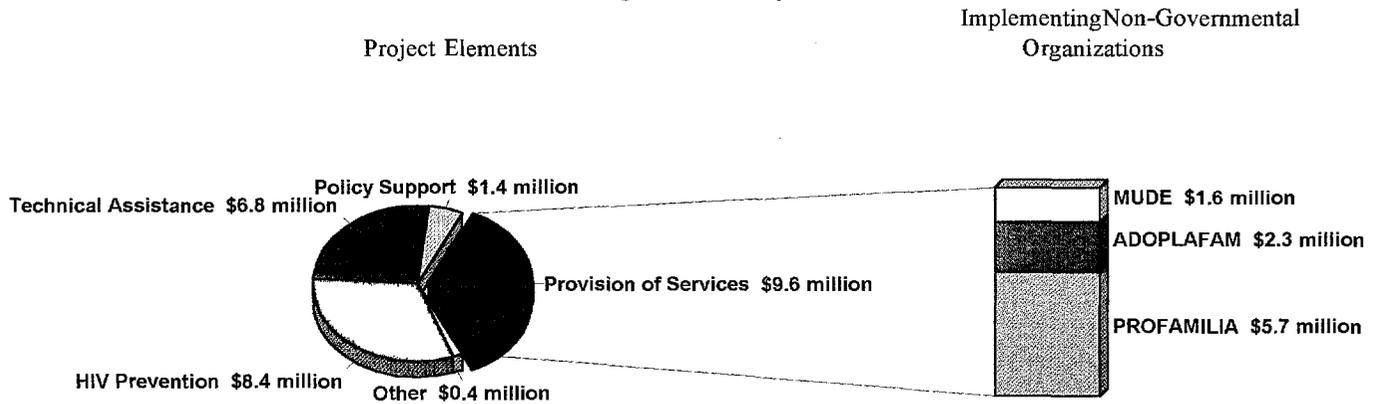
INTRODUCTION

Background

Despite economic progress in recent years, the Dominican Republic remains the second poorest nation in the Caribbean. The U.S. Agency for International Development (USAID) focussed its strategy in the Dominican Republic on three objectives: building democracy, encouraging economic growth and stabilizing population growth.

To address the latter objective, USAID/Dominican Republic initiated its seven-year Family Planning and Health Project in June 1993. The project purpose is to accelerate fertility decline, improve the health of women and children, and enhance efforts to prevent the spread of AIDS. Of the \$26.6 million authorized, \$17.8 million was allocated to family planning and maternal child health activities and \$8.4 million for AIDS awareness and prevention. Below is a summary of project elements and financing.

Family Planning and Health Project Budget Summary



The Family Planning and Health Project is managed by USAID/Dominican Republic's health and population team. Technical assistance is provided primarily through an institutional contractor, with family planning and maternal child health services delivered by three local non-governmental organizations (subgrantees) and a public hospital. As of September 30, 1995, obligations and expenditures totalled \$12.5 million and \$5.8 million, respectively. During fiscal years 1994 and 1995, an estimated \$1.7 million in funds from USAID's Global Bureau were used to complement project activities. For example, \$870,000 was used to purchase the contraceptives distributed by the implementing organizations. Project completion is scheduled for September 2000. Further details on the project's financial status are provided in Appendix III.

Audit Objectives

The audit was performed to answer the following objectives:

- What progress has USAID/Dominican Republic made toward achieving its strategic objective for population?
- Has USAID/Dominican Republic progressed toward output targets for population activities as intended in its Project Paper?

The audit scope and methodology are discussed in detail in Appendix I.

REPORT OF AUDIT FINDINGS

What progress has USAID/Dominican Republic made toward achieving its strategic objective for population?

We were unable to determine the degree of progress USAID/Dominican Republic made toward achieving its strategic objective for its population activities because (i) USAID/Dominican Republic did not collect performance data on the two performance indicators it established for its population activities, and (ii) in the absence of such data, it did not establish other interim performance indicators. However, as discussed in the second objective, project outputs achieved do indicate general progress toward the strategic objective.

To determine progress toward the strategic objective, we assessed key elements of the Mission's program performance measurement system. These elements are described in Appendix IV and include strategic objectives, program outcomes, performance indicators, targets and baseline data.

USAID/Dominican Republic used a 1991 Demographic and Health Survey (DHS) to establish baseline values for performance indicators at both the strategic objective and program outcome levels. Yearly targets were then established in the Mission's Action Plan. For example, at the strategic objective level, USAID/Dominican Republic planned to reduce the *total fertility rate*¹ from 3.3 children per woman in 1991 to 2.9 children per woman in 1997. Similarly, at the subsidiary program output level, the Mission planned to increase the *contraceptive prevalence rate* from 33.9 percent in 1991 to 46 percent in 1997. However, as discussed below the Mission did not measure performance in terms of these indicators, and we were therefore unable to verify performance in relation to the established indicators.

¹ According to the "Handbook of Indicators for Family Planning Program Evaluation" the *total fertility rate* is the number of children that would be born per woman if she were to pass through the childbearing years bearing children according to a current schedule of age-specific fertility rates (e.g., fertility rates for women aged 15-19, 20-24, and so on through age 49). The Handbook defines the *contraceptive prevalence rate* as the proportion of women of reproductive age who are using (or whose partner is using) a contraceptive method at a particular point in time.

**USAID/Dominican Republic Needs to
Assess and Report Annually on Progress
Toward Achieving Its Strategic Objective**

USAID's Directive on *Setting and Monitoring Program Strategies* dated May 27, 1994 requires Missions to (i) clearly define performance targets for the strategic objective and program outcome and (ii) establish annual interim indicators to determine progress toward achieving the desired impact. It also states that annual progress reviews should be conducted to assess the cumulative performance for each strategic objective against original or updated targets.²

USAID/Dominican Republic has neither assessed nor reported progress toward targets for the *total fertility* and *contraceptive prevalence rates*; performance measures established by the Mission to manage accomplishment of its strategic objective and program outcome for population activities.

This occurred because USAID/Dominican Republic did not establish an information and reporting system to collect the data necessary to evaluate progress for these performance indicators, nor did it establish other annual interim indicators. According to USAID/Dominican Republic's annual action plans, comprehensive Demographic & Health Surveys (DHS), performed every five years, were to be the primary source of data to evaluate progress toward the strategic objective and program outcome. To measure annual performance, USAID/Dominican Republic had planned to collect data on *contraceptive prevalence rates* through yearly surveys. However, the Mission did not conduct the yearly surveys and, instead, gathered performance data only at the project level. Since the last DHS for the Dominican Republic was done in 1991, the next was not scheduled until later this year. As a result, there was a five-year gap in performance information on progress towards the strategic objective and related program outcome for population activities in the Dominican Republic.

Consequently, USAID/Dominican Republic's action plans had not presented any quantifiable and objectively verifiable evidence to demonstrate that its population activities were achieving the intended results of reducing the *total fertility rate* and increasing the *contraceptive prevalence rate*, and Mission managers lacked information needed to effectively manage progress towards planned accomplishments.

² Section E203.5.8a(1) of USAID's Automated Directives System (ADS) which took effect October 1, 1995 (just after our audit cutoff date) contains similar criteria stating that operating units and strategic objective teams should conduct reviews at least annually to assess progress towards the strategic objectives and the need for any changes to the approved strategic plan. The ADS also states that to the extent possible some comparable data for each strategic objective and intermediate result (formerly program outcome) should be collected annually.

Recommendation No. 1: We recommend that USAID/Dominican Republic establish an information system to assess and report annually on progress toward achieving its strategic objective for population activities.

USAID/Dominican Republic has already taken steps to improve its gathering and reporting of performance data. In February 1996, it submitted to USAID/Washington its Results Report and Resource Request, as required by the Agency's new Automated Directives System. In this document, USAID/Dominican Republic revised most of its performance indicators at the strategic objective and intermediate results levels. For example, the *contraceptive prevalence rate* was removed as an intermediate results performance indicator and made a performance indicator at the strategic objective level. Additionally, the *availability of family planning materials* and the *number of delivery points with temporary methods in stock* were added as indicators at the intermediate results level. Concurrently, implementing subgrantee agreements were amended to set annual targets for the revised performance indicators at the intermediate results level. This final management action will allow USAID/Dominican Republic to assess and report annually on these performance indicators.

Has USAID/Dominican Republic progressed toward output targets for population activities as intended in its Project Paper?

USAID/Dominican Republic progressed toward, and in some cases exceeded, the output targets specified in the Project Paper for the Family Planning and Health Project. However, progress in *couple years of protection (CYP)*³ -- the single most important output target -- fell significantly short of expectations. Additionally, USAID/Dominican Republic can improve its system for monitoring, reporting and evaluating its population activities by establishing written definitions for project output targets and ensuring reliability of subgrantees' reporting and monitoring systems.

As Appendix V shows, for the eighteen months ended June 30, 1995, the project substantially met or exceeded four of the five output targets established in the project design. The project's three subgrantees and one public hospital were providing family planning services throughout the country through over 160 clinics and more than 1,500 volunteers. These services included 241,000 medical consultations, 106,000 family planning and maternal and child health referrals, and over 300,000 in CYP achieved.

³ According to the "Handbook of Indicators for Family Planning Program Evaluation" CYP is the estimated protection provided by family planning services during a one year period, based upon the volume of all contraceptives sold or distributed free of charge to clients during the period. It is calculated by multiplying the quantity of each method distributed to clients by a conversion factor which yields an estimate of the duration of contraceptive protection provided per unit of that method. The CYPs for each method are then summed over all methods to obtain a total CYP figure.

The number of CYP achieved is important because it has the most direct correlation to the strategic objective performance indicators. Although 300,000 in CYP was achieved, this number was 21 percent short of projections.

The shortfall in CYP progress towards planned targets was due to problems at two of the four implementing organizations. Unanticipated events caused one organization, the Maternity Hospital, to fall 55 percent short of planned CYP. The institutional contractor explained that prolonged strikes by hospital employees and extensive renovation work were the principal reasons for this lack of progress. USAID/Dominican Republic's team leader for population activities informed us that planned CYP targets should have been reduced to more realistically reflect what the Maternity Hospital could achieve, but no adjustments were made. The subcontract with the Maternity Hospital has expired and, accordingly, we are not recommending corrective action regarding its implementation problems.

PROFAMILIA, the project's largest subgrantee, has also had increasing difficulty in achieving planned CYP targets. As the table in Appendix V shows, PROFAMILIA was about 13 percent short of planned CYP for the period reviewed. However, whereas it fell just under eight percent short of planned CYP in calendar year 1994, PROFAMILIA was 22 percent short for the first six months of calendar year 1995, and recent data shows no improvement. PROFAMILIA officials attributed the shortfall to several factors, such as government institutions providing the same services at lower costs, renovations at one of its largest clinics, and a safety scare regarding the use of Norplant.

Although PROFAMILIA took various actions during 1995 to increase CYP productivity, it still achieved only 80 percent of planned goals. Consequently, more needs to be done to address its performance and to generally assure the continued validity of subgrantee performance targets.

Recommendation No. 2: We recommend that USAID/Dominican Republic:

- 2.1 establish procedures to periodically reassess and, as appropriate, revise performance targets for organizations implementing population activities; and**
- 2.2 develop a plan of action addressing the cause of PROFAMILIA's shortfall in CYP performance.**

Accurate data is important for making sound management decisions. Accordingly, USAID Handbook 3 Chapter 11, Section 11E, in effect during project implementation for the period under audit, states that an important part of a project officer's monitoring system is the selection of data and information needed to judge progress against established schedules and criteria.⁴

⁴ Section E.203.5.5e of the Automated Directives System contains similar criteria by requiring operating units, at regular intervals, to critically assess the data they are using to monitor performance to ensure they are of reasonable quality and accurately reflect the process or phenomenon they are measuring.

Other U.S. Government pronouncements also emphasize the assessment of data. For example, Section 4(b) of the Government Performance and Results Act of 1993 requires Federal agencies to develop performance plans which describe the means to be used to verify and validate measured results.

In determining progress toward output targets, we judgmentally selected and assessed project outputs to establish the validity of reported performance. Our review disclosed that USAID/Dominican Republic's monitoring, reporting and evaluation system needs improvement to ensure the accuracy of reported progress. Following is a discussion of two areas where the accuracy of reported progress should be improved.

USAID/Dominican Republic Needs to Establish Written Definitions to Ensure Uniformity in Reported Progress

Subgrantees did not uniformly report the same information for project output targets. Specifically, ADOPLAFAM had difficulty in reporting data that was consistent with the institutional contractor's requirements. For example, from October 1993 through June 1995, ADOPLAFAM reported 136,000 cumulative medical consultations provided through project clinics. However, this figure included 45,000 general medical consultations not related to family planning or maternal child health. Beginning with its report for the six months ended June 1995, ADOPLAFAM no longer reported general consultations. However, cumulative reported medical consultations were not reduced for the material overreporting in prior periods.

As another example, ADOPLAFAM reported a cumulative total of 383,000 educational activities conducted as of June 1995, whereas the institutional contractor reported only 7,000 for ADOPLAFAM. The institutional contractor explained that ADOPLAFAM erroneously counted the dissemination of pamphlets and brochures as an educational activity when an educational activity is defined as a community talk. While this error was corrected prior to our audit, it illustrates confusion that existed over what data was to be collected and reported. This is supported further by the institutional contractor's report to USAID/Dominican Republic for the three months ended September 1995, which states that several categories of information had to be clarified with ADOPLAFAM.

We believe that the confusion over data collection could have been avoided had written definitions for the output targets existed. However, USAID/Dominican Republic had not established, nor did it require the institutional contractor to establish, written definitions to ensure uniformity in reported progress. At the start of our audit, the institutional contractor stated that he did not feel written definitions were necessary because ADOPLAFAM and PROFAMILIA had participated under the prior family planning project and should know the definitions.

However, as the above examples illustrate, ADOPLAFAM problems were recent and occurred despite its participation in prior and current family planning projects. Thus, we believe that written definitions are necessary to ensure that all subgrantees are uniformly reporting the same progress data.

Recommendation No. 3: We recommend that USAID/Dominican Republic:

- 3.1 ensure all relevant progress reports are amended to correctly reflect cumulative medical consultations achieved by ADOPLAFAM; and**
- 3.2 establish written definitions for each output target tracked and reported by subgrantees and USAID/Dominican Republic.**

USAID Dominican Republic Needs to Ensure Subgrantee Reporting and Monitoring Systems are Reliable

ADOPLAFAM's reporting system needs additional internal controls to ensure that volunteers accurately report accomplishments. Our testing and a separate review contracted by USAID/Dominican Republic indicated that reported information was not accurate.

Each month, ADOPLAFAM volunteers submitted a report of activities accomplished during the month. This information included the number and type of contraceptives distributed, which was then reported to USAID/Dominican Republic as CYP accomplished. Additionally, the volunteers reported on other output targets such as home visits and referrals made for family planning or maternal child health services. This report was specifically designed to collect data on a daily basis. For example, each time a contraceptive was distributed or a home visit made, a volunteer simply had to make a tic mark in the appropriate row on the report. Since the volunteers kept no other records, it was important that the report be completed daily to ensure accuracy.

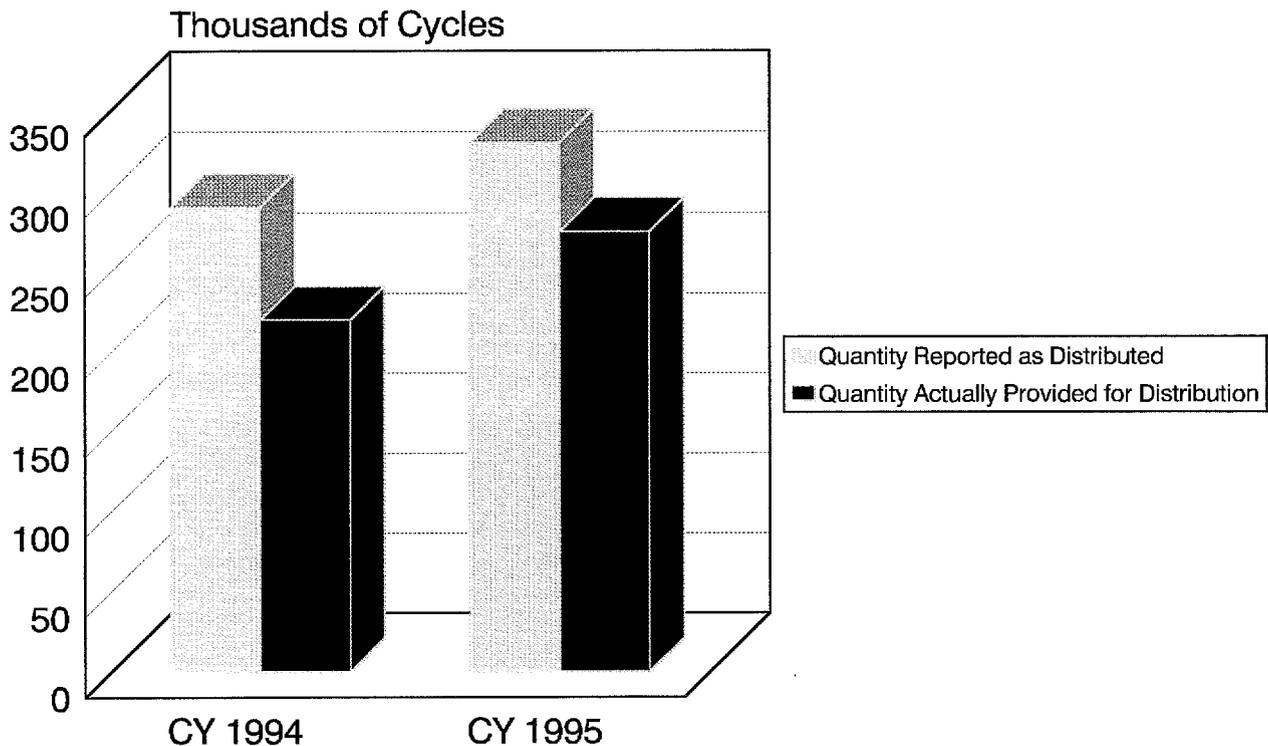
However, our testing indicated that the reports were not being filled out daily. ADOPLAFAM management conceded that in many cases the forms were completed at the end of the month when community workers visited volunteers to collect their forms. According to ADOPLAFAM management, these community workers often assisted the volunteers in completing the forms. Given the absence of records of the volunteers' daily activities, the accuracy of reports completed by memory at the end of the month was questionable.

In fact, our testing indicated that volunteers' reports were not accurate. For example, the volunteers may have significantly overstated the number of contraceptives distributed and thus the amount of CYP achieved. For calendar years 1994 and 1995, we compared the number of contraceptives reported distributed by volunteers and associated clinics to the number of contraceptives shipped to the field from the central warehouse.⁵ Testing showed material differences for some types of contraceptives, with the most significant variances involving oral contraceptives.

⁵ We do not believe that the reporting problems applied to the associated clinics, specifically with respect to CYP, for two reasons. First, our testing did not indicate that clinics were waiting until the end of the month to complete the required forms. Second, the percentage of contraceptives reported as distributed by associated clinics was small compared to that reported by volunteers as distributed.

For calendar year 1995, volunteers and clinics reported distributing 317,000 cycles of oral contraceptives whereas only 255,000 cycles were reported shipped from the central warehouse to the field. The difference of 62,000 (24.3 percent of 255,000) represents 4,100 in CYP. In calendar year 1994, while only 204,000 cycles were shipped from the central warehouse, 273,000 cycles were reported distributed. The difference of 69,000 represents 4,600 in CYP. The total CYP difference of 8,700 represents 19.3 percent of the 45,000 in CYP reported achieved by ADOPLAFAM for these two years.

Distribution Variance for Oral Contraceptives



This problem developed because neither USAID/Dominican Republic nor the institutional contractor specifically verified the accuracy of progress reported by subgrantees. The director for the institutional contractor stated that he did not believe it was the responsibility of his organization to verify the accuracy of reported data. However, he added that they do verify this information, in a general sense, through site visits and through analysis of some reported figures in order to identify significant fluctuations. USAID/Dominican Republic's team leader stated he could not think of specific examples where reported data was verified but that he would look at the information on-hand during his field visits.

Because ADOPLAFAM did not conduct physical inventories at the volunteer level, and because volunteers did not keep other records, we could not determine the exact level of ADOPLAFAM's overstatement for this output target. However, the potential overstatement was fully considered in reaching our overall conclusions on the project's cumulative reported progress.

Recommendation No. 4: We recommend that USAID/Dominican Republic obtain evidence that ADOPLAFAM has established a reliable system for reporting progress towards planned targets.

Subsequent to our audit, officials from USAID/Dominican Republic met with ADOPLAFAM personnel to discuss their monitoring and reporting system so that corrective measures could be taken.

MANAGEMENT COMMENTS AND OUR EVALUATION

Management concurred with all but one recommendation. Management has taken final action on three recommendations and a final management decision on one. Appendix II contains management's complete comments.

Final management action has been taken for Recommendation No. 1. Management has set annual targets for its performance indicators at the intermediate results level and implementing organizations will report on their progress toward the targets. Consequently, USAID/Dominican Republic will be able to assess and report annually on progress toward its strategic objective for population activities.

Final management action has been taken for Recommendation No. 2.1. Management has established procedures to improve the performance monitoring of subgrantees. These procedures include streamlining data collection and review. With regard to review, each semester key targets will be assessed, and if appropriate, revised.

Final management action has been taken for Recommendation No. 2.2. Management presented a list of actions that are being taken to address PROFAMILIA'S poor CYP performance. These actions include increased promotion of services and expansion of at least one program. Management's response also indicates that PROFAMILIA has improved its performance relative to planned goals for the first half of calendar year 1996.

Final management action has been taken for Recommendation No. 3.1. The institutional contractor's most recent quarterly progress report adjusts the cumulative medical consultations achieved by ADOPLAFAM for the 45,000 overstatement discussed on page seven of this report.

Final management action has been taken for Recommendation No. 3.2. Management has developed written explanations for project output targets.

A final management decision has been made for Recommendation No. 4; however, final management action is pending as of issuance of this report. Management stated it did not agree with the implication in the report that it did not adequately monitor data quality. Management believes it ensures data quality in full compliance with requirements of the ADS. However, the comments in the report as to the level of data verification are based on interviews with officials of USAID/Dominican Republic and the institutional contractor. Further, our testing showed improvement was needed to ensure data reliability, and management has taken action. For

example, a specific review will be conducted this fall to verify data. Additionally, management states it has worked with ADOPLAFAM to improve its reporting on progress including revision of reporting forms, training of field staff, and establishment of inventory procedures. Management believes these changes are evidence that a reliable system has been established. We believe that final management action can be accomplished once the specific review has been performed.

SCOPE AND METHODOLOGY

Scope

The Office of the Regional Inspector General for Audit, San Salvador, audited USAID/Dominican Republic's population activities under its Family Planning and Health Project for the period October 1, 1993 to September 30, 1995. Of the project's total obligations and expenditures at September 30, 1995, shown at Appendix III, the audit covered those obligations and expenditures totalling \$8.9 million and \$4.6 million, respectively, related to the project's population activities. The audit did not cover project-funded AIDS prevention activities. The audit also covered \$870,000 provided by the Global Bureau for population activities. The audit was conducted in accordance with generally accepted government auditing standards and was performed during the period January 18, 1996 through March 14, 1996 at the offices of USAID/Dominican Republic, the project's institutional contractor, and four implementing organizations: three subgrantees and one public hospital. Fieldwork also included visits to selected clinics in the following four departments of the Dominican Republic: Barahona, Azua, San Cristobal, and the National District (Santo Domingo metropolitan area).

The audit covered USAID/Dominican Republic's systems and procedures related to its strategic objective and program outcome for population activities, as well as key outputs financed under the Family Planning and Health Project and related funds provided by the Global Bureau.

Methodology

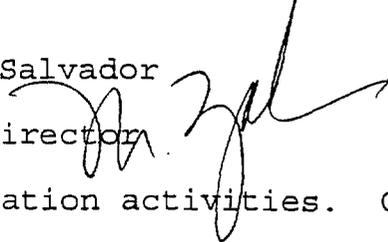
To answer the audit objectives, we assessed the Mission's management controls for monitoring, reporting and evaluating its population activities. Specific methodology included interviewing officials of USAID/Dominican Republic, the project's institutional contractor and implementing organizations; reviewing USAID/Dominican Republic's action plans, performance measurement plans and performance reports; and visiting selected field locations providing services related to the strategic objective for population activities.

For the first audit objective, we attempted to determine actual progress toward planned accomplishments for the strategic objective. For the second audit objective, we assessed the reported progress for the five project output targets in Appendix V, which we judged to be the most directly related to accomplishment of the program outcome and strategic objective. To

verify the reported progress for the five project output targets, we obtained and reviewed the supporting evidence provided by USAID/Dominican Republic, the institutional contractor and implementing organizations. Our assessment covered reported versus planned accomplishments. Where this comparison revealed significant shortfalls in performance, we interviewed responsible officials and reviewed implementation reports and other documentation to determine the cause and effect of these shortfalls. We adjusted the reported progress in Appendix V when our audit disclosed that the reported progress for a particular output target was not accurate and we could determine the amount of the inaccuracy. In designing the audit, we defined an output target to have been substantially met if over 90 percent of planned progress had been achieved.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
Santo Domingo, Dominican Republic

United States Government
MEMORANDUM

Date: July 19, 1996
To: Wayne J. Watson, RIG/San Salvador
From: Marilyn A. Zak, Mission Director 
Subject: Audit of USAID/DR's population activities. Comments
on Draft Report.

Subject report was presented to Mission management on June 20, 1996. At that time a one month period was given for the Mission to present comments on the draft report for incorporation into the final report.

Four recommendations are contained in the draft report. The following comments respond to those recommendations as well as provide our observations on the remainder of the document.

BACKGROUND/GENERAL COMMENTS

In 1994, USAID/DR was selected as one of the Agency's reengineering laboratories (CELs). Since then the Mission has undergone a transformation in order to become a more focussed, results-oriented operating unit. The Mission has responded to USAID/W guidance to improve our monitoring and reporting systems, and has identified key, measurable indicators within each strategic objective team. Despite facing resource constraints, hundreds of person-hours have been invested in this process and the product of this investment is beginning to pay off.

As a point of clarification, many activities mentioned in the subject report, such as establishing annual targets and revising the strategic objective indicators, were begun by the Health and Population Team (SO2) prior to the subject audit. We appreciate the opportunity to use the recommendations of the report to improve our program as we try to meet the needs of the Agency to report accurate, verifiable results for our population assistance to the Dominican Republic.

It is also important to note that the audit reviewed the achievements of the Family Planning & Health Project, a seven year project, based on data covering only an eighteen month period of implementation (January 1, 1994 - June 30, 1995).

While we are concerned about any shortfall in accomplishing annual targets, we are also aware that our NGO partners are striving for simultaneous improved coverage of services and financial sustainability. These two goals are often conflicting. We are working closely with the institutional contractor and the NGOs to improve how targets are set as well as analyzing the underlying assumptions which affect what is realistically achievable for a given institution for a given period of time.

CORRECTIONS

On page 1, 3rd paragraph, at this time there are only two policy agencies participating.

On page 3, 2nd paragraph, the Mission no longer uses program outcomes in its results framework but rather intermediate results, per the Automated Directives System (ADS) which became effective on October 1, 1995.

On page 9, the 3rd paragraph is highly misleading. The Mission uses the services of John Snow, Inc., through the Global Bureau's Family Planning Logistics Management project, to verify data reported by the NGOs. This information was provided to the RIG. It is used by the Mission to take corrective action as appropriate (see below our comments on Recommendation 4.1). The institutional contractor also verifies data periodically (see comments on Recommendations 2.2 and 4.1)

COMMENTS ON SPECIFIC RECOMMENDATIONS

Recommendation 1:

Mission suggests that report delete the phrase "In response to our audit" since numerous steps were initiated prior to and concurrently with the audit.

Recommendation 2.1:

The attached correspondence from Development Associates, Inc. (DA) illustrates a number of the procedures established by USAID and the institutional contractor to improve performance monitoring of grantees as well as streamline the data collection and review (Attachment A). Each semester, key targets are assessed by the technical staff and discussions are held with the NGO if either a shortfall or suspect value is reported. As necessary, targets are adjusted downward or upward for the following semester. The NGOs have been informed that additional funds will be withheld if the semester progress reports are not submitted on time.

Based on the above, we request resolution and closure of this recommendation upon issuance of the final report.

Recommendation 2.2:

USAID and DA have had several discussions with PROFAMILIA concerning their CYP shortfall, particularly during 1995. We are attaching a copy of the minutes of a meeting held with PROFAMILIA in April (see Attachment B). It is important to note that there are factors beyond the control of PROFAMILIA which influence their achievement of annual targets. For example, contraceptives distributed by the public sector often leak into the local market thus reducing demand for services offered by NGOs. This problem is particularly acute in the case of IUDs and Depo-Provera. USAID addresses this problem through donor coordination activities with the United Nations Population Fund (UNFPA) which donates contraceptives to the public sector and several NGOs. There were also strategic decisions by USAID that contributed to PROFAMILIA's shortfall. In 1995, USAID requested PROFAMILIA to shift their contraceptive social marketing program to focus on the single goal of financial sustainability. Instead of evaluating the program based on CYPs and sales volume per brand, the program will now be evaluated on its profit and loss statements. This shift contributed to a lower production of CYPs during the year.

In order to increase the CYP production during 1996 PROFAMILIA is taking actions which respond to this recommendation:

1. Project funds will support the promotion of PROFAMILIA's male clinic via television and radio advertising to increase utilization of its services.
2. USAID funds will also support advertising contraceptive brands sold through PROFAMILIA's social marketing program. Preliminary data indicates that sales of condoms are up 20-30% above planned levels.
3. The Rosa Cisneros clinic in Santiago has completed its expansion and it is anticipated that they will serve an increased number of clients compared to 1995.
4. PROFAMILIA is expanding its young adults program to increase access to reproductive health information and services.
5. Due to the public sector physicians' strike which continued into much of the first half of 1996 PROFAMILIA has absorbed patients who would have attended the Nuestra Señora de Altagracia Maternity Hospital.
6. DA will provide technical assistance to PROFAMILIA to assist

them in their target-setting exercise as they prepare their 1997 annual plan.

Responding to a request from USAID for preliminary statistics on the achievement of their CYP target for 1996, on July 18th PROFAMILIA reported they have achieved 48% of their annual 1996 target during the first semester.

In the context of the factors noted above the Mission believes that the actions/activities planned by PROFAMILIA and DA are fully appropriate to address PROFAMILIA's 1995 performance shortfall and will contribute to the achievement of their CYP target for 1996 and beyond.

We therefore request resolution and closure of this recommendation upon issuance of the final report.

Recommendation 3.1:

DA's progress report for the period January-March, 1996 includes a table with the revised number of consultations for ADOPLAFAM (Attachment C).

Recommendation 3.2:

Attachment A restates the definitions of the project outputs to standardize the reporting by the NGOs.

Based on the above, we request resolution and closure of recommendations nos. 3.1 and 3.2, upon issuance of the final report.

Recommendation 4.1:

The Mission requests that the fourth paragraph on page 9 be revised to remove the implication that USAID does not adequately monitor data quality. USAID ensures data quality in full compliance with Section E203.5.5(5) of the ADS. USAID does verify the accuracy of data reported, using reasonable standards of validity and reliability.

The accuracy of data is verified principally through technical assistance of the consulting firm John Snow Inc. (JSI) under USAID/W's Global Bureau Family Planning Logistics Management project. Over the past several years a JSI consultant has visited the Dominican Republic usually twice a year to assist the NGOs and USAID to verify the volume of contraceptives distributed by the NGOs and the Nuestra Señora de Altigracia Maternity Hospital. Typically, data from the central level is analyzed and a number of site visits to clinics and community-based volunteers are conducted to verify the reported contraceptive distribution.

The information is shared with USAID, the institutional contractor and the NGOs. DA also does periodically verify the accuracy of the data through spot checks during site visits (see comments on Recommendation 2.1). The USAID project manager and staff from the institutional contractor will also systematically include spot checks on data during future site visits by obtaining reports from the site to be visited beforehand and comparing reported statistics with data collected by the community volunteer, clinic or field supervisor.

This fall, data will be collected for the first-year report on the achievement of the intermediate results of the strategic objective. A sample of NGO service delivery sites will be visited by DA and NGO staff to review contraceptive supply data as well as the availability of educational materials (Attachment E). This data will provide valuable insights on the validity of information being submitted by the NGOs. Similar data was collected in 1994 when DA conducted a situation analysis. This study was used to establish some of the baseline indicators for the family planning/reproductive health results package.

In response to a report early in 1996 by JSI prior to the RIG audit, USAID and DA had begun working with ADOPLAFAM to improve their supply management and information system. USAID recognizes that the weak link in the data reporting system is at the grass roots level. The revision of reporting forms and training of ADOPLAFAM staff (scheduled for July, 1996) will address the problem areas identified. For example, ADOPLAFAM attributes the over-reporting of IUDs during 1995 to the practice of their associated clinics reporting all IUDs inserted, which included IUDs obtained from other sources. This practice has now been discontinued and ADOPLAFAM only reports to USAID IUDs received from their own warehouses. USAID has also asked ADOPLAFAM to routinely conduct an inventory of their contraceptives at each level in the distribution system and report the results to DA and USAID. The results of the first inventory are presented in Attachment E.

The Mission believes that the steps taken by ADOPLAFAM to revise their reporting forms, to train their field staff, and to establish more routine inventory procedures constitute evidence that a reliable system for reporting progress towards planned targets has been established. Therefore, we request that the recommendation be considered resolved and closed upon issuance of the final report.

Recommendation 4.2:

Based on the clarifications provided on Recommendation 4.1 above, USAID requests that this Recommendation be withdrawn. The Family Health and Population project is unique in the Mission's portfolio in the complexity of its data reporting system and its

nationwide coverage. Thus, the problems noted by RIG are project-specific. It would therefore not be appropriate to issue a Mission Operating Manual Order.

The mechanisms used by the Family Health and Population project to verify data, and the improvements which will be made as a result of the February, 1996 JSI report and this RIG audit to collect and report data at various levels of the project, have been fully detailed above and in the Attachments. In developing its monitoring system and performance indicators and targets and holding its Strategic Objective teams accountable for implementing this system, the Mission already complies fully with USAID's new Automated Directives System, which includes assessment of data quality.

Clear by:
CONT:EAleamar (In draft) date 7/17
PDO: MTaveras (In draft) date 7/17
A/DD: CCowey (In draft) date 7/18

**Project Financial Status as of September 30, 1995
(in US Dollars)**

Project Element	Planned Life of Project Funding through 9/30/2000	Obligations as of 9/30/95	Expenditures as of 09/30/95
Provision of Services	\$ 9,593,000	\$ 4,405,000	\$ 2,298,733
Technical Assistance	6,770,000	3,837,000	2,079,322
Policy Dialogue/Support	1,432,000	655,000	178,237
Total Family Planning/ Maternal Child Health	\$ 17,795,000	\$ 8,897,000	\$ 4,556,292
AIDS/HIV Prevention	8,400,000	3,466,000	1,260,285
Audit	200,000	60,000	0
Evaluation	200,000	100,000	0
Project Total	\$ 26,595,000	\$ 12,523,000	\$ 5,816,577

Source: Unaudited financial data from USAID/Dominican Republic Mission Accounting and Control System.

KEY ELEMENTS OF USAID/DOMINICAN REPUBLIC'S PERFORMANCE MEASUREMENT SYSTEM

USAID's Directive on *Setting and Monitoring Program Strategies* identifies the key elements which are required in program performance measurement systems. In order to validate USAID/Dominican Republic's reported progress toward its strategic objective, we assessed the following elements of its population activities' performance measurement system and concluded that they were adequate, except for the setting of interim targets as discussed on page four.

- **Strategic Objectives** - significant development results which can be achieved or toward which substantial progress can be made and for which the operational unit is held accountable. The typical timeframe for a strategic objective is five to eight years.

USAID/Dominican Republic's Population strategic objective is encompassed in the Mission's overall Population and Health objective which was *increased socio-economic participation of the lower income groups*.

- **Program Outcomes** - measurable outcomes of one or more activities which, in turn, contribute to higher-order strategic objectives.

USAID/Dominican Republic's population program outcome was *improved access to selected primary health services*.

- **Performance Indicators** - gauges for measuring change. Indicators are developed for measuring change at the levels of a strategic objective, a program outcome, and the outputs of a specific activity.

USAID/Dominican Republic's performance indicators were the *total fertility rate* and the *contraceptive prevalence rate*.

- **Targets** - specific and intended results to be achieved within an explicit timeframe and against which actual results are compared and assessed.

USAID/Dominican Republic had established targets for its performance indicators. For example, reducing the *total fertility rate* from 3.3 children per woman in 1991 to 2.9 children per woman in 1997.

- **Baselines** - a statement of pertinent conditions at the time performance measurement begins.

USAID/Dominican Republic had baselines for its indicators, such as identifying the *contraceptive prevalence rate* at 33.9 percent in 1991.

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**Schedule of Planned Versus Reported Progress Toward Output Targets⁶
from January 1, 1994 to June 30, 1995**

Major Output Target	Planned Progress	Reported Progress	Variance	Percentage Variance
Number of community-based volunteers providing family planning/health services ⁷	1,603	1,540	-63	-3.93%
Number of clinics offering family planning/maternal child health services	155	162	7	4.52%
Couple years protection delivered by implementing organizations: ⁸				
■ PROFAMILIA	255,262	222,355	-32,907	-12.89%
■ ADOPLAFAM	39,111	44,983 ⁹	5,872	15.01%
■ MUDE	478	574	96	20.08%
■ Maternity Hospital	106,050	47,919	-58,131	-54.81%
Total	400,901	315,831	-85,070	-21.22%
Number of referrals made for FP/MCH services	52,677	106,267	53,590	101.73%
Number of medical consultations provided through project clinics	264,794	240,754 ¹⁰	-24,040	-9.08%

⁶ The output targets listed do not represent a complete listing of all project output targets.

⁷ The reported progress includes volunteers and clinics carried over from the prior family planning project.

⁸ These implementing organizations are: (1) PROFAMILIA (Asociación Dominicana Pro Bienestar de la Familia, Inc.), (2) ADOPLAFAM (Asociación Dominicana de Planificación Familiar), (3) MUDE (Mujeres en Desarrollo Dominicana, Inc.), and (4) Hospital Maternidad Nuestra Señora de la Altagracia. The first three organizations are subgrantees and the fourth is a public hospital.

⁹ As discussed on page nine, this figure is overstated by up to 19 percent; however, insufficient data was available to determine the exact level of overstatement. The 8,700 CYP difference would cause the overall CYP progress to fall from 21.22 percent short of planned progress to 23.39 percent short which would not affect our assessment with regard to this output target.

¹⁰ The reported progress is adjusted for the 45,000 general consultations that should have been excluded as discussed on page seven of this report.