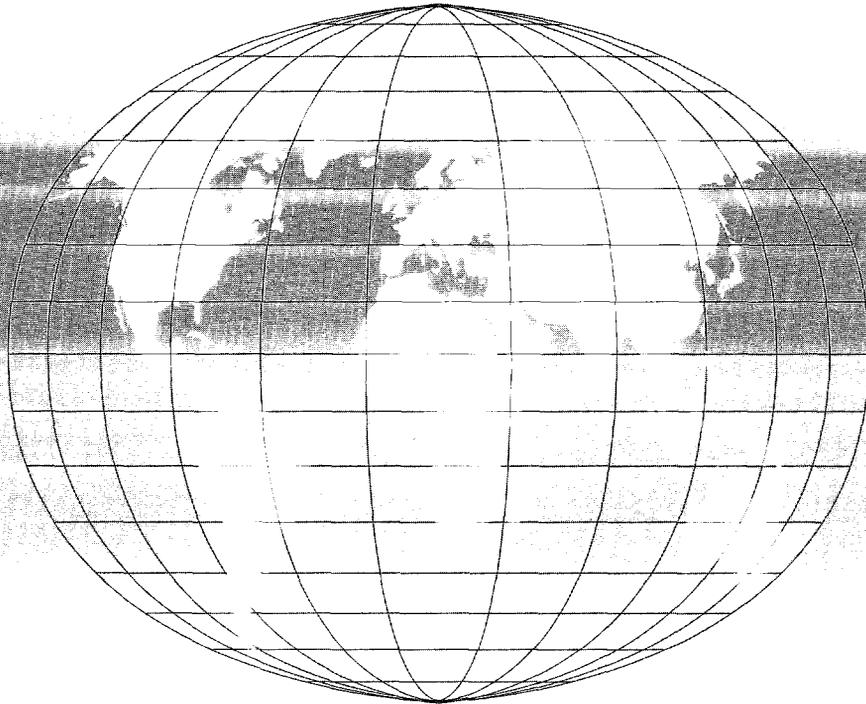


PD-ABP-625

Report of Audit

Audit of USAID/Namibia's Implementation of GPRA for Environment-Natural Resources Management and Biodiversity Activities

Report No. 4-573-97-006-P
September 12, 1997



REGIONAL INSPECTOR GENERAL/PRETORIA
OFFICE OF INSPECTOR GENERAL
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

**Audit of USAID/Namibia's Implementation of
GPRA for Environment-Natural Resources
Management and Biodiversity Activities**

**Report No. 4-673-97-006-P
September 12, 1997**

REGIONAL INSPECTOR GENERAL/PRETORIA



memorandum

Regional Inspector General
Pretoria

DATE: September 12, 1997

TO: USAID/Namibia Representative, Edward J. Spriggs

FROM: Regional Inspector General/Pretoria, Joseph Farinella *Joseph Farinella*

SUBJECT: Audit of USAID/Namibia's Implementation of the Government Performance and Results Act for Environment-Natural Resources Management and Biodiversity Activities, Report No. 4-673-97-006-P

This memorandum is our report on the "Audit of USAID/Namibia's Implementation of the Government Performance and Results Act for Environment-Natural Resources Management and Biodiversity Activities", Report No. 4-673-97-006-P. We have considered your comments on the draft report and have included them as an appendix to this report (see Appendix II). Based on the results of our audit, the report contains no recommendations. I appreciate the cooperation and courtesies extended to my staff during the audit.

Summary of Audit Findings

USAID/Namibia developed and managed its activities for natural resources management and biodiversity in accordance with Agency directives related to the implementation of the *Government Performance and Results Act*. The Mission (1) developed a strategic plan and an annual plan which were consistent with the Agency's strategic framework, (2) developed performance indicators which were consistent with Agency goals, (3) developed a system for collecting and reporting accurate performance data, and (4) used performance information to enhance program effectiveness. Additionally, for the items tested, USAID/Namibia's natural resources management and biodiversity activities were making satisfactory progress toward achieving the intended benefits.

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Background

In recent years, Congress had been concerned about waste and inefficiency in the Federal government, a situation that it believed was eroding the confidence of the American people and impairing government's ability to address vital public needs. Congress determined that the underlying reasons for this condition were insufficient articulation of goals and objectives, and inadequate information on performance. Consequently, Federal managers' efforts to improve program implementation and Congressional ability to assess effectiveness of government's performance were seriously undermined.

To address these problems, Congress passed the Government Performance and Results Act (GPRA) in August 1993. GPRA requires each Federal agency to submit a strategic plan covering at least five years no later than September 30, 1997, to the Office of Management and Budget and Congress containing (1) a statement on the agency's major functions and operations; (2) definition of goals, objectives, and outcomes with a description of how they are to be achieved and the resources needed to accomplish the same; (3) identification of major constraints that could impede progress; and (4) a description of program evaluations to assess progress in meeting performance targets.

As a result of GPRA, the Agency undertook a major management restructuring initiative (also known as reengineering) to facilitate compliance with the legislation. This audit is part of an Agency-wide review by the Office of the Inspector General to determine whether the Agency's operating units (such as USAID/Namibia) are supporting USAID in its efforts to comply with GPRA. Consequently, the audit focuses on whether USAID/Namibia developed a strategic plan and performance indicators, collected and reported accurate performance data, and used performance information to effectively manage its natural resources management and biodiversity (collectively referred to as "environmental") activities.

Namibia, like most countries in Southern Africa, faces critical environment and development challenges. Moreover, due to past colonial and apartheid practices which moved most of Namibia's historically disadvantaged population into marginal "communal" lands, Namibia inherited at independence a major environmental liability in the form of over-grazed land, threatened biodiversity, vast areas of bush encroachment, and depleted water resources. Given these circumstances, the Government of the Republic of Namibia (GRN) assigns a very high priority to sustainable and integrated natural resource management.

USAID's environmental strategy is designed to support the GRN's overall effort in this area by increasing benefits to historically disadvantaged Namibians through sustainable local management of natural resources. In its most basic form, this strategy was designed to help the GRN address the issue of disparate treatment of communal residents with regard to natural resource management and income generation.

The Mission's assistance to Namibia's environmental activities has been primarily channelled through the Living in a Finite Environment (LIFE) program which focuses on increasing the benefits to communities through the management of natural resources. In addition to LIFE, an Environmental Education Results Package supports a \$1.5 million grant to the Rossing Foundation, a Namibian NGO, for a national program of environmental education and sub-grants to Namibian organizations and institutions carrying out environmental education activities. Total funding for USAID/Namibia's environmental activities is \$16.5 million of which \$6.2 million had been disbursed as of September 30, 1996.

Audit Objectives

As part of the Office of Inspector General's Agency-wide assessment of USAID's implementation of the *Government Performance and Results Act of 1993*, this audit was conducted to answer the following objectives:

1. Did USAID/Namibia, for its natural resources management and biodiversity activities, in accordance with Agency directives and in support of USAID's actions to comply with the Government Performance and Results Act:
 - (a) develop a strategic plan and an annual plan which were consistent with the Agency's strategic framework;
 - (b) develop performance indicators which were consistent with Agency goals;
 - (c) develop a system for collecting and reporting accurate performance data; and
 - (d) use performance information to enhance program effectiveness?
2. Were USAID/Namibia's natural resources management and biodiversity activities making satisfactory progress toward achieving the intended benefits?

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

Audit Findings

Did USAID/Namibia, for its natural resources management and biodiversity activities, in accordance with Agency directives and in support of USAID's actions to comply with the Government Performance and Results Act:

- a) develop a strategic plan and an annual plan which were consistent with the Agency's strategic framework;**
- b) develop performance indicators which were consistent with Agency goals;**
- c) develop a system for collecting and reporting accurate performance data; and**
- d) use performance information to enhance program effectiveness?**

Strategic and Annual Plans

USAID/Namibia developed strategic and annual plans for its natural resources management and biodiversity activities which were consistent with the Agency's strategic framework and in accordance with Agency directives related to the implementation of the *Government Performance and Results Act*.

USAID/Namibia's Natural Resource Management strategy was in process before the Agency's new strategic framework was approved in 1995. This factor necessitated frequent and substantive dialogue with USAID/Washington on the reengineering principles for country strategy plans contained in the Agency's Administrative Directive System (ADS), Chapter 201, "Managing for Results: Strategic Planning." Subsequent Agency and Africa Bureau planning guidance in the form of cables and reviews expanded on the guidance of ADS, which prescribes the contents for a Mission's Strategic Plan and its corresponding annual plan, the Results Review and Resource Request (R4).

The ADS's core guidance specifies that a Mission's Strategic Plan and R4 link its strategy, through the use of strategic objectives, to the Agency's Strategic Framework (i.e., the Agency's goals and objectives). Furthermore, the ADS requires that the strategic objective be supported by a problem analysis, critical assumptions, involvement of other development partners, illustrative approaches, and an explanation of sustainability. The plan should also

contain performance indicators and a monitoring plan with interim targets for assessing progress, as well as resource requirements and programming options.

In 1995, the Mission developed a five-year strategic plan to cover its activities for the period 1996 through 2000. This plan contained one strategic objective related to environmental activities and was prepared in accordance with Agency directives. Following the Africa Bureau's comments related to non-environmental areas of its strategic plan, the Mission issued a revision in 1996, and its R4 followed in 1997. The strategic objective related to the environment remained unchanged, and the Mission's R4 was consistent with both the revised strategic plan and with USAID's strategic planning framework.

USAID/Namibia's strategic objective to **increase benefits to historically disadvantaged Namibians from sustainable local management of natural resources** is directly linked to the Agency's Objective 4.5--sustainable resource management; and contributes to Agency Objective 4.1--biological diversity conserved. For example, one of its initiatives to strengthen community-based natural resource management activities through continued support to community management committees and formation of conservancies directly relates to the Agency's objective on sustainable resource management. Another, aimed at training to increase the capacity of environmental non-governmental organizations to manage target areas of biological diversity, contributes to the Agency's objective related to biological diversity.

Performance Indicators

USAID/Namibia developed performance indicators which were consistent with Agency goals and guidelines.

Section E203.5.5(1) of the ADS states that Missions shall define performance indicators for which quality data are available at intervals consistent with management needs and that are direct, objective, practical and unidimensional. Further, quantitative indicators are preferred and should be used whenever possible.

The Mission defined four performance indicators to measure increases in (i) community income generated from program-supported natural resource management activities; (ii) the number of male and female-headed households in target communities that benefit from program supported natural resource management activities; (iii) hectares of communal land under local management; and (iv) the number of conservancies created. These quantitative indicators are objective, discreet, reviewed semi-annually, and measured annually.

In its March 1997 annual plan, USAID/Namibia reported progress towards achievement of these performance indicators. For example, its success in establishing community institutions resulted in increased income for more households in target communities. This increase was due in large part to income generated from thatching grass activities in the East

Caprivi Region of Namibia. The Mission also reported that no conservancies were created as compared to its planned target of one for the year. While this discrete statistic indicates that conservancy formation is behind schedule, USAID/Namibia attributed the result to administrative delays in the registration of conservancies rather than programmatic delays.

In addition to its four performance indicators, USAID/Namibia defined two Intermediate Results (I.R.) within its manageable interest: I.R. No. 3.1, Improved policy and legislative environment of sustainable natural resource management; and I.R. No. 3.2, Strengthened community-based natural resource management activities in target communities. These two intermediate results are further sub-divided into quantifiable units of measure such as the number of: (1) national policies, legislation and regulations adopted; (2) USAID-funded activities that assist Namibian organizations to establish legal, regulatory and policy frameworks supportive of Community-Based Natural Resource Management (CBNRM); (3) Namibian organizations strengthened to sustainability assist communities in the establishment of sustainable CBNRM enterprises and management enterprises; (4) Namibian men and women participating in officially recognized management bodies which assume responsibility for management of natural resources; and (5) program supported activities that produce positive net economic benefits to resource users in target areas. Similar to its performance indicators, the Mission's intermediate results are quantitative, objective, reviewed semi-annually, and measured annually.

System for Collecting and Reporting Performance Data

USAID/Namibia developed a system for collecting and reporting accurate performance data.

Section 203.5.5 of the ADS requires Missions to establish performance monitoring systems that regularly collect data that enable the assessment of progress towards achieving results. Specifically, in establishing these performance monitoring systems, strategic objective teams within each operating unit should:

- Validate and/or modify the performance baselines and targets initially defined in the operating unit's strategic plan;
- Complete and periodically update a performance monitoring plan that provides details necessary for collecting relevant performance data and information;
- Collect "actual results" data for each performance indicator on a regular basis; and
- Collect information on both the results supported by development partners and the status of critical assumptions on a regular basis.

USAID/Namibia's strategic objective related to the environment is to increase benefits to historically disadvantaged Namibians from sustainable local management of natural

resources ("S.O. No. 3"). Intermediate results, performance indicators and targets for this strategic objective were developed in close collaboration with USAID/Namibia's key stakeholders, partners and customers which include the Ministry of Environment and Tourism, the World Wildlife Fund, the Rossing Foundation and other implementing Namibian NGOs.

Annually, USAID/Namibia's S.O. No. 3 team brings together the partners, intermediate customers and representatives of ultimate customers to discuss the achievement of results. During these meetings, this "expanded team" reviews the appropriateness of the Mission's strategy and assumptions in achieving planned results and recommends to Mission Management any changes in direction that may be required. The team also holds semi-annual results reviews to assess progress.

The Mission also developed a performance monitoring plan in accordance with the ADS. The aim of the plan is to lay a foundation for future results reporting by the Mission, using both quantitative and qualitative measurements, and to engage its development partners in assessing results and progress.

Data for S.O. No. 3 is collected primarily through the Monitoring and Evaluation system of the Living in a Finite Environment (LIFE) program under a cooperative agreement with the World Wildlife Fund (WWF). Monitoring and Evaluation is a documented reporting system which tracks actual progress against targets for each intermediate result and performance indicator. All stakeholders, partners and customers participate to varying degrees in collecting, reporting and analysing data. For example, to measure increases in community income from USAID-funded activities (one of the Mission's performance indicators), data is collected by WWF from its sub-grantees for income-generating projects in the Caprivi Region of Namibia. This data includes sales of crafts, entrance fees collected from a traditional village, and sales of thatched grass in the target areas. Similarly, for hectares of communal land under local management, the Mission relies on land estimates included as part of a community's formal application for conservancy status with the Government of Namibia.

Our review of the performance information for 1996 reported by the Mission in its annual plan showed no differences between the reported and audited data.

Performance Information to Enhance Program Effectiveness

USAID/Namibia used performance information to enhance program effectiveness.

Section 203.5.2 of the ADS states that performance monitoring information, evaluation findings and information from other sources should be used regularly throughout planning and management processes in order for Missions to effectively manage for results. Specifically, Missions should use such performance information to:

- improve the performance, effectiveness, and design of existing development assistance activities;
- revise Mission strategies where necessary;
- make informed decisions on whether to abandon Agency program strategies, strategic objectives or results packages which are not achieving intended results; and
- document findings on the impact of development assistance.

As described previously, USAID/Namibia's Natural Resource Management strategy was in process before the Agency's new strategic framework was approved in 1995. To comply with the Agency's guidance, the Mission inventoried its existing activities and performed an extensive analysis of past project experience to develop its current strategic objective and performance indicators related to the environment. As a result, USAID/Namibia's current strategy under USAID's reengineering guidance closely parallels its past strategy, and the Mission has not needed to significantly modify its performance indicators to improve the performance, effectiveness, and design of its existing development assistance activities in the environmental area. However, the Mission does have a performance monitoring plan in place for gathering the information and making modifications should it become necessary. The purpose of this plan is to lay a foundation for future reporting of results by the Mission, using both quantitative and qualitative measurements, and to engage its development partners in assessing results and progress.

It is still too early to assess whether USAID/Namibia's environmental strategy should be modified, or for that matter to assess its impact on development assistance. However, the Mission is using case studies, video tapes, lessons learned, success stories, press reports, and published articles as an interim measure of impact. The Namibian press has carried numerous articles about conservancies and a LIFE program video was shown on national television and to the National Assembly, thereby increasing the public's awareness of USAID-funded environmental activities. Also, a formal evaluation of this area is scheduled for Fiscal Year 1998, using Mission funding.

As required by the ADS, USAID/Namibia has drafted a Customer Service Plan which identifies who is the customer/partner and the relationships between USAID/Namibia and them, and how and at what levels these customers/partners are to be engaged in the evaluation process. This document will be reviewed and finalized by the Mission during its September retreat.

Were USAID/Namibia's natural resources management and biodiversity activities making satisfactory progress toward achieving the intended benefits?

For the items tested, USAID/Namibia's natural resources management and biodiversity activities were making satisfactory progress toward achieving the intended benefits. Following are examples of results achieved within USAID/Namibia's manageable interest:

- The major achievements envisaged under Intermediate Result No. 3.1: "Improved Policy and Legislative Environment of Sustainable Natural Resource Management" was realized by the enactment of an amendment to the Nature Conservation Ordinance of 1975 (commonly known as the Conservancy Act) which was passed by the Namibian Parliament in May 1996. Passage of this Act follows continual policy dialogue between USAID and its development partners and Namibian stakeholders, including the Ministries of Environment and Tourism, Finance, Agriculture, Water, and Rural Development and members of the Namibian Cabinet. In addition, the Mission has contributed to the passage of other policies such as Land Use Planning and Communal Tourism Policy, all of which are related to Community Based Natural Resource Management.
- In its annual plan, the Mission reported that no conservancies were created as planned and attributed the result to administrative delays in the registration of conservancies rather than programmatic delays. However, USAID-funded work in forming community institutions such as conservancy committees, community game guards and community resource monitors in preparation for conservancy formation is progressing well. According to local officials, the Community game guards have minimized poaching of animals. Work with local women's groups has resulted in sustainable harvesting of reeds and long grasses used for roof thatch, and in the production of crafts.
- USAID/Namibia has also raised natural resource management awareness levels among partners and customers in Namibia through program supported activities that produce positive net economic benefits to resource users in target areas. The Namibian press has carried numerous articles about conservancies and USAID supported video has been shown on national television and to the Namibian National Council. According to Mission officials, these type of activities have contributed directly to the enactment of favourable environmental policies, legislation and generated community interest in establishing new conservancies in Namibia.
- Strengthening of CBO capacity is evident in Namibia. The Caprivi Arts and Cultural Association (CACA) in Namibia is an example of a successful USAID

intervention in this area. According to CACA's director, his organization has benefited from USAID-funded technical assistance in organizing rural artisans to improve communication, production and marketing of crafts. Assistance has also improved the administration and financial management of the CACA.

Management Comments and Our Evaluation

USAID/Namibia agreed with the contents of the report. The complete text of the Mission's comments is found in Appendix II.

SCOPE AND METHODOLOGY

Scope

As part of an Agency-wide audit by the Office of the Inspector General to assess USAID's compliance with the Government Performance and Results Act, the Office of the Regional Inspector General/Pretoria audited USAID/Namibia's environmental activities in accordance with generally accepted government auditing standards.

The fieldwork was done from April 14, 1997, through June 5, 1997, principally at the offices of USAID/Namibia and its primary development partners, Namibia's Ministry of Environment and Tourism and the World Wildlife Fund. We visited project sites to inspect implementation of USAID-financed environmental training activities and community-based natural resources management activities in the Caprivi Region of Namibia.

In addition, for the second audit objective, audit work primarily focused on a judgmental sample of USAID-funded activities, with total disbursements of approximately \$4.6 million, implemented through the Living in a Finite Environment (LIFE) program. As of September 30, 1996, USAID/Namibia had obligated \$16.5 million for its environmental activities.

Methodology

There were two audit objectives. The first was to determine if USAID/Namibia had: (a) prepared strategic and annual plans which were consistent with the Agency's strategic framework, (b) developed performance indicators in conformity with Agency goals, (c) established a system for collecting and reporting accurate performance data, and (d) used such information to enhance program effectiveness. The second was to ascertain whether

the Mission's environment activities were making satisfactory progress toward achieving the intended benefits.

To accomplish the two objectives, we interviewed officials from the: Mission's strategic objective team, Government of the Republic of Namibia, institutional contractors, and project sites. In addition, we reviewed and analysed planning and program documents, assessed adequacy of management controls and determined the extent of risk exposure with regard to the Mission's (1) strategic planning; (2) collecting and reporting performance data; and (3) using such information to enhance program effectiveness. Also, we obtained a written representation from cognizant Mission officials for all essential assertions relating to the audit objectives.

In answering the second audit objective, we used the Mission's strategic planning framework in assessing progress of its environmental activities. In addition, we selected a judgmental sample of 3 out of 19 USAID-funded sub-grants and used the sub-grantees' Office of Management and Budget Circular A-133 audit reports supplemented with on-site inspections and interviews to assess progress toward realizing the intended benefits. Funds expended under these three sub-grants were approximately \$0.7 million as of March 31, 1997. Total expenditures and life of project funding for the 19 sub-grants were approximately \$2.7 million and \$4.1 million, respectively, as of March 31, 1997.

APPENDIX II
Management Comments



**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
MISSION TO NAMIBIA**

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September 5, 1997

Joseph Farinella
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Regional Inspector General, Audit
P.O. Box 55380
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RSA

Dear Mr Farinella:

In connection with your Audit of USAID/Namibia's Implementation of the Government Performance and Results Act for Environment - Natural Resources Management and Biodiversity Activities, USAID/Namibia would like to officially thank the audit team for their professional participation in this activity. We were pleased with the positive findings from the audit and feel our indicators are on track. The team commented unofficially about the high level of competence they observed in all staff associated with the LIFE project.

Based on the findings of the audit and through informal discussions with the team, USAID plans to follow-up on a few activities that would sharpen the reporting of the indicators and verify field data collection on occasion.

Best regards,

A handwritten signature in black ink, appearing to read "Edward J. Spriggs". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Edward J. Spriggs
USAID/Namibia Representative