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OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/NEPAL'S HEALTH ACTIVITIES

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MANILA, PHILIPPINES

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SUMMARY OF RESULTS

To help the Government of Nepal provide basic health services to its citizens, USAID/Nepal awarded a \$33.8 million cooperative agreement to JSI Research and Training Institute, Inc., to implement the 6-year Nepal Family Health Program Phase I (program), which ended in December 2007. The purpose of the program was to improve the delivery and use of basic public sector family planning, maternal, newborn, and child health services (see page 3).

In addition, USAID/Nepal awarded a 3½-year contract valued at \$11.2 million to Academy for Educational Development to implement the Nepal Social Marketing and Franchise Project (project), which will end in December 2009. The project aims to expand service delivery and access to quality reproductive health and voluntary family planning products through private and commercial sector strategies throughout Nepal. Also included are many other health products and services relating to maternal and child health care such as oral rehydration salts and basic drugs (see page 3).

The Regional Inspector General/Manila conducted this audit to determine if USAID/Nepal's health activities were achieving planned results, and what has been the impact (see page 4).

USAID/Nepal's health activities partially achieved their planned results. Of the 15 critical performance indicators selected for review, the audit determined that 5 indicators met and 3 partly met their planned results while 1 did not meet its planned results. Achievement of planned results for the remaining 6 indicators could not be determined because the indicators (1) had targets that were set to be achieved at the completion of the project, (2) lacked targets entirely, or (3) lacked baseline values against which to measure targets. The review of the 15 critical indicators showed that the weaknesses identified pertained to the Nepal Social Marketing and Franchise Project (see page 5).

Regarding the eight indicators that met or partly met their planned results, the activities achieved an impact that included Vitamin A supplementation coverage and pneumonia treatment. The activities also ensured that family planning and maternal and child health commodities were available at health facilities and at the community level, the lowest level of the distribution zone (see page 5).

For the one indicator that did not meet planned results and the six indicators in which the achievement of planned results could not be determined, the problem was caused by a performance management plan that was not adequately developed and reviewed by both the contractor and the mission. Furthermore, the audit identified other issues such as revisions made to the performance management plan and to the reporting requirements without the mission's formal approval (see page 7).

The audit makes four recommendations to improve USAID/Nepal's oversight of the Nepal Social Marketing and Franchise Project (see pages 10—12). USAID/Nepal generally agreed with the findings and recommendations. Based on the mission's response to the recommendations, the audit determined that final actions were taken on Recommendation Nos. 1, 3, and 4 and a management decision was reached on Recommendation No. 2.

USAID/Nepal's written comments are included in their entirety (without attachments) in appendix II.

BACKGROUND

After a decade-long Maoist insurgency in Nepal, progress has been tenuous as the country has struggled to build a viable and representative government, restore law and order, and address the grievances of the country's ethnic minorities and disadvantaged groups. The Government of Nepal's ability to provide basic services to its citizens has become a key postconflict priority.

To help the Government of Nepal provide basic health services to its citizens, USAID/Nepal awarded a \$33.8 million cooperative agreement to JSI Research and Training Institute, Inc. to implement the 6-year Nepal Family Health Program Phase I (program), which ended in December 2007.¹ The purpose of the program was to improve the delivery and use of basic public sector family planning, maternal, newborn, and child health services.

In addition, USAID/Nepal awarded a 3½-year contract valued at \$11.2 million to Academy for Educational Development to implement the Nepal Social Marketing and Franchise Project (project), which will end in December 2009. The project aims to expand service delivery and access to quality reproductive health and voluntary family planning products through private and commercial sector strategies throughout Nepal. Also included in the project are many other products and services relating to maternal and child health care such as oral rehydration salts and basic drugs.

Overall, USAID/Nepal's health activities aimed to accomplish the following goals:

- Expand access to and the use of quality, voluntary family planning services.
- Reduce child mortality by increasing access to quality selected maternal and child health services.
- Support the efforts of Nepal's Ministry of Health to decentralize health care services from the national to the district level.
- Prevent the spread of and control HIV/AIDS² by enhancing the prevention-to-care continuum and treating other sexually transmitted infections among high-risk groups.³

USAID/Nepal's Office of Health and Family Planning is responsible for managing the health activities. For the program, the mission had obligated \$33.8 million and disbursed \$31.4 million as of December 31, 2007. For the project, the mission had obligated \$3.8 million and disbursed \$2.4 million as of September 30, 2007.

¹ The audit did not cover Phase II of the program, a \$30 million cooperative agreement that began in December 2007.

² Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome

³ The audit did not cover services related to HIV/AIDS because it focused on services that were common to the program and the project: family planning and maternal and child health services.

AUDIT FINDINGS

USAID/Nepal's health activities partially achieved their planned results. Of the 15 critical performance indicators selected for review, the audit determined that 5 indicators met and 3 partly met their planned results while 1 did not meet its planned results. Achievement of planned results for the remaining 6 indicators could not be determined because the indicators (1) had targets that were set to be achieved at the completion of the project, (2) lacked targets entirely, or (3) lacked baseline values against which to measure targets.

The audit covered family planning and maternal and child health activities and commodities provided under USAID/Nepal's Nepal Family Health Program Phase I (program) and Nepal Social Marketing and Franchise Project (project) implemented by JSI Research and Training Institute, Inc. (grantee) and Academy for Educational Development (contractor), respectively. The designated cognizant technical officers for the two awards, with the approval of the director of the mission's Office of Health and Family Planning, selected 15 performance indicators—6 from the program and 9 from the project—that they deemed critical to achieving the mission's strategic objective of reducing the fertility rate and protecting the health of Nepalese families. The audit team's review of the 15 critical indicators showed that the weaknesses identified pertained to the Nepal Social Marketing and Franchise Project. Appendix III contains the list of the 15 critical indicators and the results of the review.

Regarding the eight indicators that met or partly met their planned results, the activities achieved an impact that included Vitamin A supplementation coverage and pneumonia treatment. As well, the activities ensured that family planning and maternal and child health commodities were available at health facilities and at the community level, the lowest level of the distribution zone. The audit team visited five activity sites in Morang, Nepal, where activities and commodities provided under the awards were evident, as discussed below.

Lakantari Sub-health Post – The Lakantari sub-health post made available to the villagers the seven basic family planning and maternal and child health commodities: antibiotic tablets, condoms, injectable contraceptives, iron tablets, oral contraceptive pills, oral rehydration salts, and Vitamin A tablets. The project ensured that the post was supplied with the seven basic commodities under the indicator "Commodities available at health offices," which measured the percentage of health facilities that maintain availability of seven commodities in core program districts year round. (See photo on next page.)



Office of Inspector General photograph of the Lakantari sub-health post in Morang, Nepal, where seven basic family planning and maternal and child health commodities were made available to the villagers. (June 2008)

Female Community Health Volunteer’s Home – Ample supplies of the four basic commodities relating to family planning and maternal and child health were maintained at the home of a female community health volunteer. The project ensured that the volunteer was supplied with the four basic commodities—antibiotic tablets, condoms, oral contraceptive pills, and oral rehydration salts—under the indicator “Commodities available at community level.” This indicator measured the percentage of female community health volunteers who made three or four basic family planning and maternal and child health commodities available to the villagers in core program districts.



Office of Inspector General photograph of the home of a female community health volunteer in Morang, Nepal, where she made available to the villagers four basic family planning and maternal and child health commodities. (June 2008)

Mamta Medical Hall – The Mamta Medical Hall is an authorized sangini outlet⁴ that offers and administers high-quality family planning products such as the sangini injectable contraceptive to community residents. This service was provided under the project indicator “Number and percentage of outlets offering high quality family planning products and services.”



Office of Inspector General photograph of the Mamta Medical Hall, an authorized sangini outlet, in Morang, Nepal. (June 2008)

Abhod Narayan Nursery Home – This home is a private clinic that offers, along with other health care services, high-quality family planning products such as intrauterine devices. The home benefits from the project under the indicator “Number and percentage of outlets offering high-quality family planning products and services.”

For the one indicator that did not meet planned results and the six indicators in which the achievement of planned results could not be determined, the problem was caused by a performance management plan that was not adequately developed and reviewed by both the contractor and the mission. Furthermore, the audit identified other issues such as revisions made to the performance management plan and to the reporting requirements without the mission’s formal approval. These issues are discussed below.

⁴ A sangini outlet is a Government of Nepal-certified medical outlet authorized to provide and administer sangini injectable contraceptives. Sangini is the local brand name of the contraceptive. In Nepali, it means “lady friend.” The certification is granted after a participant successfully completes a 2-day basic training course in the administration of the contraceptive.

The mission-approved performance management plan was not complete because the plan was not adequately developed and reviewed by both the contractor and the mission. According to the project's cognizant technical officer, the mission-approved performance management plan was essentially the same plan that the previous contractor used to implement the project. The current contractor reviewed the plan and submitted suggestions and changes to the plan. For example, the current contractor changed some of the performance targets to make them achievable. The mission's Office of Health and Family Planning reviewed the plan taking into consideration the current contractor's suggestions and changes before approving it.

The audit team contacted the mission's Office of Program and Project Development to find out about the extent of its involvement in the review of the project's performance management plan as that office would normally be involved in the development of such plans. However, the supervisory program officer informed the audit team that her office was not involved in the review of the plan and that they did not have any documents related to the review. At the audit exit conference, the mission director said that the mission is currently developing procedures that will involve the Office of Program and Project Development in the review of performance management plans.

According to the contractor, the mission provided input into multiple drafts of the performance management plan in order to streamline it. In addition, the mission offered assistance in providing information that was available from the previous contractor. The contractor added that targets were not set for indicators under "intermediate result 4"⁶ because those indicators are used internally by USAID managers to measure partner performance. For indicators under "intermediate result 5,"⁷ no targets were set because USAID staff routinely monitor those indicators, which are used to guide project implementation. Regarding the indicators with end-of-project targets, the mission reviewed and approved the performance indicators table without setting interim targets. In terms of monitoring progress toward the achievement of indicators with end-of-project targets, the contractor receives periodic reports from its own partners assessing performance, identifying challenges and opportunities, and ensuring progress toward achieving overall project goals.

Nonetheless, the absence of baseline values, performance targets, and clear definitions on how to measure progress for established indicators resulted in the lack of performance information considered critical for influencing project decisions and making resource allocations. This performance information is a key for communicating results achieved or not achieved, and for advancing organizational learning. As a result, this audit makes the following recommendations.

⁶ Intermediate Result 4 pertains to the increased capacity of local partners to design, implement and manage state-of-the-art social marketing and social franchise programs.

⁷ Intermediate Result 5 pertains to the increased collaboration between private sector, USAID partners and Government of Nepal public sector health services in family planning and maternal and child health.

EVALUATION OF MANAGEMENT COMMENTS

In its response to the draft report, USAID/Nepal generally agreed with the findings and recommendations. Based on the Regional Inspector General/Manila's review of the mission's comments, detailed actions, and subsequent supporting documents received, the audit determined that final actions have been taken on Recommendation Nos. 1, 3, and 4 and a management decision has been reached for Recommendation No. 2.

To address Recommendation No. 2, USAID/Nepal stated that it is in the process of preparing and issuing a mission order to implement the performance management plan review procedures called for in the recommendation.

A determination of final action for Recommendation No. 2 will be made by the Audit Performance and Compliance Division (M/CFO/APC) upon completion of the planned corrective action.

USAID/Nepal's written comments on the draft report are included in their entirety (without attachments) as appendix II to this report.

