



USAID
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OFFICE OF INSPECTOR GENERAL

**AUDIT OF USAID/NIGERIA'S
GLOBAL DEVELOPMENT
ALLIANCES**

AUDIT REPORT NO. 7-620-05-004-P
MARCH 31, 2005

DAKAR, SENEGAL



USAID
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Office of Inspector General

March 31, 2005

MEMORANDUM

FOR: Acting USAID/Nigeria Director, Natalie Freeman
FROM: RIG/Dakar, Lee Jewell III /s/
SUBJECT: Audit of USAID/Nigeria's Global Development Alliances
(Report No. 7-620-05-004-P)

This memorandum is our final report on the subject audit. In finalizing this report, we considered management's comments on our draft report and included them in Appendix II.

This report contains two recommendations to which you concurred in your response to the draft report. Based on appropriate action taken by the Mission, management decisions have been reached, and all recommendations are considered closed upon issuance of this report. No further action is required of the Mission.

I appreciate the cooperation and courtesies extended to the members of our audit team during this audit.

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SUMMARY OF RESULTS

Global Development Alliances (GDAs) are agreements between USAID and other parties—both governmental and private sector—in the development community to jointly define a development problem and jointly contribute to its solution. While working closely with development partners is certainly not new to USAID, since 2001 the concept of public-private alliances has been emphasized as a business model to increase USAID's effectiveness in delivering foreign assistance. (See page 2.)

This audit, which was performed by the Regional Inspector General/Dakar, is part of a series of worldwide audits. The objectives were to determine whether (1) USAID/Nigeria considered utilizing GDAs in planning its activities, (2) USAID/Nigeria reported its GDAs accurately and completely, and (3) selected USAID/Nigeria GDAs achieved their intended results. (See page 2.)

As a result of our audit, we concluded that USAID/Nigeria considered utilizing GDAs in planning its activities. Two of the four Strategic Objective (SO) teams had implemented GDAs while the third SO team was in the process of developing a GDA and the fourth was involved in a Washington-managed GDA. (See pages 3 to 4.) However, USAID/Nigeria did not always report its GDAs accurately and completely. The Mission's Fiscal Year 2004 Annual Report did not include all of the required information relating to GDAs, and the Mission reported incorrect information to the GDA Secretariat's database. (See pages 4 to 7.) We were able to determine that three of the Mission's five GDAs were making progress towards achieving their intended results. The fourth GDA had experienced delays and was not fully underway; however, we did note that USAID/Nigeria and the implementing partner need to establish specific indicators, targets, and annual implementation plans for this GDA. The fifth GDA had not yet begun activities. (See pages 7 to 12.)

This report includes two recommendations to assist USAID/Nigeria in verifying reported information related to its GDAs and establishing specific indicators, targets, and implementation plans. (See pages 7 and 12.) Management concurred with the findings and recommendations, and management decisions have been reached and both recommendations are closed. See page 13 for our evaluation of management comments.

Management comments are included in their entirety (without attachments) in Appendix II.

BACKGROUND

Over the last 30 years, financial resources dedicated to assisting the developing world have undergone a major transition. In 1970, 70 percent of the money that went to the developing world from the United States came from the Federal Government and only 30 percent came from other sources. By 2000, when total U.S. resource flows to the developing world surpassed \$70.5 billion, only 20 percent of such resources came from the Federal Government, with 80 percent furnished by other sources. As a result, sources such as non-governmental organizations, universities, foundations, and corporations now play a significant role in financing development activities.

In recognition of this major shift, USAID established the Global Development Alliance (GDA) business model in 2001. GDAs are agreements between USAID and other parties in the development community to jointly define a development problem and jointly contribute to its solution. According to USAID's guidelines, GDAs require a minimum one-to-one matching of partner contributions to USAID resources. In addition, the partners' contributions must include non-public resources equal to at least 25 percent of the USAID contribution. GDAs are sometimes referred to as "public-private alliances."

While working closely with development partners is certainly not new to USAID, since 2001 public-private alliances have been emphasized as a business model to increase USAID's effectiveness in delivering foreign assistance. In fiscal year 2003, USAID reported that it had initiated or substantially expanded an estimated 140 alliances with USAID funding of approximately \$273 million—leveraging an estimated \$1.2 billion in partner contributions. These alliances covered a variety of USAID initiatives ranging from economic growth to humanitarian assistance. During this same period, USAID/Nigeria reported five GDAs with USAID funding of approximately \$7.4 million and leveraged partner contributions amounting to approximately \$32 million.

AUDIT OBJECTIVES

This audit was conducted as one in a series of worldwide audits of Global Development Alliances, as part of the Office of Inspector General's fiscal year 2005 annual audit plan. The audit was conducted to answer the following questions:

- Did USAID/Nigeria consider utilizing Global Development Alliances in planning its activities?
- Did USAID/Nigeria report its Global Development Alliances accurately and completely?
- Did selected USAID/Nigeria Global Development Alliances achieve their intended results?

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

AUDIT FINDINGS

Did USAID/Nigeria consider utilizing Global Development Alliances in planning its activities?

USAID/Nigeria considered utilizing Global Development Alliances (GDAs) in planning its activities and has signed agreements for five GDAs. Two Strategic Objective (SO) teams had GDAs underway, another SO was in the process of developing a GDA, while the fourth SO was involved with a Washington-based GDA. In addition, all Requests for Applications issued by USAID/Nigeria have standard language regarding GDAs.

Various forms of USAID guidance encourage the use of GDAs in planning activities. Both USAID's Automated Directive System (ADS) Section 201, *Planning* and the GDA Secretariat's *Tools for Alliance Builders*¹ state that the operating units should actively consider building public-private alliances directly into strategic plans, selected SOs, or intermediate results. Additional GDA Secretariat guidance² states that if alliance-building is not incorporated into a particular sector, the mission should be able to provide a rationale for its decision.

Following this guidance, USAID/Nigeria's Country Strategic Plan for 2004 – 2009 states in the Executive Summary that public-private partnerships are an important way of doing business in Nigeria and are under development in the Niger Delta to combat HIV/AIDS, mitigate conflict, provide microfinance services, and contribute to environmental sustainability.

Two of the four SO teams at USAID/Nigeria incorporated Mission-managed alliances into their programs.

Economic Growth, Agriculture, and Environment SO Team

- A tripartite agreement for the Cassava Enterprise Development Project, an alliance with Shell Petroleum Development Company and, was signed in February 2004, building on the Memorandum of Understanding between USAID/Nigeria and Shell signed in September 2003 and an August 2003 cooperative agreement between USAID/Nigeria and the International Institute of Tropical Agriculture.
- A cooperative agreement for the Cassava Competitiveness Program, an alliance with Citizens International and New Nigeria Foundation, was signed in December 2003.
- A cooperative agreement for the Crop/Livestock Competitiveness Production, an alliance with Citizens International and New Nigeria Foundation, was signed in December 2003.
- A cooperative agreement for the Alliance for Information Technology, an alliance with Citizens International and New Nigeria Foundation, was signed in December 2003.

¹ The GDA Secretariat issued *Tools for Alliance Builders*, version four, on September 9, 2003. It is cross-referenced in ADS Sections 200-202.

² *A Practical Framework: Ten Steps for Analyzing and Integrating Public-Private Alliances into USAID Strategic Planning*, dated January 12, 2004, was available on USAID's intranet.

HIV/AIDS SO Team

- A cooperative agreement for the Abuja Safe Blood Demonstration Project—an alliance with Safe Blood for Africa Foundation, Nigeria Federal Ministry of Health, Abbott Laboratories, and Global Med Technologies—was signed in September 2003.

The third SO team, Social Sector Services, is participating in a USAID/Washington-based GDA with ChevronTexaco and Academy for Educational Development. Finally, the fourth SO team, Democracy and Governance, has been in contact with Shell Petroleum Development Company and is in the process of developing a GDA.

USAID/Nigeria is also encouraging additional GDAs by incorporating standard language into all Requests for Applications (RFAs) for USAID project funding. The RFAs state that the formation of public-private alliances in implementing its programs is strongly encouraged and specifically request applicants to comment on the feasibility of incorporating public-private partnerships in their program. Potential applicants are strongly encouraged to think innovatively and creatively about ways to draw forth significant non-Federal resources, be they in cash or in-kind, and to incorporate commitments to such resources into their proposals to USAID.

Did USAID/Nigeria report its Global Development Alliances accurately and completely?

USAID/Nigeria did not always report its GDAs accurately and completely. The Mission's Fiscal Year (FY) 2004 Annual Report³ did not include all of the GDA information required by USAID's Annual Report Guidance. Additionally, although the Mission did report GDA data directly to the GDA Secretariat's database as required, some of this information was found to be inaccurate when compared to source documentation.

Required GDA Information Should Be Included in the Annual Report

Summary: USAID/Nigeria's FY 2004 Annual Report did not include 6 out of 15 GDA-related elements required by the *FY 2004 Annual Report Guidance*. At the time of preparing the Annual Report, the Mission did not have procedures in place to ensure that all required information was included. As a result USAID/Washington only had partial information describing USAID/Nigeria's experience with GDAs. Since then, USAID/Nigeria has developed a mission order requiring the verification of information included in annual reports.

The annual report is the Agency's principal tool for assessing program performance on a yearly basis and for communicating performance information to higher management levels and external audiences such as Congress and the Office of Management and Budget. Automated Directives System (ADS) 203.3.8 contains policies related to preparing the Annual Report, and the Bureau for Policy and Program Coordination (PPC) provides additional guidance. In addition to providing in-depth instructions for

³ USAID's 2004 Annual Report reports performance information for fiscal year 2003.

completing each section of the report, the PPC guidance for the FY 2004 Annual Report also requires missions to include information on 15 elements related to GDA activities.

USAID/Nigeria's FY 2004 Annual Report did not include all of the required information on the Mission's GDAs. During FY 2003, the Mission established two GDAs that should have been discussed in the FY 2004 Annual Report: the Abuja Safe Blood Demonstration Project and the Cassava Enterprise Development Project (CEDP). Though the CEDP GDA was discussed in various sections of the Annual Report, the Abuja Safe Blood Demonstration Project GDA was not mentioned at all. The following chart describes the missing elements in more detail.

**GDA-Required Elements Not Addressed in
USAID/Nigeria's Fiscal Year 2004 Annual Report**

| Required Element | GDA Information Not Included in FY 2004 Annual Report |
|---|--|
| The SO narrative should discuss any GDAs the mission is currently participating in as a partner. | Safe Blood GDA is not mentioned. |
| The SO narrative should identify the key partners participating in the alliance. | Safe Blood GDA partners are not mentioned. |
| The report should identify those resources that are planned for public-private alliances. The report should explain the mission's plans for developing public-private alliances and the impact on the budget request. | Mission resources for Safe Blood GDA were not identified. Mission resources for CEDP GDA were not identified, although total (mission and partner) resources were identified. |
| The report should explain how leveraged resources will be brought to the alliance. | Leveraged resources for Safe Blood GDA were not identified. |
| The report should explain how effectiveness will be monitored and evaluated. | Monitoring and evaluation plans for Safe Blood GDA were not described. Monitoring and evaluation plans for CEDP GDA were not described. |
| The report should indicate the cash value of any in-kind contributions. | In-kind contributions for Safe Blood GDA were not indicated. In-kind contributions for CEDP GDA were not indicated. |

The required GDA information was not included in the Annual Report because procedures were not in place at the time to cross-check and verify that all required information was included in the report. Without complete GDA information in the Annual Report, USAID/Washington will not have the information needed to fully evaluate the successes and challenges of using GDAs in Nigeria.

Since the submission of the FY 2004 Annual Report, USAID/Nigeria has developed a mission order regarding annual report preparation. *Mission Order 200-10 Procedures for Preparation of Mission Annual Report* establishes procedures for SO teams and support teams to verify that all required information is included in the annual report. This mission order will better ensure that required information such as that omitted in the FY 2004 Annual Report will be included in the future. We believe this order addresses the finding; therefore, we are not making any recommendation.

Reporting Template Information Needs to Be Accurate

Summary: For each of the five GDAs, four data items included in the reporting templates were tested for accuracy. Of the 20 data items, 11 discrepancies were found, and each GDA had a least one discrepancy. These discrepancies occurred because reported data were not reviewed and then cross-checked against source documents, a practice recommended in USAID guidance to easily avoid such errors. Without such procedures in place, USAID/Nigeria cannot be fully assured that correct information has been reported to USAID/Washington.

Missions are required to report the status of their GDAs to the GDA Secretariat using standardized templates, and USAID/Nigeria did submit information on its five GDAs using the templates. For each of the five GDAs, original source documentation⁴ was examined and compared to the reporting template for the following four specific data items:

1. total USAID funding;
2. total partner cash contributions
3. total partner in-kind contributions; and
4. grant/contract awarded (yes/no).

As shown in the following table, we found 11 discrepancies between data in the reporting templates and the original source documentation.

**Discrepancies Between Data in the Reporting
Templates and the Original Source Documentation**

| Data Items Tested | Number of GDAs with Incorrect Data in Template |
|-------------------------------------|--|
| Total USAID funding | 0 out of 5 |
| Total partner cash contributions | 2 out of 5 |
| Total partner in-kind contributions | 4 out of 5 |
| Grant/contract awarded (yes/no) | 5 out of 5 |
| Total | 11 out of 20 |

Although the total USAID funding was reported correctly in the reporting templates for all five GDAs, the total partner cash contributions were incorrectly reported for two of the

⁴ Source documentation includes cooperative agreements, project proposals, and memorandums of understanding.

five GDAs. For example, the Cassava Competitiveness Program source documentation showed total partner cash contributions as \$700,000 while the reporting template inappropriately allocated \$350,000 to total partner cash contributions and \$350,000 to total partner in-kind contributions.

In four of the five GDAs, the total partner in-kind contributions data were incorrectly reported in the template. For example, the Cassava Enterprise Development Project source documentation showed one partner's in-kind contributions as \$798,500, but the reporting template showed no partner in-kind contributions.

The data item of whether or not a grant or contract had been awarded was incorrectly reported in the template for all five GDAs. For example, the cooperative agreements for three of the GDAs (the Cassava Competitiveness Program, the Crop/Livestock Competitiveness Production and the Alliance for Information Technology) were not signed until December 2003, yet the reporting template for the end of September 2003 showed the agreements had already been signed. Conversely, agreements for the remaining two GDAs (the Cassava Enterprise Development Project and the Abuja Safe Blood Demonstration Project) had been signed by September 2003 but this was not reflected in the reporting template for the end of September 2003.

ADS 203.3.5.1 Data Quality Standards states that data must be valid, precise, reliable, and timely. USAID guidance contained in TIPS Number 12 states that transcription errors and other discrepancies can be easily avoided by careful cross-checking of the data to the source document. To further ensure accuracy of data, it would be prudent to recalculate mathematical calculations used in reporting program results.

The discrepancies occurred in the reporting templates because the Mission did not have procedures in place to verify and cross-check data entered into the templates with source documents. SO teams submitted documentation to the Program Officer for entry into the templates, but the teams did not later verify the template entries.

As a result, the GDA Secretariat and USAID management in Washington did not have correct information to use when making management decisions. In addition, this inaccurate information is reported to Congress and the public under USAID's GDA business model.

In order to address the inaccuracies of reporting GDA activities, we are making the following recommendation:

Recommendation No. 1: We recommend that USAID/Nigeria develop procedures and assign responsibility to cross-check and verify Global Development Alliance information entered in the reporting templates before submitting it to the Global Development Alliance Secretariat.

Did selected USAID/Nigeria GDAs achieve their intended results?

Three of USAID/Nigeria's GDAs were underway and making progress towards achieving their intended results. The fourth had experienced delays and had just begun

preliminary start-up activities. Although the partners in the fourth GDA reported some progress towards the goals in the agreement, the project's indicators and targets could be improved and a project implementation plan needed to be developed.

The cooperative agreement for the fifth alliance was signed in December 2003, but activities had not yet begun, so we could not assess the progress being made towards achieving intended results.⁵

Quarterly reports submitted to USAID/Nigeria by the three fully operational alliances—the Cassava Competitiveness Program, the Crop/Livestock Competitiveness Production, and the Cassava Enterprise Development Project—indicated progress being made towards intended results. Our review of supporting documentation for the reported results confirmed progress towards achieving agreed-upon targets.

Cassava Competitiveness Program – The cooperative agreement had four performance indicators to measure the progress of the GDA.

1. 200 farmers receive access to improved inputs, credit, technologies, and market information.
2. Farmer associations linked to five additional marketing outlets for sale of cassava products.
3. Participating farmers increase cassava productivity by 50 percent and increase income by 25 percent.
4. Cassava producers, processors and trader associations established/strengthened in project sites.

The implementing partner, New Nigeria Foundation (NNF), reported progress on three of the four indicators and partner documentation supported these results. For example, in the July to September 2004 period quarterly report, NNF demonstrated progress being made towards the first performance indicator. The report stated that over 200 farmers mobilized for the project in six different sites. NNF had also facilitated meetings between farmers and processors, as well as between processors and fabricators. NNF was able to provide supporting documentation in the form of attendance lists of farmers who had attended meetings regarding the project; as of December 7, 2004, 401 farmers had met. Documentation was also provided to support progress being made towards the second and fourth indicators. We believe the implementing partner is on track for meeting these results.

The quarterly report did not include results for the third indicator. Given that the project is in its first year of activities and the achievement of that indicator is to be evaluated at the end of the second year, it is reasonable that no results were reported.

Crop/Livestock Competitiveness Production – The cooperative agreement lists four performance indicators to measure the progress of this GDA.

⁵ The US Embassy recently established an Information Technology Center in the same area targeted by the Alliance for Information Technology in Bauchi State GDA. Therefore, the cooperative agreement required a study to be conducted to determine the feasibility of establishing another center. USAID/Nigeria was reviewing a draft of the study at the time of our audit.

1. 200 herders receive access to improved inputs, credit, technologies, and market information.
2. Farmer associations linked to two additional marketing outlets for sale of livestock products.
3. Participating farmers increase maize and groundnut productivity by 50 percent.
4. Livestock and feed producers, processors and trader associations established/strengthened in project sites.

The implementing partner NNF reported progress on three of the four indicators and partner documentation supported this. For example, in the July to September 2004 period quarterly report, NNF demonstrated progress being made towards the first performance indicator reporting that over 100 herders were already mobilized for the project in six different sites. The local government had produced a report confirming this number. Documentation was also provided to support progress being made towards the second and fourth indicators. We believe the implementing partner is on track for meeting these results.

The quarterly report did not include results for the third indicator. Given that the project is in its first year of activities and the achievement of that indicator is to be evaluated at the end of the second year, it is reasonable that no results were reported.

Cassava Enterprise Development Project (CEDP) – The cooperative agreement lists eight performance indicators for the first two years of the project.

1. Three improved and adapted Cassava Mosaic Disease resistant varieties identified by farmers per state and widespread adoption.
2. 10 to 20 high yielding and adapted cultivars identified and made available for participatory evaluation on-station and on-farm
3. 1000 extension agents and NGO staff trained in rapid multiplication techniques.
4. Three improved production and Integrated Pest Management technologies identified in project states.
5. 100,000 farm families cultivating improved varieties.
6. 300 processing enterprises established.
7. 2,200,000 tons of quality cassava products sold.
8. Two billion naira revenue generated from cassava sales.

The implementing partner, International Institute of Tropical Agriculture (IITA), reported progress on five of the eight indicators and partner documentation supported the results. For example, in the July to September 2004 period quarterly report, IITA demonstrated progress being made towards the sixth performance indicator: it announced the opening of a fufu production factory in Umuekechi, run by a women's cooperative and to be replicated in other communities within the 11 CEDP states. Additionally, IITA reported having trained 28 extension officers from all of the major cassava-growing states in rapid multiplication techniques and cassava varietal identification, demonstrating progress towards the third indicator. IITA provided a list of participants who attended the training and attendance lists showing approximately 30 more extension officers who had been trained since the quarterly report was issued. Documentation was also provided to support progress being made towards the first, second and fourth indicators. We believe the implementing partner is on track for meeting these results.

The quarterly report did not include results for the fifth, seventh, and eighth indicators. Given that the project is in its first year of activities and that the achievement of these indicators is to be evaluated at the end of the second year, it is reasonable that no results were reported.



Photo taken December 6, 2004 showing women from the women's cooperative processing cassava at the fufu factory in Umuekechi, Nigeria.

Abuja Safe Blood Demonstration Project – Although the agreement was signed in September 2003, at the time of our audit this GDA was not yet fully underway. A delay in implementation occurred because a key partner, the Nigeria Federal Ministry of Health, did not provide a building as originally agreed upon in the cooperative agreement. In February 2004, the project rented a building in order to move forward with its activities. At the time of our site visit, the offices had been set up, the laboratory was in the process of being arranged, and staff were receiving training in the use of the equipment. According to the Medical Director, the project is expected to become fully operational in early 2005.



Photo taken December 9, 2004 at the Blood Donor Center for the Abuja Safe Blood Demonstration Project in Abuja, Nigeria.



Photo taken December 9, 2004 showing medical laboratory scientists in training at the Abuja Safe Blood Demonstration Project, Abuja, Nigeria.

The cooperative agreement states four goals to measure the progress of this GDA.

1. Organize, staff, and manage a blood donor center that will collect, test, store, and distribute approximately 12,500 to 18,000 units of blood a year providing about 25 percent to 30 percent of the blood demand of Abuja.
2. Develop the economies of scale for a modular blood transfusion system.
3. Develop the operating protocols with staffing, training, and management systems as indicated above.
4. Distribute 200,000 “rapid test strips” to hospitals outside the serving area of the Abuja Center for field testing of blood for HIV, where little or no testing exists today.

Despite the delays, the implementing partner, Safe Blood for Africa Foundation, reported activities had begun related to the first goal and partner documentation supported the results. For example, in the October 2003 to December 2004 period report, Safe Blood stated that the project held an organized promotional event where they obtained 10 units of blood from volunteers. The partner presented pictures of the event and we observed the 10 units of blood during the site visit.

However, in reviewing the partner and USAID documentation for this alliance, we noted that improvements were needed related to the remaining three goals in the cooperative agreement and that an implementation plan for the project needs to be established.

Specific Indicators, Targets and Implementation Plans Need to Be Established

Summary: Specific indicators, targets and implementation plans have not yet been established for the Abuja Safe Blood Demonstration Project as required by USAID guidance because of a lack of adequate attention by SO management. Without specific information to be reported, the Mission cannot fully monitor the project to be assured that it is working towards its intended results.

Although the first goal for this GDA is specific and measurable, the remaining three are not. For example, the second goal is too general, lacks sufficient definition, and gives no indication as to how it will be measured or achieved. Similarly, the third goal does not include targets against which progress can be measured. For example, Safe Blood reported that they trained 132 medical staff but the goal does not define specific targets such as the type of training, number of people trained, and the timeframe in which to measure the activities. Although the fourth goal does establish a measurable target for the distribution of rapid test strips and the partner reported that 20,500 rapid test strips were distributed, it is uncertain if this distribution number is to be achieved annually or over the life of the project. In addition, annual project implementation plans have not yet been developed. These plans would cover all of the planned activities and expected achievement dates for the four goals.

USAID has developed various guidance regarding indicators and targets. The GDA Secretariat’s *Tools for Alliance Builders* requires that realistic, time-certain and measurable criteria by which to gauge and later evaluate progress should be set. *ADS 203 – Assessing and Learning* provides information as to criteria to be used when selecting performance indicators. ADS 203.3.4.2 lists seven criteria of performance

indicators: to be direct, objective, useful for management, practical, attributable to USAID efforts, timely, and adequate. According to ADS 203.3.4.5, a performance target is the specific, planned level of result to be achieved within an explicit timeframe. In addition to ADS, *TIPS 8, Establishing Performance Targets* states that operating units should establish a performance target for each performance indicator it selects for its strategic objectives and intermediate results. *TIPS 6, Selecting Performance Indicators*, gives seven criteria for assessing performance indicators. Also, *TIPS 11, The Role of Evaluation in USAID*, states that performance monitoring is an ongoing, routine effort requiring data-gathering, analysis, and reporting on results at periodic intervals. Finally, the cooperative agreement states that detailed implementation plans are to be submitted annually and that they should at a minimum, include planned activities and goals to be undertaken and accomplished, including time lines and resource allocations.

The failure to establish performance indicators, targets, and annual implementation plans was due to lack of sufficient management attention by the SO team. The current HIV/AIDS SO team leader indicated that over the past year the team had been understaffed to handle the growing workload of other HIV/AIDS programs. These programs were often a higher priority and, as a result, lower priority was placed on the delayed start-up phase of the alliance.

Without specific performance indicators, targets, and implementation plans, the Mission cannot fully monitor the project to ensure that the project is working towards its intended results. Accordingly, we are making the following recommendation:

Recommendation No. 2: We recommend that USAID/Nigeria, in conjunction with the implementing partner Safe Blood for Africa Foundation, develop and document specific indicators, targets, and annual implementation plans for the Abuja Safe Blood Demonstration Project Global Development Alliance.

EVALUATION OF MANAGEMENT COMMENTS

In response to the draft report, USAID/Nigeria expressed its commitment to utilizing alliances and partnerships, reporting accurately and completely and working with partners to assure results are achieved. The Mission is in the process of developing a comprehensive Global Development Alliance strategy that will guide the development, implementation, management and performance monitoring of those activities. Within the Mission, a Global Development Alliance Coordinator has been appointed, and a Performance Monitoring Specialist has been recruited to work with the Strategic Objective teams and implementing partners to address results monitoring and reporting issues.

Regarding the recommendations, USAID/Nigeria concurred with all of the findings and the two recommendations in the draft audit report. Based on appropriate actions taken by the Mission, management decisions have been made on the recommendations and both recommendations are considered closed upon issuance of this report.

Recommendation No. 1 recommends that USAID/Nigeria develop procedures and assign responsibility to cross-check and verify Global Development Alliance information entered in the reporting templates before submitting it to the Global Development Alliance Secretariat. The Mission agreed with this recommendation, and on March 15, 2005 issued Mission Order 100-15 *Procedures for Verification of Reporting on USAID/Nigeria Global Development Alliances*. This Mission Order describes the responsibilities and procedures for verifying and cross-checking information that is reported to the GDA Secretariat as well as in the Mission's Annual Report.

Recommendation No. 2 recommends that USAID/Nigeria, in conjunction with the implementing partner Safe Blood for Africa Foundation, develop and document specific indicators, targets, and annual implementation plans for the Abuja Safe Blood Demonstration Project Global Development Alliance. The Mission agreed with this recommendation to more clearly articulate objectives, results, and performance measures, and to develop implementation plans. On January 7, 2005, the Safe Blood for Africa Foundation submitted an annual progress report, an implementation plan for fiscal year 2005 and draft indicators for the program. Mission representatives reviewed these submissions and met with the partner's senior staff on March 11, 2005 to finalize the results framework and performance management plan.

Management's Comments are included in their entirety (without attachments) in Appendix II.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Dakar conducted this audit in accordance with generally accepted government auditing standards. This audit was one of a series of worldwide audits being led by the Performance Audit Division in Washington. The purpose of the audit was to answer the following three questions:

1. Did USAID/Nigeria consider utilizing Global Development Alliances (GDAs) in planning its activities?
2. Did USAID/Nigeria report its GDAs accurately and completely?
3. Did selected USAID/Nigeria GDAs achieve their intended results?

To answer audit objective one, the scope included the Mission's country strategic plan for fiscal year (FY) 2004 to 2009 and alliances either planned or implemented during FY 2003 and FY 2004. To answer audit objectives two and three, the audit universe included five Mission-managed GDAs reported to USAID/Washington for FY 2003 and FY 2004. To answer audit objective three, we were only able to assess progress towards achieving intended results for the three fully operational GDAs.

In planning and performing the audit, we assessed the effectiveness of internal controls related to GDAs. We identified pertinent internal controls as (1) maintaining readily available documentation related to the required elements of a GDA, (2) maintaining documentation for GDA-related amounts reported to the GDA Secretariat, (3) maintaining documentation for GDA-related data reported through the annual reporting system, and (4) the Mission's annual self-assessment of internal controls through its annual Federal Managers Financial Integrity Act review. Relevant criteria included Automated Directives System sections 200 through 203, the GDA Secretariat's *Tools for Alliance Builders, A Practical Framework: Ten Steps for Analyzing and Integrating Public-Private Alliances into USAID Strategic Planning*, and the Government Accountability Office's *Standards for Internal Control in the Federal Government*. *TIPS 6, 7, 8, 11, 12, and 13* also provide guidance regarding performance indicators, targets, monitoring, and evaluation.

For FY 2003, USAID/Nigeria reported five GDAs, representing USAID funding of approximately \$7.4 million and leveraged partner contributions of approximately \$32 million. USAID/Nigeria's GDAs represented 3.6 percent of the total 140 alliances reported by USAID in FY 2003, as well as 2.7 percent of total USAID GDA funding and 2.7 percent of total partner leveraging contributions.

This report summarizes the results of our audit work. Fieldwork for this audit was conducted at USAID/Nigeria in Abuja and at various GDA project and partner locations in Abuja as well as the Niger Delta region from November 29, 2004 to December 10, 2004.

Methodology

To answer audit objective one, we reviewed the Mission's fiscal year 2004-2009 country strategic plan, interviewed strategic objective team leaders, and reviewed pertinent

documentation. To answer audit objective two, we reviewed the Mission's FY 2003 GDA Secretariat reporting templates and the FY 2004 Annual Report, reviewed supporting documentation, interviewed responsible Mission officials, and reviewed supplementary documents from alliance partners. To answer audit objective three, we reviewed funding documents, progress reports, and various other partner documents. We also conducted site visits to observe alliance operations and interviewed Mission officials and implementing partners.

We did not determine materiality thresholds for any of the three audit objectives.



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FROM THE AMERICAN PEOPLE

DATE: March 14, 2005

FOR: Lee Jewell III, RIG/Dakar

FROM: Dawn Liberi, USAID/Nigeria Mission Director /s/

SUBJECT: Mission Comments on Draft Report on Audit of USAID/Nigeria's Global Development Alliances

I am pleased to have the opportunity to provide comments on the Regional Inspector General's recent audit of USAID/Nigeria's Global Development Alliances (GDAs). We would like to commend the RIG staff for their thorough assessment of our Alliance activities and the useful observations they have made. USAID/Nigeria is committed to utilizing alliances and partnerships across the portfolio; reporting accurately and completely on its GDAs; and working with partners to ensure that results are achieved. We welcome the opportunity to learn from the audit report, and to implement measures that will ensure that these GDA objectives are achieved.

USAID/Nigeria prides itself on its success in establishing new partnerships, including Global Development Alliances. Partnership is a cross-cutting theme of the Country Strategic Plan 2004-2009 and is addressed by every strategic objective. Over the past three years the Mission has leveraged over \$100 million in total contributions, of which \$30 million is from the private sector, to help achieve priority development objectives in Nigeria. Our partners include major international petroleum businesses, the Nigerian private sector, foundations, other donors, and Nigerian government at all levels. We are presently developing a comprehensive GDA strategy that will guide development, implementation, management and performance monitoring of our GDA and partnership activities. The strategy places a premium on effective management and performance reporting, which is a challenge given the dearth of reliable, good-quality data in the Nigerian environment. USAID/Nigeria's GDAs are also very young, and our implementing partners are new to the requirements of performance management. The Mission has taken proactive steps to address these constraints, including the appointment of a GDA Coordinator with extensive monitoring and evaluation experience, putting in place an umbrella monitoring and evaluation contract, and recruitment of an FSN Performance Monitoring Specialist to work with SO teams and implementing partners to address results monitoring and reporting issues.

Recommendation No. 1

We agree with the recommendation that USAID/Nigeria develop procedures and assign responsibilities to cross-check and verify GDA information entered in the reporting templates before submitting the templates to the GDA Secretariat. To this end, we have developed a Mission Order, attached to this memo as Annex I, that addresses reporting requirements not only for the GDA Secretariat but for the Annual Report as well. We are confident that the procedures outlined in the Mission Order will eliminate erroneous and inconsistent reporting and ensure that the content of the templates and the Annual Report is complete and matches the information contained in source documents. The outlined procedures have already been put in place to correct inconsistencies between templates and source documents and the corrected templates will shortly be submitted to the GDA Secretariat.

Recommendation No. 2

We agree with the recommendation that USAID/Nigeria work with the implementing partners of the Abuja Safe Blood Demonstration Project Global Development Alliance to more clearly articulate objectives, results and performance measures for their activities, and to develop implementation plans. The Safe Blood for Africa Foundation submitted an annual progress report, FY 2005 implementation plan, and draft indicators to the CTO on January 7, 2005, and a quarterly report on January 21, 2005. Mission representatives reviewed these submissions and met with senior Safe Blood program staff on March 11, 2005, to finalize the project results framework and performance management plan (attached as Annex II).

The Mission welcomes any additional comments RIG/Dakar may have on our Mission Order. USAID/Nigeria believes that the issuance of the Mission Order addresses the first of the recommendations contained in the audit report, and that the Abuja Safe Blood Demonstration Project GDA results framework, performance management plan, and implementation plan address the second recommendation, and trust that both of these audit recommendations will be closed.

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