



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/HAITI'S SOCIAL MARKETING PROJECT

AUDIT REPORT NO. 1-521-12-001-P
OCTOBER 13, 2011

SAN SALVADOR, EL SALVADOR



Office of Inspector General

October 13, 2011

MEMORANDUM

TO: USAID/Haiti, Mission Director, Carleene Dei

FROM: Regional Inspector General/San Salvador, Jon Chasson /s/

SUBJECT: Audit of USAID/Haiti's Social Marketing Project
(Report Number 1-521-12-001-P)

This memorandum transmits our final report on the subject audit. In finalizing the report, we carefully considered your comments on the draft and have included the comments in their entirety in Appendix II.

The report includes seven recommendations. On the basis of actions proposed by the mission, we determined that management decisions have been reached on all recommendations. Please provide the Audit Performance and Compliance Division in the USAID Office of the Chief Financial Officer with the necessary documentation to achieve final action.

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

CONTENTS

Summary of Results	1
Audit Findings	4
Delays in Project Activities Reduced Project Effectiveness	4
Subcontractor Training Data Did Not Meet Data Quality Standards	5
Contractor Lacked Adequate Sales Data to Support Decisions on Marketing Strategy	6
Contractor Lacked a Robust Monitoring and Evaluation Process.....	8
Evaluation of Management Comments	10
Appendix I – Scope and Methodology	12
Appendix II – Management Comments	13

Abbreviations

The following abbreviations appear in this report:

ADS	Automated Directives System
CA/POZ	Christian AID/ Fondation des Promoteurs Objectif Zéro Sida
FOSREF	Fondation pour la Santé Reproductive et l'Education Familiale
ORS	oral rehydration salts
PDA	personal digital assistant
PSI	Population Services International
TraC	Tracking Results Continuously

SUMMARY OF RESULTS

Social marketing is the use of commercial marketing and sales concepts and techniques that have been adapted to promote social goals. It seeks to make health-related information, products, and services easily available and affordable, especially to low-income populations, while promoting the adoption of healthier behavior.

Population Services International (PSI) has extensive experience with social marketing, and for decades, it has been USAID/Haiti's primary implementer of social marketing activities. In April 2009, USAID/Haiti awarded PSI a 3-year, \$13.5 million, cost-plus-fixed-fee completion contract to implement a social marketing project called PROMARK. The purpose of the contract is to promote healthy behaviors through communications, product promotion, and product sales strategies. The intent of the activities outlined in the contract is to emphasize HIV/AIDS prevention, increase and support continued use of family planning for spacing and limiting births, and improve the status of maternal and infant/child health. For example, the contract requires PSI to:

- Promote correct and consistent condom use as a way to reduce the risk of HIV infection for those who engage in risky sexual behaviors, focusing on both married and unmarried youth, and those in rural communities.
- Increase the number of people who are able to correctly identify a childhood diarrheal episode, provide their child with oral rehydration salts (ORS), and correctly use ORS.
- Increase the number of people who understand the need for clean water, how to treat contaminated water, and know where to find a water treatment system.

As of March 31, 2011, USAID/Haiti had obligated and disbursed approximately \$8.9 million and \$8.1 million, respectively, for the project.

The Office of Inspector General conducted this audit to determine whether USAID/Haiti's social marketing efforts were achieving their primary goals of (1) increasing access to, availability of, and continuing use of selected health products and services and (2) expanding the existing U.S. Government-supported Social Marketing Project in Haiti.

The audit determined that USAID/Haiti's PROMARK Social Marketing Project has somewhat expanded social marketing in Haiti and in certain areas has improved access to, availability of, and continuing use of some health products. For example, through its local subcontractors, PSI has expanded its social networking outreach activities across Haiti's ten departments (administrative divisions akin to states). By establishing field offices and recruiting field coordinators, PSI established a presence of volunteer and paid peer group trainers ready to deliver messages on behavior change and improved health practices. Through its sales agents working in each department, PSI aggressively established sales points for its products, especially in the larger cities.

However, after 2 years of implementation, the project has not advanced as far as USAID anticipated in key areas. These results are disappointing, considering that PSI has a long-standing presence in Haiti and extensive experience in social marketing.

PSI launched its first condom social marketing project in 1989 to increase access to condoms and provide HIV prevention information to low-income, high-risk populations. Since 1996, PSI has socially marketed female condoms, primarily targeting sex workers. In its PROMARK proposal, PSI explained how it had expanded its national condom social marketing network to reach Haitians across the country through such outlets as pharmacies and health centers, as well as nontraditional sales outlets including kiosks, markets, street vendors, bars, hotels, and community-based organizations. Given PSI's prior experience, USAID/Haiti expected the new social marketing project to demonstrate significant progress during the first year of the contract.

However, despite PSI's efforts to make social marketing products easily available and affordable to the target populations, this audit noted the following problems:

- Delays in project activities reduced project effectiveness. USAID's contract with PSI envisioned an integrated education, outreach, and training program to achieve the desired outcomes. However, as of March 2011, delays in these activities had reduced the effectiveness and strength of the training and its messages (page 4).
- Subcontractor training data did not meet data quality standards. PSI's subcontractor training data do not fully meet the data quality standards as defined by USAID's Automated Directives System (ADS). As a result, PSI's resources are spent more on monitoring the accuracy of the output data than on analyzing the data to make strategic decisions on how to improve or optimize subcontractor efforts (page 5).
- PSI lacked adequate sales data to support decisions on marketing strategy. PSI did not implement procedures for tracking the results of its distribution system, and its plans to use technology to increase cost efficiencies in its distribution system have yet to materialize (page 6).
- PSI lacked a robust monitoring and evaluation process. As a result, PSI has not met the terms of its contract regarding generating strategic information for decision making, analysis, and programming (page 8).

To help the mission improve the efficiency and effectiveness of PROMARK, this report recommends that USAID/Haiti:

1. Require PSI to determine the quantity of training material that it anticipates it will need for the last year of the contract, and fulfill the need with the educational material in stock or place orders to print new materials (page 4).
2. Require PSI to deliver a marketing and communication plan for HIV, as well as the promised radio soap opera (page 5).
3. Require PSI to establish consistent definitions that its subcontractors should use to track and report training and outreach data (page 6).
4. Require PSI to develop and utilize data collection tools that will provide consistent and accurate sales data (page 8).

5. Request PSI to collect data on sales and marketing activities as stipulated in the contract and use the data to develop a distribution strategy to achieve the program's sales targets, particularly in rural areas (page 8).
6. Require PSI to evaluate whether its current sales strategies are increasing sales to populations in rural areas as intended (page 8).
7. Require PSI to develop a monitoring and evaluation process that can assess the impact of its interventions to date and allow PSI and USAID/Haiti to identify program gaps and areas where interventions are not achieving their intended outcome (page 9).

Detailed findings follow. The evaluation of management comments begins on page 10. Appendix I describes the audit's scope and methodology. The full text of the management comments appears in Appendix II.

AUDIT FINDINGS

Delays in Project Activities Reduced Project Effectiveness

USAID's contract with PSI envisioned an integrated education, outreach, and training program to achieve the desired outcomes. However, as of March 2011, PSI had not completed many of the key elements of the implementation strategy, including the following:

- PSI planned to develop an evidence-based marketing/communications plan for HIV. However, PSI has been behind schedule in completing this plan since the beginning of the project; even though the plan was supposed to be completed by December 2009, PSI was still working on it as of June 2011. PSI officials stated that the January 2010 earthquake delayed the completion of this activity. As of March 2011, PSI was still developing and planning to pretest new packaging for its Pante brand of condoms in line with the marketing plan and positioning strategy to give the brand a more modern look.
- As part of its technical proposal and first year work plan, PSI intended to work with creative writers to script an ongoing radio soap opera that weaves into its storyline multiple situations and messages relevant to HIV/AIDS. The thinking was that the soap opera would be an effective and entertaining way to attract mass numbers of the intended target group. PSI's schedule was to develop the soap opera by January 2010 and launch in February 2010. According to PSI officials, the reason for the delay is that PSI has not been satisfied with the quality of the scripts submitted.
- Project trainers deployed to rural communities are not equipped with adequate training material. During the audit, site visits were made to four of ten departments. PSI field coordinators, who are responsible for supervising PSI subcontractor activities, and peer educators trained to conduct the outreach activities all commented that there is insufficient printed material to complement what they are saying during their training sessions. PSI's subcontractors have communicated this shortage of training material to PSI. According to PSI officials, USAID/Haiti is responsible for printing the training material. USAID/Haiti officials agreed that the mission is responsible for printing the material, but the officials stated that PSI should first utilize previously printed material available. At the time of this audit, PSI had not picked up and distributed the existing training material.

Failure to implement these planned activities has reduced the project's overall effectiveness. Delays in these activities have (1) reduced the effectiveness of the training given thus far by PSI's subcontractors and (2) precluded further strengthening of the training messages through the radio soap opera. Furthermore, without material to aid in the training, the effectiveness of training sessions is limited. With approximately 1 year remaining on the contract, it is imperative that USAID/Haiti take appropriate actions to improve in these areas. Accordingly, this audit makes the following recommendations.

Recommendation 1. We recommend that USAID/Haiti require Population Services International to identify the quantity of training material that it anticipates it will need for the last year of the contract, and either fulfill these needs with the available educational material in stock or place orders to print new materials.

Recommendation 2. We recommend that USAID/Haiti require Population Services International to commit and follow through with the delivery of a marketing and communication plan for HIV, as well as the promised radio soap opera.

Subcontractor Training Data Did Not Meet the Data Quality Standards

ADS Chapter 203.3.5.1 addresses data quality standards, including standards for validity and reliability. To be considered valid, data should clearly and adequately represent the intended result. ADS states that while proxy data may be used, the assistance objective team must consider how well the data measure the intended result. In addition, to meet the data quality standard for reliability, data should reflect stable and consistent data collection processes and analysis methods over time. The key issue is whether different analysts would come to the same conclusions if the data collection and analysis processes were repeated.

However, the training data collected and reported to USAID/Haiti regarding the number of people reached through outreach on HIV, family planning, and child survival topics do not in all respects meet data quality standards for validity and reliability.

The outreach efforts of PSI's subcontractors—Fondation pour la Santé Reproductive et l'Education Familiale (FOSREF) and Christian AID/Fondation des Promoteurs Objectif Zéro Sida (CA/POZ)—represent the majority of the total training results reported by PSI, as shown in Table 1.

Table 1. Training Results by Subcontractor (unaudited)

Element	Subcontractor		Total Reported by FOSREF and CA/POZ	Total PROMARK Results	Subcontractor Percentage of Total
	FOSREF	CA/POZ			
HIV/AIDS	82,474	66,432	148,906	194,997	76
Family planning	78,045	49,460	127,505	174,476	73
<i>Child survival</i>	96,197	100,732	196,929	226,496	87

Audit interviews and direct observations of data collection and reporting by subcontractors indicated that the reported results do not represent the results accurately and adequately because one subcontractor is counting the same individuals multiple times. Furthermore, the subcontractors do not have a data collection process that ensures that the data are consistent and accurate across departments.

In addition, the data collection tools used by the two subcontractors were not consistent. For example, CA/POZ used attendance sheets that categorized the attendees by gender only, whereas FOSREF used attendance sheets that categorized the attendees by gender and age. Furthermore, both CA/POZ and FOSREF manually counted, sorted, and summarized the attendee data from more than 18,000 activities. Manually capturing, tracking, and transferring summary totals from one report to another for this volume of activity leaves a large room for error, regardless of how carefully one attempts to work with the information. The

inconsistencies in data collection between the two subcontractors and the reliance on manual manipulation of the raw source data reduce overall data reliability.

The PSI field coordinators in each department are responsible for verifying that the subcontractors' results are accurate. In addition, PSI sends monitoring and evaluation officials to different departments on a monthly basis to conduct a second verification of the field coordinators' work. These control procedures are in place to mitigate the chance of reporting erroneous data. However, the amount of time that PSI is dedicating to monitoring the accuracy of the counts reduces the time available to analyze the data to make timely strategic decisions regarding how to optimize subcontractor efforts. Therefore, this audit makes the following recommendation.

***Recommendation 3.** We recommend that USAID/Haiti require Population Services International to establish consistent definitions and practices of how its subcontractors are to track and report the activity against the training and outreach indicators.*

Contractor Lacked Adequate Sales Data to Support Decisions on Marketing Strategy

To improve the health of the Haitian people, the PROMARK project seeks to increase access to selected health products and services and to ensure the continued use of these products and services. The contract also places particular emphasis on strengthening the rural supply chain and exploring the development of nontraditional sales networks to serve difficult-to-reach populations. According to the contract, PSI was to use data and information to better target social marketing interventions. USAID further expected PSI to use sales and health impact data to make decisions and develop strategies for the marketing, sales, and distribution of the products to achieve maximum public health impact. The targeted products include male and female condoms, injectable and oral contraceptives, ORS, and household water treatment products.

In its technical proposal, PSI outlined how it planned to use technology to increase cost efficiencies in its distribution system. PSI proposed that its sales force would be supplied with personal digital assistants (PDAs) with built-in global positioning system devices to allow sales agents to store information about each vendor and to monitor sales, orders, stock-outs, and the like. PSI proposed several other monitoring tools and studies that would produce outcome indicators, such as a TraC (Tracking Results Continuously) survey and a mapping survey. TraC is a survey that identifies the determinants of the behavior that PROMARK aims to change so that the project can evaluate its effectiveness regularly and make evidence-based adjustments. The mapping survey is a quantitative tool that measures the coverage and distribution of health products to the target populations. Together, measurements on these outcome indicators would provide feedback on technical effectiveness. However, PSI's plan for tracking the results of its distribution system did not materialize.

PSI Did Not Utilize PDAs to Gather Sales Data. Sales agents did not receive PDAs as planned. Instead, PSI provided its sales agents with a report template to report their monthly sales along with suggestions, comments, and vendor concerns. However, this generic form was not tailored to each sales outlet, and it limited the type of feedback PSI obtained from the field.

As a result, PSI is hindered from making strategic decisions regarding its distribution practices

and cannot monitor product information from vendors as intended.

During audit interviews, sales agents, retailers, and wholesalers revealed that their purchases were not based on forecasts of customer demand. Vendors also stated that they maintained excess supplies of male and female condoms that they were having difficulty selling. At four of the six locations visited during the audit, vendors did not have enough popular products.

PSI Did Not Conduct a Survey on Behavior Change. To measure the effectiveness of its social marketing interventions, PSI's project work plan called for it to conduct a TraC survey of the general population between August and September 2009. However, as of March 2011, 13 months before the end of its contract, PSI had not conducted the TraC survey.

PSI Collected Limited Data on Sales and Pricing. In March 2011, two years into the contract, PSI's sales department designed two detailed surveys to collect pertinent price, product, and distribution information at multiple sales points. Before these surveys were created, data collection tools gathered data only from wholesalers, neglecting the retailers from which consumers acquire products. Therefore, for two-thirds of the implementation period, data collection methods did not allow for adequate assessment of the efficiency of product distribution throughout the supply chain.

Furthermore, to measure demand it is important to capture data on distribution, coverage, consumer knowledge and behavior, the penetration rate of the products, the price elasticity of products, and the consumer's ability to pay. For example, beneficiaries interviewed in four departments provided candid input on their dislikes of the product. In addition, interviews with field coordinators and sales agents in four of the ten departments revealed that wholesalers and retailers were losing sales because of competition with USAID projects that were giving out free generic condoms. However, PSI has not developed a mechanism for consistently obtaining and using this type of consumer information.

As a result of these data collection problems, the project does not have the information needed to make strategic adjustments to achieve its intended sales targets. For example, as of March 2011, PSI's reported results were significantly below its performance management plan targets, as shown in Table 2.

Table 2. Commodity Sales and Percentage of Targeted Sales Achieved (unaudited)

Product	Sales Target Through Sept. 2011	Actual Through March 2011	Percentage Accomplished
Male condom	14,068,802	5,014,080	36
Female condom	350,934	225,930	64
Oral contraceptive	922,500	774,030	84
Injectable contraceptive	558,750	320,418	57
ORS	2,060,000	983,583	48
<i>Safe Water System</i>	232,500	157,304	68

However, because PSI has not implemented its planned collection of sales data, it cannot effectively identify barriers that keep it from improving sales. Significant information about the marketing effort is not being collected and therefore cannot be utilized.

The data are particularly critical to help PSI meet its objectives to expand its sales and distribution networks into rural areas. USAID expected PSI to establish 46 percent of its sales

outlets outside of major urban areas by September 2010. As of July 2010, a PSI internal audit reported that only 10 percent of sales outlets were in rural areas. As of March 2011, PSI reported that it had established 5,608 sales points throughout Haiti; however, because it has not maintained a more robust monitoring and evaluation process, PSI does not have data on the percentage of the 5,608 sales points that are in rural areas. Furthermore, without detailed sales data, PSI cannot determine whether its strategies to expand access to products in rural areas are increasing sales to populations in those areas as intended.

If PSI is not able to gather, analyze, and utilize data on market demand and its target group's product consumption to refine and improve its activities, it will not be able to demonstrate progress toward the project's sales objectives. The sales and distribution strategy will lack strategic focus, and socially marketed products will not reach as many consumers as they could, especially in rural areas. To correct this situation, we make the following recommendations.

Recommendation 4. *We recommend that USAID/Haiti require Population Services International to develop and utilize sales data collection tools that will provide consistent and accurate data.*

Recommendation 5. *We recommend that USAID/Haiti request that Population Services International implement the sales and marketing activity data collection efforts as stipulated in the contract and use the resulting data to develop a sales and distribution strategy to achieve the program's sales targets, particularly in rural areas.*

Recommendation 6. *We recommend that USAID/Haiti require Population Services International to evaluate whether its current sales strategies are increasing sales to populations in rural areas as intended.*

Contractor Lacked a Robust Monitoring and Evaluation Process

PSI proposed to develop an Access database to monitor key project indicators more efficiently and organize data on sales, including location, type of outlet, contact information for sales outlets, and pricing information gathered through PDAs. This system was also supposed to report on results from interventions, such as numbers of people reached through interpersonal communications and promotional activities, number of participants who had completed a set number of peer education modules, and the number of television and radio spots broadcast and the regions in which they were broadcast. PSI also proposed to use this system to track data from community-based organizations and health centers about client exposure to communication messages and subsequent use or nonuse of products. PSI's underlying objective for this system was to generate a quarterly report that would help decision making in between TraC studies.

Furthermore, according to the terms of the contract between USAID/Haiti and PSI, PROMARK should have a robust monitoring and evaluation process, using strategic information for decision making, analysis, and programming. USAID/Haiti expects PSI to analyze the gathered information frequently and improve its activities so that they are results-oriented, producing measurable positive outcomes against the contract objectives.

As of March 31, 2011, PSI had not put into place its proposed system to monitor key project

indicators. PSI's monitoring and evaluation system has largely been collecting data on the indicators that represent PSI's inputs into the project and corresponding outputs. For example, PSI reports the number of training and outreach events and the corresponding outputs, which are the number of individuals who attended the training or who were reached during outreach events. Likewise, PSI's monitoring and evaluation process has focused on collecting data on the number of products sold, but further analysis of the outcome of product sales has yet to be incorporated. Because there is not a consistent, automated approach to compiling the information, PSI spends a great deal of time working with the raw data to summarize and report the information against the indicators.

Moreover, since the start of the contract, PSI has significantly changed the number and type of indicators tracked, further hampering PSI's ability to use the data to make programming decisions. For example, PSI designed its original performance management plan with 36 indicators, of which 21 measured the output of the activities and 15 measured the outcome of the activities. However, by October 2010, PSI had reduced the number to 20 output indicators, composed of 5 new and 15 original indicators. In addition, PSI changed the definitions of the indicators during the first 2 years of the contract. For example, PSI includes an indicator that reports the number of new sales points delivering social marketing products. The definition of this indicator changed from *Number of new sales points delivering social marketing products* to *Number of new wholesalers (pharmaceutical agency and grand commerce) registered for the period*. These different definitions yield two different quantities.

PSI officials are aware that the monitoring and evaluation process has fallen short of its proposed intentions and needs to improve. PSI abandoned its initial plans to use an Access database because it realized that this software did not meet its needs. In March 2010, PSI engaged a local information technology consulting group to develop a management information system to track programmatic and sales activities through an online database tool. However, as of March 2011, this system was still in the testing phase.

Without robust monitoring and evaluation tools that can efficiently organize and monitor key project indicators, PSI's monitoring and evaluation resources focus on ensuring that the activity output data (e.g., number of people trained) are accurate and complete. As a result, PSI has not met the terms of its contract regarding generating strategic information for decision making, analysis, and programming. To address this concern, this audit makes the following recommendation.

Recommendation 7. *We recommend that USAID/Haiti require Population Services International to develop a monitoring and evaluation process that can assess the impact of its interventions to date and allow PSI and USAID/Haiti to identify program gaps and areas where interventions are not achieving their intended outcome.*

EVALUATION OF MANAGEMENT COMMENTS

The USAID/Haiti mission director provided comments in response to the report's findings and recommendations. Our evaluation of the management comments is as follows.

Recommendation 1. *We recommend that USAID/Haiti require Population Services International to identify the quantity of training material that it anticipates it will need for the last year of the contract, and fulfill these needs with the available educational material in stock or place orders to print new materials.*

USAID/Haiti agreed with our recommendation to determine the amount of training material needed in order to have sufficient educational materials for the last year of the PROMARK contract. The mission provided PSI with the material in stock and agreed to produce additional materials for social marketing outreach. In addition, USAID/HAITI developed a strategy to consolidate budgets for education and training materials so that every material request will be coordinated and authorized for production through the mission's health office. Finally, USAID agreed to create a bilateral committee to develop standards and protocols related to material development, evaluation, and implementation. The date for completion of these initiatives is November 1, 2011. Based on the mission's proposed actions, a management decision has been reached on this recommendation.

Recommendation 2. *We recommend that USAID/Haiti require Population Services International to commit and follow through with the delivery of a marketing and communication plan for HIV, as well as the promised radio soap opera.*

USAID/Haiti agreed with Recommendation 2. After the audit, PSI submitted a revised marketing and communication plan for HIV. USAID/Haiti confirmed that the radio soap opera, to be completed by October 1, 2011, will incorporate messaging that reflects the revised plan. On the basis of the mission's proposed actions, we conclude that a management decision has been reached on Recommendation 2.

Recommendation 3. *We recommend that USAID/Haiti require Population Services International to establish consistent definitions and practices of how its subcontractors are to track and report the activity against the training and outreach indicators.*

USAID/Haiti agreed with our recommendation, and on September 15, 2011, PSI submitted to the mission a revised subcontractor monitoring and evaluation framework. The mission stated that revised reporting strategies will be included in subcontractor work plans by December 31, 2011. We therefore conclude that a management decision has been reached on this recommendation.

Recommendation 4. *We recommend that USAID/Haiti require Population Services International to develop and utilize sales data collection tools that will provide consistent and accurate data.*

USAID/Haiti agreed with Recommendation 4 and reported that PSI has developed a revised monitoring plan that includes new sales indicators and an improved data collection process. This revised evidence-base sales strategy, to be submitted to USAID/Haiti on November 15, 2011. Based on these proposed actions, a management decision has been reached on this recommendation.

Recommendation 5. *We recommend that USAID/Haiti request that Population Services International implement the sales and marketing activity data collection efforts as stipulated in the contract and use the resulting data to develop a sales and distribution strategy to achieve the program's sales targets, particularly in rural areas.*

USAID/Haiti agreed with the recommendation and stated that, through implementation of the sales data collection process detailed in the response to Recommendation 4, sales and distribution strategies will be further refined and communications better directed to key populations. According to the mission, PSI will redesign its distribution strategy, create pertinent messaging, and develop specific outreach activities for rural populations. PSI should complete these actions by November 15, 2011. While the mission will need to follow up on these actions to ensure that the sales and distribution strategy achieves the program's sales targets, particularly in rural areas, a management decision has been reached on this recommendation.

Recommendation 6. *We recommend that USAID/Haiti require Population Services International to evaluate whether its current sales strategies are increasing sales to populations in rural areas as intended.*

USAID/Haiti agreed with the recommendation and agreed with the report's observation that current sales strategies did not increase sales in rural areas as proposed. The mission noted that it was working with PSI to improve sales by utilizing mobile outlets during high-traffic market days. Furthermore, according to the mission, increased sales to rural areas will be included in PSI's revised, evidence-base sales strategy, to be submitted to USAID/Haiti on November 15, 2011. While the mission will need to follow up on this matter to determine whether the program achieves its regional sales targets, especially in rural areas, a management decision has been reached on this recommendation.

Recommendation 7. *We recommend that USAID/Haiti require Population Services International to develop a monitoring and evaluation process that can assess the impact of its interventions to date and allow PSI and USAID/Haiti to identify program gaps and areas where interventions are not achieving their intended outcome.*

USAID/Haiti agreed with Recommendation 7 and has worked with PSI to develop a monitoring process to monitor sales accurately, an improved data collection process, and an analytical process that would allow programmatic decisions to be made regarding gaps and areas where interventions are not achieving their intended outcome. PSI submitted the revised monitoring and evaluation framework on September 15, 2011, and USAID/Haiti plans to complete its review of the plan by November 22, 2011. Based on these proposed actions, a management decision has been reached on this recommendation.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/San Salvador conducted this performance audit in accordance with generally accepted government auditing standards.¹ Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objectives. We believe that the evidence obtained provides that reasonable basis. The objective of the audit was to determine whether USAID/Haiti's social marketing efforts were (1) increasing access to and availability and continuing use of selected health products and services and (2) expanding the U.S. Government-supported social marketing program in Haiti. The Regional Inspector General/San Salvador conducted audit fieldwork at USAID/Haiti; at the contractor's offices in Port-au-Prince; and in, Miragoâne, Jacmel, Cap-Haïtien, Fort-Liberté, and Ouanaminthe from May 2 to May 24, 2011.

The audit covered the period from April 15, 2009, through March 31, 2011, and focused on the implementation of PROMARK by PSI and its subcontractors CA/POZ and FOSREF. In planning and performing this audit, we included in the audit scope a review of management controls put in place by USAID/Haiti related to its management of the PSI contract. The management controls identified included the mission's performance management plan and the performance plan and report, the operational plan, and the fiscal year 2010 self-assessment of management controls as required by the Federal Managers' Financial Integrity Act of 1982.² We reviewed the results reported by PSI for fiscal year 2010 and as of March 31, 2011.

Methodology

To determine whether USAID/Haiti appropriately managed the project activities, we met with key USAID/Haiti personnel and contractor officials to document their roles and responsibilities in implementing the project. To gain an understanding of the project's history and status, the audit team reviewed the project assessment, contract, negotiation memorandum, contractor's technical proposal, contract modifications, various internal correspondence, progress reports, operating plans, and financial reports provided by PSI. We also reviewed contractor documentation, including subcontract agreements, various required reports, and contractor financial policies and procedures. In addition, we interviewed USAID/Haiti's contracting officer's technical representative with technical responsibility for the project. Field interviews were held with the contractor field coordinators, wholesalers, retailers, subcontractor peer educators, and project beneficiaries including youth and commercial sex workers.

We also reviewed applicable policies, regulations, and guidelines pertaining to USAID/Haiti's implementation of the project. We visited site locations in four of the ten departments where project activities were being implemented: South, Nippes, North, and Northeast. We judgmentally selected the departments to allow us to observe activities by both subcontractors, CA/POZ and FOSREF.

¹ GAO-07-731G (July 2007 Revision).

² Public Law 97-255, as codified in 31 U.S.C. 3512.

MANAGEMENT COMMENTS



MEMORANDUM

DATE: September 27, 2011

TO: Cathy Trujillo, Regional Inspector General

FROM: Carleene Dei, Mission Director

RE: USAID/Haiti response to the Regional Inspector General recommendations from the audit of the PSI/PROMARK contract #GHH-I-03-07-00062-00

The Regional Inspector General in San Salvador (RIG/San Salvador) recently completed an audit of USAID/Haiti's social marketing activities under the PROMARK project. The objective of this audit was to determine if the project's activities are: (1) increasing access to, availability and continuing use of selected health products and services, and (2) expanding the existing USG supported social marketing program in Haiti. Following completion of the audit, recommendations by the RIG were provided to USAID/Haiti. Detailed below is the USAID/Haiti response to the RIG PROMARK audit recommendations.

Recommendation #1: Require PSI to identify the quantity of training material that it anticipates it will need for the last year of the contract, and either fulfill these needs with the available educational material in stock or place orders to print new materials (page 4).

Management Response: We agree with the recommendation. Since the audit, PSI has submitted its request for Family Planning educational materials for the last year of the contract and USAID fulfilled these needs with available material in stock. Recently, USAID also approved a PSI request to produce additional social marketing outreach materials.

Furthermore, in order to ensure the coordinated and cost-effective distribution of training and education materials moving forward, the USAID/Health Office has developed a strategy to consolidate educational and training material budgets. Material development requests will be coordinated and authorized for production through the Health Office. Implementation of this strategy will facilitate a coordinated communication effort among USAID-supported partners, as well as ensure that all communication strategies and materials reflect Government of Haiti strategies, policies and approaches. This strategy has been vetted with the Ministry of Health (MOH), with concurrence obtained to move forward with implementation of the strategy. To govern this implementation, a steering committee has been created to develop standards and

protocols related to material development, evaluation and implementation. It is envisioned that upon approval of specific materials by the MOH, USAID partners will submit printing requests to their AOTR/COTR for authorization for printing of said materials. Additionally, a “tool repository” is being developed to allow for transparent and improved access to MOH and USG endorsed tools and curricula. Once developed, it is envisioned to merge this online repository into a centralized database being developed by the MOH Planning and Evaluation Unit.

Recommendation #2: Require PSI to commit and follow through with the delivery of a marketing and communication plan for HIV, as well as the promised radio soap opera (page 5).

Management Response: We agree with the recommendation. Since the time of the audit period, PSI has submitted to USAID their updated marketing and communication plan for HIV. The revised plan depicts a more refined evidence-based approach to communications and HIV/AIDS messaging. The radio soap opera will incorporate messaging that reflects the revised strategy.

Recommendation #3: Require PSI to establish consistent definitions of how its subcontractors are to track and report the activity against the training and outreach indicators (page 6).

Management Response: We strongly support this recommendation. Revised guidance to subcontractors related to incorporating training and outreach indicators has been developed by PSI and sent to partners in April 2011. Revised reporting strategies will be incorporated in subcontractor work plans in FY2012 Q1.

Recommendation #4: Require PSI to develop and utilize sales data collection tools that will provide consistent and accurate data (page 8).

Management Response: We agree with the recommendation. We also recognize that with around 2000 sales points (wholesalers and retailers) nationwide, the data collection process for PSI is extremely challenging. As such, the following monitoring plan has been developed by PSI to monitor sales accurately:

USAID/PROMARK collects three types of sales indicators:

- Quantitative Sales Indicators (number of products sold by department, by sales agent, by month and by products or number of promotional activity conducted, etc.)
- Qualitative Sales Indicators collected every quarter during the quarterly sales audit in the sales points. These indicators allow USAID/PROMARK to assess: quality of sales, client satisfaction, products visibility, client's exposure to promotional activities, etc.
- Two other specific indicators are collected: compliance to sale price and surveillance of stock outs.

Data collection process:

- Quantitative data are collected by: sales agents, financial and M&E specialist by using purchase order forms.
- Qualitative data are collected by PSI data collectors on a quarterly basis.
- The MIS manager compiles and analyzes the quantitative data, and the M&E and research team analyzes the qualitative data.

- The programmatic and sales teams receive the data analysis report for decision-making (programmatic, communication, research, sales, etc.) to establish new targets, benchmarks, etc. or to change strategy.

Thus, the sales data analysis process allows USAID/PROMARK to take specific programmatic decisions related to the following:

- Where to intensify the promotional and/or BCC activities;
- Diagnose why there is a low consumption of the socially marketed products;
- Increase product visibility;
- Open sales points where the demand exists;
- Implement activities to promote price compliance (price on packages, promotional materials, etc.); and
- Respond to sales challenges/duplication which allow USAID/PROMARK to re-direct their Behavior Change Communication (BCC) and/or promotional messages (qualitative data) elsewhere.

Recommendation #5: Request PSI to implement the sales and marketing activity data collection efforts as stipulated in the contract and use the resulting data to develop a sales and distribution strategy to achieve the program's sales targets, particularly in rural areas (page 8).

Management Response: We agree and USAID/PROMARK will use the collected data to inform the design of their distribution strategy, create messaging, as well as to inform the development of specific outreach activities. Through implementation of the sales data collection schedule detailed in the response to Question 4 above, sales and distribution strategies will be further refined and communications better directed to key populations.

Recommendation #6: Require PSI to evaluate whether current sales strategies are increasing sales to populations in rural areas as intended (page 8).

Management Response: We agree and we recognize that the current sales strategies did not increase sales in rural areas as expected. To address this, in February 2011 the Health Office and USAID/PROMARK decided to use mobile outlets during market days in the "section communale" in rural areas to improve sales. In addition, USAID/PROMARK has implemented promotional and BCC activities in parallel with initiating the mobile outlets to facilitate improved sales.

Recommendation #7: Require PSI to develop a monitoring and evaluation process that can assess the impact of its interventions to date and allow PSI and USAID/Haiti to identify program gaps and areas where interventions are not achieving their intended outcome (page 9).

Management Response: We agree with the recommendation. We also recognize that with around 2000 sales points (wholesalers and retailers) nationwide, the data collection process for PSI is extremely challenging. To address this, PSI has developed a monitoring scheme to monitor sales accurately, as described in our response to Recommendation #4.

Follow-up Calendar for the USAID/PROMARK Audit

QUESTION	ACTIONS	DATE COMPLETED/PROPOSED DUE DATE
1	Require PSI to identify the quantity of training material that it anticipates it will need for the last year of the contract, and either fulfill these needs with the available educational material in stock or place orders to print new materials	<ul style="list-style-type: none"> • August 10, 2011- PSI request submitted to USAID and approved, current stock used to fulfill request • September 2, 2011- Request to print new materials submitted by PSI and approved by USAID • November 1, 2011- Any additional material needed for remainder of contract will be submitted by PSI
2	Require PSI to commit and follow through with the delivery of a marketing and communication plan for HIV, as well as the promised radio soap opera	<ul style="list-style-type: none"> • August 26, 2011- PSI submitted marketing and communication plan to USAID • October 1, 2011- Radio soap opera to be submitted by PSI
3	Require PSI to establish consistent definitions of how its subcontractors are to track and report the activity against the training and outreach indicators	<ul style="list-style-type: none"> • September 15, 2011- PSI submitted to USAID the subcontractor monitoring and evaluation framework
4	Require PSI to develop and utilize sales data collection tools that will provide consistent and accurate data	<ul style="list-style-type: none"> • February 02, 2011 PSI submitted to USAID their new sales and promotion strategy for 2011-12 and it was approved by USAID • November 15, 2011- Due date for PSI to submit to USAID their revised evidence-based sales strategy (informed by quarterly sales and promotion data collection currently in progress and audit findings)
5	Request PSI implement the sales and marketing activity data collection efforts as stipulated in the contract and use the resulting data to develop a sales and distribution strategy to achieve the program's sales targets, particularly in rural areas	<ul style="list-style-type: none"> • November 15, 2011- Due date for PSI to submit to USAID their revised evidence-based sales strategy (informed by quarterly sales and promotion data collection currently in progress and audit findings)
6	Require PSI to evaluate whether its current sales strategies are increasing sales to populations in rural areas as intended	<ul style="list-style-type: none"> • November 15, 2011- Due date for PSI to submit to USAID their revised evidence-based sales strategy (informed by quarterly sales and promotion data collection currently in progress and audit findings)
7	Require PSI to develop a monitoring and evaluation process that can assess the impact of its interventions to date and allow PSI and USAID/Haiti to identify program gaps and areas where interventions are not achieving their intended outcome	<ul style="list-style-type: none"> • September 15, 2011- PSI submitted to USAID the subcontractor monitoring and evaluation framework • November 22, 2011- USAID will complete review of PSI monitoring and evaluation framework

U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Avenue, NW
Washington, DC 20523
Tel: 202-712-1150
Fax: 202-216-3047
www.usaid.gov/oig