



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/ETHIOPIA'S PEPFAR-FUNDED ACTIVITIES AND COMMODITIES FOR THE PREVENTION OF MOTHER-TO- CHILD TRANSMISSION OF HIV

AUDIT REPORT NO. 9-663-09-008-P
June 25, 2009

WASHINGTON, DC



Office of Inspector General

June 25, 2009

MEMORANDUM

TO: USAID/Ethiopia, Acting Mission Director, Gerald A. Cashion

FROM: IG/A/PA Director, Steven H. Bernstein /s/

SUBJECT: Audit of USAID/Ethiopia's PEPFAR-Funded Activities and Commodities for the Prevention of Mother-to-Child Transmission of HIV (Audit Report No. 9-663-09-008-P)

This memorandum transmits the final report on the subject audit. In finalizing this report, we considered your comments and have included them as appendix II.

The report includes five recommendations to strengthen USAID/Ethiopia's activities and commodities for the prevention of mother-to-child transmission of HIV, funded by the President's Emergency Plan for AIDS Relief. On the basis of your comments and target completion dates, we concur that management decisions have been reached on four of the five recommendations. Please provide a target completion date for recommendation 3 within 30 days of receipt of this report, and coordinate final actions on recommendations 1 through 5 with USAID's Audit, Performance and Compliance Division (M/CFO/APC).

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

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SUMMARY OF RESULTS

USAID/Ethiopia's program activities to prevent mother-to-child transmission of HIV (the program) are an important part of the U.S. Government's implementation of the President's Emergency Plan for AIDS Relief (PEPFAR).¹ The mission has used Intrahealth International, Inc., as a key implementing partner for its program activities through the use of a cooperative agreement. During fiscal year (FY) 2008, the period covered by this audit, \$6.3 million was allocated for the mission's program activities, of which approximately \$5 million went to Intrahealth. (See pages 3–5.)

To put USAID/Ethiopia's program contribution into proper context, we need to discuss the U.S. Government's activities being carried out by USAID, the Centers for Disease Control and Prevention (CDC), and the U.S. Embassy/Addis Ababa. We will first discuss the U.S. Government's goal for preventing mother-to-child transmission of HIV to improve the overall survival of mothers and children and to maximize the number of AIDS-free children. According to a late FY 2008 portfolio review conducted by USAID and CDC, the U.S. Government's activities to prevent mother-to-child transmission in Ethiopia have had little success overall in bringing HIV-positive pregnant women and mothers into care and treatment and preventing infant infections. According to the mission, improving maternal and child mortality will continue to be an ongoing effort, but positive achievements in these areas have been realized. (See page 4.)

In FY 2008, the U.S. Government's results in achieving four targets established for prevention of mother-to-child transmission were as follows:

- The target for pregnant women who received HIV counseling and testing for prevention of mother-to-child transmission and who received their test results was 260,103. The number achieved was 214,160, or 82 percent of the target.
- The target for outlets providing the minimum package of program services according to standards was 656. The number achieved was 429, or 65 percent of the target.
- The target for health workers trained to provide program services according to standards was 2,762. The number achieved was 2,259, or 82 percent of the target.
- The target for HIV-infected pregnant women who received antiretroviral prophylaxis for prevention of mother-to-child transmission in a program setting was 12,831. The number achieved was 5,290, or 41 percent of the target. (See page 4.)

In answering the audit's first objective—to determine whether USAID/Ethiopia's activities for the prevention of mother-to-child transmission of HIV contributed toward meeting mandated targets—the audit found that the mission's activities did contribute toward meeting the targets, and the mission was making inroads to address program challenges. For instance, three of four indicators in FY 2008 showed the following:

- The target for pregnant women who had received HIV counseling and testing for prevention of mother-to-child transmission and who had received their test

¹ HIV/AIDS—human immunodeficiency virus/acquired immunodeficiency syndrome.

results was 116,703. The number achieved was 107,123, or 92 percent of the target.

- The target for outlets providing the minimum package of program services according to standards was 267. The number achieved was 247, or 93 percent of the target.
- The target for health workers trained to provide program services according to standards was 740. The number achieved was 944, or 128 percent of the target.

However, the fourth indicator—number of HIV-infected pregnant women who had received antiretroviral prophylaxis for prevention of mother-to-child transmission in a program setting—had a target of 6,629. The number achieved was 1,225, or 18 percent of the target. (See pages 6–7.)

This audit also had a second objective: to determine whether the mission has procured, stored, and distributed commodities for the program to help ensure that intended results were achieved and to assess what impact the activities have made. The audit found that USAID/Ethiopia's efforts helped ensure that intended results were achieved, and the activities made a positive impact. This activity has been carried out through the mission's logistics partners, Rational Pharmaceutical Management Plus and Supply Chain Management System, which support the overall PEPFAR program. The positive aspects to date show that USAID/Ethiopia has procured buffer stocks for antiretroviral drugs, HIV test kits, and opportunistic-infection drugs to address emergency shortages and prevent running out of stock. In addition, USAID partners have assessed national commodity needs and provided technical training to health facility staff in Ethiopia. The mission has also taken important actions to address commodity storage problems by obtaining cold-storage space for commodities and renting warehouses. (See pages 9–12.)

Nevertheless, the audit identified the following areas that needed improvement:

- Data quality.
- A mission performance management plan that did not reflect the current program.
- Health centers that experienced shortages of opportunistic-infection drugs, some lab supplies, and some types of HIV test kits.
- Inventory records that did not always provide complete information on the status of commodities on hand.

To address the four areas, the report recommended that USAID/Ethiopia strengthen its program by (1) performing a data quality assessment and continuing the mission's efforts to help support the Government of Ethiopia's Health Management Information System, (2) developing a performance management plan to reflect the current program, (3) developing and implementing an action plan to improve the supply and distribution of commodities, and (4) developing and implementing a plan for providing inventory management training. (See pages 13–18.)

The mission concurred with the report's recommendations and has begun taking actions on all five recommendations. Management comments are presented in their entirety in appendix II.

BACKGROUND

In 2003, the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act was signed into law. The act, commonly referred to as the President's Emergency Plan for AIDS Relief (PEPFAR), was a 5-year, \$15 billion approach to combat the global HIV/AIDS pandemic. Included in the PEPFAR strategy are goals to support treatment for 2 million HIV-infected people, prevent 7 million new HIV infections, and provide care to 10 million people infected with or affected by HIV/AIDS in 15 focus countries.² On July 30, 2008, the Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008 was signed into law. This law expanded the U.S. Government's commitment to PEPFAR for 5 additional years, from 2009 through 2013. It authorized up to \$39 billion in funding for PEPFAR bilateral HIV/AIDS programs and the U.S. contribution to the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria.

New HIV infections in children are estimated at more than 700,000 cases annually worldwide. The leading source of these infections comes from mother-to-child transmission. Without intervention, HIV-positive mothers have a 35 percent overall risk of transmitting HIV to their children during pregnancy, delivery, and breastfeeding. Prevention of mother-to-child transmission remains an important challenge in combating the spread of this disease. Building upon the original PEPFAR goals, PEPFAR now aims to provide 80 percent of pregnant women with program services and reduce mother-to-child transmission by 40 percent in the focus countries. Simple but effective interventions include:

- Routine HIV counseling and testing in prenatal and maternity settings.
- Combination-drug antiretroviral treatment for mothers and infants and antiretroviral treatment for eligible mothers.
- Counseling and support for infant feeding.
- Links to services such as nutrition, family planning services for women with HIV, and microeconomic activities.
- Strong links to care, treatment, and support services.

Ethiopia is a highly populated country of 83 million people that has a sizable population in rural and suburban areas. Most pregnant women in Ethiopia do not receive prenatal care, and they deliver their children outside of health facilities.³ The Government of Ethiopia has taken several steps to improve the impact of program interventions, including modifying national guidelines to (1) provide HIV testing, (2) screen all HIV-positive women for treatment, (3) provide HIV-positive women with antiretroviral treatment, and (4) treat women when appropriate in health care facilities.

² The 15 focus countries consist of 12 countries in Africa (Botswana, Côte d'Ivoire, Ethiopia, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, and Zambia) and 3 other countries (Guyana, Haiti, and Vietnam). More than 50 percent of all perinatal infections (an infection caused by HIV that can be passed from a mother to her baby) occur in these focus countries.

³ "Prenatal care" is the care a woman receives throughout her pregnancy. Improved prenatal care can help to reduce the rate of mother-to-child transmission of HIV.

The U.S. Government's PEPFAR activities in Ethiopia include the collaborative efforts of the Centers for Disease Control and Prevention (CDC), USAID/Ethiopia, and the U.S. Embassy/Addis Ababa. They work in conjunction with the Government of Ethiopia and other donors. In Ethiopia, PEPFAR supports a comprehensive, coordinated program and HIV care and treatment services. The U.S. Government's goal for its program activities is to improve the survival rate for mothers and children and maximize the number of AIDS-free children. The 2005 Ethiopia Demographic and Health Survey found that both maternal and child mortality rates have steadily decreased in Ethiopia over the past 15 years. For example, infant mortality declined by 19 percent, and mortality of children under age 5 declined by 25 percent. The mission believed that this was in part due to USAID's efforts in both maternal and child health as well as in prevention of mother-to-child transmission of HIV.

A program portfolio review conducted by USAID and CDC in late FY 2008 found, however, that the U.S. Government's efforts fell short of meeting the established targets for four program indicators in FY 2008. The following table shows the results.

Table 1. U.S. Government's Program Indicators and Reported Results for FY 2008

Indicator	Target	Actual	Percentage Achieved
Number of pregnant women who received HIV counseling and testing for prevention of mother-to-child transmission and received their test results	260,103	214,160	82%
Number of service outlets providing the minimum package of prevention of mother-to-child transmission services according to national and international standards	656	429	65%
Number of health workers trained to provide services to prevent mother-to-child transmission according to national and international standards	2,762	2,259	82%
Number of HIV-infected pregnant women who received antiretroviral prophylaxis for prevention of mother-to-child transmission in a program setting	12,831	5,290	41%

Mission staff said that the U.S. Government's overall targets were too high to be achieved because of significant challenges encountered in Ethiopia. According to a USAID Global Health Bureau official, when the PEPFAR targets were set in 2003 the HIV prevalence rate (the measure of the proportion of people in the population affected) in Ethiopia was estimated at 6.4 percent. The official elaborated that "most targets are more than three times higher than they would be if the current and more accurate estimate from 2005 had been used." In 2005 the estimated prevalence rate was 1.4 percent for ages 15–49, with significantly higher rates in urban and suburban areas, as reported by the U.S. Government.⁴ Although the overall U.S. Government targets were not met in FY 2008, the U.S. Government did achieve notable increases over the past year for the number of pregnant women treated and the number that received antiretroviral prophylaxis.

⁴ In July 2008, the Joint United Nations Programme on HIV/AIDS reported that the estimated 2007 adult prevalence rate in Ethiopia was 2.1 percent.

In 2003 USAID/Ethiopia began program activities, several months before the introduction of PEPFAR in 2004. The mission's program has focused on strengthening primary care and community-level health services and is an important part of the U.S. Government's implementation of PEPFAR. In part, these activities include working with partners to conduct training to improve health providers' knowledge and skills. Other activities involve working with community volunteers, health extension workers, and HIV-positive mothers to increase awareness and support for prenatal and program services. According to the mission, it continued program support in late 2003 through a cooperative agreement with Intrahealth International, Inc., to serve as a key implementing partner for its program activities. Approximately \$9 million was allocated for program activities carried out in Ethiopia during FY 2008, of which approximately \$6.3 million was for USAID/Ethiopia. Approximately \$5 million went to Intrahealth.

The program portfolio review team identified Ethiopia as one of the lower-performing PEPFAR countries for this program, with the use of program services remaining consistently low. Key impediments that the team identified included:

- Low use and coverage of prenatal services.
- Low involvement of men in the program.
- Poor understanding of the program by health staff.
- High staff turnover and lack of incentives to care providers.
- Lack of integration of activities with other relevant health activities.
- Shortage of test kits.
- Inadequate care and support for families and lack of psychosocial support to counter stigma and discrimination.
- Difficulty in following up on services provided to women and children.

AUDIT OBJECTIVES

This audit was conducted at USAID/Ethiopia as the first in a series of audits of USAID's PEPFAR-funded activities and commodities for the prevention of mother-to-child transmission of HIV, pursuant to the Office of Inspector General's FY 2009 audit plan. The audit was designed to answer the following questions:

- Did USAID/Ethiopia's activities for the prevention of mother-to-child transmission of HIV contribute toward meeting mandated targets, and what impact have these activities made?
- Did USAID/Ethiopia procure, store, and distribute commodities for the prevention of mother-to-child transmission of HIV to help ensure that intended results were achieved, and what impact have these activities made?

AUDIT FINDINGS

Did USAID/Ethiopia’s activities for the prevention of mother-to-child transmission of HIV contribute toward meeting mandated targets, and what impact have these activities made?

USAID/Ethiopia’s activities for the prevention of mother-to-child transmission contributed toward meeting mandated targets. USAID/Ethiopia, in fiscal year (FY) 2008, achieved three of the four program indicator targets tracked as part of the President’s Emergency Plan for AIDS Relief (PEPFAR) activities. These activities help support the U.S. Government’s program goals to improve the survival rate of mothers and children and maximize the number of AIDS-free children. Although the mission did not specifically track the impact of its program activities, evidence collected during the audit indicated that program activities have had a positive impact on the communities served.

In spite of progress the program has made, significant challenges have hindered efforts to improve the low usage of program services nationwide. Many of the difficulties are caused by the overall weakness of the national health system, especially in the rural areas, which have fewer health centers to provide treatment for pregnant women and where the mission conducts some of its activities. USAID is helping to build support in other health programs to overcome these problems.

The following two sections provide details on USAID/Ethiopia’s program results and impact.

USAID/Ethiopia Program Results

The audit found that USAID/Ethiopia was making inroads in FY 2008 to address program challenges. During that period, USAID/Ethiopia reported that it had exceeded one program performance indicator and had nearly met the targets for two indicators by achieving over 90 percent. However, it fell short of achieving the target for one program indicator. According to mission staff, USAID had one partner, Intrahealth International, Inc., reporting against these indicators. The following table provides FY 2008 data on the program indicators, including targets and reported results.

Table 2. USAID/Ethiopia's Program Indicators and Reported Results for FY 2008

Indicator	Target	Actual	Percentage Achieved
Number of pregnant women who received HIV counseling and testing for prevention of mother-to-child transmission and who received their test results	116,703	107,123	92%
Number of service outlets providing the minimum package of services to prevent mother-to-child transmission according to national and international standards	267	247	93%
Number of health workers trained to provide services to prevent mother-to-child transmission according to national and international standards	740	944	128%
Number of HIV-infected pregnant women who received antiretroviral prophylaxis for prevention of mother-to-child transmission in a program setting	6,629	1,225	18%

The audit found that, in helping to achieve these results, the mission staff had monitored the program activities of its partners through site visits, meetings with partners, e-mail, telephone communications, and reviews of status reports. Further, in FY 2008, the mission hired four staff members (including medical doctors) to provide ongoing and regular site visits to monitor activities and provide recommendations to address problems.

Program Impact

According to a mission official, not many Ethiopian women are willing or able to obtain prenatal care. Until this challenge is addressed, the mission will have difficulty showing a positive impact from program activities. Despite the problems facing its activities in Ethiopia, the program is making progress on several fronts, as a result of the contributions made by USAID/Ethiopia, other donors, and the Ethiopian Government. The program has helped integrate prenatal care with services to prevent mother-to-child transmission of HIV. For instance, a mid-2003 assessment conducted in six regions in Ethiopia identified no program activities. The U.S. Government now supports program services in over 425 health outlets nationwide and has reached over 100,000 women. In addition, the audit team noted that two of the program indicators reported by USAID/Ethiopia's partner, Intrahealth International, Inc., showed substantial increases for two important indicators over the past 2 years. The following table provides additional information on these indicators and their results in FY 2007 and FY 2008.

Table 3. USAID/Ethiopia’s Program Indicators and Reported Results

Indicator	FY 2007 Results	FY 2008 Results	Percentage Increase
Number of pregnant women who received HIV counseling and testing for prevention of mother-to-child transmission and received their test results	56,385	107,123	90%
Number of HIV-infected pregnant women who received antiretroviral prophylaxis for prevention of mother-to-child transmission in a program setting	616	1,225	99%

The audit found other examples of the progress that is taking place in the communities served by USAID’s program activities. These include:

- A pilot program was started in 2008 at 22 health centers to increase men’s participation in their partners’ program activities. A USAID partner said that in Ethiopia most pregnant women do not want to be tested for HIV. If they test and are positive, they are often hesitant to take antiretroviral drugs.⁵ In addition, men are subject to strong, culturally based resistance to participation in program activities with their partners. According to the mission’s partner staff, since the program started, men are starting to come to the program centers with their partners and partner testing has increased. At the health center visited in July 2008, 35 families were tested for HIV; a month later 80 families were tested. This trend was expected to continue.
- A mothers’ support group member at a PEPFAR-funded program clinic said that mothers have received benefits through this activity. This group encourages women to disclose their HIV status to their partners and communities. All the members said that they had disclosed their HIV-positive status to their partners, and some of their partners subsequently have come in for testing. However, disclosing their status to their partners has come at a price for some of these women: they have been outcast, divorced, or denied financial support by their partners. The emotional support the group members have provided for each other has been an important benefit of the program. The group had 47 women who had given birth, and 37 babies were born HIV negative. It attributed this outcome to the mothers’ support group and the program care it received. For those children who were HIV positive, referrals were provided to obtain treatment.

In spite of the benefits that have come from USAID/Ethiopia’s activities, Ethiopia performed lower in prevention of mother-to-child transmission when compared with the other PEPFAR countries. This comparative status was identified by USAID and the CDC in a late FY 2008 program portfolio review. Challenges remain in overcoming impediments that affect efforts to increase the use of program services nationwide. For instance, only 6 percent of Ethiopian women give birth at a health facility, preferring instead to deliver at home. In addition, only 28 percent of pregnant women come to a health facility for prenatal care. According to the mission, a major factor that they face is

⁵ Drugs used to kill or inhibit the multiplication of retroviruses such as HIV.

the overall weakness of the national health system. This weakness is worse in the rural areas, which have fewer health centers to provide treatment for pregnant women. The mission is trying to build support with other health programs to overcome these problems. According to a mission official, they cannot control any disease, including HIV/AIDS, until a sound health system is in place. At this time, few health facilities offer program services, and the existing health services are underused.

USAID/Ethiopia officials also said that they are not able to retain Foreign Service nationals working on the PEPFAR program at the salary levels that the mission is permitted to offer. According to mission officials, the U.S. Embassy's method for establishing Foreign Service nationals' salaries tends to be biased in favor of administrative support skills and not technical skills. The problem has been compounded by inflation in Ethiopia and keen competition from other employers wanting to hire employees with PEPFAR experience. As a result, the mission has high staff turnover in its PEPFAR program. The mission has hired several medical doctors, but the mission believes they will leave within a short period to work for other donors or partners after they obtain USAID experience.⁶

Did USAID/Ethiopia procure, store, and distribute commodities for the prevention of mother-to-child transmission of HIV to help ensure that intended results were achieved, and what impact have these activities made?

USAID/Ethiopia has contributed to the procurement, storage, and distribution of commodities for the program to prevent mother-to-child transmission of HIV to help ensure that intended results were achieved. In the area of procurement, USAID/Ethiopia procured opportunistic-infection drugs to avoid running out of stock, HIV test kits to address emergency shortages, and buffer stocks for antiretroviral drugs. The mission's partners have also procured other commodities, such as chemicals and medical equipment. In addition, its partners have supported assessing national commodity needs and provided technical training to health facility staff.

In the case of storage, the mission has helped support the Government of Ethiopia in improving the storage areas for commodities. For instance, the mission helped renovate a building to provide much-needed additional cold-storage space for commodities. The mission has initiated the procurement of generators to provide reliable backup power for regional warehouses. Finally, the mission has rented temporary warehouses to provide additional storage space for commodities.

In the area of commodity distribution, the mission has helped to ensure the distribution of needed commodities. In this effort, USAID/Ethiopia has (1) initiated procurement of 24 vehicles and will use them to help solve problems with drug and commodity distribution, and (2) proposed to the Government of Ethiopia that the mission will help deliver commodities that were not distributed on schedule and transport them from the regional warehouses to the health centers.

⁶ USAID/Ethiopia also expressed concern that an upcoming move to the new U.S. Embassy compound would limit its ability to hire additional staff, because space limitations preclude increased staffing levels.

The mission's program, along with activities of other donors, has had a positive impact on the procurement, storage, and distribution of commodities in Ethiopia. Formal impact indicators have not been established for these activities. However, the audit found evidence that the mission's activities were having a positive effect. For instance, the activities of USAID/Ethiopia helped to ensure the availability of commodities used to prevent mother-to-child transmission, such as HIV test kits and antiretroviral drugs. Most notably, at the health centers visited, the audit identified no instances of shortages of Nevirapine, an important drug used in the program to help prevent mother-to-child transmission of HIV. The mission's support for the program is especially important because of the significant challenges encountered in Ethiopia. Additional details on the results and impact of the mission's procurement, storage, and distribution of commodities activities are provided below.

Procurement Results. USAID/Ethiopia has fulfilled its responsibilities for the PEPFAR program's activities for prevention of mother-to-child transmission by procuring buffer stocks of antiretroviral drugs to avoid running out of stock as well as supporting the Government of Ethiopia in assessing its commodity needs. The mission has helped to procure opportunistic-infection drugs and HIV test kits to address emergency shortages. In most instances, the Government of Ethiopia is responsible for procuring commodities, except when emergency shortages at the national level require USAID intervention. In FY 2008 USAID/Ethiopia did procure PEPFAR commodities that included chemicals, medical equipment and supplies, and HIV test kits. Its partners also provided some support in assessing national commodity needs and provided technical training to health facility staff.

In February 2006, a memorandum of understanding was signed between the Governments of the United States and Ethiopia, delineating the types of services to be provided. For instance, the Government of Ethiopia's HIV/AIDS Prevention and Control Office is responsible for procuring and distributing first-line antiretroviral drugs for adults, including Nevirapine, an important drug used by the program for helping prevent mother-to-child transmission of HIV. Opportunistic-infection drugs and HIV test kits, which are also important for the program, are procured by the Ethiopian Government using funds from the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria or other donors. According to the mission, its PEPFAR funding has been used to procure buffer stocks of antiretroviral drugs to avoid running out. The mission also noted that they are not responsible for procuring opportunistic-infection drugs or HIV test kits, except in the case of emergency shortages. USAID/Ethiopia negotiated with Ethiopia's Ministry of Health to procure, but not fund, a portion of the opportunistic-infection drugs needed to avoid running out of supplies in FY 2008. A mission official noted that this procurement addressed a shortfall of opportunistic-infection drugs valued between \$14 million and \$16 million. The mission also provided funding for HIV test kits in the case of emergency shortages.

In FY 2008, USAID/Ethiopia procured commodities consisting of chemicals, medical equipment and supplies, and HIV test kits totaling \$87,408. The funding for this procurement came primarily from commodity logistics partner Rational Pharmaceutical Management Plus, with the exception of funding for the HIV test kits, which came from Supply Chain Management System (SCMS), the other commodity logistics partner. SCMS also managed the procurement process and provided customs clearance and distribution costs for all HIV/AIDS commodities entering Ethiopia. SCMS also assesses

national commodity needs and provides technical training related to commodities to the staff at the health facilities.

Storage Results. The storage conditions for commodities at the warehouses owned by the Government of Ethiopia that were visited during this audit generally met international storage guidelines.⁷ The mission has helped the Ethiopian Government improve its storage facilities. The audit did identify some storage weaknesses, which the mission was already attempting to address.

The audit found that (1) storage areas were locked and access was limited to authorized individuals only, (2) storage areas did not show signs of rodents or insects, (3) cartons and products did not show signs of mishandling, (4) products that needed cold storage were kept in refrigerators, and (5) cartons were arranged with arrows pointing up and had identification labels, with manufacture and expiration dates visible. According to mission officials and employees of the Government of Ethiopia at the warehouses visited, no instances of commodity theft were identified.

Areas where storage weaknesses were identified included the central commodity warehouse in Addis Ababa. It was not being efficiently utilized because the shelving was unsuitable. USAID/Ethiopia is aware of the problem and is working with the Ministry of Health to obtain shelving that will store the commodities efficiently.

At this facility, USAID/Ethiopia was involved in renovating an existing building to provide much-needed additional cold-storage space for those commodities requiring refrigeration. The mission, through SCMS, has also initiated the procurement of generators to ensure a reliable power source for each regional warehouse. This procurement was in response to the concerns raised in the partner's FY 2008 annual report, which observed that the lack of electricity at regional warehouses was a serious constraint in operating a secure and reliable supply chain in Ethiopia, especially in the management of products that require refrigeration. Backup generators were not always available for power outages, and ice was used as a backup cooling method.

No recommendations related to storage issues are being made at this time, because the mission is working with the Government of Ethiopia to address the most significant problems. For example, the mission is renovating some facilities, renting temporary warehouse spaces, and asking Ethiopia's Ministry of Health to expand storage spaces using Global Funds.

Distribution Results. Commodities procured by USAID/Ethiopia, the Government of Ethiopia, and other donors are distributed from the Government of Ethiopia's central warehouse in Addis Ababa.⁸ In this effort, the mission has helped to ensure the distribution of needed commodities. Ethiopia's Ministry of Health then distributes the commodities to regional warehouses, from which the commodities are delivered to

⁷ World Health Organization standards for the storage of essential medicines and other health commodities.

⁸ The Government of Ethiopia has a "push system" for commodity distribution—a centralized system that distributes commodities to all health centers regardless of their needs. The system is in transition to a decentralized "pull system" that will allow each health center to place orders based on their stock levels and consumption needs.

health facilities. Officials from the mission and Government of Ethiopia stated that they were not aware of any health facilities that had experienced shortages of antiretroviral drugs.

Some problems encountered in drug and commodity distribution involved delays caused by not having enough delivery trucks. In addition, the existing Ethiopian delivery vans are unventilated. USAID/Ethiopia and its partner SCMS are in the process of procuring 24 vehicles to address these concerns. These vehicles will be provided to the Ethiopian Government agency that operates the warehouses and distributes HIV/AIDS-related pharmaceuticals and commodities. USAID/Ethiopia has also proposed to the Government of Ethiopia to deliver commodities that have been delayed in distribution from the regional warehouses to the health centers. These actions will help to ensure that health centers receive the commodities they need.

Program Impact. USAID's efforts, along with those of other donors, contributed to the procurement, storage, and distribution of the commodities and had a positive impact on the program activities taking place in Ethiopia. Although the Office of the Global AIDS Coordinator has not established any indicators related to the impact of the procurement, storage, and distribution of commodities, the audit used other ways to determine the impact of these activities. For instance, the activities of USAID/Ethiopia helped to ensure that:

- HIV test kits were usually available at the health facilities where prenatal care was provided.
- Pregnant women were aware of their HIV status and the benefits of using Nevirapine.
- Pregnant women encouraged their spouses and other pregnant women to be tested.
- HIV-positive mothers, babies, and spouses received antiretroviral treatments.

Therefore, having access to these commodities has helped to prevent the spread of HIV in Ethiopia. A mission official emphasized that each pregnant woman who has received Nevirapine in Ethiopia did so as a result of USAID's intervention that helped support distribution of these commodities.

Notwithstanding the progress made to date, the audit identified five areas in which improvements could be made to strengthen the existing internal controls for commodities. These efforts include addressing (1) program data quality, (2) a health information system, (3) a performance management plan, (4) an interim commodity action plan, and (5) inventory management training.

Need for Data Quality Assessment

Summary: Agency policy recognizes the importance of having quality data to manage for results as well as taking steps to assess its quality. A program review as well as this audit found problems with data quality. The mission conducted a data quality assessment for one data indicator for prevention of mother-to-child transmission in 2006 and found no problems. Although the mission had planned to conduct data quality assessments in 2008, other priorities prevented this implementation. Without performing data quality assessments for its key program indicators, USAID/Ethiopia cannot ensure the validity and accuracy of its data. Furthermore, the mission has not been able to reprogram funds to help strengthen the Government of Ethiopia's Health Management Information System, which is used to collect data and report on program activities.

The Automated Directives System (ADS) 203.3.5.1 recognizes the importance of data quality standards in managing results and ensuring credible reporting. As part of this effort, ADS 203.3.5.2 states that data reported to USAID/Washington to comply with the Government Performance and Results Act of 1993 or for reporting externally on Agency performance must have had a data quality assessment within 3 years before submission. It further states that operating units may conduct data quality assessments more frequently.

USAID/Ethiopia conducted a data quality assessment on October 5, 2006. No problems were identified in the assessment, which included one indicator for prevention of mother-to-child transmission, as reported by a key partner.⁹ The Government of Ethiopia collects program data from health facilities (health centers and hospitals) and then provides this information to the mission's partners.

The 2008 program portfolio review noted that the Ethiopian Government has gone to great lengths to include program indicators in its national Health Management Information System. However, the review noted that some indicators are likely underestimating program achievement. Further, the review noted that poor data quality existed because one-third of the health centers were not reporting regularly.

USAID staff and partners stated that they perform data testing during their site visits. However, we found data problems during field testing. For instance, one private health center new to the program was collecting data and reporting on prenatal care and program patients separately. Until the audit testing was performed, the partner and the mission were not aware that the center was keeping two different patient registers—one for prenatal and another for program patients. The reported data did not properly account for the all of the activities being carried out. Audit testing also identified problems with data reported for the indicator "number of pregnant women who received HIV counseling for prevention of mother-to-child transmission and received their test results." The audit also found several specific problems in the reporting of this indicator, such as the following:

⁹ The mission did not produce documentation that this assessment had been cleared and approved.

- A health center in July 2008 reported 5 women, whereas the records showed 195.
- A health center had reported a total of 384 women from June through September 2008, but records showed 348 women. During this 4-month period, data had been overreported for 3 months and underreported for 1 month. The biggest difference occurred in August, when the center reported 120 women but the records supported 85 women.
- A health center underreported the number of women during July and August 2008. For this period, the records identified 341 women, whereas 279 women had been reported.

USAID/Ethiopia had planned to conduct data quality assessments for 34 of their PEPFAR partners beginning in June 2008. If these assessments had been conducted, the mission could have identified the data problems. However, other priorities prevented any assessments from being carried out. Several other reasons contributed to the data problems, including (1) high turnover of health clinic staff, resulting in some new staff who were not trained in data collecting and reporting; (2) manual, as opposed to automated, collection of health center data; and (3) inability to implement reforms on the Health Management Information System.

USAID/Ethiopia has not been successful in obtaining approval to reprogram its PEPFAR funds to help support the improvement of the Ethiopian Government's Health Management Information System. According to the mission, funding this activity will help address gaps in the national effort to improve the collection and reporting of PEPFAR and Government of Ethiopia's health data from health centers and health posts (a lower-level community health center). USAID allocated funds to support reform of the information system in the 2007 country operational plan. Subsequently, the mission requested \$960,000 for this activity, and it was approved by a technical working group for the 2008 plan, but this activity was left out of the official 2008 plan. The mission staff believed that it had been left out of the plan inadvertently. Two separate reprogramming requests to rectify this error were denied by the Office of the Global AIDS Coordinator.¹⁰ USAID/Ethiopia believes that implementing the information system is critical for improving data from health centers and health posts—an area in which no other U.S. Government agencies are providing assistance.

Without conducting periodic data quality assessments, USAID/Ethiopia cannot ensure the validity and accuracy of the data reported to USAID/Washington. Unreliable data can undermine the appropriateness of management decisions and the managers' ability to evaluate the effectiveness and efficiency of their programs. In this effort, the mission recognized the need for conducting assessments of its partners' data in 2008. However, at the time of the audit, no assessment had been performed in 2008. Completing this activity will place the mission in a better position to identify partners having data problems that warrant the mission's attention.

¹⁰ The reprogramming request was denied on the grounds that it was a new activity and that more than one U.S. Government entity would be supporting the same program area. According to the mission, the other Government entity was the CDC, which provided assistance to hospitals but not to health centers and health posts.

Beyond performing a data quality assessment, the mission has an opportunity to assist with improving the data obtained from health centers and health posts. This can be accomplished through helping to fund the planned reform of the information system. Because the system is the primary reporting tool for program data, weaknesses in the system have contributed to data problems. To help ensure that in the future data meets the required quality standards, we are making the following recommendations.

Recommendation 1: *We recommend that USAID/Ethiopia develop a plan to assess data quality, which will include key HIV/AIDS care and treatment indicators that address indicators for the prevention of mother-to-child transmission.*

Recommendation 2: *We recommend that USAID/Ethiopia develop a plan to continue in its efforts to work with the Office of the Global AIDS Coordinator to use PEPFAR funds to help implement the Government of Ethiopia's Health Management Information System for health centers and health posts.*

Need for a Performance Management Plan That Includes Prevention of Mother-to-Child Transmission of HIV

Summary: Contrary to USAID guidance, the performance management plan for USAID/Ethiopia had not been updated to reflect the mission's current program. According to the mission, it had not updated the plan because the Department of State's Office of the Global AIDS Coordinator did not require one. The mission was not aware that in December 2006, USAID's Administrator reiterated the requirement for developing performance management plans and emphasized the importance of maintaining comprehensive performance management plan systems. Without an updated plan, USAID/Ethiopia lacks a critical tool for planning, managing, and documenting the performance of its program activities.

ADS 203.3.3 states that Operating Units must prepare a complete performance management plan for each strategic objective within the first few months of approval of the strategic objective. It also notes that a performance management plan (performance plan) is a "tool used by an Operating Unit and Strategic Objective Team to plan and manage the process of assessing and reporting progress towards achieving a Strategic Objective." The performance plan must provide performance indicators that include baseline levels and targets to be achieved. ADS 203.3.4.6 states that usually, as part of the Operating Unit's annual portfolio review process, Operating Units should update performance plans regularly with new performance information as programs develop and evolve. Finally, an action memorandum approved by USAID's Administrator on December 1, 2006, reiterated the requirement to develop performance plans and the importance of maintaining comprehensive performance plan systems. On February 5, 2009, the USAID official responsible for developing ADS 203 noted that PEPFAR activities were not exempt from the performance plan requirements.

The most recent performance plan that dealt with USAID/Ethiopia's PEPFAR activities was approved in September 2004. However, it had not been updated and thus did not

reflect the mission's current activities to prevent mother-to-child HIV transmission. Although the mission did not maintain a current performance plan, the mission did require these plans for its PEPFAR partners.

According to the mission staff, they had not developed a performance plan because the Department of State's Office of the Global AIDS Coordinator did not require one. They noted that they were not aware of the December 2006 USAID Administrator's reiteration of the requirement to develop performance plans. The mission also said that updating its outdated performance plan would result in a great deal of extra work. It questioned whether it made sense to follow USAID's requirements if the Office of Global AIDS Coordinator does not require a performance plan and if other PEPFAR partners, such as the CDC, are not required to develop such plans.

Without an updated performance plan, however, USAID/Ethiopia lacks a critical tool for planning, managing, and documenting the performance of its program activities. Moreover, the mission does not have sufficient assurance that it is maintaining controls essential to the operation of a credible and useful performance-based management system. Our recommendation to address this issue is consistent with similar recommendations we have made on other PEPFAR audits.

***Recommendation 3:** We recommend that USAID/Ethiopia develop a performance management plan that includes its activities for the prevention of mother-to-child transmission of HIV.*

Need for an Interim Action Plan to Support Commodity Supplies

Summary: The "Six Rights" of health commodity logistics are that the right products, in the right quantities, in the right condition, are delivered to the right place, at the right time, for the right price. However, some health centers experienced shortages of opportunistic-infection drugs, some lab supplies, and some types of HIV test kits. The shortages occurred because no system is in place to ensure that adequate amounts of health commodities are kept in stock. Without accurate information on the commodities on hand and projected consumption for the future at each health facility, the difficulty of maintaining adequate amounts of commodities at the right places, when needed, could limit the positive impact of program activities.

The United Nations Population Fund's "Six Rights" approach to health commodity logistics is summarized in a statement that the right products, in the right quantities, in the right condition, are delivered to the right place, at the right time, for the right price. The Federal Ministry of Health of Ethiopia uses the "Six Rights" approach for its health commodity supply system to ensure that essential drugs and health commodities are readily available to public sector health facilities.

At the six selected health centers visited, five had experienced shortages of drugs, HIV test kits, or lab supplies. Two health centers experienced shortages of HIV test kits and

opportunistic-infection drugs, one center had shortages of lab supplies and opportunistic-infection drugs, and another experienced shortages of HIV test kits.¹¹ However, none of the health centers visited reported any shortages of antiretroviral drugs.

We identified the following problems at the health centers visited:

- A health center in Addis Ababa had shortages of opportunistic-infection drugs and lab supplies and, at times, shortages of HIV test kits. The partner official added that to provide comprehensive prenatal care to pregnant women, the center needs to be equipped to conduct hemoglobin tests, urine tests, and venereal disease tests. The center did not have the lab supplies needed to conduct these tests.
- A health center in Oromia did not have Unigold test kits available when needed, and patients needing this test were referred to local hospitals. Unigold test kits are used to make a final determination of HIV status for clients who have had differing test results (testing positive initially with a followup test showing negative).
- A health center in Amhara had sent requests for the Stat pack HIV test kits to the Ministry of Health zonal and regional offices 2 weeks before it ran out of the kits. However, it had not yet received them and as a result was unable to provide testing for 5 days. Stat pack test kits are used as a second test, for confirmation, when the initial HIV test result is positive.

A mission official noted that the shortages were caused in large part by the lack of a logistics management information system. However, according to this official, such a system may take up to 2 years to institute at the national level. The official also noted that the mission and one of its commodity logistics partners have discussed an interim solution based on an existing system that tracks antiretroviral drugs and which has been successful to date—resulting in no reports of the drugs being out of stock. The existing system tracks inventory of the items on hand, received, and consumed, the ending inventory, and projected future consumption. A manual system for tracking antiretroviral drugs is in place at smaller health centers, and a computerized system is maintained at the hospitals and larger health centers. An interim plan for health commodities other than antiretroviral drugs has not yet been discussed in detail or implemented.

Without accurate information on the commodities on hand and projected consumption for the future at each health facility, the difficulty of maintaining adequate stocks of commodities could limit the positive impact of program activities. An interim system would allow for the collection of information, such as commodity needs and consumption levels, to help managers make decisions about supply and distribution. As such, to help alleviate this problem, we are making the following recommendation.

Recommendation 4: *We recommend that USAID/Ethiopia, in collaboration with its commodity logistics partners, develop and implement a detailed interim action plan to obtain accurate data from health centers and hospitals to improve the supply and timely distribution of commodities, assuming that funding is available.*

¹¹ For one of the six health centers visited, due to time constraints, the visit included only a discussion of program activities.

Need for Inventory Management Training

Summary: Contrary to *Guidelines for the Storage of Essential Medicines and Other Health Commodities* and the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*, stock cards were not always properly completed to provide a complete record of status of commodities on hand. Expired drugs were stored with other drugs in a pharmacy. Commodities were found that could not be consumed within their remaining shelf lives. At the selected health centers visited, the same commodities were found to be either in shortage or oversupply. These problems occurred due to the attrition of the Government of Ethiopia's previously trained staff, coupled with new, untrained staff.

*Guidelines for the Storage of Essential Medicines and Other Health Commodities*¹² provides directions on receiving and arranging commodities, keeping track of products in the storeroom, maintaining the quality of the products, and setting up a medical store. Moreover, the Government Accountability Office's *Standards for Internal Control in the Federal Government* (GAO/AIMD—00-21.3.1) states that transactions should be recorded promptly, completely, and accurately, and the documentation should be readily available for examination.

For the most part, adequate internal controls over commodities were in place, but controls were not always followed to an extent that would allow for testing of the inventory on hand at storage facilities. For example, stock cards were not always properly completed to provide an accurate and complete record of status of commodities on hand. Stock cards did not include beginning inventory, quantity and value of items received, expiration dates, items disbursed or consumed, and ending inventory. Furthermore, in a health center visited, the record of the last inventory of the commodities in their storage room was not available for review.

In a regional warehouse visited, records of commodities received by the warehouse and commodities distributed to the health facilities were all kept in an office adjacent to the warehouse. Two staff members were responsible for recording and maintaining the existing manual inventory system. However, many details of receiving and disbursing commodities were not yet recorded. As such, the records of the manual inventory system did not represent the actual physical inventory of the commodities at the warehouse. According to the warehouse manager, the facility did not have adequate staff to keep up-to-date records of commodities received and disbursed. Stock cards were not updated to account for commodities on hand.

The audit found that these problems contributed to a shortage or oversupply of specific commodities at the selected health centers visited. These included:

- An oversupply of Nevirapine, acquired for program purposes, which would expire prior to its consumption unless utilized as a second choice for antiretroviral treatment, according to the partner official.

¹² Developed by John Snow Inc., in collaboration with the World Health Organization.

- An oversupply of first-line antiretroviral drugs, which, according to the partner official, would expire within a month and without adequate time for consumption.
- Two bottles of Nevirapine and six bottles of Lamivudine (drugs to prevent mother-to-child transmission) that had expired by the time of the audit were not separated from other drugs at the pharmacy/dispensary.
- An unopened box of UniGold test kits was found at the laboratory with the expiration date of December 2008. According to the partner official, this was a 1-year supply, which would expire in a month without time to consume. He further noted that other health centers in the rural areas needed these kits. The shelf life (the manufacturing date less the expiration date) for these kits was 14 months. The health center had received those kits 4 months previously. The partner official noted that this could be partly a result of the national commodity distribution “push system.”

Inventory management problems occurred because of the loss of trained staff and new, untrained staff coming on board. Because the commodity distribution system is in transition to the “pull system,” as discussed earlier in this report, the system’s success is contingent upon having a good manual system in place. Therefore, it is imperative that staff who have responsibility for commodities be trained in inventory management at the health centers. This will help avoid excess supplies of commodities, which then expire. To help alleviate this problem, we are making the following recommendation.

Recommendation 5: *We recommend that USAID/Ethiopia, in collaboration with the Ethiopian Ministry of Health and other implementing partners, develop and implement a plan to provide periodic or refresher training on inventory management at storage facilities for staff responsible for receiving and disbursing commodities. This should include information on the importance of properly completing stock cards to reflect the status of commodities on hand.*

EVALUATION OF MANAGEMENT COMMENTS

In response to the draft report, USAID/Ethiopia concurred with all five recommendations. In addition, the mission made comments and provided additional support and information, which we have incorporated in the report as appropriate.

For example, the mission did not agree that the U.S. Government's goal to improve the survival rate for mothers and children and maximize the number of AIDS-free children has not been met in Ethiopia. To support its position, the mission provided the "Ethiopia Demographic and Health Survey for 2005 that reported a decrease in maternal and child mortality rates for the past 15 years." In addition, the mission indicated that USAID's program had provided Nevirapine to 758 newborns of HIV-positive mothers in FY 2008, thus increasing the number of AIDS-free babies. This indicator did not fall within the PEPFAR program and therefore was not within the scope of our audit for testing. The mission's comments and an evaluation of those comments are summarized below.

Recommendation 1: *That the mission develop a plan to assess data quality to include key HIV/AIDS care and treatment indicators that address indicators for the prevention of mother-to-child transmission.* The mission fully supports this recommendation and has taken steps to ensure that regular data quality assessments are conducted. However, the mission disagreed with several items in the report and provided clarifications, as described in the following paragraphs.

The mission disagreed with the statement that "one-third of health centers were not reporting regularly." It indicated that this irregularity occurred during the fourth quarter reporting period in FY 2008 and that its implementing partner intervened by visiting the delinquent health centers to collect the mission data. It also denied that a mission staff member had said, "The mission underreports data when data quality is in question." According to the mission, despite the best efforts of USAID and its implementing partners to collect data, some health centers do not report on time causing an underreporting of the program results.

In response to our recommendation, the mission filled the position of quality assurance specialist, which will support the PEPFAR team in conducting data quality assessments. The strategic information advisor has begun preparing a new assessment schedule and plans to conduct assessment training in June 2009. The mission has also scheduled a visit to its implementing partner, Intrahealth International, Inc., to conduct data quality assessment in June 2009. The mission believes the necessary actions have been initiated to resolve this recommendation and will request closure once the assessment plan and training are completed. On the basis of the mission's response, a management decision has been reached on this recommendation.

Recommendation 2: *That the mission develop a plan to continue in its efforts to work with the Office of the Global AIDS Coordinator to use PEPFAR funds to help implement the Government of Ethiopia's Health Management Information System for health centers and health posts.* The mission concurred with our recommendation and noted that it

believes the necessary actions have been taken to address the recommendation. The mission requested, therefore, that this recommendation be closed.

In collaboration with other donor agencies, such as UNAIDS (Joint United Nations Programme on HIV/AIDS), the mission plans to help the Government of Ethiopia implement the Community-Based Health Management Information System. This system will provide information regarding quality and completeness of services provided at the community and health-post levels and will facilitate reporting consistent and reliable program performance data to higher levels. The system will include monitoring community-based activities to prevent mother-to-child transmission, including the number of referrals to antenatal care and services made by health extension workers. The mission submitted this plan to the Office of the Global AIDS Coordinator in April 2009 and received approval to implement the system. On the basis of the mission's response, a management decision has been reached on this recommendation, and the recommendation will be closed when the mission provides supporting documentation to USAID's Audit, Performance and Compliance Division.

Recommendation 3: *That the mission develop a performance management plan that includes its activities for the prevention of mother-to-child transmission of HIV.* The mission is in full agreement that the existing performance management plan needs to be updated. Accordingly, the mission formed an internal working group with technical and monitoring and evaluation staff from the Health, AIDS, Population and Nutrition team and program office to update the existing performance plan. The mission also engaged the USAID/East Africa monitoring and evaluation expert to help the team prepare an updated performance plan. A management decision will be reached once the mission provides to the Office of Inspector General a timeline for its revision to the performance management plan.

Recommendation 4: *That the mission, in collaboration with its commodity logistics partners, develop and implement a detailed interim action plan to obtain accurate data from health centers and hospitals to improve the supply and timely distribution of commodities, assuming that funding is available.* The mission supports this recommendation and noted that it will work with the commodity logistics partners to develop a detailed action plan to obtain better data from health centers.

In addition, the mission will work through the U.S. Government's interagency technical working group (Technical Working Group—TWG) and its implementing partners to ensure joint collaboration and input on the action plan, which is expected to be finalized by the end of August 2009. On the basis of the mission's response, a management decision has been reached on this recommendation.

Recommendation 5: *That the mission, in collaboration with the Ethiopian Ministry of Health and other implementing partners, develop and implement a plan to provide periodic or refresher training on inventory management at storage facilities for staff responsible for receiving and disbursing commodities.* The training should include information on the importance of properly completing stock cards to reflect the status of commodities on hand. The mission fully supports this recommendation. In collaboration with the Ministry of Health, the mission's logistics partners developed a plan and began conducting onsite and on-the-job refresher training on inventory management, and they are incorporating this element into the existing training for pharmacists. The mission, implementing partners, and the Ministry of Health will review the updated training and

will increase the joint supervision of health facilities. The mission requested that this recommendation be closed. On the basis of the mission's response, a management decision has been reached on this recommendation. Final action on the recommendation can be reached when documentation of this training is presented to USAID's Audit, Performance, and Compliance Division.

SCOPE AND METHODOLOGY

Scope

The Office of Inspector General conducted this performance audit in accordance with generally accepted Government auditing standards. 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, based on our audit objectives. We believe that the evidence obtained provides such a reasonable basis. The audit was designed to answer the following audit objectives:

- Did USAID/Ethiopia's activities for the prevention of mother-to-child transmission of HIV contribute toward meeting mandated targets, and what impact have the activities made?
- Did USAID/Ethiopia procure, store, and distribute commodities for the prevention of mother-to-child transmission of HIV to help ensure that intended results were achieved, and what impact have the activities made?

Fieldwork was conducted at USAID/Washington, USAID/Ethiopia, partner offices in Addis Ababa, and selected sites throughout Ethiopia. Field work in Ethiopia was conducted from November 17 to December 4, 2008. Site visits were conducted at the Ethiopian Ministry of Health's central commodity warehouse in Addis Ababa, a regional commodity warehouse in Amhara, six health centers, and a traditional neighborhood association.

The health centers were in Amhara and Oromia regions and in Addis Ababa. The selection criteria were accessibility, diversity of the programs to prevent mother-to-child transmission, and a combination of urban, suburban, and rural areas to help provide an overview of the program activities in Ethiopia.

In conducting this audit we assessed the effectiveness of internal control related to the President's Emergency Plan for AIDS Relief (PEPFAR). We identified pertinent controls such as (1) the mission's documentation related to managing and monitoring the program, (2) its partners' reporting, (3) establishment and maintenance of site visit information, and (4) the mission's annual self-assessment of internal control in accordance with the Federal Managers' Financial Integrity Act of 1982. In addition, we tested some aspects of internal control that selected partners maintained for their PEPFAR activities.

The scope of this audit included USAID/Ethiopia's program activities carried out during fiscal year (FY) 2008, which were funded at approximately \$6.3 million. We interviewed and reviewed documentation for selected partners who represented the greater part of funding for the program activities carried out during FY 2008.

Methodology

To answer the audit objectives, we met with officials in the Global Health Bureau's Office of HIV/AIDS in USAID/Washington, mission officials at USAID/Ethiopia, and selected partners in Ethiopia. We reviewed and analyzed the FY 2007 country operation plan for Ethiopia, annual progress report for FY 2008, the 2008 program portfolio review, work plans of USAID/Ethiopia's selected implementing partners, quarterly progress reports, and mission and partner trip reports.

At the health centers, we tested for the accuracy of the numbers reported for the program indicators and obtained collected data pertinent to the program. We reviewed the internal controls related to inventory management. We also inquired about the shortage or excess supply of program commodities and the type of program services provided for pregnant women at the health centers visited. We observed the storage conditions of the commodities at the storage rooms, dispensaries, and laboratories of the health centers visited and examined commodities for expiration dates and shelf life.

At the warehouses, we observed the infrastructure and storage conditions, reviewed the internal controls related to inventory management, and interviewed the staff for receiving, storing, and distributing the commodities. We also conducted test counts, when possible, and examined commodities for expiration dates.

In determining whether a specific target was achieved, the audit utilized a threshold criterion of achieving at least 90 percent of the target.

MANAGEMENT COMMENTS



USAID | **ETHIOPIA**
FROM THE AMERICAN PEOPLE

MEMORANDUM

Date: June 8, 2009

To: Steven H. Bernstein, IG/A/PA Director

From: Gerald A. Cashion, Acting Mission Director /s/

Subject: **Mission Comments on the Audit of USAID/Ethiopia's PEPFAR-Funded Activities and Commodities for the Prevention of Mother-to-Child Transmission of HIV**

This memorandum contains USAID/Ethiopia's response to the subject audit report transmitted on May 8, 2009. We greatly appreciate the consummate professionalism of the audit team and the thoughtful assessment and understanding of the complexities of addressing the Prevention of Mother-to-Child Transmission (PMTCT) of HIV in Ethiopia.

We find it necessary to clarify one point concerning the USG's goal to "improve the survival rate for mothers and children and maximize the number of AIDS-free children". The audit report states twice that this goal has not been met (pg. 1, 4). Over the last 15 years, both maternal and child mortality rates have steadily decreased in Ethiopia. Infant mortality declined by 19 percent and under-5 mortality by 25 percent (2005 Demographic and Health Survey). This is undoubtedly due in part to USAID's efforts in both maternal and child health as well as in PMTCT. Additionally, USAID's PMTCT program provided 758 newborns of HIV-positive mothers with Neviripine in FY2008, thus increasing the number of AIDS-free babies. USAID/Ethiopia would challenge the statement that the goal has not been met. Improving maternal and child mortality will continue to be an on-going effort but positive achievements in these areas have been realized.

Recommendation No. 1: We recommend that USAID/Ethiopia develop a plan to assess data quality, which will include key HIV/AIDS care and treatment indicators that address indicators for the prevention of mother-to-child transmission.

USAID/Ethiopia fully supports this recommendation and has already taken steps to ensure regular data quality assessments (DQA) are conducted. Recently, the Mission filled the position of Quality Assurance Specialist. This position will support the PEPFAR team in conducting DQAs; reviewing quarterly, semi-annual and annual partner data; and addressing any reporting issues. The Strategic Information Advisor has begun preparing a new DQA schedule and plan to

ensure the validation of HIV/AIDS data, including PMTCT data. USAID plans to conduct DQA training in June 2009 for the PEPFAR team in order to disseminate the plan and better orient staff on how to routinely administer DQAs. USAID also has scheduled a DQA visit to IntraHealth for June 2009, just before the project closes out in September 2009. Most of IntraHealth's currently supported sites will continue to receive PEPFAR technical assistance through the HIV/AIDS Care and Support Program (HSCP).

We would like to clarify two points that are made by the Audit report under this section. On page 13, in the middle paragraph, reference is made to "one-third of health centers were not reporting regularly". This incidence occurred during the fourth quarter reporting period in FY08 and IntraHealth intervened by visiting the delinquent health centers to collect the missing data. It would not be accurate to indicate that throughout the year one-third of health centers did not report. Furthermore, in the next sentence the report notes that a mission staff said that the "mission underreports data when data quality is in question." This idea is repeated again at the top of page 15. USAID/Ethiopia does not manipulate data or "attempt" to reduce numbers in order to address concerns about quality. Despite USAID and our implementing partners' best efforts to collect data, inevitably all health centers do not report on time, and therefore one can say there is often an underreporting of PMTCT results. We hope that systematic data evaluation can determine the magnitude of the data reporting failure and guide site-specific improvements in data management. Solutions are currently being developed and tested to improve data quality.

We believe the necessary actions have been initiated to resolve this recommendation and will request closure once the DQA plan and training are completed.

Recommendation No. 2: We recommend that USAID/Ethiopia develop a plan to continue in its efforts to work with the Office of Global AIDS Coordinator to use PEPFAR funds to help implement the Government of Ethiopia's Health Management Information System for health centers and health posts.

USAID/Ethiopia has long recognized the need for improved Health Management Information Systems (HMIS) in Ethiopia and we believe that USG PEPFAR does have an existing plan in place to help support HMIS.

In 2006, the Health, Population, Nutrition (HPN) Donor group, including the USG, supported JSI to design and pilot test a Health Management Information System. In 2007, the Ministry of Health (MOH) evaluated the HMIS system and agreed to have Tulane University implement the system with PEPFAR funding. However, there was limited ability to scale up HMIS due to financial constraints at the Ministry of Health – at an estimated price of over \$100,000,000. Donors are also unable to adequately fill the resource gap. During USG planning sessions, PEPFAR Ethiopia identified activities that the USG could take to provide site level HMIS support to health facilities and administrative offices throughout the country.

As a result, USG support for HMIS is currently limited to technical assistance and training. USAID primarily supports the implementation of the national HMIS at health center-level through HCSP, which trained and deployed 260 data entry clerks at health centers throughout

Ethiopia. The program also reprinted and distributed the national HMIS tools to ensure that health centers have the proper registries to collect service statistics.

USAID, in collaboration with other donor agencies like UNAIDS, plans to design a national Community-Based HMIS (CBHMIS). This system will provide indicative information regarding quality and completeness of services being provided at the community and health post levels and facilitate the reporting of consistent and reliable program performance data to higher levels. This system will include the monitoring of community-based PMTCT activities, including the number of referrals to antenatal care (ANC) and PMTCT services made by Health Extension Workers. USAID/Ethiopia submitted this plan to OGAC in our April 2009 reprogramming and received approval to implement the CBHMIS.

We believe the necessary actions have been taken within our ability to address this recommendation and request that IG/A/PA close Recommendation No. 2 accordingly.

Recommendation No. 3: We recommend that USAID/Ethiopia develop a performance management plan that includes its activities for the prevention of mother-to-child transmission of HIV.

USAID/Ethiopia is in full agreement that the existing Performance Management Plan (PMP) needs to be updated. The audit contends that the last PMP for PEPFAR activities was approved on September 2004. However, the most recent PMP for Strategic Objective 14: Human Capacity and Social Resiliency Increased was approved on June 30, 2005. This document includes HIV/AIDS as well as Health, Nutrition and Education indicators.

In response to this finding USAID/Ethiopia formed an internal working group with technical and monitoring and evaluation (M&E) staff from the HAPN Office and Program Office to update the existing PMP. The Mission also engaged the USAID/East Africa Monitoring and Evaluation expert to help the HAPN team put together an updated Performance Monitoring Plan. Once the PMP is revised and approved, USAID/Ethiopia will request closure of this recommendation.

Recommendation No. 4: We recommend that USAID/Ethiopia, in collaboration with its commodity logistics partners, develop and implement a detailed interim action plan to obtain accurate data from health centers and hospitals to improve the supply and timely distribution of commodities, assuming that funding is available.

USAID/Ethiopia supports the above recommendation and will work with our commodity logistics partners to develop a detailed action plan to obtain better data from health centers. USAID will work through the USG interagency Technical Working Group (TWG) system and our implementing partners to ensure joint collaboration and input on the plan which is expected to be finalized by the end of August 2009.

We will request closure for this recommendation once the plan has been finalized and implementation is underway.

Recommendation No. 5: We recommend that USAID/Ethiopia, in collaboration with the Ethiopian Ministry of Health and other implementing partners, develop and implement a plan to provide periodic or refresher training on inventory management at storage facilities for staff responsible for receiving and disbursing commodities. This should include information on the importance of properly completing stock cards to reflect the status of commodities on hand.

USAID/Ethiopia fully supports the above recommendation. USAID's logistics partners in collaboration with the MOH developed a plan and began conducting on-site and on-job refresher trainings on inventory management. They are in the process of incorporating this training into the existing training for Pharmacists. There will be a joint review of the updated training and increased joint supportive supervision to health facilities.

We kindly request that IG/A/PA close Recommendation No. 5.

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