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REPORT TO THE CONGRESS

Assistance To Family Planning Programs In Southeast Asia B-173240

Agency for International Development

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

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MAY 23, 1973



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

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C To the President of the Senate and the
Speaker of the House of Representatives

GAO reviewed the assistance to family planning programs
in Southeast Asia administered by the Agency for International
Development 17

We made our review as part of our continuing examination
of foreign assistance programs, pursuant to the Budget and Ac-
counting Act, 1921 (31 U S C 53), and the Accounting and Auditing
Act of 1950 (31 U S C 67)

We are sending copies of this report to the Director, Office
of Management and Budget, and to the Administrator, Agency for
International Development

A handwritten signature in cursive script that reads "Thomas B. Staats".

Comptroller General
of the United States

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ABBREVIATIONS

AID	Agency for International Development
GAO	General Accounting Office
GOI	Government of Indonesia
GOP	Government of the Philippines
RLG	Royal Lao Government
RTG	Royal Thai Government

D I G E S T

WHY THE REVIEW WAS MADE

GAO reviewed U S assistance programs directed toward alleviating population pressures in Southeast Asia during the period 1968 through early 1973. GAO wanted to study the problems encountered by the Agency for International Development (AID) in effectively implementing title X of the Foreign Assistance Act, particularly in view of the need for AID to rapidly develop and implement programs to use large amounts of money provided during a relatively short period.

For fiscal year 1968 the Congress earmarked \$35 million for use under title X. The amount so designated increased steadily each year to \$125 million for each of fiscal years 1972 and 1973, the 1974 budget request included another \$125 million.

GAO selected four Southeast Asian countries--Indonesia, Laos, Thailand, and the Philippines--for its study. Through fiscal year 1972 AID provided \$35 million directly to the four countries.

FINDINGS AND CONCLUSIONS

AID encouraged the adoption of family planning policies and programs in these four countries, notwithstanding that some religious and cultural mores conflict with family planning concepts and that one country--Laos--is sparsely populated. (See pp 6 to 10 and p 12)

AID introduced the programs, in part, by financing health projects related indirectly to population control (See p 12)

AID had more than sufficient funds available, and at yearend it obligated significant amounts for undefined program requirements (See p 24)

Use of title X funds

Programs to reduce population growth rates are definitely needed in three of the four countries we reviewed. In sparsely populated Laos, the need for such programs and the use of title X funds for them appears questionable (See p 13)

Lao Government officials, traditionally opposed to a Government-sponsored family planning program, adopted a population policy only with AID's encouragement. Through fiscal year 1972 AID provided about \$3.5 million of earmarked funds for general use in maternal and child health care programs in Laos, and it appears that the purpose for which funds were earmarked--reduction of the rate of population growth--may not be accomplished (See pp 7 and 8 and pp 13 to 15)

In fact, for each of the four countries, title X funds were used to a greater or lesser degree for purposes related indirectly to controlling population growth rates. Various maternal and child health and nutrition programs in the Philippines,

Thailand, and Laos previously funded by regular AID appropriations were considered family planning projects when title X funds became available. This matter was also included in the report of a staff survey team of the House Committee on Foreign Affairs dated February 25, 1973 (See pp 16 to 20)

AID agreed to provide \$1.1 million to train health education specialists in Indonesia, family planning was only a small part of the curriculum (See p 20)

AID used \$10.2 million of title X funds through fiscal year 1972 to pay local currency costs of the family planning program in the Philippines, because the Philippine Government refused to contribute funds. It was probably necessary for AID to pay these costs to build the existing program (See pp 8, 9, and 21)

Program management

AID had more than sufficient earmarked funds available, and during the last month of the fiscal year it obligated large amounts for undefined program requirements so that funds would not be lost to the program. Inadequate administrative and logistics systems contributed to the problem of defining program requirements, making proper distribution, and maintaining accountability for the commodities (See pp 24 to 26)

In the 1971 Philippines program, for example, \$4.8 million of the \$5 million total obligations was obligated on June 28, 1971, without requirements being defined (See p 24)

In all four countries, services were made available in excess of demand so that clinics were unproductive,

commodities were overstocked, and equipment either was not used or was underused. (See pp 26 to 30)

AID observed that

- Management problems were magnified because family planning was a relatively new activity and because insufficient knowledge existed of basic factors affecting population dynamics (See p 49)
- Delayed appropriations plus the uncertainties of developing programs in a technical field resulted in bunching obligations at the end of the year. (See pp 43 and 44)

Program evaluation

The progress of family planning in Southeast Asia is most difficult to measure and evaluate, because demographic data generally is inadequate. Therefore AID is evaluating progress on the basis of the reported number of new families using birth control methods.

Studies showed that the reported data was not reliable either. In the Philippines, erroneous reports were submitted by private institutions as the basis for receiving AID payments (See pp 32 to 34)

RECOMMENDATIONS OR SUGGESTIONS

AID has used title X funds for health and nutrition programs not related directly to reducing population growth rates, because it believes that such use in some cases is the best means to promote family planning. Through this means a very humanitarian service is being provided, and GAO is therefore suggesting that the Congress consider whether title X may need to be revised to provide for a

coordinated program of family planning, health, and nutrition. This action would be in conformity with that proposed by a staff survey team of the House Committee on Foreign Affairs. (See p. 22.)

With regard to program management problems, GAO recommends that the Administrator of AID discontinue obligating funds at yearend for undefined program requirements. GAO recommends also that the Administrator of AID review the project agreements when the required implementing documents were waived for 6 months, to determine whether the agreements are sufficiently specific to constitute valid obligations. (See p. 31.)

GAO recommends further that the Administrator of AID

- Continue efforts to strengthen administrative and logistics systems of host governments and that he take steps to correct programing imbalances. (See p. 31.)
- Continue efforts to obtain more reliable measurements of progress but that he acknowledge the shortcomings of the present system for measuring progress when evaluating and justifying future program requirements. (See p. 34.)
- Determine the full extent to which

private institutions have submitted erroneous reports in the Philippines and take corrective action. (See p. 35.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

AID agreed that certain problems may have existed in the management of family planning programs but stated that its recently established Bureau for Population and Humanitarian Assistance would provide more effective direction and surveillance over the uses of population program funds. (See pp. 41 and 42.)

AID stated that an effort would be made to obligate funds more evenly throughout the year but added that the problem would continue in specifically defining program requirements. (See p. 44.)

MATTERS FOR CONSIDERATION
BY THE CONGRESS

In view of AID's use of title X funds for health and nutrition programs not related directly to reducing population growth rates, GAO is bringing this report to the attention of the Congress.

The Congress may wish to consider expanding the purposes of title X to provide for a coordinated program of family planning, health, and nutrition.

CHAPTER 1

INTRODUCTION

A tremendous demand exists in less developed countries to improve living standards. The fact is, however, that in most developing countries the rapid population growth is the greatest single obstacle to progress. The higher the growth rate, the greater the need for more resources to simply maintain a constant per capita gross national product.

Agency for International Development (AID) assistance to population and family planning started in fiscal year 1965 with an allocation of \$2 million. In fiscal years 1966 and 1967, between \$4 and \$5 million was committed each year. Then in 1967 the Congress enacted an amendment to the foreign aid legislation entitled "Title X--Programs Relating to Population Growth" (see app III) which granted broad authority to provide aid to governments and private organizations to study population problems and to provide family planning services. Subsequently, amounts earmarked for population and family planning increased sharply--to \$35 million in fiscal year 1968, \$45 million in 1969, \$75 million in 1970, \$100 million in 1971, and \$125 million in both 1972 and 1973. The 1974 budget request includes another \$125 million for title X purposes.

The scope of our review is shown in chapter 5.

POPULATION PROGRAMS IN SOUTHEAST ASIA

The overpopulation problem in Southeast Asia is particularly important. For example, in 1970 the estimated population was 287 million, an increase of about 15 percent over 1965. During the same period, the population of the United States and Europe increased by only 6 and 4 percent, respectively. At the current growth rate, the population of Southeast Asia will double in less than 25 years.

AID family planning assistance in Southeast Asia includes country programs for Indonesia, Laos, Thailand, and the Philippines, regional programs, and grants to private organizations. The following table shows the amounts for these various inputs for fiscal years 1965 through 1972.

	<u>1965-67</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>Total</u>
	(000 omitted)						
Country programs							
Indonesia	\$ -	\$ 270	\$1,500	\$ 430	\$ 1,759	\$ 2,686	\$ 6,645
Laos	-		990	1,112	925	500	3,527
Philippines	270	1,064	1,400	4,948	5,000	6,290	18,972
Thailand	<u>25</u>	<u>650</u>	<u>1,298</u>	<u>1,295</u>	<u>1,395</u>	<u>1,600</u>	<u>6,263</u>
	295	1,984	5,188	7,785	9,079	11,076	35,407
Regional programs (note a)	350	1,325	1,608	623	1,942	1,826	7,674
Grants to private organizations (note b)	<u>10</u>	<u>560</u>	<u>1,154</u>	<u>1 293</u>	<u>1,487</u>	<u>-</u>	<u>4,504</u>
Total	<u>\$655</u>	<u>\$3,869</u>	<u>\$7,950</u>	<u>\$9,701</u>	<u>\$12,508</u>	<u>\$12,902</u>	<u>\$47,585</u>

^aIncludes funds for the Economic Commission for Asia and the Far East, Population Council Inc, East-West Center, Colombo Plan, Regional Economic Development, and seminars

^bIncludes funds for the International Planned Parenthood Federation, Population Council and Pathfinder Fund. We were unable to identify the amount for fiscal year 1972, and the amounts specifically applicable to Southeast Asia for other AID grants to private organizations

As stated previously, title X funds were first available in fiscal year 1968. Thus \$46.9 million of the above \$47.6 million was provided from earmarked funds. Other donors, including the International Planned Parenthood Federation, the Population Council, Inc, and the Pathfinder Fund, contributed about \$9.7 million during fiscal years 1967 through 1971 for family planning programs in the four countries. The \$9.7 million, however, included AID funds granted to these private organizations, which are not fully identified in the above table.

Following are brief discussions of the family planning programs in Southeast Asia. Comparative population data for the four countries is shown in appendix I.

INDONESIA

Indonesia, with a population of more than 120 million, is currently the world's fifth most populous nation. Although accurate data is lacking, it is generally believed that the population is growing at a rate of about 2.6 percent annually. Two-thirds of the country's people are concentrated on just slightly more than 7 percent of the land area--the three central islands of Java, Madura, and Bali. A deeply rooted traditional emphasis on early marriage and large families and the prevalent religious (Islamic)

attitude, which does not sanction birth control practices, have hindered family planning program development.

Little was done about the population problem until 1968, when the Government of Indonesia (GOI) issued a family planning policy statement, established an agency to coordinate national family planning efforts, and entered into its first population control project agreement with AID. In 1970 GOI developed and approved a 5-year national family planning program plan. The plan projects that, of a target population of 19.3 million fertile women, 6.1 million will start using contraceptive methods by 1976. This would reduce Indonesia's overall growth rate from 2.6 percent to about 2.1 percent.

AID is the largest contributor of the 20 organizations providing inputs to the Indonesian program. U.S. assistance from 1968 through 1972 amounted to over \$6.6 million, in addition to about \$1.2 million in grants to the International Planned Parenthood Federation, the Population Council, and the Pathfinder Fund. To date this assistance has been focused on clinical services and health education.

AID's fiscal year 1972 project budget submission contemplated that it would contribute over \$10 million during fiscal years 1968 through 1974. Current plans are to continue emphasizing clinical services and health education, but funds will be channeled increasingly through multinational organizations. There was no plan for the Indonesia program to eventually become self-sustaining.

LAOS

Laos, with a population of about 3 million and a reported growth rate of 2.4 percent, is considered geographically and economically sparsely populated. Even in the more populated areas along the Mekong River, Laos' population densities do not exceed an average of 200 a square mile, compared with Indonesia's population densities which average 1,500 a square mile in the more heavily populated areas and with the Philippines overall densities which average 336 a square mile.

The official population policy of this Royal Lao Government (RLG) was to increase the population, and senior

RLG officials traditionally opposed any officially sanctioned or sponsored program of family planning. On January 5, 1972, as a result of AID's encouragement, however, RLG officially recognized family planning activities. Little is known about the peoples' attitudes toward family planning, but it is believed that the same religious and cultural mores that exist elsewhere in Southeast Asia are prevalent in Laos.

Although Laos is sparsely populated, AID desired to use earmarked funds when they became available. In fiscal year 1969 AID initiated a maternal and child health care project which it believed could be considered to be within the purview of title X and through 1972 provided about \$3.5 million for construction, equipment, and consumable commodities--primarily vitamins and infant milk formulas. AID did not develop its first plan to make family planning services available at public health care facilities until July 1971, or more than 2 years after the project agreement using earmarked funds was signed.

The 1972 project budget submission indicated that AID planned to use \$512,000 in each of the fiscal years 1973 and 1974 for the maternal and child health care project. AID also contributed about \$44,750, or 50 percent, of the family planning assistance provided by the International Planned Parenthood Federation.

THE PHILIPPINES

In 1971 the Philippines had a population of about 39 million and a reported annual growth rate of 3.4 percent--one of the highest in the world. The population is predominantly Christian, rural, and poor with a high ratio of dependents. Most of the people (85 percent) are of the Catholic faith which does not sanction modern contraceptive methods. Cultural and economic values of the Filipinos also support the quest for large families.

The family planning program in the Philippines is somewhat different from the programs in the other countries included in our review. The AID Mission, rather than the Government of the Philippines (GOP), prepared the national program and implemented it, primarily through private institutions instead of through the Government's public health infrastructure. In June 1971, when the Philippine

legislature first approved of family planning programs, only 32 of the Department of Health's estimated 1,400 rural units were providing family planning services. As of November 1972 the number of participating units had increased to 710.

GOP gave tacit approval to AID to sponsor population programs starting in 1967, but for political reasons GOP itself was initially unwilling to become involved. GOP's position has slowly changed, however, and in 1969 GOP officially adopted a policy expressing the need to limit population growth and dropped a ban on importing contraceptives. A law enacted by the GOP Congress in July 1971 authorized the GOP Population Commission and culminated a series of actions to provide active Government participation in family planning activities, including minimal financial support.

As of the end of fiscal year 1972, the Philippine family planning program had been financed almost exclusively by the United States and several AID-supported organizations. There were nine external donor organizations operating in the Philippines, but the United States was the only foreign government AID provided, in addition to about \$19 million in bilateral assistance, about \$2.5 million indirectly by way of grants to the International Planned Parenthood Federation, the Population Council, and the Pathfinder Fund.

U S support of the Philippine program was originally expected to terminate in 1971, but at the time of our in-country review, AID anticipated that a self-sustaining, self-sufficient program would not be achieved until 1975. Total AID bilateral contributions during the life of the project (1967-75) are estimated at about \$37 million.

THAILAND

Thailand's population in 1971 was estimated at about 38.1 million and its population growth rate--3.3 percent--is also one of the highest in the world. Religious and cultural mores in Thailand, however, do not appear to be as opposed to family planning as are those in the other countries we reviewed.

In 1968 the Ministry of Public Health of the Royal Thai Government (RTG) initiated a 3-year family health project, and in 1970 the RTG Cabinet approved a national population

policy Thailand's third 5-year national economic and social development plan (1972-76) included a national family planning project having the stated objective of reducing the population growth rate to 2.5 percent by the end of 1976

Family planning has been integrated into RTG's general health services, therefore, many program costs, such as those for personnel and facilities, are already funded through the regular Ministry of Public Health budget. RTG support through 1971 was limited to this in-kind contribution plus a small amount of counterpart funds. RTG's 5-year plan calls for substantial family planning budget increases, starting at \$1.3 million in 1972 and increasing to almost \$2.2 million in 1976.

There are 13 external donors providing assistance to the family planning program. Thus far AID has been the most significant donor, having contributed \$6.3 million through fiscal year 1972. AID's fiscal year 1972 project budget submission indicated that it intends to contribute a total \$3.9 million additional during fiscal years 1973 and 1974.

REGIONAL ASSISTANCE PROGRAMS

AID committed about \$7.7 million to regional programs through fiscal year 1972 to help international organizations develop and maintain expanded family planning programs in east Asia. AID provided about \$3.9 million to support a population program at the East-West Center in Hawaii, \$3.4 million to contract with the Population Council for advisory services and other assistance in population matters to countries in the region, \$117,000 to finance a family planning advisor working with the Colombo plan, and \$271,000 to help establish a new regional population program.

East-West Population Institute

The East-West Population Institute, one of five institutes of the East-West Center on the University of Hawaii campus, was established in November 1969 with AID financing. The institute's aim is to contribute to the understanding and solution of population problems affecting the societies of Asia, the Pacific, and the United States. Through June 1972 AID had committed \$3.9 million to fund institute activities, which include providing graduate-level

scholarships, giving family planning seminars, and engaging in family planning research

Population Council contract

On June 13, 1967, AID entered into a grant agreement with the Population Council, whereby the council was to undertake various family planning activities or to make subgrants to selected institutions and persons to perform family planning activities in the Far East. The estimated cost for the period of the grant--through June 30, 1974--is \$4,275,000. Through fiscal year 1972 AID obligated \$3.4 million to finance family planning activities under the contract.

Southeast Asia regional program

An October 1970 meeting of Southeast Asian countries resulted in a Malaysian Government-initiated regional population program designed to facilitate coordination of national programs in Southeast Asia. The program will include demographic studies, training of key Asians, and research and information activities. AID said that it planned to fund the administrative budget during the first 3 years of operation and that the United Nations Fund for Population Activities would fund the cost of major projects. For fiscal year 1972, however, AID provided \$201,000 for the administrative budget and for some training and orientation courses.

CHAPTER 2

USE OF TITLE X FUNDS

Title X legislation was predicated on the recognized need to alleviate a population explosion problem in developing countries, however, the act is not definitive as to how earmarked funds may be used. The Congress, in enacting title X (see app III), did constrain AID's use of authorized funds by stating that every nation is, and should be, free to determine its own policies and procedures regarding population growth problems.

Prior to 1968 none of the countries we reviewed had a population control policy, however, at AID's encouragement, each of the four Southeast Asian countries--including sparsely populated Laos--adopted population and family planning policies. AID encouraged the countries to adopt such policies, in part, by using title X funds to (1) finance maternal and child health care programs, (2) obtain commodities and services primarily benefiting other programs--mostly general health care, and (3) pay local currency costs exceeding the proportion normally allowable under existing AID directives.

The general criteria for using title X funds were outlined by the AID General Counsel in January 1968, shortly after earmarked funds first became available. In reply to an internal request for an interpretation of how the funds might be used, the AID General Counsel stated that, despite the vagueness of certain terms, title X was a statement of the sense of the Congress making it clear that the earmarked funds were to be used for programs concerned with reducing population growth.

The AID General Counsel commented that, although neither the statute nor the legislative history set forth definitive guidelines for funding multipurpose projects and programs which directly or indirectly promote family planning, references to indirect population programs should not be construed as mandates to rationalize all the AID programs as creditable against the earmarked funds. Programs primarily concerned with the improvement of agriculture, education, or health must be considered outside the purview of title X. He concluded, however, that it appeared justifiable to use funds

to assist an entire maternal and child health care operation if the child-care facilities serve as a means of attracting mothers to sources of birth control information

In November 1969, when a substantial increase in earmarked funds appeared likely, the guidelines for determining the eligibility of projects and activities for title X funding were expanded. The general criterion for using title X funds, as stated by the AID General Counsel, remained the same, i e , to reduce the population growth rate in a particular country. However, under the new guidelines, such items as the incremental costs needed to extend family planning through existing health services programs became eligible for funding.

FAMILY PLANNING IN LAOS

Programs to reduce population growth rates are definitely needed in three of the four countries we reviewed. However, in Laos the need appears questionable. As explained in chapter 1, Laos has no immediate population problem. The country is sparsely populated, and senior RLG officials have traditionally opposed a Government sponsored or supported family planning program. The AID-supported program in Laos is not necessarily intended to reduce the population growth rate, consequently, it appears that the purposes for which title X funds were appropriated may not be accomplished.

Official RLG opposition to family planning required that, if the AID Mission in Laos wished to use title X funds, a program be developed which would not offend RLG officials, but yet possibly would be considered to be within the purview of title X. To accomplish this objective a maternal and child health project was started in 1969. Through fiscal year 1972, AID had provided \$3.5 million in title X funds for the project. Most of the funds used to date have been for maternal and child health facilities and activities rather than for family planning services designed to reduce the population growth rate.

In December 1968 the AID Mission in Laos prepared its initial plan to provide the Laotians with some basic health care facilities. When the AID Mission learned that family planning (title X) funds did not come out of the regular health budget but were in addition thereto and were readily

available, the scope of the project was expanded and the costs increased significantly. The total cost of construction and equipment estimated in the original December 1968 plan at \$1 million and the total project cost estimated at \$2.1 million had increased to more than \$2.8 million and \$5.1 million, respectively, as of July 1971.

Facilities to be constructed under the project include the National Maternal and Child Health Center in the capital city of Vientiane and five provincial health facilities. The national center, having an estimated construction cost of \$1.3 million, will replace 200 beds of the adjoining Government hospital--one-half its present capacity--and will provide upgraded services, such as X-rays, for the entire hospital. Also included is a complete outpatient facility. The need to replace existing hospital facilities had been acknowledged well before family planning was envisioned in Laos, but construction of the project was not undertaken until title X funds became available.

Similarly, AID initially proposed that small maternal and child health outpatient clinics costing a total of about \$175,000 be provided for the provincial capitals. When the AID Mission learned that title X funds were readily available and were in addition to the regular AID program funds, the scope and cost of the plan were increased. The revised plan called for 362 beds--nearly double the hospital's present capacity--at an estimated cost of about \$1.4 million. The revised project scope included such things as replacing obsolete patient wards, providing operating-room suites, pharmacies, and complete outpatient clinics, and generally upgrading all hospital services.

At the time of our fieldwork in 1971, the only actual family planning services available were at eight clinics operated by the Laotian Family Welfare Association. The association, sponsored by the International Planned Parenthood Federation, was organized in January 1969. Through December 1971 the Federation has spent \$76,356 for its operation, including \$44,756 granted by AID. After our field review the World Health Organization provided two family planning experts to work within the RLG maternal and child health care framework.

Because of the political sensitivity of the subject of birth control in Laos, the Laotian Family Welfare Association had to operate as inconspicuously as possible and had to recruit family planning participants by word of mouth. Its aim, however, was to be ready to operate on a much larger scale if RLG recognized and approved the association.

In commenting on our draft report, AID stated that after our review RLG had adopted a family planning policy and had integrated its programs into the health delivery system. AID commented that the rapid change in RLG policy highlighted the need for facilities and health services and that the construction of maternal and child health facilities was sound in principle.

AID's encouragement did result in RLG's establishing in January 1972 the Commission for the Promotion of Family Well-being, thus approving a family planning policy. The fact remains, however, that Laos is sparsely populated from a geographic and economic point of view. AID recognized this fact and outlined a family planning program which was not necessarily intended to reduce the population growth rate. According to the AID program, family planning services would accompany the broader spectrum of maternal and child health programs. AID believed that such an approach would help alleviate any future population problem which might develop and at the same time would provide a much-needed humanitarian service to the people of Laos.

We recognize that maternal and child health assistance in Laos is a much-needed humanitarian service. We believe, however, that, unless such health assistance is part of a program to reduce the population growth rate, this service would not come within the purview of title X. The use of earmarked funds for this purpose has, in effect, augmented programs funded under other titles of the Foreign Assistance Act.

FUNDS USED PRIMARILY TO
BENEFIT OTHER PROGRAMS

The use of title X funds varied by country and by program, but at least some part of the funds for every program was used for commodities or services only indirectly affecting family planning. Similar costs were funded under both AID's regular country assistance programs and its title X program. Some entire projects previously financed under other AID programs were transferred to family planning when title X funds became available.

A staff survey team of the House Committee on Foreign Affairs also reported this matter on February 25, 1973. Its report, entitled "U.S. Aid To Population/Family Planning In Asia," said, among other things, that projects once funded under the general health category were being paid for out of title X funds because of the greater availability of those funds for family planning. The report also said that a similar development had occurred in nutrition programs and that the Congress almost certainly had not contemplated including child nutrition programs under title X, no matter how worthy they might be.

The main point in the staff report, and one that we agree with, was that AID should not be admonished for such inclusions in its family planning program but rather that AID had taken a more rational approach than the existing law might allow. Therefore the situation suggests that title X be revised to permit an integrated strategy to combat the related problems of inadequate health care, insufficient nutritious food, and excessive population growth.

Our observations on the use of title X funds for other programs or for programs indirectly related to family planning follow

Vehicles, medical equipment, and
office equipment

In each country we reviewed, title X funds had been used to purchase vehicles, medical equipment and supplies, office equipment and supplies, and other items which, either wholly or primarily, benefited general health care programs. In fiscal years 1968 through 1971, \$9.7 million of title X funds had been used for the following types of commodities.

<u>Commodity</u>	<u>Philippines</u>	<u>Thailand</u>	<u>Indonesia</u>	<u>Laos</u>	<u>Total</u>
	(thousands)				
Medical and laboratory equipment	\$ 753 3	\$ 891 1	\$ 477 3	\$ 731 5	\$2,853 2
Vehicles	540 1	815 4	913 6	126 1	2,395 2
Contraceptives	(a)	1,499 8	772 8	13 3	2,285 9
Medical supplies	-	-	124 3	346 7	471 0
Audiovisual equipment	266 3	45 6	141 7	-	453 6
Data processing equipment	184 0	91 5	-	-	275 5
Office equipment	106 4	26 5	117 6	1 2	251 7
Office supplies	-	-	237 9	-	237 9
Books and films	104 2	70 3	24 6	-	199 1
Motion pictures	76 7	-	-	-	76 7
Forklifts and fans	-	-	23 7	-	23 7
Other	-	128 0	51 9	39 7	219 6
Total	<u>\$2,031 0</u>	<u>\$3,568 2</u>	<u>\$2,885 4</u>	<u>\$1,258 5</u>	<u>\$9,743 1</u>

^aFinanced by AID through the Pathfinder Fund

Because family planning services had been integrated with other health programs, it was impossible to determine just what part of some commodity support--X-ray equipment, vehicles, and office equipment--would directly benefit the family planning program. In Indonesia many general purpose clinics receiving title X funds provided family planning services only for a few hours on 2 or 3 days each week. Equipment and facilities furnished with earmarked funds were used for general health purposes during the remainder of the clinics' operating hours. Most health clinics in Thailand devoted only 10 to 25 percent of their time to family planning. Therefore it appears that these general utility items benefited other health programs more than the family planning program.

Items having nothing to do with family planning, such as equipment for sampling air and for testing noise levels and books entitled "Hydrology for Engineers" and "Veterinary Helminthology," were purchased with title X funds.

In commenting on our draft report, AID stated that it did not believe that title X expenditures for vehicles, medical equipment, and office equipment wholly or primarily benefited general health programs. AID agreed that some commodities were used for general health programs but stated that commingling of staff and equipment was unavoidable when family planning services must be provided through general health facilities. AID commented that, in its opinion,

both family planning programs and the general health delivery systems benefited significantly from a complete integration of activities and that incorporating family planning in general health delivery systems had proved to be an effective means of obtaining acceptance of birth control methods

AID stated that equipment for sampling air and for testing noise levels and books such as that entitled "Hydrology for Engineers" should not have been funded under title X. AID commented that its policy for using title X funds had been stretched in some examples cited in our draft report but that the recent reorganization of AID population programs would result in more extensive project reviews and improved future performance

We were unable to determine the basis for AID's comment that it did not believe that title X expenditures for certain commodities wholly or primarily benefited general health programs. As discussed above, both Thailand and Indonesia health clinics receiving title X funds devoted only small percentages of their time to family planning but major percentages of their time to general health services. Such commodities as medical and laboratory equipment, vehicles, and office equipment and supplies purchased with title X funds were used to a greater extent for general health services than for family planning services. Several vehicles intended for workers providing family planning services were assigned to health workers who spent only 1 or 2 days each week providing family planning services. The remainder of the time the vehicles were used by workers performing general health services.

We recognize that the commingling of staff and equipment is unavoidable, and is probably desirable when family planning services are delivered through general health facilities, and we do not question that incorporating family planning in general health delivery systems may be an effective means of promoting birth control methods. Existing AID guidelines, however, state that title X funds should be used to pay for only the incremental costs needed to extend family planning through existing health services. The AID instruction regarding the funding of incremental costs is consonant with the AID General Counsel's comment that programs primarily concerned with improvement of health should be considered outside the purview of title X. The

instructions were apparently promulgated on the theory that other funds were provided for general health care programs

In our opinion, the AID guidelines regarding the use of title X funds for incremental family planning costs were an appropriate interpretation of existing legislation. However, we believe that in many instances AID did not follow its own directives and guidelines, which resulted in other programs' being augmented with title X funds. We agree that in some cases it is difficult or impracticable to separate general health and population activities. Therefore we believe that the use of title X funds for purposes indirectly related to population control warrants further consideration.

Consumable commodities costs and
miscellaneous costs

We noted that some title X funds were used to finance indirectly related costs which had previously been paid for with other AID funds.

In the Philippines, for example, AID entered into a Nutrition Support Program Agreement on May 31, 1968, with GOP. The agreement provided the basis for a 5-year program designed to help overcome malnutrition in young children and other vulnerable groups by assisting provincial, city, and rural administrations to build up their paramedical and clinical capabilities for developing community services. This was to be done through (1) a comprehensive mothercraft approach, focusing on correct child feeding, general sanitation, and other health-related homemaker capabilities, (2) upgrading provincial hospital clinical facilities for monitoring recovery from severe malnutrition, and (3) "back-yard" food production to help meet family food needs.

During the first 3 years, this program was funded as a separate project under AID's regular country assistance program. Then in the fourth year it was funded as a sub-activity under the population planning project and was expanded to include eight additional provinces. Total obligations in the first 3 years amounted to only \$273,000, in the fourth year the obligations increased sharply to an estimated \$250,000.

In Laos \$590,000 worth of consumable commodities, primarily vitamins and infant milk formulas, were purchased with title X funds. These same items were also purchased with regular AID funds. We were advised that the availability of funds determined the funding source. In fiscal year 1971, \$140,000 of title X funds were used to support Operation Brotherhood maternal and child health-related activities. These costs were previously paid from other AID funds. Another \$8,100 of title X funds were used to pay for training and for motorcycles for an AID agriculture nutrition project on the basis that the project would improve child health.

The United States has been providing assistance to the public health infrastructure in Thailand since 1950. In fiscal year 1968, when large amounts of title X funds became available, the entire maternal and child health part of the program was transferred to the new family health project.

In commenting on this part of our draft report, AID stated that it believed that title X legislation would permit expenditures for vitamins, infant milk formulas, and other maternal and child health-related activities. We believe that title X expenditures for such items would be appropriate to the extent that such expenditures serve to accomplish the purposes of title X legislation.

Health education

One major facet of Indonesia's family health program is a health education project to train 58 health education specialists. This is a 6-year project having a total estimated cost of \$1.9 million, of which AID is to provide \$1.1 million.

Education is an appropriate use of title X funds, however, as discussed above, existing AID guidelines state that only the "incremental costs" of adding family planning aspects to a program are eligible. Family planning is only a small part of the overall project curriculum, and it appears that the level of title X financing greatly exceeds the costs attributable to family planning.

LOCAL CURRENCY COSTS

AID's strategy to encourage the adoption of a population policy in the Philippines included the use of title X funds to pay for a greater share of local currency costs than normally was allowable under existing AID directives. These directives state that AID financing of local currency costs must bring forth a larger contribution from the host country. This has not been the case with GOP. AID obligations for local currency costs through fiscal year 1972 amounted to about \$10.2 million, or about 56 percent, of AID's total obligations for family planning.

The first direct GOP financial support for family planning was in June 1971 when it agreed to contribute local currency equivalent to about \$233,000. By early 1973 GOP had agreed to contribute local currency equivalent to about \$2.2 million for the population project. GOP had refused to use Public Law 480-generated funds for family planning purposes. Overall, GOP has had a history of inadequate support on joint projects.

In commenting on our draft report, AID stated that an internal directive permitted the financing of family planning program local currency costs under certain circumstances. In AID's opinion, the program in the Philippines meets the spirit of this directive.

The directive referred to by AID provides that dollars may be authorized to finance local currency costs when careful examination indicates that such expenditures will contribute significantly to the achievement of population program goals. The directive further provides that this technique be used only when there is good reason to believe that it will mobilize local resources. In other words this technique should result in a net increase of local financing over projected budget or plan levels with the objective of having the host country provide at least 50 percent of the local currency requirements. Thus it was clear that the use of dollars to finance local currency costs was not to be a substitute for local government participation, particularly once the local government had established a family planning policy.

CONCLUSIONS

AID used several methods to encourage each of the four countries to adopt population and family planning policies. Substantial amounts of title X funds were used to fund a maternal and child health care program in Laos where the need for a large program to reduce the population growth rate appeared questionable and to purchase commodities or services primarily benefiting other programs--mostly in the general health care area. Various programs in the Philippines, Thailand, and Laos previously funded by regular AID appropriations were considered as family planning projects when title X funds became available. AID used title X funds for health programs not directly related to reducing population growth rates on the theory that such use was in some cases the best means to promote family planning methods.

We agree that assistance should be provided to improve general health and that, under some circumstances, it is difficult to separate general health and population control activities. We believe, however, that the use of title X funds for general health has, in effect, augmented programs funded under other titles of the Foreign Assistance Act.

In the Philippines AID used title X funds to pay local currency costs greatly exceeding the share normally allowable under existing AID directives. We recognize that, in a situation such as that in the Philippines where, for political reasons, the local government was unwilling to openly support a family planning program, it was probably necessary for AID to pay those local currency costs to build a program of the size attained.

RECOMMENDATION

AID has used title X funds not only for alleviating population growth problems but also for health care and nutrition programs, especially in Laos, because it believes that such use in some cases is the best means to promote family planning. Through this means a very humanitarian service is being provided, and we are therefore suggesting that the Congress consider whether title X may need to be revised to provide for a coordinated program of family planning, health, and nutrition. This action would be in conformity with that proposed by a staff survey team of the House Committee on Foreign Affairs.

MATTERS FOR CONSIDERATION BY THE CONGRESS

In view of AID's use of title X funds for health and nutrition programs not related directly to reducing population growth rates, GAO is bringing this report to the attention of the Congress

Congress may wish to consider expanding the purposes of title X to provide for a coordinated family planning, health, and nutrition program

CHAPTER 3

PROGRAM MANAGEMENT

AID had more than sufficient title X funds available, and at yearend it obligated large amounts for undefined program requirements. Inadequate administrative and logistics systems contributed to problems in defining program requirements, making proper distribution, and maintaining accountability for the commodities provided. Available family planning services exceeded the demand, which resulted in unproductive clinics, overstocked commodities, and unused or underused equipment.

DEFINITION OF PROGRAM REQUIREMENTS

Problems in defining family planning program requirements were probably caused both by the sudden provision of large amounts of moneys for new programs and by the inadequate administrative and logistics systems assigned to provide definitive requirements data.

It was a common practice for AID to enter into project agreements with host governments and to obligate disproportionate amounts of title X funds during the last month of the fiscal year, largely for undefined requirements, so that the funds would not be lost to the program. Only once were funds turned back at the end of the fiscal year. For the 1970 program the AID Mission Director in Indonesia turned back over \$1 million because ways could not be found to efficiently and effectively use the money. AID officials had constantly pressured Mission Directors to accelerate family planning programs. Officials in Washington were less than enthusiastic about the 1970 program reduction, but they later approved the action.

In the Philippines 64 percent of the family planning funds were obligated during the last month of the fiscal year for the 1968 through 1971 programs. For example, in 1971, \$4.8 million of the \$5 million total program obligations was obligated on June 28, 1971. Implementing documents could not be issued before the end of the fiscal year because the requirements had not been defined. Therefore the Mission Director signed administrative waivers extending for 6 months the issuance of implementing documents.

In Laos AID auditors reported in August 1971 that the AID Mission had prematurely obligated funds for undefined requirements. For example, funds were obligated to construct maternal and child health facilities before technical and financial plans were completed. Because the plans were incomplete, the construction contract for the National Maternal and Child Health Center in Vientiane could not be awarded until 21 months after the funds were initially obligated. Similarly, the contract for three provincial facilities was expected to be awarded from 12 to 18 months after initial fund obligation. In the interim, the costs of the national center increased \$152,000 over the original \$672,000 estimate, and the estimate for the provincial facilities increased \$65,000 over the original \$393,000.

In another situation AID auditors reported that \$171,000 was recorded as an obligation to provide equipment for the national center, however, more than 2 years later, purchase orders were just being prepared. By that time the estimated costs had increased to more than \$450,000. In fiscal year 1970, \$365,800 was recorded as an obligation for commodity procurement in the final month of the fiscal year without prior preparation of specific requirements or purchase orders. Most of the orders were placed after the close of the fiscal year, as of March 30, 1971, an uncommitted balance of over \$197,000 remained.

The AID auditors concluded that, within the meaning of section 1311 of the Supplemental Appropriations Act of 1955, only those purchase orders placed against AID-controlled procurement authorizations before the close of the fiscal year in which the authorizations were made should be considered as valid obligations. Any uncommitted balance remaining under such an authorization that is not required to liquidate these orders should not be certified as valid and should be deobligated.

In commenting on our draft report, AID stated that a precise definition of all program requirements is unusually difficult in countries where family planning experience is very limited. Accordingly, AID stated that it had been necessary, on occasion, to sign project agreements with the host government and to obligate funds for agreed purposes and program activities although specifications and other details were developed later. AID commented that, in most cases, the program requirements had been defined in a general way although the procurement specifications were

sometimes prepared later AID agreed that obligations for family planning activities had tended to accumulate in the latter part of the fiscal year and stated that it would make every effort to obligate title X funds more evenly throughout the fiscal year

We did not attempt to determine on an individual basis whether project agreements without defined requirements were sufficiently specific to constitute valid obligations. We believe that such a determination should be made by AID for each project agreement entered into with participating governments.

The practice of signing project agreements at yearend without definitive implementing documents--even if the agreements are sufficiently specific to constitute valid obligations--is, at best, a poor management procedure We recognize that family planning was a relatively new program for AID and that insufficient knowledge existed concerning basic factors affecting population dynamics. However, since 1968 AID has gained significant experience in the population field, and we believe that the practice of entering into project agreements at yearend without first defining program requirements should be discontinued

SUPPLY VERSUS DEMAND FOR SERVICES

A family planning program has two main components projects to create demand--use of mass media, face-to-face efforts, and educational programs--and projects to supply the means to satisfy the demands created--operation of clinics and provision of equipment, contraceptives, and staffs. AID provided some assistance to projects designed to create demands, however, its assistance was primarily on the supply side and it relied on other donors or the host country to provide inputs to the demand side At the time of our review, the demand creation projects had not kept pace and unbalanced programs had resulted

Demand creation

The use of mass media to promote family planning has only recently been approved in the four Southeast Asian countries This has undoubtedly affected the number of new acceptors of birth control methods, but the use of promotional methods will become much more important in the future, because (1) the number of easily accessible, highly

motivated women will have entered the programs and (2) many women in rural areas do not use the public health systems and therefore will not be exposed to the program in that manner

The International Planned Parenthood Federation reported that in the Philippines a 10-percent sample of clinic records covering the period January to June 1970 showed that women using birth control methods tended to live near the clinic where they began participating--the average distance being about 2.5 kilometers (1.6 miles). The Filipino population is approximately 70-percent rural and is located in the less accessible, agriculturally oriented areas. In many areas indigenous midwives continue to deliver 70 percent or more of the babies.

Other studies indicate that a similar situation exists in both Indonesia and Thailand where only 15 to 25 percent of the people use government health facilities.

Several organizations had expressed plans to support public information systems, but, at the time of our review, there were no large-scale efforts underway in Indonesia, Laos, or Thailand to create demands for family planning services

In the Philippines AID, as part of its efforts to create a demand for family planning services, agreed to pay a local firm \$558,000 to produce promotional magazine articles and radio programs. The contractor produced all the magazine articles but failed to provide all the radio programs required by the agreement.

The agreement specified that the contractor was to distribute recorded tapes of soap operas to 100 radio stations for three consecutive 6-month intervals. We found that tapes had not been distributed to all 100 radio stations until the third 6-month interval. Contracted services valued at about \$78,000 had not been provided, and a review of contract payments showed that the contractor had been overpaid \$20,312

During our field review we brought this matter to the attention of the AID Mission Director in the Philippines, and he took immediate corrective action. We were advised that, as a result of negotiations between all parties

concerned, the contractor had agreed to complete delivery of services valued at about \$78,000 and to provide 231,894 copies of two publications to compensate for the \$20,312 overpayment

Availability of services

We found that services and commodities had been made available to an extent which exceeded the demands created. Therefore unproductive clinics were established and donated commodities were unused or underused.

In Indonesia the national program had concentrated on opening clinics rather than on motivating couples to attend the existing clinics. Obviously in such circumstances there were marginal and unproductive clinics. During the period April 1 through June 30, 1971, about 30 percent of Jakarta's 103 to 115 family planning clinics reported from zero to 4 new acceptors of birth control methods each month.

City health officials informed us that they could not close unproductive clinics because of political considerations, however, the Jakarta Health Department later notified AID that it was planning to cut off the supplies and finances being provided to unproductive clinics.

In the Philippines AID encouraged competition for program funds, and, according to AID, this reduced the service program cost for individual participants in the program. AID officials said that they intended to experiment with several institutions and to eliminate the inefficient ones. We found, however, that AID had continued to support the inefficient institutions.

We noted unused or underused equipment and facilities in all the countries we reviewed. In some cases the commodities had been ordered too early or had been ordered without knowing whether they were actually needed, in other cases the type of equipment provided was too expensive to maintain or operate.

The AID Mission in Laos received 59,000 cycles of oral contraceptives in June 1970 but did not announce the plan for providing family planning services until July 1971. At the time of our field review, only 164 cycles had been issued.

AID auditors reported that the improper timing of procurements in Laos had resulted in overstocked commodities and in unused equipment valued at over \$300,000. In addition, over \$119,000 worth of vehicles had arrived or were due to arrive by July 1971 for use at facilities which would not be completed for another 1 to 3 years.

RTG's Ministry of Public Health reported in 1970 that millions of baht (one baht equals about 5 cents) of medical equipment was lying idle. In our visits to five facilities we identified unused or underused AID-funded equipment valued at about \$36,000. RTG officials also expressed dissatisfaction with other equipment. For example, 17 of the 27 carryall-type vehicles provided by AID were 8-cylinder models. RTG officials stated that the cost to operate and maintain such vehicles was excessive. AID officials in Thailand later advised us that they did not intend to provide any additional carryall vehicles and that the unused equipment we had noted during our field trips would be transferred to facilities where it could be used.

AID officials acknowledged that in Indonesia there were sufficient quantities of contraceptives, office equipment, vehicles, audiovisual equipment, etc., available for a program much more active than the program was at that time. During field trips with AID officials, we noted several examples of inadequate use of supplies and equipment. Medical kits and equipment valued at \$102,700 had been stored in the central warehouse from 5 to 13 months, and much of the audiovisual equipment and training aids valued at \$142,000 had not been used because films, slides, or recordings were not available.

In commenting on our draft report, AID generally agreed that, at the time of our field review, clinics were underused and commodities were overstocked in each of the four countries, and that this situation admittedly was undesirable. AID stated that the reasons for inadequate use were that in all four countries the family planning programs were just beginning to be supported by the host government and that much of AID's family planning resources had been used to establish new programs in relatively uninformed environments.

AID stated that since our field review the clinics in all four countries had become more productive and that most of the equipment had been put to use. As an example, AID cited the Philippines where there had been a significant increase--from a national level of 10,000 new participants a month in 1969 to 48,800 new participants in March 1972--in the number of persons participating in the family planning program.

We did not do any additional fieldwork to verify the increased use of family planning inputs stated by AID. However, we expect that, as the family planning programs become better established and publicized, the use of clinics and commodities will increase. We believe, however, that AID should have recognized more fully that it was attempting to establish programs without complete host-government support in relatively uninformed environments and should have provided program inputs which the countries could more readily absorb and use.

We did not attempt to verify the increased number of persons accepting family planning devices in the Philippines cited by AID. Program participation has undoubtedly increased to some extent. However, we believe that it should be recognized that the method currently used by AID to accumulate and report these statistics is inadequate and is not necessarily a true indication of program progress. Problems related to program evaluation methods are discussed in chapter 4.

CONCLUSIONS

The influx of large amounts of family planning funds to already marginally effective administrative and logistics systems contributed to problems in defining program requirements, making proper distribution of commodities, and maintaining accountability over such commodities. In Indonesia, Laos, and Thailand, the large U.S. inputs have caused the available family planning commodities and services to exceed the demand. A major factor contributing to these management problems was that direct family planning requirements were insufficient to effectively use all available title X funds.

It has been a common practice to obligate large amounts of title X funds at yearend for undefined requirements so that the funds would not be lost to the program. Only once were funds turned back by an AID Mission. For the fiscal year 1970 program, the AID Mission in Indonesia turned back over \$1 million, reportedly because it could not find effective ways in which to use the money. AID officials in Washington initially resisted, but finally acquiesced to, this turnback.

RECOMMENDATIONS

We recommend that the Administrator of AID

- Discontinue the practice of entering into project agreements at yearend without having defined program requirements.
- Direct a review of project agreements where Mission Directors waived for 6 months the required implementing documents, to determine whether the agreements are sufficiently specific to constitute valid obligations.
- Continue efforts to strengthen the host governments' administrative and logistics systems and that he take steps to correct programing imbalances--supply versus demand

CHAPTER 4

PROGRAM EVALUATION

Population growth rate reduction is the ultimate test of family planning program effectiveness, but this is difficult to appraise even under the best of conditions, which do not exist in Southeast Asia. In the countries included in our review, the demographic data was generally inadequate. The overall fertility-rate changes cannot be measured accurately, and AID stated that in Laos age and sex data did not exist and birth and death rates were only estimated.

The method currently used to evaluate the progress of family planning programs is the number of new persons practicing birth control. During our field review in 1971, the three countries having national programs reported the following cumulative data on persons using birth control methods: Indonesia, 245,000, Thailand, 717,000, and the Philippines, 559,000. However, these statistics are not necessarily true indications of the progress of the programs.

The number of persons continuing to practice birth control would be a more accurate measure of program progress, but reliable data has not been developed. Title X funds are being used in all four countries to develop demographic data gathering and reporting systems, but there was little or no valid base data to use as starting points. Therefore it will be years before any meaningful evaluations can be made as to the programs' effects on the birth rates.

We found that, under the current evaluation method, a general problem existed in that the numbers of new persons accepting birth control methods were being overstated. We noted that the number reported in Thailand was overstated by as much as 25 percent through duplicate reporting when women changed clinics or contraception methods. Duplicate reporting also existed in Indonesia and the Philippines, but the extent was unknown.

The most significant attempts to evaluate program progress were in the Philippines. Competition for funds and AID's use of structured performance rewards made it necessary to verify the reported number of new persons

accepting birth control methods AID contracted with a Philippine firm of certified public accountants to determine the reliability of data being reported

The accounting firm started reviewing the reported data in October 1970 By June 1971 it had reviewed only 24 of 1,100 AID-supported clinics, but its reviews did disclose that the reported number of new persons practicing birth control was overstated. For example

1. About 90 of the 513 individuals classified as continuing users either had practiced family planning on their own previously or had transferred from other clinics. The transfers had caused duplicate reporting Both situations caused an overstatement of program achievements
- 2 Users of birth control pills were also recorded as continuing users even though they had not returned to the clinic for extended periods of time As could be expected, some had become pregnant
- 3 About 17 percent of the couples practicing birth control included in the accounting firm's samples had dropped out of the program Reasons given included side effects resulting from the use of contraceptives and both planned and unplanned pregnancies

In reviewing the accounting firm's reports, we noticed that, on the average, about 13 percent--and in one clinic as high as 45 percent--of the users of contraceptives selected for sampling had been classified as anomalies, e g , either did not exist or denied that they had ever practiced family planning Some women who had visited the clinics merely to obtain birth control information or for other medical reasons had been recorded as practicing birth control Other women who were pregnant at the time they made their visits were also recorded as practicing birth control

We could not ascertain whether AID had followed up to determine the full extent of the problems or to penalize the institutions submitting erroneous reports. Since AID funds are disbursed on the basis of the number of persons

reported as practicing birth control, this situation should be corrected

AID stated that it was well aware that demographic data deficiencies exist and that several new projects in that area had been initiated to improve the situation. AID recognized, however, that demographic data in those countries may not be fully adequate for many years, since the basic data is primarily under the control of the less developed countries and not under AID.

AID stated that proper recording and collecting of program data presented a similar problem. AID commented that, to help correct this problem, a contract was being negotiated with a private organization to improve program data development for use as a management tool in evaluating program results. The contract was to be implemented on a worldwide basis and should improve overall data recording and collecting. It will be several years, however, before the results of the contract are known.

AID did not comment on the specific problems in the Philippines that are discussed in this chapter.

CONCLUSIONS

There are presently no reliable measurements of program success, and we recognize that trying to obtain demographic data needed to evaluate program effectiveness involves many complex problems. It will be many years before more accurate data is available, and, in fact, the data may never be totally reliable. Nevertheless it should also be recognized that the statistics AID currently uses to measure program progress are unreliable.

RECOMMENDATIONS

We recommend that the Administrator of AID continue efforts to obtain more accurate measurements of progress. We recommend also that, until more reliable data is available, the Administrator of AID acknowledge the shortcomings of the present system for measuring progress when evaluating and justifying future program requirements.

In view of the fact that AID family planning funds are disbursed in the Philippines on the basis of the number of persons reported as practicing birth control, we recommend further that the Administrator of AID determine the full extent to which private institutions have submitted erroneous reports in the Philippines and, if feasible, penalize, or recover excessive amounts paid to, institutions on the basis of the erroneous reports

CHAPTER 5

SCOPE OF REVIEW

We reviewed program documents, reports, correspondence, and other pertinent documents, including AID regulations and decisions concerning the use of earmarked funds during the period 1968 through early 1973. We discussed relevant topics with AID officials, both in Washington and at the various AID Missions overseas. In addition, we visited selected locations in Indonesia, Laos, Thailand, and the Philippines where family planning projects and activities were being conducted.

APPENDIX I

COUNTRY CHARACTERISTICS--1971 (note a)

<u>Characteristic</u>	<u>Philippines</u>	<u>Thailand</u>	<u>Indonesia</u>	<u>Laos</u>
Population (millions)	39	38 1	121 4	3
Land area (square miles)	116,000	198,500	735,380	91,430
Density (persons per square mile)	336	192	165	33
Rates per thousand population (1970)				
Birth	44	42	44	42
Death	11	9	19	17
Growth	34	33	26	24
Infant mortality	82	68	140	137
Fertile married women (millions)	5 0	4 5	29 4	(b)
Population distribution (1970) (percent)				
Urban	34	15	17	13
Rural	66	85	83	87
Literacy rate (percent)	^c 72	68	^c 43	15
Gross national product (1970)				
Total current prices (billions)	\$9 9	\$6 8	\$14 0	^d \$0 2
Per capita (note e)	\$222	\$181	\$108	^d \$72
Growth rate per capita (percent)	1 4	4 6	3 8	^d 0 2

^aUnless otherwise noted

^bNot available

^cFor 1960

^d1968 estimate

^e1969 dollars

Note The six other countries of Southeast Asia and their populations are Burma, 27 9 million, Cambodia, 6 9 million, Malaysia, 11 1 million, Singapore, 2 1 million, North Vietnam, 20 3 million, and South Vietnam, 18 6 million

APPENDIX II

POPULATION ASSISTANCE DONORS WITH
PROGRAMS IN SOUTHEAST ASIA

	<u>Indonesia</u>	<u>Laos</u>	<u>Philippines</u>	<u>Thailand</u>	<u>Regional</u>
FOREIGN GOVERNMENTS					
United States	x	x	x	x	x
Denmark				x	
Japan	x				
Sweden	x				
Netherlands	x				
United Kingdom	x				
MULTILATERAL ORGANIZATIONS					
United Nations Fund for Population Activities (note a)	x		x	x	x
United Nations Children's Fund	x			x	
United Nations Educational Scientific and Cultural Organization	x				
Economic Commission for Asia and the Far East (note a)	x			x	
International Labor Organization	x				
World Health Organization	x	x		x	
Colombo Plan (note a)	x				
World Bank	x				
PRIVATE ORGANIZATIONS					
International Planned Parenthood Federation (note a)	x	x	x	x	x
Population Council, Inc (note a)	x		x	x	x
Pathfinder Fund (note a)	x		x	x	
Ford Foundation	x		x	x	
Rockefeller Foundation	x		x	x	
CHURCH-RELATED AND OTHER GROUPS					
Church World Service	x		x	x	
East-West Population Institute (note a)					x
Mennonite Central Committee	x				
World Assembly of Youth (note a)	x				
World Education, Inc (note a)				x	
World Neighbors (note a)	—	—	<u>x</u>	—	—
	21	3	9	13	5

^aOrganizations receiving title X funds

FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED

Title X—Programs Relating to Population Growth¹³²

Sec 291¹³³ **General Provisions**—(a) It is the sense of the Congress that, while every nation is and should be free to determine its own policies and procedures with respect to problems of population growth and family planning within its own boundaries, nevertheless, voluntary family planning programs to provide individual couples with the knowledge and medical facilities to plan their family size in accordance with their own moral convictions and the latest medical information, can make a substantial contribution to improve health, family stability, greater individual opportunity, economic development, a sufficiency of food, and a higher standard of living

(b) To carry out the intent of Congress as expressed in subsection (a), the President is authorized to provide assistance for programs relating to population growth in friendly foreign countries and areas, on such terms and conditions as he shall determine, to foreign governments, the United Nations, its specialized agencies, and other international organizations and programs, United States and foreign nonprofit organizations, universities, hospitals, accredited health institutions, and voluntary health or other qualified organizations

(c) In carrying out programs authorized in this title, the President shall establish reasonable procedures to insure, whenever family-planning assistance from the United States is involved, that no individual will be coerced to practice methods of family planning inconsistent with his or her moral, philosophical, or religious beliefs

(d) As used in this title, the term "programs relating to population growth" includes but is not limited to demographic studies, medical, psychological, and sociological research and voluntary family planning programs, including personnel training, the construction and staffing of clinics and rural health centers, specialized training of doctors and paramedical personnel, the manufacture of medical supplies, and the dissemination of family planning information, and provision of medical assistance and supplies

Sec 292¹³⁴ **Authorization**—Of the funds provided to carry out the provisions of part I of this Act for each of the fiscal years 1972 and 1973, \$125,000,000 shall be available in each such fiscal year only to carry out the purposes of this title, and, notwithstanding any other provisions of this Act, funds used for such purposes may be used on a loan or grant basis

¹³² Title X was added by Sec. 109 of the FAAct of 1967

¹³³ 22 USC § 2219

¹³⁴ 22 USC § 2219a Sec 106 of the FAAct of 1971 amended this section which formerly read as follows

SEC 292 AUTHORIZATION—Of the funds provided to carry out the provisions of part I of this Act for the fiscal year 1970 \$75 000 000 and for the fiscal year 1971 \$100 000 000 shall be available only to carry out the purposes of this title and notwithstanding any other provision of this Act funds used for such purposes may be used on a loan or grant basis

FA Appropriation Act 1972 \$125 000 000

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

JUN 30 1972

Mr Oye V. Stovall
Director
International Division
U.S. General Accounting Office
Washington, D. C 20548

Dear Mr. Stovall

I am forwarding herewith a memorandum dated June 30, 1972 from Mr. Joel Bernstein, Assistant Administrator for Technical Assistance, which constitutes the comments of AID on the U.S General Accounting Office's draft report titled, "U S Assistance to Family Planning Programs in Southeast Asia."

Sincerely yours,



(fer) Edward F. Tennant
Auditor General

Enclosure a/s

DEPARTMENT OF STATE
 AGENCY FOR INTERNATIONAL DEVELOPMENT
 WASHINGTON D C 20523

June 30, 1972

ASSISTANT
 ADMINISTRATOR

MEMORANDUM FOR Mr Edward F Tennant
 Auditor General

SUBJECT GAO Draft Report on "U S Assistance to Family
 Planning Programs in Southeast Asia"

I GENERAL COMMENTS

In reviewing the United States assistance to family planning programs in Southeast Asia, the GAO report has questioned the appropriateness of some uses of Title X funds and expressed concern over more specific elements of program management. In its review, the GAO report recognizes the religious and cultural constraints in Southeast Asia which are obstacles in the development of family planning programs, and that AID assistance is helping to overcome some of these obstacles by laying the groundwork for the development of family planning programs.

AID believes that it should be further noted that support of population/family planning programs in developing countries is a relatively new activity of the U S Government for which there was meager experience anywhere to help point the way. AID policy has permitted assistance to population/family planning programs only since 1965. Contraceptives were not made available until 1967 and large-scale funding became available in 1968 when Congress passed the Title X amendment to the Foreign Assistance Act.

Since 1965 AID has been engaged in initiating programs designed to help developing countries solve their urgent population problems as rapidly as possible. Because of this urgency AID has tried to move rapidly ahead even though there is insufficient knowledge of many of the basic factors affecting population dynamics. There have been few large-scale population/family planning programs from which to draw guidance and there have been severe limitations on AID staffing. Since development of population/family planning programs is a new and complex subject requiring experimentation and innovation in this early phase, program flexibility rather than rigidity is in order at this time.

The complexity of the population/family planning field, involving so many disciplines and so many possible approaches, indicates that there will continue to be reasonable differences of opinion as to what should be included within the intent of Title X legislation. AID's program actions aimed at effectively and efficiently helping developing countries to bring about decreased fertility have involved the use of a wide variety of means, including those examples designated in Sec 291, para (d) of the legislation. AID believes that its use of these various means to accomplish the objectives of the legislation has been reasonable and that Agency guidelines to

its field missions (AIDTO CIRC A-2409 of 11/7/69) constituted appropriate interpretations of the intent of the legislation. However, AID recognizes the need for keeping this issue under constant review and is concerned with bringing the best available competence, both within the Agency and outside it, to bear on the problem. In line with that concern the current reorganization of AID provides for a Bureau of Population and Humanitarian Assistance which is intended to serve as the primary focus of all population activities. This office will review all plans and budgets for use of Title X funds. Among other things, this will help ensure that staff most concerned with and responsible for population programs can provide effective direction and surveillance over the uses of population program funds.

II. MAJOR ISSUES

A Use of Title X Funds

As stated above, differences in opinion in this complex field seem inevitable. AID believes that the vast majority of Title X expenditures has been made for purposes directly and clearly related to the control of population growth. The legislation permits the use of Title X funds for health programs, including maternal and child health programs, provided they are intended to help solve the population problem.

Although some countries have separate, single purpose family planning programs, most developing countries choose to provide family planning services within the health sector. Public health experts are increasingly recognizing the limiting and spacing of children as an important public health measure for the protection of maternal and child health. Incorporating family planning services in general health delivery systems, particularly with maternal and child health care programs, has proved to be an effective means of obtaining acceptance.

The report cites Laos as a country where \$3 million was spent for family planning in a country where the Government opposes birth control. Since the report was made, the Government of Laos has adopted a family planning policy and its programs have been integrated into the health delivery system. The rapid change in Government policy highlighted the need for facilities and health services. Construction of MCH facilities in Laos was sound in principle and positive results have been obtained in a situation where the auditors were critical of AID's early effort.

In Indonesia, family planning services are being delivered through the existing health delivery system. As the report points out, stimulating demands for family planning services is a very essential action. Training of health educators who in turn educate people in the health rationale for limiting and spacing children, as well as the need for limiting population to enhance social and economic development, should bring about better acceptance of family planning services within the structure of the health delivery system. Although the health educators also do health work, they would not be effective as agents for family planning if they had not received training in this area. Accordingly, AID considers that Title X funds were used appropriately in this case.

The auditors state that in the Philippines Title X funds have been used to fund local currency costs in apparent violation of the AID directives which provide that family planning programs bring forth a larger local cost contribution from the host country. AID CIRC A-2409 authorizes financing local currency costs of family planning programs under certain circumstances. We believe the Philippines program meets the spirit of this directive. The Philippines Government has developed a national policy on family planning and has established a Population Commission to coordinate its national program, which now includes over \$1 million in local currency appropriated for family planning. Although the original AID contributions to the Philippines program did not immediately produce a larger local cost contribution from the host country, they have since resulted in the Philippines Government making substantial local currency funds available for family planning. AID feels it is good policy to pay local currency costs in order to initiate a program when there is a reasonable expectancy that this action will lead to contributions by the host government as the program becomes established.

B. Program Management

GAO found that some Title X funds were obligated at year end for undefined program requirements. In most cases the program requirements were defined in a general way although the preparation of the specifications for documents such as for procurement of commodities were sometimes prepared later. In family planning programs, one can reasonably predict that such items as contraceptives,

staff and educational material will be needed in the coming period. Since most family planning programs are relatively new, the exact amounts and specifications of each item are best made as late as possible consistent with the lead time needed before delivery and use. In recent years Congressional appropriations have been made long after the beginning of the fiscal year. The combination of delayed appropriations plus the uncertainties of developing programs in a new technical field have resulted in bunching obligations at the end of a fiscal year.

Auditors found clinics that were underutilized and commodities that were overstocked in each of the four countries. It has been pointed out by the auditors that all of these countries were initiating programs which were just beginning to get government support. In fact, AID support was relatively recent and much of the program resources had to go for establishing new programs in a relatively uninformed environment. Since the report was made, the clinics in all of the countries have become more productive and the equipment provided has largely been put into use. For example, in the Philippines there has been a dramatic increase in the number of people receiving family planning advice and becoming acceptors of devices in the urban and rural clinics, particularly in clinics operated by the Institute of Maternal and Child Health. From a national level of 10,000 new acceptors per month at year-end 1969, the Philippines program has grown steadily and has achieved a level of 48,800 new acceptors during March 1972. Available statistics show that roughly 75 percent of these acceptors utilize the two most popular clinical methods, oral contraceptives and IUDs, which in the Philippines generally require prescription by a physician and clinical consultation and follow-up. With a lead time of from a few months to a couple of years from the planning stage of a program through the delivery of equipment, one can hardly expect that programs would materialize exactly as planned. This is especially true inasmuch as many of the actions for staffing, training and construction depend upon the host country actions as well as those of AID.

C Program Evaluation

Program evaluation is indeed hampered by inadequate demographic data and unreliable reporting systems. A review of AID programs in family planning will show that a large proportion of AID resources are being used to foster the collection of social and demographic data needed to promote and plan programs. Several AID contracts with the U S Bureau of Census and private organizations have been made for

the purpose of improving program data and evaluation

III. GAO RECOMMENDATIONS OR SUGGESTIONS

[See GAO note, p 50.]

B The GAO recommends that AID discontinue the practice of obligating funds at year end without defined program requirements. AID is in general agreement with the thrust of this recommendation and will make every effort to obligate Title X funds more evenly throughout the year. However, as noted earlier and in subsequent sections, a problem here is the question of how specifically program requirements are capable of being defined.

In the Philippines, for example, the GAO reported that during the fiscal years 1968-1971 64 percent of family planning funds were obligated during the last month of the fiscal year .. "that implementing documents could not be issued before year's end because the requirements had not been defined". In accordance with the AID regulations, the AID mission issued 6 month waivers for procurement of services and commodities at the time the program agreements were signed to cover types and quantities of items already known but whose specifications are not fully detailed and to cover services to be provided under sub-agreements between the Government and participating agencies where requirements are already known but physical effort to process documents could not be completed at the time the project agreement was signed. Finally, the waivers gave the Population Commission enough time to select participants for training and negotiate sub-agreements on the basis of a firm U S. funding commitment.

IV SECTION-BY-SECTION COMMENTS

Chapter 1 - Introduction

The auditors have made a perceptive general review of the family planning programs in the regions under consideration.

Chapter 2 - Use of Title X funds

AID does not agree with GAO audit report that a significant amount of Title X funds have been used to:

- a. Fund family planning programs where the need for such programs is questionable.
- b. Obtain commodities and services primarily benefiting other programs -- most generally health programs.
- c. Fund local currency cost over and above the amounts allowable under existing AID directives

Need For Family Planning Programs

Laos is cited by the GAO as an example of a country which does not need a family planning program. Since the audit report, the Royal Government of Laos has developed a national policy to foster family planning. At this stage of development of population programs, the education of government officials as to the need for such programs and the promotion of these programs are important activities in actually assisting an operating program.

[See GAO note, p. 50]

[See GAO note, p 50]

USAID Commodity Support

Our review of Title X expenditures for vehicles, medical equipment and office equipment does not lead to the conclusion as stated by GAO that these items were either wholly or primarily for the benefit of general health care programs. Clinical family planning services cannot be provided without the medical equipment necessary for IUD insertions, sterilizations, patient follow-up and for care of complications resulting from contraception. About 25 percent of all funds were spent for contraceptives. Vehicles to transport staff from clinic to clinic, audio visual equipment, data processing equipment, office equipment and supplies, laboratory equipment books and films, motion pictures, fork lifts and fans are all types of commodities that are necessary to support a family planning program. It is true that some of these commodities may also be used for general health programs, but commingling of staff and equipment is unavoidable when family planning services must be delivered through general health facilities. Although health programs may benefit from the use of equipment funded under Title X, this is usually more than balanced by the fact that a very large percentage of the in-kind contributions are made by the health programs to family planning activities.

One should consider the enormous capital investment in facilities and equipment, hospitals, clinics and health centers which support the family planning activities. More often than not, a basic staff

of health workers assists the family planning program without direct compensation from Title X funds. Since most people consider reproduction or non-reproduction a health matter, they naturally turn to their health advisors for guidance on this subject. We think that both family planning programs and general health delivery systems benefit significantly from a complete integration of activities. AID accepts the auditor's criticism that equipment for air sampling, testing noise levels, and books entitled, "Hydrology for Engineers", should not have been funded under Title X. It is AID's view that legislation would permit Title X expenditures for vitamins and infant milk formulae and other MCH related activities, but AID feels its policy has been stretched in some of the examples cited in the report. We believe that the reorganization of AID population programs will result in more extensive reviews of projects and improved performance in the future.

[See GAO note, p 50]

Health Education - Indonesia

The health educators in the Indonesia family planning programs are expected to perform the important function of educating the public to accept family planning services. As pointed out in the audit report, the provision of services is not possible unless there are willing acceptors. AID is providing slightly more than half of the total cost of training these health educators, but the Government of Indonesia health program is providing many other useful services in kind.

Local Currency Costs - Philippines

The local currency cost of the Philippines program was originally totally borne by AID. The decision of the Philippines Government to have a national family planning program and to commit Philippines funds in substantial quantity to the program would seem to vindicate the risk AID took in initiating the program entirely at AID's expense. In countries like Pakistan and Korea with longer established national programs, it has been possible for AID to effectively assist the programs with less support of local cost and much less funding of supporting health services. It is expected that as more family planning programs become firmly established as a vital part of the Philippine national health program this goal can be obtained.

Chapter 3 - Program Management

We believe the GAO report should acknowledge that a precise definition of all family planning program requirements is unusually difficult in countries where family planning experience is very limited. Accordingly, on occasion it has been necessary for AID to obligate funds for agreed purposes and program activities, although specifications and other details had to be developed subsequently in accordance with established AID procedures. At times, AID obligations for family planning activities have tended to accumulate in the latter part of the fiscal year. With respect to timing of obligations, however, AID will make every effort to obligate Title X funds more evenly throughout the fiscal year. The Philippines Mission has improved dramatically in this regard.

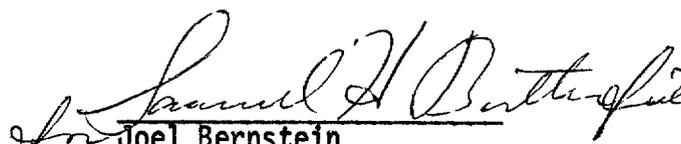
Although the auditors found some cases in which services for family planning exceeded the demand, this is not unusual during the initial phase of such programs. To have services and contraceptives available without being fully utilized is admittedly undesirable. On the other hand, to create a demand for family planning services without having adequate clinical services and contraceptives available would cause such a loss of confidence that excessive expenditures of time and resources would be required to re-establish the program. Procurement of supplies must be made a year or more before they are needed, and this makes it difficult to always accurately balance supply with a changing demand. We believe family planning centers and clinics should maintain a six-months supply of contraceptives.

and other essential commodities and an additional six-months requirement should be on order in the pipeline. Even with these AID guidelines, supplies sometimes fail to reach the field when needed. AID is negotiating with GSA to assure better forward planning of procurement and more effective control over delivery of commodities to the family planning centers and clinics.

Chapter 4 - Program Evaluation

AID is well aware of the deficiencies of demographic data and considerable resources have been utilized to improve this situation. Several new projects in this area are being initiated through contracts with the Census Bureau and private organizations. The United Nations has also been encouraged to assist in the gathering of better demographic data. AID has sponsored Population Laboratories in several countries and a World Fertility Survey is being sponsored through a contract with the International Statistical Institute. However, the fact remains that the development of basic data is primarily under the control of LDCs and not AID.

The proper recording and collection of significant program data presents a similar problem. In every program assisted by AID encouragement is given to improve collection of program data. Several contractors have been funded to assist LDCs in this effort. Currently a contract is being negotiated with a non-profit private organization to improve the development of program data in LDCs and to consolidate the data for use in the evaluation of family planning programs. We expect this contract will result in better evaluation of country data and provide a better management tool.


 Joel Bernstein
 Assistant Administrator
 Bureau for Technical Assistance

GAO note Deleted comments relate to matters which were discussed in the draft report but omitted from, or modified in, this final report.

PRINCIPAL OFFICIALS HAVING
MANAGEMENT RESPONSIBILITIES ASSOCIATED
WITH MATTERS DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
<u>DEPARTMENT OF STATE</u>		
SECRETARY OF STATE		
William P Rogers	Jan 1969	Present
Dean Rusk	Jan 1961	Jan 1969
ASSISTANT SECRETARY FOR EAST ASIAN AND PACIFIC AFFAIRS		
Marshall Green	Apr 1969	Present
William P Bundy	Mar 1964	Apr 1969
U S AMBASSADOR TO INDONESIA		
Francis J Galbraith	July 1969	Present
Jack W Lydman (Charge d'Affaires)	Mar 1969	July 1969
Marshall Green	July 1965	Mar 1969
U S AMBASSADOR TO LAOS		
G McMurtrie Godley	July 1969	Present
Robert A Hurwitch (Charge d'Affaires)	Mar 1969	July 1969
William H Sullivan	Dec 1964	Mar 1969
U S AMBASSADOR TO THE PHILIPPINES		
Henry A Byroade	Aug 1969	Present
James M Wilson, Jr (acting)	Apr. 1969	Aug 1969
G Mennen Williams	June 1968	Apr 1969
James M Wilson, Jr (acting)	Oct 1967	June 1968
U S AMBASSADOR TO THAILAND		
Leonard Unger	Sept 1967	Present

APPENDIX V

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
<u>AGENCY FOR INTERNATIONAL DEVELOPMENT</u>		
ADMINISTRATOR		
John A Hannah	Mar. 1969	Present
Rutherford M Poats (acting)	Jan 1969	Feb 1969
William S Gaud	Aug 1966	Jan 1969
ASSISTANT ADMINISTRATOR, BUREAU FOR POPULATION AND HUMANITARIAN ASSISTANCE (note a)		
Jarold A. Kieffer	Feb 1972	Present
ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA (note b)		
Donald G MacDonald	Feb 1972	Present
ASSISTANT ADMINISTRATOR, BUREAU FOR SUPPORTING ASSISTANCE		
Robert H Nooter	Aug 1972	Present
COORDINATOR, BUREAU FOR SUPPORT- ING ASSISTANCE (note b)		
Roderic L O'Connor	Aug 1971	Aug 1972
DIRECTOR, OFFICE OF EAST ASIA DEVELOPMENT PROGRAMS (note b)		
William H. Meinecke (acting)	Aug 1971	Jan 1972
ASSISTANT ADMINISTRATOR FOR EAST ASIA (note b)		
Roderic L O'Connor	July 1969	July 1971
Robert H Nooter (acting)	May 1969	July 1969
John C Bullitt	May 1967	May 1969
DIRECTOR, AID MISSION TO INDONE- SIA		
Richard M Cashin	June 1970	Present
John R Mossler	Jan 1970	June 1970
Victor Morgan (acting)	June 1969	Dec 1969
Stokes M Tolbert	Mar 1967	June 1969

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
<u>AGENCY FOR INTERNATIONAL DEVELOPMENT</u>		
DIRECTOR, AID MISSION TO LAOS		
Charles A Mann	Dec 1968	Present
Joseph A Mendenhall	Sept 1965	Nov 1968
DIRECTOR, AID MISSION TO THE PHILIPPINES		
Thomas C Niblock	Feb 1970	Present
Wesley C Haraldson	May 1965	Feb. 1970
DIRECTOR, AID MISSION TO THAILAND		
Rey M Hill	Aug 1969	Present
Howard L. Parsons	Oct. 1966	Aug 1969

^aIn February 1972 AID established a new bureau to assume responsibilities previously carried out by the population staffs of the Technical Assistance Bureau and the regional bureaus

^bIn August 1971 and February 1972, AID revised its organizational structure regarding East Asian programs. The changes in titles are reflected accordingly

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