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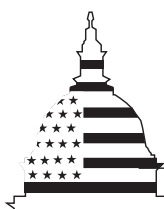
Report to the Chairman, Committee on  
Foreign Relations, U.S. Senate

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October 2000

# FOREIGN ASSISTANCE

## USAID Compliance With Family Planning Restrictions



G A O

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**United States General Accounting Office**  
**Washington, D.C. 20548**

October 2, 2000

The Honorable Jesse A. Helms  
Chairman, Committee on Foreign Relations  
United States Senate

Dear Mr. Chairman:

The United States has provided international family planning assistance through the U.S. Agency for International Development (USAID) since the mid-1960s. The United States remains the world's single largest contributor to family planning programs in developing countries. U.S. law prohibits the use of international family planning funds for abortion-related activities and requires that all family planning programs supported by USAID be voluntary.

In response to your request, we determined (1) how much family planning assistance USAID provided in fiscal years 1996-99 and planned to provide in fiscal year 2000 and (2) what procedures USAID has established to ensure that family planning assistance funds are not used for prohibited activities and whether USAID follows these procedures. We recently briefed your staff on our review of USAID's international family planning assistance program. This report summarizes the content of that briefing.

To gain a firsthand view of USAID family planning activities, we visited five cooperating agencies that were providing USAID-funded family planning services and visited USAID-assisted family planning service providers in Bolivia, Honduras, and Peru. We selected the five cooperating agencies that were most likely to have programs involving direct interaction with family planning patients—and consequently greater potential for prohibited activities.<sup>1</sup> We selected Bolivia and Peru based on the large size of USAID's family planning programs in these countries and congressional interest. We selected Honduras to prepare for the more comprehensive work in Bolivia and Peru.

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<sup>1</sup>The five cooperating agencies we visited either provided direct family planning services or oversaw other direct service providers, and they accounted for about \$41 million of the \$65.7 million in assistance that USAID's Family Planning Services Division managed in fiscal year 1999. They were the Cooperative for Assistance and Relief Everywhere (CARE) in Atlanta, Georgia; Pathfinder International in Boston, Massachusetts; AVSC International in New York, New York; Save the Children in Washington, D.C.; and the International Planned Parenthood Federation in London, the United Kingdom.

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## Results in Brief

USAID provided family planning assistance totaling \$432 million in fiscal year 1996 and \$385 million in each of fiscal years 1997-99. During these 4 years, USAID provided approximately two-thirds of this assistance through over 40 cooperating agencies funded centrally from Washington, D.C., and the remaining third through nongovernmental organizations and through government-to-government programs funded by its overseas missions. For fiscal year 2000, USAID planned to provide \$372.5 million in family planning assistance, allocating the funds roughly the same as in the previous 4 years.

USAID has established multiple procedures to ensure that family planning funds are not used for prohibited activities, including specifying the restrictions in family planning grants, contracts, and cooperative agreements; disseminating policy guidance in writing and in training sessions; reviewing the work plans and progress reports of family planning projects; making periodic visits to clinics and service providers' offices; and evaluating and auditing projects. With the exception of some accounting and clerical errors that we identified, USAID had complied with these procedures for the five selected cooperating agencies and the projects in Bolivia, Honduras, and Peru that we reviewed. The accounting and clerical errors we identified were quickly resolved and did not have any material effect on USAID's ability to ensure compliance with the restrictions. During our in-country site visits to family planning service providers' offices and to health facilities supported by USAID, we found no evidence that inappropriate services were being offered.

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## Background

Since 1965, the United States has provided family planning assistance to help couples determine the number and spacing of their children, reduce unintended pregnancies, promote maternal and child health, and stabilize world population. The United States contributes almost one-half of all donor funding to family planning programs in more than 60 countries. In July 2000, the Congressional Research Service reported that USAID has expended over \$6.6 billion on international family planning assistance

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during the last 35 years.<sup>2</sup> USAID assistance ranges from providing contraceptives to researching new means of regulating fertility to supporting clinic-based programs for directly delivering family planning services to patients.

USAID funds family planning assistance through both its Office of Population in Washington, D.C., and its overseas missions. The USAID Office of Population manages projects through a network of cooperating agencies that include nongovernmental organizations, private firms, universities, and research and educational organizations, among others. USAID's overseas missions manage projects through nongovernmental organizations and through government-to-government programs.

The underlying principles of U.S. family planning assistance are voluntarism and informed consent, and legislation specifically prohibits the use of USAID funds to perform abortions as a method of family planning or to motivate or coerce anyone to practice abortions.<sup>3</sup> Although the abortion prohibition is long-standing, specific U.S. government policies for supporting international family planning programs have fluctuated over the years. Under the Reagan administration, the U.S. government adopted a policy at the 1984 United Nations International Conference on Population in Mexico City that denied U.S. funds to foreign nongovernmental organizations that perform or promote abortion, regardless of the source of the money used for these activities. In 1993, the Clinton administration lifted this restriction. Since 1995, family planning funding levels and various types of restrictions have been negotiated annually between the President and the Congress.

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## Family Planning Assistance in Fiscal Years 1996-2000

After providing \$432 million in family planning assistance in fiscal year 1996, USAID provided \$385 million, or about 11 percent less, during each of fiscal years 1997-99. Planned fiscal year 2000 funding was \$372.5 million—about 14 percent less than in fiscal year 1996. Congress initially provided

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<sup>2</sup>Population Assistance and Family Planning Programs: Issues for Congress, Congressional Research Service, IB96026 (July 2000), <http://www.loc.gov/crs/crsproducts.html>.

<sup>3</sup>The current restriction, included in section 518 of the fiscal year 2000 Foreign Operations Appropriations Act, prohibits (1) using funds to pay for abortions or involuntary sterilizations or to motivate or coerce any person to practice abortions or undergo sterilization and (2) funding any research that relates to the methods or performance of abortion or involuntary sterilization.

\$385 million for USAID's family planning program in fiscal year 2000 and restricted providing any of the funds to foreign nongovernmental or multilateral organizations that engage in abortion-related activities. The legislation allowed the President to waive this restriction for up to \$15 million of the appropriation but required that \$12.5 million be deducted from the total family planning appropriation if he did so. Because the President exercised the waiver, USAID's family planning funding for fiscal year 2000 was reduced to \$372.5 million.

USAID manages a substantial portion of its family planning assistance program through contracts, grants, and cooperative agreements to over 40 cooperating agencies that it funds centrally from its Office of Population in Washington. Table 1 shows the amounts of centrally managed family planning assistance provided by USAID in fiscal years 1996-99 and planned for 2000.

**Table 1: Centrally Managed Family Planning Assistance in Fiscal Years 1996-2000**

| Dollars in millions                 |                         |                |                |                |                         |
|-------------------------------------|-------------------------|----------------|----------------|----------------|-------------------------|
| <b>Fiscal year<sup>a</sup></b>      | <b>1996<sup>b</sup></b> | <b>1997</b>    | <b>1998</b>    | <b>1999</b>    | <b>2000<sup>c</sup></b> |
| Centrally managed assistance        | \$287.5                 | \$256.5        | \$244.3        | \$238.2        | \$221.5                 |
| As a percentage of total assistance | 67%                     | 67%            | 63%            | 62%            | 59%                     |
| <b>Total assistance</b>             | <b>\$432.0</b>          | <b>\$385.0</b> | <b>\$385.0</b> | <b>\$385.0</b> | <b>\$372.5</b>          |

<sup>a</sup>Because family planning assistance funds are available for obligation over 2 years, a portion of each fiscal year's funding may have been obligated in the subsequent year.

<sup>b</sup>Fiscal year 1996 figures include both funds specifically appropriated for family planning assistance and other funds that the USAID Administrator made available for such use that year.

<sup>c</sup>Fiscal year 2000 figures are estimates.

Source: USAID.

USAID's overseas missions manage the remainder of the agency's family planning assistance funds through contracts, grants, and cooperative agreements to nongovernmental organizations and through government-to-government programs. In fiscal year 1999, the largest 10 family planning assistance programs<sup>4</sup> managed by USAID's overseas missions were in Bangladesh, India, the Philippines, Bolivia, Egypt, Peru, Haiti, Nepal, Jordan, and West and Central Africa.<sup>5</sup> Table 2 shows the amounts of family planning assistance that USAID funded through its overseas missions in fiscal years 1996-99 and planned for 2000.

**Table 2: Overseas Mission-Funded Family Planning Assistance in Fiscal Years 1996-2000**

| Dollars in millions                 |                   |                |                |                |                   |
|-------------------------------------|-------------------|----------------|----------------|----------------|-------------------|
| Fiscal year <sup>a</sup>            | 1996 <sup>b</sup> | 1997           | 1998           | 1999           | 2000 <sup>c</sup> |
| Mission-funded assistance           | \$144.5           | \$128.5        | \$140.7        | \$146.6        | \$151.0           |
| As a percentage of total assistance | 33%               | 33%            | 37%            | 38%            | 41%               |
| <b>Total assistance</b>             | <b>\$432.0</b>    | <b>\$385.0</b> | <b>\$385.0</b> | <b>\$385.0</b> | <b>\$372.5</b>    |

<sup>a</sup>Because family planning assistance funds are available for obligation over 2 years, a portion of each fiscal year's funding may have been obligated in the subsequent year.

<sup>b</sup>Fiscal year 1996 figures include both funds specifically appropriated for family planning assistance and other funds that the USAID Administrator made available for such use that year.

<sup>c</sup>Fiscal year 2000 figures are estimates.

Source: USAID.

<sup>4</sup>USAID refers to the funds that are directly managed by overseas missions as bilateral funds. In addition to those projects that the overseas missions directly manage, the missions often use the services of centrally managed projects in support of their country-specific programs—a funding mechanism termed field support. Our ranking of the top 10 overseas programs includes both bilateral and field support funds.

<sup>5</sup>This USAID mission has a regional focus, covering four countries in West and Central Africa: Burkina Faso, Cameroon, Cote D'Ivoire, and Togo.

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## USAID Compliance With Family Planning Restrictions

U.S. law prohibits the use of international family planning assistance funds for performing or for research regarding abortions or involuntary sterilizations. Various restrictions have also been included in annual appropriations acts, including a prohibition on using funds to lobby for or against abortion. For fiscal year 2000, USAID was also limited to providing a total of \$15 million (or less) to foreign nongovernmental and multilateral organizations that perform or lobby regarding abortions with funds from other sources. USAID has established the following procedures to ensure compliance with family planning restrictions:

- Includes the restrictions as standard provisions in its grants, contracts, and cooperative agreements.
- Disseminates written policy guidance on the restrictions to its overseas missions and to other participating entities (for example, cooperating agencies, nongovernmental organizations, and foreign governments).
- Sponsors workshops and training sessions for its participating entities to ensure that they are aware of the restrictions.
- Reviews participating entities' annual work plans and various progress reports to ensure that project activities comply with the restrictions.
- Periodically visits clinics, other service delivery sites, and service providers' offices.
- Conducts end-of-project evaluations.

For some large and lengthy projects, USAID also conducts mid-project evaluations, and for projects that exceed \$300,000 annually, USAID requires annual external audits. In addition, the USAID Inspector General's Office conducts audits of selected projects.

We found based on our work that USAID had complied with its policies and procedures for ensuring the proper use of family planning funds at the five cooperating agencies and the projects in Bolivia, Honduras, and Peru that we visited. Our review of family planning project agreements, work plans, progress reports, evaluations, trip reports, and audits indicated that USAID had exercised detailed and systematic oversight of projects. During our meetings with representatives of the various cooperating agencies, nongovernmental organizations, and foreign governments, the officials demonstrated a comprehensive understanding of the relevant family planning restrictions and how they applied to their own projects. During our site visits to in-country health facilities supported by USAID, we found no evidence that inappropriate services were being offered. Patients whom



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we interviewed at these health facilities reported no coercion or prohibited services being offered to them.

To comply with the \$15 million cap on providing fiscal year 2000 funds to foreign nongovernmental organizations that engage in abortion-related activities with funds from sources other than the U.S. government, USAID asked organizations subject to the limitation to (1) certify that they did not plan to engage in such activities or (2) decline to certify to that effect. As of August 1, 2000, nine nongovernmental organizations had declined to certify, involving about \$8.4 million in fiscal year 2000 funds.<sup>6</sup> To date, the cap has not restricted USAID family planning activities. However, USAID expects the amount subject to the cap to increase as it develops and signs agreements for additional projects using fiscal year 2000 funds, and it will continue its monitoring efforts to ensure compliance.

Although USAID complied with its policies and procedures for ensuring the proper use of family planning funds, we identified two situations involving accounting and clerical errors during our fieldwork. Neither had any material effect on USAID's ability to ensure compliance with family planning restrictions.

- In an effort to make certain that the International Planned Parenthood Federation complied with restrictions on USAID funding, the Federation and USAID agreed that USAID funds would be used only to support Federation affiliates that do not engage in any abortion-related activities. In early 2000, the Federation discovered, through its own monitoring procedures, that it had inadvertently provided about \$700,000 in USAID funds to two affiliates in India and Uganda that, among other family planning services, engage in abortion-related activities. The Federation corrected the accounting errors by transferring the appropriate amount of non-USAID funds into its USAID account and using the funds for other affiliates in accordance with its agreement with USAID.
- In Bolivia and Peru, due to computer data-entry errors and other oversights, various family planning restrictions were omitted from agreements with nongovernmental organizations in 1997 and/or 1998. However, as of April and May 2000—when we conducted our

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<sup>6</sup>Five million dollars for the International Planned Parenthood Federation, \$2.5 million for the World Health Organization (WHO), and \$870,000 for seven smaller nongovernmental organizations.

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fieldwork—the missions had discovered these errors and amended the agreements that were still in force. After our visit, USAID built into its family planning Web site a direct link to the relevant standard provisions. USAID also sent guidance to its overseas missions and cooperating agencies, reminding them of the requirement to include the restrictions in all agreements.

Also, during our review, allegations surfaced that the Peruvian government had recently engaged in inappropriate sterilizations.<sup>7</sup> USAID officials acknowledged that there may have been a few instances involving poorly trained health workers in isolated parts of Peru. USAID officials said the Peruvian government has taken appropriate action when such cases are substantiated. In any case, USAID assistance was not involved. In addition, during our site visits to health clinics and conversations with patients at these facilities, we found no evidence to suggest that inappropriate sterilization activities were encouraged or permitted.

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## Agency Comments

In written comments on a draft of this report, USAID said that the report was a thorough and objective review of its family planning assistance program (see app. I). USAID also provided technical comments that we have incorporated, as appropriate.

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## Scope and Methodology

To determine how much family planning assistance USAID provided in fiscal years 1996-99 and planned to provide in 2000, we reviewed USAID program and financial documentation and interviewed USAID officials. We analyzed USAID's family planning assistance obligations for fiscal years 1996-99. We also analyzed USAID's preliminary estimates of its family planning assistance obligations for fiscal year 2000. In Washington, D.C., we interviewed officials in USAID's Center for Population, Health, and Nutrition, including the Office of Population. We also interviewed officials in USAID's Bureau for Asia and the Near East, the Bureau for Europe and the New Independent States, and the Bureau for Latin America and the Caribbean.

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<sup>7</sup>Peru had a national family planning campaign in 1996 and 1997 that included inappropriate sterilization activities, such as establishing quantitative national targets for surgical contraception and sterilizing patients without their informed consent. USAID did not fund or support these activities. In 1998, Peru abandoned the campaign, and USAID helped Peru develop and implement reforms.

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To determine what procedures USAID has established to ensure that family planning assistance funds are not used for prohibited activities, we interviewed USAID officials; reviewed applicable laws and USAID regulations, guidelines, and handbooks; and examined project documentation. In Washington, D.C., we interviewed officials in USAID's Center for Population, Health, and Nutrition, including the Office of Population, the Family Planning Services Division, and the Research Division, and we interviewed officials in USAID's Office of General Counsel and Office of Procurement. We also polled 45 USAID overseas missions to validate the information obtained in Washington, D.C.

To determine whether USAID followed its procedures, we (1) visited five cooperating agencies funded through USAID's Office of Population and (2) examined USAID family planning programs funded by USAID's overseas missions in three countries. Specifically:

- We visited 5 of the 11 cooperating agencies managed by the Office of Population's Family Planning Services Division. We focused on cooperating agencies in this division because of the likelihood of their having programs entailing direct interaction with family planning patients—and thus greater potential for prohibited activities. The five cooperating agencies we visited either provided direct family planning services or oversaw other direct service providers, and they accounted for about \$41 million of the \$65.7 million in assistance that the Family Planning Services Division managed in fiscal year 1999. The other six cooperating agencies in the Division were involved in research, training, and other activities not likely to involve direct service delivery. We visited the Cooperative for Assistance and Relief Everywhere (CARE) in Atlanta, Georgia; Pathfinder International in Boston, Massachusetts; AVSC International in New York, New York; Save the Children in Washington, D.C.; and the International Planned Parenthood Federation in London, the United Kingdom. At each of these cooperating agencies, we met with officials and examined cooperative agreements, work plans, periodic progress reports, evaluations, trip reports, financial records, and audits to determine whether USAID and the cooperating agencies were following procedures established to ensure compliance with family planning restrictions.
- The three country programs that we examined were in Bolivia, Honduras, and Peru. Bolivia and Peru were selected based upon the large size of USAID's programs in these countries—they were among the top 10 that received family planning assistance in fiscal year 1999—and congressional interest. Honduras was selected to prepare for the more

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extensive work in Bolivia and Peru. In each country, we met with cognizant officials and reviewed 100 percent of the active files for the major projects involving direct service delivery. We examined cooperative agreements, work plans, periodic progress reports, evaluations, trip reports, financial records, and audits to determine whether USAID and the project participants were following procedures established to ensure compliance with family planning restrictions. We also visited service providers' offices and clinics and interviewed patients to determine whether there was any evidence of inappropriate services being offered. In addition:

- In Bolivia, we met with officials from all five major projects and visited five of their clinics. We also met with the in-country representatives of three U.S.-based cooperating agencies.
- In Honduras, we met with officials from all four major projects and visited three of their clinics. We also met with the in-country representatives of two U.S.-based cooperating agencies.
- In Peru, we met with officials from five of the six major projects and visited six of their clinics. We also met with the in-country representatives of three U.S.-based cooperating agencies.

We performed our work from November 1999 through August 2000 in accordance with generally accepted government auditing standards.

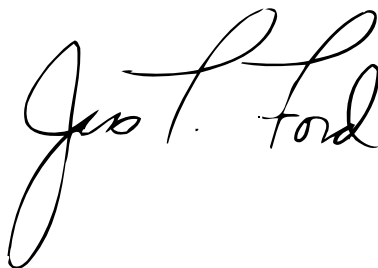
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As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time, we will send copies to the Honorable J. Brady Anderson, the Administrator of USAID, and interested congressional committees. We will make copies available to others upon request.

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Please contact me at (202) 512-4268 if you or your staff have any questions about this report. An additional GAO contact and staff acknowledgments are listed in appendix II.

Sincerely yours,

A handwritten signature in black ink, reading "Jess T. Ford". The signature is written in a cursive style, with the first name "Jess" and the last name "Ford" clearly legible.

Jess T. Ford, Director  
International Affairs and Trade

# Comments From the U.S. Agency for International Development



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

AUG 28 2000

Mr. Henry L. Hinton, Jr.  
Assistant Comptroller General  
National Security and International  
Affairs Division  
U.S. General Accounting Office  
441 G Street, N.W. - Room 4039  
Washington, DC 20548

Dear Mr. Hinton:

I am pleased to provide the U.S. Agency for International Development's (USAID) formal comments on the draft GAO report entitled "FOREIGN ASSISTANCE: USAID Has Complied With Family Planning Restrictions" (August 2000).

We believe that the GAO conducted a thorough and objective review of USAID's family planning assistance. We agree with the report's conclusion that USAID has established and is following multiple procedures to ensure that family planning funds are not used for prohibited activities. USAID has worked diligently to ensure awareness and compliance with restrictions among its partner organizations.

The report focuses in part on the funding history of the population program over the FY 1996-2000 period, when funding fluctuated between \$356 and \$385 million. While the GAO was confined to this 5-year period, it should be noted that these levels are well below the FY 1995 level of \$541.6 million.

As mentioned in the report, additional restrictions were placed in the FY 2000 Foreign Operation Appropriations Act. These restrictions prohibit USAID from providing FY 2000 population funds to non-U.S., non-governmental organizations and multilateral organizations, unless they certify that they will not engage in specified abortion-related activities using their own funds. Although the GAO was not asked to review the negative consequences of these restrictions, the FY 2000 certification requirements constrain the ability of foreign,

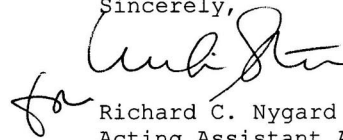
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non-government recipients to address a major public health policy issue and impinge on free speech. Numerous partner organizations have expressed their concerns with how this restriction affects their ability to provide comprehensive health services and to participate fully in the democratic process in their own countries.

Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff in the conduct of this review.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard C. Nygard", with a stylized "for" written to the left of the signature.

Richard C. Nygard  
Acting Assistant Administrator  
Bureau for Management

# GAO Contact and Staff Acknowledgments

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## GAO Contact

A.H. Huntington, III (202) 512-4140

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## Acknowledgments

In addition to the contact named above, David Artadi, Joseph Brown, Michael Courts, James Strus, and Adam Vodraska made key contributions to this report.



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