



AUD II-7-7:5 (AE86/05)

15 April 2005

TO: Mr. Antonio Maria Costa, Executive Director  
United Nations Office on Drugs and Crime

FROM: Egbert C. Kaltenbach, Director  
Internal Audit Division II  
Office of Internal Oversight Services

SUBJECT: **OIOS Audit of the UNODC Country Office, Bolivia**  
**(AE2004/366/02)**

1. I am pleased to submit the final Audit Report on the audit of the United Nations Office on Drugs and Crime Country Office, Bolivia (COB), which was conducted in October 2004 in La Paz and Cochabamba by Mr. Berner Matthee.
2. A draft of the report was shared with the Director, Division for Operations, UNODC on 15 December 2004, whose comments, which we received on 27 January 2005, are reflected in the final report.
3. I am pleased to note that most of the audit recommendations contained in the final Audit Report have been accepted and that UNODC Country Office, Bolivia has initiated their implementation. The table in paragraph 55 of the report identifies those recommendations, which require further action to be closed. I wish to draw your attention to recommendations 01, 02 and 04, which OIOS considers to be of critical importance.
4. I would appreciate if you could provide me with an update on the status of implementation of the audit recommendations not later than 31 May 2005. This will facilitate the preparation of the twice-yearly report to the Secretary-General on the implementation of recommendations, required by General Assembly Resolution 48/218B.
5. Please note that OIOS is assessing the overall quality of its audit process. I therefore kindly request that you consult with your managers who dealt directly with the auditors, complete the attached client satisfaction survey and return it to me.
6. Thank you for your cooperation.

Attachment: Client Satisfaction Survey

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**United Nations  
Office of Internal Oversight Services  
Internal Audit Division II**



- **Report date: 15 April 2005**
- **Auditor: Berner Matthee**

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Office of Internal Oversight Services  
Internal Audit Division II

**OIOS AUDIT OF THE UNODC COUNTRY OFFICE, BOLIVIA (AE2004/366/02)**

**EXECUTIVE SUMMARY**

In October 2004, OIOS conducted an audit of the United Nations Office on Drugs and Crime Country Office, Bolivia (COB). The audit covered activities with a total expenditure of \$7.3 million in 2003 and 2004. OIOS' overall assessment is that projects were well managed by executing agencies and that adequate systems were in place to ensure that regulations and rules, operational and administrative, were complied with. *UNODC has accepted most of the recommendations made and is in the process of implementing them.*

Financial reporting

- Financial information of national and directly executed projects, as per the UNDP "ATLAS" system, was incorrect, because 2004 expenditures were charged to a single "cost recovery" code (no. 10015). *Good progress had since been made to re-allocate the expenditures.*

Oversight issues

- Individual projects were evaluated of which the results were positive. What was lacking was a programme evaluation of COB's response to drug and crime concerns, of the overall impact of its alternative development projects and as to whether the combination of projects was the most effective. *A thematic evaluation of alternative development projects, that included a visit of seven days to Bolivia, was conducted and depending on the outcome of the evaluation, a programme evaluation will be considered.* OIOS is not convinced that the results of a thematic evaluation, of which only seven days were spent in Bolivia and which was restricted to the thematic area of alternative development can be used to determine the need for a programme evaluation.

Programme/project documentation

- Project documents failed to be effective implementing instruments that are legally binding. Project BOL/D69 remained without an approved project document for almost two years and projects BOL/F57 and BOL/D80 remained without such a document for more than one year. *The Independent Evaluation Unit is in the process of reviewing the project cycle management of UNODC. Upon completion of the exercise, a Management Instruction on project development will be formulated.* This is an opportune time to consider the

development of an implementing agency agreement to replace or supplement the project document in cases where implementing partners are engaged.

#### Project management

- Executing agencies (ILO, FAO and Government institutions) had adequate accounting systems and internal controls in place. Also, they complied with the relevant regulations and rules.
- Projects were well managed, but monitoring responsibilities, strategies and timetables should be documented and a formal system introduced to record and report results. *COB undertook to enhance financial and performance monitoring and to include a time table on financial and performance monitoring in its 2005 work plans.* This is still to be done and upon completion, it should be shared with the executing agencies.
- Alternative development projects that accounted for 84 per cent of project resources continued to focus on the Cochabamba Tropics, whereas coca cultivation was increasing substantially in the Yungas of La Paz. *COB stated that Coca eradication and cultivation achievements were results of complex political, economical and social conditions, and not limited to the results produced by alternative development projects/activities.* Still, the impact of alternative development projects on coca cultivation in the “Chapare” and “Yungas” should be determined in an effort to maximize the impact on coca cultivation or at least to focus on areas where the biggest impact can be achieved.

#### Administration

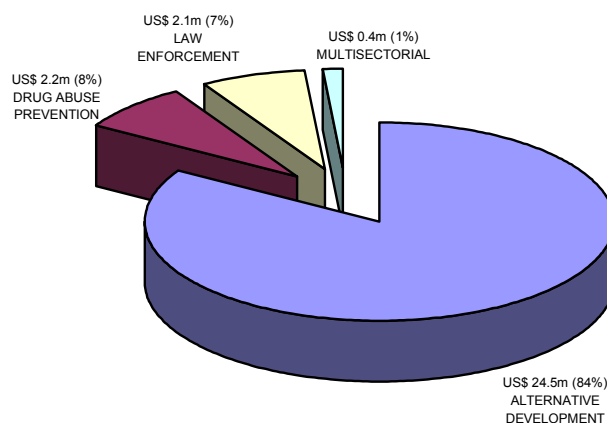
- COB complied with UNODC and UNDP regulations and rules and the working arrangements with UNDP Bolivia were in order.

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## I. INTRODUCTION

1. In October 2004, OIOS conducted an audit of the United Nations Office on Drugs and Crime Country Office, Bolivia (COB). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. Bolivia is the world's third largest producer of coca leaf, after Colombia and Peru. Since 2000, the decreasing trend of coca crops has been reversed, especially in the Yungas of the La Paz region where coca cultivation increased from 14,000 hectares in 2000 to more than 23,000 hectares in 2003.
3. The ongoing programme in Bolivia includes eight projects. Government institutions are implementing five projects, the Food and Agriculture Organization (FAO) and the International Labour Organization (ILO) each implement one project and one project is implemented directly by UNODC. The projects focus on key areas of the "The Bolivian Integral Strategy to Fight Against Illicit Drug Trafficking 2004–2008", which are the eradication of coca crops, alternative development, drug law enforcement and drug abuse prevention. The percentage of the total expenditure incurred in each of the current project areas is reflected in the chart below.



4. Two National Programme Officers, a Programme Assistant, an Administrative Assistant and one driver support the Representative of COB.
5. UNDP Bolivia provides administrative support to COB that includes staff administration, logistical support and finance. Locally recruited COB staff members also hold UNDP letters of appointment.
6. The Board of Auditors carried out an audit in 1999. The Board of Auditors noted that, overall, their examination revealed no material control weaknesses or financial errors.
7. The audit findings and recommendations contained in this report were discussed during the Exit Conference held on 29 October 2004, in La Paz, Bolivia, with the Representative and National Programme Officers of COB, and on 7 December 2004 with the officials of the

Partnership in Development Branch at UNODC Headquarters. A draft of this Audit Report was shared with the Director, Division for Operations, UNODC on 15 December 2004, whose comments have been reflected in the report in italics. *UNODC has accepted most of the recommendations made and is in the process of implementing them.*

## II. AUDIT OBJECTIVES

8. The main objectives of the audit were to:

- Determine whether projects are properly formulated, planned, implemented and evaluated and whether project resources are used efficiently and effectively.
- Determine the effectiveness of projects' internal controls to ensure reliable recording and reporting of transactions, safeguarding the assets and compliance with relevant UN, UNODC and UNDP regulations and rules.
- Evaluate the system for reimbursement of costs for services locally provided by UNDP Country office to COB.
- Determine whether the administration adheres to the relevant directives, rules and procedures and assess the adequacy of systems in place to ensure sound management practices in key functional areas.

## III. AUDIT SCOPE AND METHODOLOGY

9. Current project budgets total \$30 million of which \$17 million was expended prior to 2003, \$3.8 million in 2003 and \$3 million in 2004 (as of September 2004).

10. The audit covered 2003 and 2004 expenditures totalling \$6.8 million incurred in the following projects:

- AD/BOL/97/C23: Executed by the Food and Agriculture Organization (FAO) with expenditures totalling \$12 million prior to 2003, \$2.5 million in 2003 and \$ 2.2 million in 2004 (Allocation of \$4.14 million).
- AD/BOL/00/E07: Executed by the International Labour Organization (ILO) with expenditures totalling \$1.8 million prior to 2003, \$765,000 in 2003 and \$519,000 in 2004 (Allocation of \$714,000).
- AD/BOL/01/F57: Direct implementation with expenditures totalling \$235,000 prior to 2003, \$124,000 in 2003 and \$118,000 in 2004 (Allocation of \$384,000).
- AD/BOL/99/D69: Executed by the Vice-Ministry of Alternative Development with expenditures totalling \$590,000 prior to 2003, \$21,000 in 2003 and \$500 in 2004 (Allocation of \$500).
- AD/BOL/99/D80: Executed by Vice-Ministry of Social Defence – Ministry of Government with expenditures totalling \$1.2 million prior to 2003, \$151,000 in 2003 and \$88,000 in 2004 (Allocation of \$210,000).



- AD/RLA/99/D75: Executed by Vice-Ministry of Social Defence – Ministry of Government with expenditures totalling \$51,000 prior to 2003, \$10,000 in 2003 and \$12,000 in 2004 (Allocation of \$54,000).
- AD/BOL/98/D73: Executed by the Viceministry of Social Defense with expenditures totalling \$1.14 million prior to 2003, \$181,000 in 2003 and \$38,000 in 2004 (Allocation of \$62,000).
- AD/BOL/98/D79: Executed by the Ministry of Foreign Affairs of Bolivia with expenditures totalling \$209,000 prior to 2003, \$68,000 in 2003 and \$13,000 in 2004 (Allocation of \$26,000).

11. OIOS reviewed project documents and other records related to operational and financial management and assessed internal control systems in place at executing agencies.

12. Also, OIOS held discussions with project personnel and the main donor, the United States Agency for International Development (USAID). Offices of executing agencies were visited in La Paz and Cochabamba and field visits were undertaken to project sites in the Cochabamba Tropics and the Yungas of La Paz.

13. Furthermore, administrative expenditures incurred in 2003 and 2004 totalling \$500,000 and the general administration at COB, were also subjected to audit.

#### IV. IV. AUDIT FINDINGS AND RECOMMENDATIONS

##### A. Financial reporting

14. UNDP Bolivia recorded COB's certified administrative expenditures and national and directly executed project expenditures on a monthly basis. Until the end of 2003, UNDP Bolivia recorded the expenditures in the "WINFOAS" accounting system.

15. With the introduction of the "ATLAS" accounting system at UNDP and from January to June 2004, all expenditures except for projects BOL/C23, BOL/E07 and RLA/D75 were charged to a single "cost recovery" code (no. 10015).

16. As of September 2004, as shown in the table below, the financial status of each project as per the "ATLAS" accounting system was substantially incorrect, with vouchers totalling \$123,500 still to be re-allocated.

Project	Project's records (\$)	ATLAS Records (\$)	Difference (\$)
BOL/D69	500	0	500
BOL/F57	118,000	107,00	11,000
BOL/D80	88,000	19,000	69,000
BOL/D75	12,000	0	12,000
BOL/D73	38,000	18,000	20,000
BOL/D79	13,000	2,000	11,000
<b>Total</b>	<b>269,500</b>	<b>146,000</b>	<b>123,500</b>

17. Since the audit, COB and UNDP Bolivia made good progress to re-allocate the expenditures.

## B. Oversight issues

### (a) External audits of projects

18. With the exception of project BOL/E07 (Executing Agency: ILO), all projects were audited externally. Up to 2003, the audit opinions included in the certificates were unqualified. No project audits are required within the UN System and as per the "Letter of Agreement", project BOL/E07 is subject to ILO's Internal and External audits.

19. FAO engaged an independent external auditor to audit project BOL/C23 on a six months basis, but the reports of the audits were not shared with COB. *As recommended by OIOS, COB requested FAO on 18 January 2005 to submit the audit reports as and when received from the Independent External Auditor.*

### (b) Evaluations

20. Project BOL/F57 was not evaluated. An evaluation is planned for 2005. Project BOL/C23 was evaluated in 2001 and in 2004, BOL/E07 in 2002, while the rest of the projects were evaluated in 2001. The results of individual project evaluations were positive, especially for project BOL/C23.

21. What was lacking, however, is an evaluation of the totality of COB's response to drug and crime concerns in Bolivia and the overall impact of projects, especially the impact of alternative development projects on coca cultivation. UNODC Management Instruction MI/7/Rev.1 of 1 May 2004, para. 1 provides for programme evaluations that "measure performance in the context of UNODC Strategic Framework, priorities and major activities within a specific time period" as well as "assess the strategy, design, implementation and results of the programme as a whole, including the contribution and relevance of the various projects and other activities which make up the programme. Such evaluations include global, regional, sub-regional and country level activities." In line with this MI, UNODC needs to find out whether the formulated projects and their funding provide the optimum combination to obtain maximum value for money. The past ratio between alternative development projects and other projects; i.e. drug abuse and prevention and law enforcement is 80 per cent versus 20 per cent without any projects to address crime concerns in the country.

22. OIOS was of the opinion that COB should consider a programme evaluation of its response to drug and crime concerns in Bolivia. In particular, it should evaluate the overall impact of its alternative development projects and to determine whether the current formulated projects provide the optimum combination to obtain the maximum value for money.

### **Recommendation:**

- UNODC, Division for Operations should consider a programme evaluation of Country Office, Bolivia's response to drug and crime concerns in Bolivia in line with Management Instruction MI/7/Rev.1 of 1 May 2004. In particular, it should evaluate the overall impact of its alternative development projects and to determine whether the current formulated projects provide the optimum combination

to obtain the maximum value for money (Rec. 01).

23. *In 2004, UNODC conducted two major thematic evaluations on alternative development. The second included a field mission from 12 to 19 October 2004 to Bolivia and the final report is expected in the coming months. Depending on the analysis of both thematic evaluations, UNODC will assess the need for a programme evaluation in Bolivia.* The results of the thematic evaluations of alternative development projects could assist when an evaluation of Bolivia's response to drug and crime concerns is considered, but OIOS' concern is that a thematic evaluation of seven days in Bolivia and focusing only on alternative development, may not provide enough information to determine as to whether a programme evaluation is needed or not. OIOS will keep this recommendation open and will consider it as implemented when it receives a copy of the decision to carry out the programme evaluation.

### C. Documentation and implementing instruments

24. COB's Strategic Programme Framework for the period 2005 to 2008 was still in draft. *The document was under revision at the date of the audit.* The document takes into account the current projects that addresses drug issues and includes anticipated ones that mainly relate to crime. No projects have been formulated to address crime related programme areas; i.e. criminal justice reform, anti-human trafficking and anti-organised crime and corruption, but expected results are indicated in the document.

25. Key project documents in the formulation of a project are the project idea and the project document. Overall, COB properly prepared and submitted the documents in accordance with the relevant Management Instruction (UNODC/MI/5/Rev.1).

26. Some project documents were not revised after the implementation period expired although the projects continued, while revisions of other project documents were not approved for a substantial period of time. BOL/D80 had an implementation period until March 2003 and is still in operation. Since then, no revision has been approved. *A project document revision is in process and will be forwarded for approval to the Division for Operations for approval upon the Bolivian Government's clearance.* BOL/D69 had an implementation period up to August 2001, but continued until 2003 without any revision. BOL/F57 was without an approved project document for 16 months before a further project document was approved in October 2003. This does not only represent "gaps" in documentation, but also reflects on the adequacy of the project document to be an effective implementing instrument.

27. The project documents include the main elements of an agreement, but fail to be an effective implementing instrument. They do not adequately provide for details in cases where the implementing period covers a number of years, unless they are revised on a regular basis to provide for changed circumstances, thereby remaining a "living document". They must also contain up-to-date clauses that will make them legally binding, especially in respect of funding arrangements and monitoring and reporting responsibilities.

28. Where projects are regularly revised, such as project BOL/C23, to change an objective or budgetary requirement, the whole document is resubmitted to the Division for Operations for review and approval. This results in extra paperwork and unnecessary reviews of

documentation that was previously approved in total. Budgetary revisions are substantial in number, especially because COB experiences stop-go situations because of funding. For example, project BOL/C23 has already been revised three times in 2004 to increase the budget from \$15.4 million to \$19.2 million.

29. Directives, such as the “Letter of Agreement” with ILO, the “Memorandum of Understanding” with FAO and the “Working Arrangement” with UNDP outline the organizational arrangements and it is naturally not the purpose of these directives to guide the implementation of a specific project. OIOS therefore sees a need for a standard implementing agency agreement that will address the weaknesses of the current project document when it comes to multi-year projects.

**Recommendation:**

- UNODC, Division for Operations should, during its review of the project cycle management, consider developing an implementing agency agreement, because the current project document fails to be an adequate implementing instrument with implementing partners (Rec. 02).

30. *The Independent Evaluation Unit is in the process of reviewing the project cycle management of UNODC. Upon completion of the exercise, a Management Instruction on project development will be formulated. This is an opportune time to consider the development of an implementing agency agreement to replace or supplement the project document in cases where implementing partners are engaged. OIOS will consider this recommendation open when it receives a copy of the standard implementing agency agreement once developed in the ongoing project cycle review.*

D. Programme/Project management

(a) Project budgets

31. The budgets in project documents included descriptions of expenditures that are foreseen during the duration of the project. These are mere estimations of foreseen expenditures over a number of years to demonstrate that the project can be carried out within the total budgeted amount. For a particular year, an annual budget is prepared and revised as needed in the interim. These budgets are prepared per category of expenditure and the details of expenditure are not disclosed. The category of equipment, for example, is budgeted for but the description of the equipment that is to be purchased is not reflected in the document.

32. Although there are other tools, such as work plans that may include more details, there is no single implementing instrument that provides adequate details of agreed upon expenditures that an executing agency can incur. In the case of BOL/C23, for example, more than \$300,000 is allocated to the line for “sundries”. A rather wide range of expenditures could be charged to such a line item that increase the risk of weakened budgetary controls and could hamper project monitoring. Therefore, the executing agencies should provide the details of expenditure with their budget submissions to COB for review and approval. *As suggested by OIOS, COB undertook to request its executing agencies to submit detailed descriptions of the*

*expenditures that will be incurred under each category of expenditure, with their budget submissions, starting 2005.*

(b) Project monitoring

33. Monitoring responsibilities, strategies and timetables are not documented. A formal system to record and report the results of monitoring is also not in place. Furthermore, COB's monitoring is mainly limited to reviews of narrative and financial reports that are received from the projects and visits that are carried out on an ad hoc basis. Not only is it important that COB determine monitoring strategies, but also to share the timetables of monitoring activities with executing agencies to ensure adequate coverage without duplicating efforts.

34. The number of financial and narrative reports is substantial. Apart from the annual and interim Project Progress Reports, the projects submit financial and narrative data on a monthly basis to COB that is submitted to UNODC, Financial Resources Management Service (FRMS).

35. The financial reports of executing agencies (that excludes national and direct executed projects) were per category of expenditure and therefore, the desk review of COB was limited to comparing expenditures incurred with allocations issued. The underlying transactions and supporting documents were not verified. Although the executing agencies had adequate internal control systems in place and financial reporting was substantial, it is essential that COB periodically verify expenditures to ensure that funds are spent according to the agreed budgets and for the intended purposes.

36. The adequacy of accounting systems and internal controls at the project offices should also be assessed. Financial verification exercises should, however, not be stand-alone procedures, but linked to performance monitoring to assess the cost-effectiveness of results.

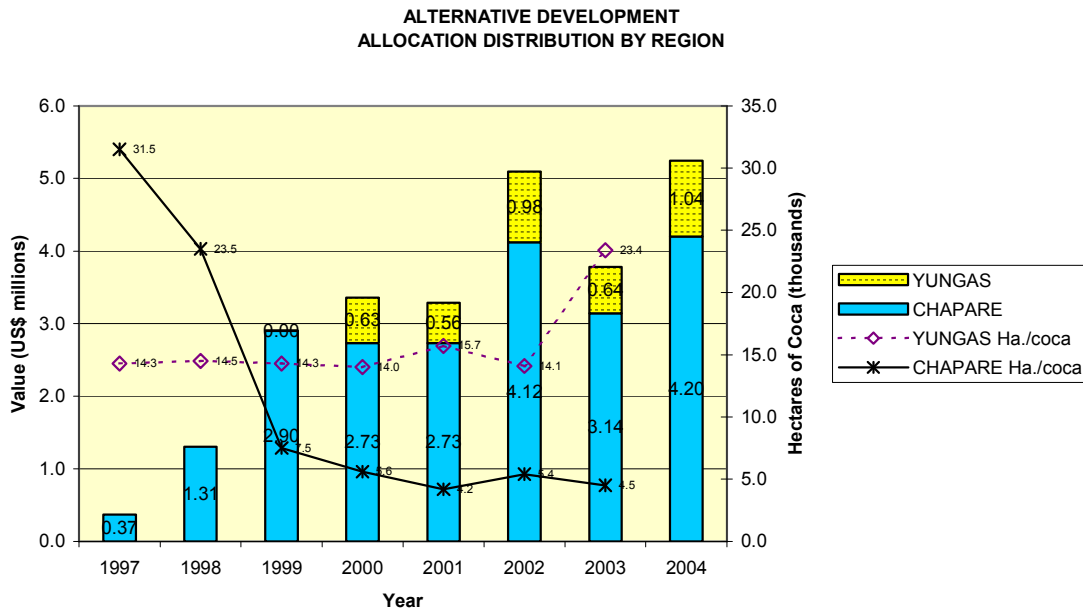
**Recommendation:**

- UNODC, Country Office, Bolivia should establish financial and performance monitoring strategies and, on an annual basis, prepare and include a timetable in the work plans and share this information with the executing agencies. UNODC, COB should ensure that the financial monitoring strategy include periodic verifications of project expenditures incurred by their executing agencies (Rec. 03).

37. *UNODC, COB undertook to enhance financial and performance monitoring and to include a time table on financial and performance monitoring in its 2005 work plans. UNODC commented that the verification of project expenditures would be implemented progressively within the limited human and financial resources; field visits would also be increased and would include such verification. OIOS reiterates that the 2005 work plans and monitoring strategy be shared with the executing agencies. OIOS will consider the recommendation implemented when it receives a copy of the 2005 work plans that provide for financial and monitoring strategy as well as plans for field verifications.*

(c) Alternative developmentProject allocation

38. Alternative development projects, i.e. BOL/C23, BOL/E07, BOL/D69 and BOL/F57 accounted for \$24.5 million, 84 per cent of the total allocations. The graph below indicates the total amount per year allocated towards projects in the Cochabamba Tropics (“Chapare”) and the Yungas of La Paz (“Yungas”) and the estimated number of hectares under coca in each of the areas.



39. Coca cultivation in the “Chapare” reduced substantially from 31,500 hectares in 1997 to 7,500 hectares in 1999. A reduction of 24,000 hectares, 76 per cent, in less than three years. During this period, \$4.6 million was allocated to alternative development projects in the “Chapare”. From 2000 to 2003, \$12.7 million was allocated, but the number of hectares under coca cultivation was reduced by only 3,000 hectares, from 7,500 to 4,500. Of the 4,500 hectares, 3,200 hectares are licit coca crops. There is, therefore, limited room for further reduction: only some 1,300 hectares.

40. The number of hectares under coca in the “Yungas” exceeded that of the “Chapare” as early as 1999 and in 2003, was five times more, but the allocated amount towards projects in the “Yungas” was only 22 per cent of that allocated towards the Cochabamba Tropics. Even in 2004, and although coca cultivation is still increasing in the “Yungas”, only 20 per cent of total allocations was allocated towards the area.

41. OIOS is aware that there is no direct relationship between the amount of money spent on alternative development projects and the number of hectares under coca cultivation because there are various other factors that include eradication efforts by the Government and legislation. The quantity of licit coca crops totals 15,200 hectares (according to Law 1008, up to 12,000 in the Yungas of La Paz and 3,200 in the Cochabamba Tropics). A further

important factor is that alternatives to coca cultivation are provided not only to reduce coca cultivation, but also to prevent an increase therein.

**Recommendation:**

- UNODC, Country Office Bolivia should determine the impact of alternative development projects on coca cultivation in the Cochabamba Tropics and Yungas of La Paz and should allocate available funds accordingly in an effort to maximise the impact that projects have on coca cultivation (Rec. 04).

42. *COB stated that coca eradication and cultivation achievements were results of complex political, economical and social conditions, and not limited to the effects produced by alternative development project/activities. Not less important, there are other role players working in alternative development, such as USAID, European Commission, Spain and Belgium, among others. In addition, UNODC, COB focused alternative development projects in areas where there is an advantage and where added value can be expected.*

43. The benefits of alternative development projects and the numerous factors that impact on achievements in coca eradication and cultivation are not disputed, but OIOS remains of the opinion that the impact of alternative development projects on coca cultivation in the “Chapare” and “Yungas” should be determined to ensure that projects have a maximum impact or at least to focus on areas where the biggest impact can be achieved. OIOS will consider this recommendation as implemented when it receives information on the 2006 allocation of resources to these regions and their anticipated impact on coca cultivation.

Projects BOL/C23 and BOL/E07

44. An amount of \$20.4 million (80 per cent), of alternative development project allocations has been issued to project BOL/C23. The project’s activities are based on forest management and establishing agroforestry systems. Over 170,000 hectares of forestry are under managed plans and the project had been involved in the establishment of almost 7,000 hectares of agroforestry systems. The project is financially and administratively well managed in accordance with FAO rules and regulations.

45. Project BOL/E07 focused on vocational training, support to micro-enterprises, employment generation and support to schools (including computer training). The project also supported 133 entrepreneurship with a total number of 1,300 beneficiaries. The enterprises are properly recorded and follow-up mechanisms are in place to monitor their sustainability.

46. From the beginning of the project, more than 16,500 youths were trained in a rather wide range of courses of which 7,500 (45 per cent) were women. Of the trained youths, some 400 were reported as being placed in the labour market by the project and according to an impact study of a hired consultancy company, 1,140 trained youths obtained employment by direct influence of the project. OIOS agrees with COB’s view that the training is not focused on creating employment, but is of the opinion that training should focus on areas where the

impact is greater. Therefore, OIOS recommended that UNODC, COB, following the impact evaluation study, request the International Labour Organization to conduct market research of employment opportunities and to focus on skills that are required in the market in an attempt to increase the trainees' prospects of starting up an enterprise or obtaining employment.

*47. UNODC COB pointed out that the evaluation of activities, based on year 2001 and 2002 information showed that 34 per cent the project's beneficiaries had productive employment and that in the period 2001 – 2004, some 2,740 (16 per cent of the total beneficiaries of the project) young people obtained productive employment as a direct result of project action. UNODC COB further commented that following the recommendations of the mid-term evaluation of the project BOL/E07 which was carried out in 2002, ILO developed in June 2003 a study for the identification of the manpower demand in the Cochabamba Tropics. The aforementioned study identified the production sectors or services with potentialities of labour force absorption, as well as the training courses required. At present, activities of vocational training and micro enterprises support carried- out by project BOL/E07 take into account the outputs of said study.*

48. Still, OIOS is of the opinion that the number of young people obtaining employment, which was recorded as 16 per cent (target of only 5 per cent of the total beneficiaries of the project) within the period 2001 to 2004, remained low. Naturally, there are areas where employment is more possible than others. During a field visit in the Cochabamba Tropics, the audit noted the limited impact of training in repairing refrigerators. For example, only one trainee, of a class of 20 students, started an enterprise and in four months, repaired only three or four refrigerators. In turn, some sewing and carpentry activities that were visited were well established. Therefore, it may be necessary for ILO to cease training in vocational areas that did not yield results, such as refrigerator repairing.

**Recommendation:**

- UNODC, Country Office Bolivia should request the International Labour Organization to set reasonable targets as to the number of beneficiaries that should obtain employment after vocational trainings and to cease training in vocational areas that did not provide employment opportunities as expected (Rec. 05).

49. To record this recommendation as implemented, OIOS requests a copy of the UNODC request to ILO to set reasonable employment targets for their vocational trainings and to cease providing them if employment opportunities are low.

(d) Drug abuse and prevention

50. Projects BOL/D80 and RLA/D75 are both executed by the Viceministry of Social Defense. This is a cost-effective arrangement and OIOS found the project finances to be well administered.

51. Project BOL/D80 aims at drug abuse prevention education and health promotion in schools and institutions and RLA/D75 is a regional project that conducts studies on drug usage. The project started in 1999, but little progress was made until the end of 2001. From



2002, the project managed to complete two studies on drug usage, one in school populations and the other in the workforce.

52. The project document originally provided for a study of drug usage in school populations and a general survey on drug abuse. A study on school populations was conducted, but the general survey was limited to that of drug usage in the workforce. *According to the Project Manager, there was a shortage of funding.* Noted, however, is the low implementation rate in 2003 and 2004. In 2003, less than 45 per cent of the allocated \$23,600 was spent after the allocation was reduced from \$77,000 to \$23,600 by the end of 2003. In 2004 up to the time of the audit, only 23 per cent of the initial allocation of \$54,000 had been spent. The explanation by the Project Manager for not conducting a study on the drug usage in the general population is therefore not convincing.

(e) Law enforcement

53. Project BOL/D73 supports the Bolivian National Drug Control Strategy in law enforcement on drug trafficking and is the only project in precursor control. In 2003, some 600 public servants participated in 70 training events that ranged from computer training to seminars on legislation. In 2004, only \$19,000 was initially allocated for this project. This figure was revised in June 2004 to \$62,000. Staffing had been reduced from six staff to only one technician by the end of February 2004 with the effect that, until July 2004, only two training courses were held, attended by 59 persons. *COB stated that an Administrator was appointed and in the two months of August and September 2004, 15 courses were held and attended by 242 persons.*

E. Administration

54. In the areas of administration and finance, COB complied with the relevant UNODC and UNDP regulations and rules. OIOS also found the working arrangements between COB and UNDP Bolivia in order and the system for the reimbursement of costs for administrative services adequate.

**V. FURTHER ACTIONS REQUIRED ON RECOMMENDATIONS**

55. OIOS monitors the implementation of its audit recommendations for reporting to the Secretary-General and to the General Assembly. The responses received on the audit recommendations contained in the draft report have been recorded in our recommendations database. In order to record full implementation, the actions described in the following table are required:

<b>Rec. no.</b>	<b>Action/document required to close the recommendation</b>
1*	A copy of the decision to carry out the Bolivia alternative development programme evaluation.
2*	A copy of the standard implementing agency agreement once developed in the ongoing project cycle review.
3	A copy of the 2005 work plans that provide for financial and monitoring

	strategy as well as plans for field verifications.
4*	Information on the 2006 allocation of resources to the Cochabamba Tropics (Chapare) and the Yungas of La Paz regions and their anticipated impact on coca cultivation.
5	A copy of the UNODC request to ILO to set reasonable employment targets for their vocational trainings and to cease providing them if employment opportunities are low.

\* Critical recommendations

## VI. ACKNOWLEDGEMENT

56. I wish to express my appreciation for the assistance and cooperation extended to the auditor by the staff of COB.

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