



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID'S EFFORTS TO PROVIDE SHELTER IN HAITI

AUDIT REPORT NO. 1-521-11-003-P
APRIL 19, 2011

SAN SALVADOR, EL SALVADOR



Office of Inspector General

April 19, 2011

MEMORANDUM

TO: Director for USAID/DCHA/OFDA, Mark Bartolini

FROM: Regional Inspector General/San Salvador, Catherine Trujillo /s/

SUBJECT: Audit of USAID's Efforts to Provide Shelter in Haiti
(Report Number 1-521-11-003-P)

This memorandum transmits our final report on the subject audit. We have considered your comments on the draft report in finalizing the audit report and have included your response in Appendix II.

The report contains seven recommendations intended to improve the effectiveness of USAID/OFDA's shelter activities in Haiti. We consider that final action has been taken on Recommendations 2 and 4 upon issuance of this report.

Management decisions were not reached on Recommendations 1, 3, 5, 6, or 7. Please provide written notice within 30 days of any actions planned or taken to implement these recommendations.

I want to express my appreciation for the cooperation and courtesy extended to my staff during the audit.

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Abbreviations

The following abbreviations appear in this report:

- ACTED Agency for Technical Cooperation and Development
- ARC American Refugee Committee
- ADRA Adventist Development and Relief Agency
- ADS Automated Directives System
- CHF Cooperative Housing Foundation International
- IRD International Relief and Development
- OFDA Office of Foreign Disaster Assistance
- OIG Office of Inspector General
- PADF Pan American Development Foundation

SUMMARY OF RESULTS

On January 12, 2010, a major earthquake struck Haiti, killing more than 200,000 people and leaving large parts of Port-au-Prince and the surrounding areas in ruins. Much of Port-au-Prince's infrastructure collapsed during the earthquake, leaving over 1 million Haitians without shelter. Spontaneous camps sprang up in the affected areas and particularly in the capital, Port-au-Prince, where Haitians sheltered under bedsheets and other makeshift materials. USAID's Office of Foreign Disaster Assistance (OFDA) and the international community responded by providing plastic sheeting for emergency shelter. By July 2010, USAID/OFDA reported that 1.5 million Haitians had received emergency shelter.

According to a USAID report,¹ the construction of transitional shelters is a critical element for economic recovery after a disaster. Enabling a population to recover economically from disaster is one of the most important goals of humanitarian relief. The report found that families receiving shelters attain significantly higher incomes than those not provided shelters, with the effects lasting even after the basic components of the initial shelter have been disassembled, moved, or incorporated into some new structure. Quick response for shelter construction can thus lead to quicker economic recovery.

With this lesson in mind, USAID/OFDA planners included funds to construct transitional shelters in the second phase of disaster response. These shelters, which are much more substantial than the tentlike emergency shelters, are designed to provide families a secure place to live for up to 3 years. Between January and June 2010, USAID/OFDA-funded 16 grants that included significant support for transitional shelter. These 16 grants totaled \$138.6 million, all of which had been obligated, with disbursements of \$64.8 million, as of January 1, 2011. (See Appendix III for further detail on the grants and grantees.) Eleven of these grants contained funds for the construction of transitional shelters. The portion of these 11 grants allotted for shelter totaled \$71.3 million, all of which had been obligated, with an estimated \$37.8 million disbursed,² as of January 1, 2011.

USAID/OFDA grantee proposals included initial estimates to provide 38,764 transitional shelters; however, USAID/OFDA's established goal was for construction of 47,500 transitional shelters, subsequently adjusted to 33,125³ transitional shelters and 14,375 repaired homes. USAID/OFDA required the shelters to be built in accordance with international standards.⁴ While USAID/OFDA did not formally set a target date for completion of the shelters, it strongly encouraged its grantees to complete a substantial portion of the transitional shelters by June 1, 2010, before Haiti's hurricane season; 6 of the 11 grants were to end by November 30, 2010.

The Office of Inspector General (OIG) conducted this audit to determine whether efforts by USAID/OFDA to provide shelter in Haiti were achieving their intended results.

¹ "The Economic Impact of Shelter Assistance in Post-Disaster Settings," August 2005.

² Because implementers are not required to report costs by project component, we estimated the shelter component disbursements as a relative percentage of each grant's disbursements.

³ The 33,125 shelters to be constructed represent 25 percent of the overall donor goal to provide 133,000 transitional shelters to Haiti.

⁴ These standards are known as Sphere standards, developed by the Sphere Project and contained in *Humanitarian Charter and Minimum Standards in Disaster Response*, Oxfam International: Oxford, England, 2004.

The audit found that for the shelters constructed, grantees had developed generally effective processes for selecting beneficiaries according to established criteria, identifying appropriate locations for shelter construction, and obtaining agreements that allowed beneficiaries to remain in the shelters through the shelters' useful life.

However, the audit found that because of poor planning and various delays, grantees did not meet their goal of substantial shelter construction prior to the hurricane season. By June 30, 2010, grantees had completed only 1,883 shelters, about 6 percent of USAID/OFDA's target; as of November 15, 2010, grantees had built only 7,179 transitional shelters, 22 percent of the USAID/OFDA's target. Furthermore, the completed shelters varied greatly in terms of quality and price, and some shelters did not fully comply with Sphere standards.

In addition, USAID/OFDA is not likely to meet its target goal of constructing 33,125 transitional shelters without the infusion of more funds. Because of rising costs and unrealistic initial cost estimates, grantees have reduced the number of shelters to be constructed under their grants. The total number of shelters that grantees expected to build under these USAID/OFDA grants fell by 24 percent, from 38,764 to 29,555, falling short of USAID/OFDA's revised goal to build 33,125 shelters. USAID/OFDA officials predicted that at least \$10 million in additional funding would be needed to achieve the revised target of 33,125 transitional shelters.

Finally, USAID/OFDA has a projected shortfall of 65 percent in meeting its goal to repair 14,375 homes minimally damaged in the earthquake. The shortfall, in completed repairs and commitments from its grantees, makes it unlikely that USAID/OFDA will meet its repair goal without additional funding.

The following problem areas accounted in large part for the shortfalls:

- USAID/OFDA did not provide standardized shelter designs that could have reduced costs, prevented delays in implementation, and ensured that the shelters met international standards for security, privacy, and comfort (page 4).
- USAID/OFDA did not provide timely assistance in resolving problems related to importing building materials. Delays in clearing shelter materials through customs prevented many grantees from achieving their shelter goals before the hurricane season (page 8).
- USAID/OFDA's grants did not include requirements for mechanized rubble removal. Up to 11 months after the earthquake, only about 5 percent of the estimated 20 to 33 million cubic yards of rubble had been removed. Rubble has impeded the progress of shelter construction (page 10).
- USAID/OFDA did not monitor performance on two indicators. Eight of 11 grantees either did not set target goals for or did not report on two of three standard indicators (page 11).
- USAID/OFDA was not on track to meet its goal for house repairs (page 12).

Lastly, the audit team noted a matter that does not directly affect the overall goals of the program, but merits attention. USAID/OFDA and its grantee did not take appropriate action to alleviate the pain and suffering of a critically ill beneficiary who resided in a USAID/OFDA-funded shelter (page 14).

To help USAID/OFDA improve the efficiency and effectiveness of its shelter efforts, this report recommends that USAID/OFDA:

1. Evaluate and adopt as best practices the shelter designs and construction processes that deliver shelters at the lowest cost while best meeting requirements for space, ventilation, thermal comfort, security, and privacy (page 8).
2. Incorporate into its operational guidance the option to use competitive or set-aside awards to involve local organizations or firms in transitional shelter construction (page 8).
3. Incorporate into its planning documents the need for ongoing liaison with customs officials to avoid delays when dealing with future disasters (page 9).
4. Fund mechanized rubble removal (page 11).
5. Develop, implement, and monitor performance indicators that provide consistent and useful information regarding the program's status and impact (page 12).
6. Either realign or develop a strategy to fund and achieve its current house repair goal (page 13).
7. Develop and implement procedures to identify available humanitarian resources so that vulnerable beneficiaries can be referred to medical services on a timely basis (page 14).

Detailed findings appear in the following section. Our evaluation of management comments is on page 15. Appendix I presents the audit's scope and methodology. Appendix II includes USAID's comments in their entirety.

USAID disagreed with six recommendations and made no comments on one. The Office of Inspector General has reviewed USAID's response to the draft report and determined that final action has been taken on Recommendations 2 and 4. No management decisions have been reached on Recommendations 1, 3, 5, 6, and 7.

AUDIT FINDINGS

USAID/OFDA Did Not Standardize Shelter Design

According to the various grant agreements, grantees should construct their shelters according to Sphere standards. Developed in 1997 by various nongovernmental organizations to ensure a humane response to disaster, Sphere standards for shelter provide flexibility in materials and design but outline the need to meet basic requirements for space, ventilation, thermal comfort, security, and privacy. Additional guidance appears in the USAID/OFDA *Field Operating Guide for Disaster Assessment and Response* (Field Operating Guide), which includes a strong recommendation to include rainwater collection devices.

In addition, in early March 2010, an umbrella organization called the Emergency Shelter Cluster⁵ sought to provide consistency and efficiency in shelter construction by selecting two shelter models (shown below) for aid organizations to use and suggesting that aid organizations make a joint purchase of shelter materials.



At left stands a transitional shelter built with plastic sheet walls, no solid doors, no windows, and no foundation. At right, an open window allows air to circulate in a transitional shelter built with plywood walls, doors, windows, and a concrete foundation. (Photos by OIG, November 2010)

Despite its experience constructing transitional shelters after major disasters for the past 7 years, USAID/OFDA did not provide direction to grantees on a standard shelter design. Instead, it left the 11 grantees to design their own transitional shelters.

⁵ The main partners include the International Federation of Red Cross and Red Crescent Societies, U.N. offices and programs, and nongovernmental organizations such as OXFAM and Care International. The Emergency Shelter Cluster is one of many clusters—in Haiti, clusters deal with logistics; health; food; shelter and nonfood items; and water, sanitation, and hygiene—formed by the international humanitarian community to improve the effectiveness of humanitarian response. For more information, see www.humanitarianreform.org/

USAID/OFDA implemented the shelter project by accepting unsolicited grant proposals issued under a waiver for competition because of the urgency of the need after the earthquake. Grants, which do not permit substantial involvement by the Agency, may not have been the best award mechanism to achieve rapid construction of cost-effective shelters meeting industry standards. If USAID/OFDA had used contracts for shelter construction, it could have prescribed the shelter design and could have given local Haitian businesses an opportunity to participate.⁶

The lack of standardized designs created three problems: (1) implementation delays as grantees developed their own shelter designs, (2) great variation in the cost and quality of shelters constructed, and (3) noncompliance with Sphere standards.

Implementation Delays. The Shelter Cluster's recommendation to use one of two selected shelter designs was ignored by most grantees, as was a recommendation for joint procurement. While one grantee, Cooperative Housing Foundation International (CHF), quickly modified the design it had used in previous disasters, World Vision and others reported significant delays before deciding on a shelter design. In April 2010, USAID/OFDA noted the continued discussion and confusion regarding transitional shelter standards, and reiterated the expectation that Sphere standards be followed. Despite this intervention, one grantee, Premiere Urgence, had received its grant retroactive to March 2010 but at the end of July was still discussing its design with USAID/OFDA.

Adventist Development and Relief Agency (ADRA), in contrast, immediately selected one of the designs suggested by the Shelter Cluster. ADRA is currently one of two grantees reporting achievement of transitional shelter goals; World Concern reported that, as of January 6, 2011, it had completed its target number of shelters.

Wide Variation in Cost and Quality. USAID/OFDA reviewed and approved initial proposals with projected costs for shelter materials ranging from \$400 to \$1,727, even though the Agency required the same product from each grantee. In April 2010, USAID/OFDA provided additional guidance to its grantees, reiterating standards and requiring that shelters have a life of 3 years or more and indicating that unit costs for shelters should range between \$1,000 and \$1,500, including transportation and labor.

Initial estimates for shelters were sometimes considerably lower than the actual costs, and several grantees reduced the number of shelters they intended to build to stay within the grant budget. The cumulative number of shelters that grantees expected to build with USAID/OFDA grants fell by 25 percent, from the original 39,864 proposed to 29,555.

Furthermore, actual shelter costs varied according to differences in size; materials used; and features such as concrete foundations, doors, and windows. However, higher total unit cost did not always correlate with additional features. For example, Medair's shelter materials, which included plastic sheeting for walls, a solid wood door, two windows, and a concrete floor, totaled \$1,347. In contrast, materials for International Relief and Development (IRD) shelters, which included the same basic design elements but replaced the plastic walls with more sturdy plywood walls, cost \$1,169. Meanwhile, ADRA was able to construct shelters that, though slightly smaller, offered the same amenities as IRD's with a materials cost of only \$678.

⁶ According to the Associated Press, "Would-be Haitian contractors miss out on aid", by Martha Mendoza, dated December 12, 2010 – "of the 1,583 U.S. contracts awarded in Haiti totaling \$267 million, only 20—worth \$4.3 million—were to Haitian-owned companies."

In addition to the differences in materials costs, the total delivered cost—including labor, transportation, partner overhead, and other management costs—varied substantially from implementer to implementer. For example, material costs for the Agency for Technical Cooperation and Development (ACTED) and Premiere Urgence were about \$1,250 and \$1,850, respectively; the materials costs differed because, unlike ACTED’s plastic-walled shelters, Premiere Urgence’s shelters had solid wood walls and concrete floors. The cost difference between the finished products was substantial: ACTED delivered its transitional shelters for a unit cost of \$2,141, while Premiere Urgence, delivered shelters at a unit cost of \$5,778. The audit found no evidence that USAID/OFDA had examined these differences in delivered costs to determine the most cost-effective way to provide appropriate housing to its beneficiaries.

Noncompliance With Sphere Standards. Because of the lack of a standardized design, the resulting shelters varied greatly in terms of comfort, safety, and durability. Some grantees constructed shelters that consisted of nothing more than simple plastic sheeting over a timber frame without floors, doors, or windows. Other grantees completed more elaborate structures with concrete floors, solid plywood walls, and multiple wooden doors and windows.

Furthermore, although USAID/OFDA instructed its grantees to follow internationally accepted Sphere standards in constructing shelters, the quality of shelters varied greatly, and some shelters did not meet Sphere standards for safety and thermal comfort.

Sphere standards state that shelter solutions should ensure the security, health, safety, and well-being of the affected population. Haitian beneficiaries complained to grantees that they feared for their safety while living in shelters with no doors and plastic-sheeted walls, which could easily be cut with a knife. Some of the plastic sheeting provided was so thin that at night the inhabitants within were visible from outside the shelter. In addition, over time the plastic sheeting (shown below) began to wear and was unlikely to last the 3 years that USAID/OFDA required.



A transitional shelter constructed with thin plastic sheeting shows wear. (Photo by OIG, November 2010)

Sphere standards also state that the design of the shelter should provide sufficient thermal comfort, fresh air, and protection from the climate to ensure the occupants’ dignity, health, safety, and well-being. Shelters constructed with plastic sheeting, particularly those with no

windows, doors, or vents, were so hot during the day that auditors were unable to conduct site visit interviews inside them.

Another Sphere requirement states shelter construction should minimize risks from natural hazards including earthquakes, volcanic activity, landslides, flooding, or high winds. While most shelters we visited complied with this requirement, the audit noted one grantee building shelters in a risky location.



**Shelters sit precariously on a hillside.
(Photo by OIG, November 2010)**

In addition to Sphere standards, USAID/OFDA referred grantees to its Field Operating Guide for guidance on constructing shelters. The operating guide points out that pure rainwater can be collected from the roofs of buildings or tents and that every effort should be made to collect rainwater. The guidelines further state that rainwater collection systems, using local earthenware pots under individual roofs and gutters, should be encouraged. None of the shelters constructed by USAID/OFDA grantees included such a rain collection system, although some of the beneficiaries living in the shelters had added their own (shown on the following page). Haiti's climate is suited to such a system and it could have proved a source of safe water at minimal additional cost when the cholera epidemic started in October 2010.

Had USAID/OFDA provided standard guidance for shelter designs, differences in unit cost could have been avoided, more shelters might have been funded, and USAID/OFDA might have avoided the shortfall in meeting its goals. In addition, an examination of total costs may reveal significant management or implementation efficiencies that could reduce overall program costs and thus allow the program to serve more beneficiaries. Finally, the use of a standard design would have eliminated the differences in quality among the various shelters.



Beneficiary-installed gutters collect rainwater on shelter constructed by ADRA. (Photo by OIG, November 2010)

With its experience in shelter construction, USAID/OFDA could develop a standard shelter design that could be consistently and rapidly implemented using an appropriate procurement instrument. A standard design also would reduce the cost of duplication of efforts in designing numerous shelter solutions. Reducing implementation time would hasten economic recovery after a disaster. Therefore, we are making the following recommendations:

Recommendation 1. We recommend that USAID/Office of Foreign Disaster Assistance (1) evaluate shelter designs and construction processes in use to identify which designs can be reproduced at lowest delivered cost while best meeting requirements for space, ventilation, thermal comfort, security, and privacy and (2) incorporate these best practices into future plans for transitional shelter construction.

Recommendation 2. We recommend that USAID/Office of Foreign Disaster Assistance incorporate into its operational guidance the option to use competitive or set-aside awards to involve local organizations in transitional shelter construction.

USAID/OFDA Did Not Help Resolve Customs Delays Effectively

USAID/OFDA Automated Directives System (ADS) 202.3.5.2 states that recipients and contractors at times require certain services from USAID/OFDA to conduct their work. Services can include, for example, processing documentation to secure duty-free release of equipment and commodities or providing adequate information on USAID/OFDA regulations that grantees will need to follow. When USAID/OFDA provides any type of service to a grantee, it should view the grantee as an intermediate customer and seek to provide service efficiently and effectively.

USAID/OFDA did not serve its grantees efficiently and effectively in resolving customs delays. Delays in releasing shelter materials from customs kept many grantees from achieving their shelter goals before the hurricane season. Eight of the 11 USAID/OFDA grantees reported customs delays ranging from 6 weeks to 5 months. One grantee, American Refugee Committee (ARC), had shelter materials held in customs beginning in July 2010, and by the end

of November, it had not received its materials or built a single shelter. USAID/OFDA did not provide effective or timely assistance in resolving this problem, and these delays prevented USAID/OFDA, in part, from reaching its overall shelter goals.

The Government of Haiti temporarily suspended some customs regulations in early 2010 to facilitate the entry of earthquake relief supplies. After several months, the Government of Haiti restored formal customs policies to prevent abuses. However, once regular customs operations resumed, grantees began experiencing delays. By early June 2010, USAID/OFDA knew of the custom delays, yet, according to one grantee, declined requests for help. USAID/OFDA officials in the Office of Foreign Disaster Assistance told the grantee that the office did not have the resources to help all the grantees and could not help just one. Nevertheless, USAID/OFDA did intervene for one grantee, an occurrence that the grantee stated was clearly an exception.

Prior to the earthquake, the Embassy shipping staff assigned to USAID/OFDA did intervene for USAID/OFDA awardees with customs problems, albeit informally. The Embassy shipping representatives stated they would have been pressed for resources to assist USAID/OFDA grantees after the disaster because they were swamped with their own work. Nonetheless, USAID/OFDA eventually turned to Embassy shipping staff for help in resolving the customs delays.

Several months after USAID/OFDA learned of the customs problems, officials began to take action to assist the grantees. In mid-September USAID/OFDA made overtures to assist the grantees with the customs problems but did not follow through until a month later. This intervention with the assistance of Embassy shipping staff led to the release of materials held in customs since July for ARC, which finally received the materials in early December.

USAID/OFDA representatives stated that they had notified their grantees immediately once Haitian customs resumed normal operations, providing instructions and names of brokers to assist in the customs process. USAID/OFDA stated that the grantees had not dedicated sufficient resources to resolving customs delays. In addition, USAID/OFDA stated it held meetings in April and offered at that time to let grantees use USAID/OFDA's franchise to consign goods to USAID/OFDA to reduce customs delays. According to USAID/OFDA, only one grantee accepted this offer. We also found in a USAID Internet question-and-answer forum the same advice regarding customs forms and brokers. In addition, the guidance stated:

Organizations implementing programs on behalf of USAID can work with U.S. Embassy personnel to facilitate customs clearances.

Despite the fact that USAID/OFDA believes the grantees allowed customs delays by not acting more aggressively, USAID/OFDA was ultimately responsible to meet its shelter goals as expeditiously as possible. As a procuring agency, USAID/OFDA is responsible for the proper management of its awards. USAID/OFDA has experienced customs problems in disaster situations before. For example, customs delays were reported during the Aceh tsunami disaster response. Given the urgency of providing shelters to the Haitians, customs delays should have been anticipated and resolution quickly facilitated. USAID/OFDA's lack of timely action on customs delays was responsible in part for not meeting its shelter goals.

Recommendation 3. *We recommend USAID/Office of Foreign Disaster Assistance incorporate into planning documents the need for ongoing liaison with customs officials to avoid delays when dealing with future disasters.*

USAID/OFDA's Grants Did Not Include Requirements for Mechanized Rubble Removal

ADS 202.3.6 states that delays in completing outputs or problems in output quality provide an early warning that results may not be achieved as planned. Timeliness of key outputs may affect the achievement of performance targets. Early action in response to problems is essential in managing for results. ADS 202.3.6.3 further states that USAID missions/offices and assistance objective teams must make adjustments in tactics when conditions warrant. This may include developing an entirely new project (or activity) and instrument, or simply modifying and changing existing projects or activities.

USAID/OFDA officials stated that they did not anticipate and had not planned for the amount of rubble left after the Haiti earthquake, which continues to be one of the biggest challenges. However, on February 2, 2010, just 3 weeks after the earthquake, one of USAID/OFDA's grantees warned USAID/OFDA officials that:

The major limiting factor for the placement of transitional shelters is the availability of suitable sites to erect the transitional shelters. This will dictate the pace more than any other factor.

The U.S. military, USAID/OFDA cash-for-work projects, and other donors have made some headway with rubble removal. However, almost 1 year after the earthquake, only about 5 percent of the estimated 20 and 33 million cubic yards of rubble had been removed. Before a shelter can be built, rubble has to be cleared from the site. Most of the easier sites with little rubble have been used, and grantees now must remove rubble to continue building shelters. USAID/OFDA has set a new target date of August 2011 to achieve its shelter goal; however, meeting the goal depends on removing rubble, as shown in the photo on the following page.

A recent USAID Office of Inspector General audit⁷ found that USAID/OFDA funded an effective rubble removal project by CHF, initiated shortly after the earthquake. Under this grant, CHF brought in heavy machinery to do most of the rubble removal at large sites while relying on local laborers to gather and crush smaller pieces of debris not picked up by a loader or an excavator. In smaller spaces, such as narrow streets and drainage canals, CHF used manual labor to perform the majority of the clearing using hand tools; however, heavy equipment was still required to move debris onto dump trucks for disposal. CHF estimated that as of May 30, 2010, it had removed 110,000 cubic meters of rubble, of which cash-for-work laborers had removed 5 to 7 percent.

Despite the importance of rubble removal, USAID/OFDA did not fund significant rubble removal activities in conjunction with its shelter grants. Some grants included funding for rubble removal through cash-for-work activities, which did not include heavy machinery. Only in November 2010 did USAID/OFDA sign a grant modification to the CHF shelter grant that incorporated the use of heavy equipment to remove rubble in conjunction with shelter construction in a Port-au-Prince neighborhood.

⁷ "Audit of USAID/OFDA's Cash-for-Work Activities in Haiti," Report No. 1-521-10-009-P, September 24, 2010.



Roadside rubble in Port-au-Prince occupies potential building sites. (Photo by OIG, November 2010)

Because USAID/OFDA did not anticipate the amount of rubble, it did not take appropriate steps to mitigate the problem, which eventually impeded achieving intended results. Rubble remains one of the factors that will most limit the ability of grantees to build shelters in urban areas. While the job of rubble removal is not USAID/OFDA's alone, incorporating a more effective method for rubble removal into the grant's scope of work could have helped accelerate shelter construction and aided USAID/OFDA in meeting its target number of shelters 1 year after the earthquake.

In response to our audit, USAID/OFDA stated that it is using a multisectoral response to rubble removal, incorporating cash-for-work and mechanized rubble removal. Therefore, to ensure that shelter activities benefit from this approach, we make the following recommendation:

Recommendation 4. We recommend that USAID/Office of Foreign Disaster Assistance fund mechanized rubble removal.

USAID/OFDA Did Not Monitor Performance on Two Standard Indicators

According to ADS 200, performance indicators are used to observe progress and to measure actual results compared with expected results. ADS 203.3.5.1 states that performance data used to measure program results should be of sufficient quality to be credible for reporting purposes. Three key attributes of high-quality data discussed in the ADS are validity, precision, and reliability. Valid data clearly and adequately represents the intended result, precise data presents a fair picture of performance and enables management decision making at the appropriate levels, and reliable data is collected and analyzed using consistent methods.

USAID/OFDA used three standard shelter performance indicators to monitor the achievement of planned results: (1) *number of households receiving shelter*, (2) *percent of affected population receiving shelter*, and (3) *amount or percent of project budget spent in the local community*. While all the grantees were reporting on the first indicator, eight grantees either had not set target goals for or had not reported on the second and third indicators. One USAID/OFDA

official stated he was monitoring the grantees' reports; however, results for Indicators 2 and 3 were difficult to monitor until near the end of the project.

The audit found that the grantees were not always clear on what constituted the term "affected population" for the second indicator. Definitions included all affected Haitians in the country, the population of a particular town, the population of a particular neighborhood, and the population of a particular camp.

Asked to clarify the intent of the term "affected population," a USAID/OFDA representative stated:

The phrase 'affected population' is not always well defined, understood, or applied by the international community, and the result, of course, is often an informed estimate. It is often the case that affected populations move in a dynamic manner, and experience shows that the 'affected population' total can rise or fall during project implementation, at times quite dramatically. Therefore, we can work with IPs [implementing partners] where necessary to refine the 'affected population' total so that by the end of the project all concerned have a better sense of how to reasonably and realistically report on the indicator at issue.

Grantees generally agreed that the third indicator, *amount or percent of project budget spent in the local community*, should include funds used for local labor and local supplies, and one grantee added training funds as well. However, most grantees either did not have a target for or did not report on this indicator. A USAID/OFDA official stated the reason USAID/OFDA overlooked this indicator was that it was the least important of the three. As with the second indicator, USAID/OFDA stated this would be a difficult indicator to monitor until the end of the project.

All three indicators are standard indicators contained in USAID/OFDA's Guidelines for Unsolicited Proposals and Reporting. However, USAID/OFDA's assertions that these indicators are not measurable until the end of the project, coupled with the grantees' confusion about what is being measured, imply that the indicators do not possess the elements of validity, precision, or reliability required by USAID/OFDA guidance. Clearly, USAID/OFDA has not used the indicators to assess the progress of the activity. Consequently, we make the following recommendation:

Recommendation 5. *We recommend that USAID/Office of Foreign Disaster Assistance develop, implement, and monitor performance indicators that provide consistent and useful information regarding the program's status and impact.*

USAID/OFDA Was Not on Track to Meet Goal for House Repairs

USAID/OFDA committed to repair 14,375 houses that, according to habitability assessments, had minimal damages and could be repaired so that occupants could return to their homes.

USAID/OFDA will have difficulty in achieving its goal of repairing 14,375 houses. As of January 6, 2011, grantees had repaired 1,875 houses and had committed to repair an additional 3,196 minimally damaged houses. However, USAID/OFDA had not received commitments to repair

the remaining 9,304 homes, resulting in a shortfall representing 65 percent of the house repair goal.

USAID/OFDA awarded a 6-month, \$4.8 million grant to the Pan American Development Foundation (PADF) effective April 2010 to conduct habitability assessments of hundreds of thousands of buildings, including homes, in earthquake-affected areas. The award was scheduled to end October 5, 2010; however, USAID/OFDA extended the completion date to March 31, 2011, and increased project funds to \$7.8 million. The project was designed in part to provide displaced families with information regarding the structural condition of former residences and encourage their return to safe homes. The award also included developing standard repair guidelines, training Haitian engineers and laborers in the method indicated in the guidelines, and repairing 3,230 structures. In addition, three other USAID/OFDA grantees have committed to 1,841 repairs, for a total of 5,071 repairs.

PADF made significant progress in its efforts to assess habitability of houses and train engineers. In a January 12, 2011, sector update, USAID/OFDA reported that trained engineers had assessed more than 380,000 (95 percent) of 400,000 structures and targeted 54 percent as safe for habitation, 26 percent needing only minimal repairs and 20 percent as either not repairable or repairable at great expense.

However, PADF's slow release of repair guidelines and of information regarding house repairs and safe house habitability likely slowed the implementation of house repairs and the return of Haitians to habitable homes. USAID also cited rubble as an impediment.

PADF, in conjunction with its subcontractor Miyamoto International, Inc., drafted the repair guidelines, but despite requests from the Shelter Cluster, PADF would not release the guidelines until the Haitian Ministry of Public Works (the Ministry) approved them. This was in accordance with Miyamoto's contract which stipulates that it should coordinate with the Ministry and the co-implementer, the U.N. Office for Project Services, for approval and implementation of the methodology. Miyamoto completed the draft guidelines in late October 2010, but PADF did not begin distributing them until January 2011. Three other USAID/OFDA grantees besides PADF have committed to doing minor house repairs; two grantees began the repairs without the benefit of the guidelines, and one was waiting for release of the guidelines.

PADF also waited for approval from the Ministry before beginning its media campaign to encourage homeowners to move back into safe homes, possibly slowing the return of Haitians to safe and habitable homes.

In its January 12, 2011, sector report, USAID/OFDA stated that rubble continues as a major impediment to recovery. Rubble obstructs access to neighborhoods and reduces opportunities to restore houses in need of minor repairs. Rubble also impedes access for heavy machinery to demolish unsafe buildings and prevents residents from returning to safe houses, particularly those close to unstable buildings.

PADF has moved forward with the distribution of the guidelines and its media campaign to inform the public of the structural condition of former residences. However, USAID/OFDA still has a shortfall in commitments to reach its goal of 14,375 house repairs. Consequently, we make the following recommendation:

Recommendation 6. *We recommend that USAID/Office of Foreign Disaster Assistance either realign its house repair goal or develop a strategy for funding and achieving this goal.*

Other Matter

USAID/OFDA's mandate is to save lives, alleviate suffering, and reduce the economic impact of the recent earthquake in Haiti.

During the course of the audit fieldwork, the audit team met with a seriously ill Haitian citizen residing in a USAID/OFDA-funded shelter. The audit noted that USAID/OFDA and its grantee did not take appropriate action to alleviate this person's suffering.

As part of the audit, the audit team visited a camp where USAID/OFDA was funding the construction of 800 shelters. There we met a resident who was dying of breast cancer. The woman's entire right breast was an open wound, and she was suffering great pain. Concerned for the welfare of this person, the audit team alerted grantee officials that the woman needed immediate medical help. The audit team members asked whether the grantee could use their knowledge of local community resources to seek help. However, the auditors were told that many people were sick in Haiti and that helping one person would lead to others asking for help.

The audit team informed USAID/OFDA of the situation, but was told by a USAID/OFDA official in Haiti that USAID could not do anything and that the issue should be taken up with the grantee. The audit team then sought assistance from a USAID/Haiti staff member who immediately asked the grantee about the situation. In response to this intervention, grantee officials agreed to look into the matter further and review access to medical care in the camp.

After audit fieldwork, the grantee informed the audit team that the woman had sought medical help repeatedly and been sent home by doctors who said there was nothing they could do for her in Haiti. We also learned that the woman was hospitalized for one night on January 3, 2011, and given pain medication and that she died on January 6, 2011. The grantee reported that while there is no medical assistance in the camp, beneficiaries could visit a medical provider who comes every Tuesday to a nearby camp. The grantee officials stated that they "regret the impression that was left upon the team concerning the grantee's response to this situation. Our teams are and have always strived to be compassionate and committed to continue serving the population to the best of our ability throughout this difficult transition."

USAID/OFDA funded the construction of the shelters built in a camp to provide protection for a vulnerable portion of Haiti's earthquake affected population. The grantee was delivering what was required under the terms of its grant—shelters—but the grantee had not anticipated that sheltering a population of vulnerable people would necessitate planning for medical care. There was neither a camp manager nor medical assistance available in the camp, and officials were not prepared to refer ill individuals to one of the numerous medical assistance organizations operating in the area. As a result, shelter beneficiaries were not receiving appropriate medical care. To minimize similar occurrences in other areas where USAID/OFDA is working, we are making the following recommendation:

Recommendation 7. *We recommend that USAID/Office of Foreign Disaster Assistance, in conjunction with its awardees, develop and implement procedures to identify available humanitarian resources so that vulnerable beneficiaries can be referred on a timely basis.*

EVALUATION OF MANAGEMENT COMMENTS

The director of USAID/DCHA/OFDA provided comments in response to our report. The director disagreed with six of the seven recommendations and did not include comments on one recommendation. Our evaluation of management comments is as follows:

Recommendation 1. *We recommend that USAID/Office of Foreign Disaster Assistance (1) evaluate shelter designs and construction processes in use to identify which designs can be reproduced at lowest delivered cost while best meeting requirements for space, ventilation, thermal comfort, security, and privacy and (2) incorporate these best practices into future plans for transitional shelter construction.*

USAID/OFDA did not agree with evaluating the shelter designs and construction processes to identify best practices—i.e., those designs that can best meet quality of life requirements in a cost-effective manner—and incorporate these best practices into plans for future transitional shelter construction. USAID/OFDA’s reasons are that providing standardized shelter designs to grantees would (1) stifle the ability of grantees to design and construct transitional shelters that are most appropriate to the local context at the neighborhood or community level, (2) generate waste and discourage use of local materials, and (3) undermine community action supported by the Government of Haiti.

USAID/OFDA believes that its actions ensured the construction and design of appropriate and cost-effective transitional shelter solutions. USAID/OFDA noted that, in addition to guidance provided to partners based on international Sphere standards, it was an active member of the Emergency Shelter Cluster and contributed to policy and operational discussions, including the development of “conceptual specifications” for shelter outputs that were informed by local practice and humanitarian community guidelines. Lastly, USAID/OFDA stated that it also issued its own shelter and settlements strategy to complement Cluster guidelines and further emphasize context-driven shelter using local materials and local labor.

Notwithstanding USAID/OFDA’s contributions to the Shelter Cluster and its own guidelines, the audit demonstrated that USAID/OFDA grantees’ shelters varied greatly in cost, quality, and adherence to Sphere standards. Furthermore, USAID/OFDA has funded shelter construction for a significant amount of time, allowing it to develop a depository of best practices and master the learning curve for this activity. USAID/OFDA’s Web page includes a long list of shelter activities, from shelters provided in FY 2003 to Iraq through shelters provided in FY 2010 to West Sumatra and Haiti. According to USAID’s Automated Directives System 318, USAID retains the right to intellectual property, which includes shelter design blueprints. USAID/OFDA has the right to maintain these plans and employ them as options in future disasters. The repetitious invention of new shelter designs is costly and inefficient.

USAID/OFDA’s vast experience gained in prior disasters, coupled with what it has observed working and not working in Haiti over the last 13 months, provides knowledge OFDA could use to reach a larger beneficiary base, making optimal use of foreign assistance funding, by involving itself in a more prescriptive manner.

USAID/OFDA is the lead U.S. Government office responsible for meeting the short-term needs of internally displaced persons. Since the purpose after a disaster is to quickly house families for a short duration, maintaining a library of best practice designs could promote cost and time efficiencies especially critical in such circumstances. Therefore, a management decision cannot be reached until USAID/OFDA incorporates best practices into plans for future transitional shelter construction.

Recommendation 2: *We recommend that USAID/Office of Foreign Disaster Assistance incorporate into its operational guidance a requirement for the option to use competitive awards or set-aside awards to local organizations for future awards for transitional shelter construction.*

USAID/OFDA disagreed with Recommendation 2, stating that OFDA's current award process does provide for use of competitive awards using an Annual Program Statement mechanism to solicit proposals. However, USAID/OFDA stated that the rapid nature of disaster response makes setting aside funding specifically for local businesses unsuitable; preaward surveys can take up to 1 year to complete. However, USAID/OFDA stated that it does support making subawards to local organizations. USAID/OFDA noted that, as part of the APS process, it could add a requirement that all proposals include local partners to increase the number of local organizations involved in constructing transitional shelters.

Regarding the amount of time needed to conduct preaward surveys of local organizations, USAID's Cost, Audit and Support Division confirmed that preaward surveys could be conducted in 30 days, making the option for local procurement more viable. Therefore, we suggest that USAID/OFDA actively exercise the competitive award process through the Annual Program Statement. Based on USAID/OFDA's explanation of its award process and decision to evaluate options for competitive funding for future awards for transitional shelters, we consider this recommendation closed upon report issuance.

Recommendation 3: *We recommend USAID/Office of Foreign Disaster Assistance incorporate into planning documents the need for ongoing liaison with customs officials to avoid delays when dealing with future disasters.*

USAID/OFDA disagreed with including in its planning documents the need for ongoing liaison with customs officials to avoid custom delays in future disasters. USAID/OFDA noted that it worked expeditiously with the grantees to resolve problems with the customs clearance process. According to USAID/OFDA, grantees that experienced significant customs problems did not do enough to resolve the problems or did not communicate them to USAID/OFDA.

The recommendation stemmed from evidence gathered during audit fieldwork consisting of interviews and the review of internal correspondence that USAID/OFDA maintained supporting its interaction with its grantees. As the audit reported, 8 of the 11 USAID/OFDA grantees reported customs delays ranging from 6 weeks to 5 months. The evidence gathered during the audit fieldwork did not support USAID/OFDA's response that it acted expeditiously to resolve customs delays. To illustrate:

Internal correspondence dated September 13, 2010, from USAID/OFDA to its grantees stated:

We are aware that a number of you have encountered delays receiving imported transitional shelter materials through the customs clearance process. To address this, USAID/OFDA plans to raise the issue with the Government of Haiti. Please provide us with the container numbers for any of your materials that have

remained in customs for an undue length of time, so that we may pass the list along with a request for expedited clearance.

ARC, whose materials had been in customs since early July, provided the requested information on September 16, 2010, 3 days following USAID/OFDA's request. On October 13, 2010, 1 month later, USAID/OFDA contacted ARC by e-mail requesting, "*Please assist us by providing specific information on current status of t-shelter materials in customs and ARC's efforts to have them released.*"

Then on October 20, 2010, USAID/OFDA contacted the Embassy shipping division and stated:

"I am sorry to report that some of the NGO partners working on earthquake response are having customs clearance difficulties. My colleague...has been in conversations with several of them, and would like to share the details with you and get your guidance."

Shortly after this correspondence, ARC's custom issues were alleviated. USAID/OFDA did not address ARC's customs problems until delays had continued for over 2 months and then failed to follow up for an additional month after asking ARC for information.

In its audit response, USAID/OFDA mentions a grantee that was able to purchase local supplies while waiting for its shipment to clear customs. However, USAID/OFDA did not mention that this particular grantee was able to procure local supplies because it had funding from other donors; not all grantees had these resources. Nonetheless, in a "60 Minutes" interview, this implementer expressed dissatisfaction with the 5-month customs delay.

According to USAID/OFDA's guidelines to its grantees, a key objective of shelter intervention should be the timely provision of shelter that is safe, secure, private, and habitable, as well as the incorporation of any relevant hazard mitigation measures. USAID/OFDA, as the manager of the awards, is ultimately responsible for timely construction of the shelters and for resolving problems impeding the construction goal. USAID/OFDA's position that it disagrees with incorporating these critical steps as part of the planning process is not acceptable. Therefore, a management decision on this recommendation has not been reached.

Recommendation 4: *We recommend that USAID/Office of Foreign Disaster Assistance fund mechanized rubble removal.*

USAID/OFDA disagreed with funding mechanized rubble removal in conjunction with transitional shelter construction. However, USAID/OFDA's comments focus on how it has advocated for mechanized rubble removal and its recent increase in funding for rubble removal activities that combine manual, cash-for-work efforts with the use of heavy equipment. It appears that where USAID/OFDA disagrees with the recommendation is in the approach to rubble removal. USAID/OFDA views mechanized rubble removal as a component of a larger, multisectoral response effort, rather than as a stand-alone activity such as its shelter and settlement initiatives. We concur with USAID/OFDA's assessment and edited the wording of the recommendation to be less prescriptive on the approach. Based on USAID/OFDA's increased focus on and funding of rubble removal, we consider this revised recommendation closed on report issuance.

Recommendation 5: *We recommend that USAID/Office of Foreign Disaster Assistance develop, implement, and monitor performance indicators that provide consistent and useful information regarding the program's status and impact.*

USAID/OFDA disagreed that it needed to take additional action regarding developing, implementing, and monitoring performance indicators that provide consistent and useful information regarding the program's status and impact. This recommendation resulted from audit evidence showing that more than half of USAID/OFDA's grantees had not set targets for the two impact indicators and had not reported progress against these indicators. Furthermore, the grantees were not clear on key definitions within the indicators such as what constitutes the "affected population." Further, when asked to clarify the intent of the term, USAID/OFDA affirmed that the term is not well defined or understood, and the result is that it is often an informed estimate.

USAID/OFDA's Guidelines for Unsolicited Proposals and Reporting states that indicators are used to establish intended changes, to observe progress, and to measure actual results compared with expected results. To determine progress or changes on target indicators, implementers should gather baseline data, reflecting the status of the indicators prior to the proposed intervention, to serve as a starting point. As well, USAID/OFDA requires that applicants list indicators and provide a measurable target value for each indicator in the monitoring plan.

USAID/OFDA requires this information of its grantees. Furthermore, USAID/OFDA agrees that impact-oriented indicator data over time is sufficient to facilitate appropriate and effective monitoring of project activity. USAID/OFDA is required to adhere to ADS, which requires that data be reliable. If the intended data is not clearly defined, it cannot be reliable. Given that the grantees have not adhered to the ADS requirement, and many are unclear on what exactly to measure and report, USAID/OFDA's response to this recommendation is not acceptable. Therefore, a management decision has not been reached.

Recommendation 6: *We recommend that USAID/Office of Foreign Disaster Assistance either realign its house repair goal or develop a strategy for funding and achieving this goal.*

USAID/OFDA disagreed with the need to develop a strategy for funding and achieving its house repair goals. USAID/OFDA stated that it had never established a hard target for the repair of shelters damaged by the earthquake. Rather, during the planning process, USAID/OFDA calculated the number of shelters for potential repair based on identified needs. However, these calculations were not intended as indicators or achievement goals but rather as an internal planning tool during the response. Repair numbers are and remain fluid as USAID/OFDA continues to revise shelter repair figures based on need and on the appropriateness of response activities. USAID/OFDA further stated that it did not intend or plan to fund all postearthquake shelter repair activity (estimated by the Government of Haiti, on the basis of a habitability assessment funded in large part by USAID/OFDA, to be in excess of 100,000 structures), serving as only a part of a larger effort for shelter repair in Haiti.

During the audit, USAID/OFDA officials in Haiti stated that the goal to repair 14,375 damaged homes derived from the original goal to construct 47,500 transitional shelters stating that these were concrete goals negotiated from a high level in the U.S. Department of State. While we agree that USAID/OFDA is not expected to fund all post earthquake shelter repair activity, we do believe that it should set a goal regarding the housing it plans to provide for the approximately 680,000 Haitians still living in camps. More than 1 year after the earthquake, it is reasonable to expect that USAID/OFDA can establish some goal for the assistance it plans to provide. Establishing a concrete goal provides a basis for establishing funding. USAID/OFDA's resistance to setting an achievable target for house repairs is not acceptable. Therefore, a management decision has not been reached.

In addition, USAID/OFDA requested editorial changes to a statement in the report that it felt implied that PADF unnecessarily delayed its house repair programs. We included the information in the report to explain to the reader why the delays occurred; therefore, we have not made the requested changes.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/San Salvador conducted this performance audit in accordance with generally accepted government auditing standards.⁸ Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objectives. We believe that the evidence obtained provides that reasonable basis. The purpose of the audit was to determine whether efforts by USAID/OFDA to provide shelter in Haiti were achieving their intended results. Because of time and resource constraints, the audit focused primarily on the construction of transitional shelters. The Regional Inspector General/San Salvador conducted audit fieldwork at USAID/Haiti in Port-au-Prince and at grantees' offices and field locations in Port-au-Prince, Leogane, Carrefour, Jacmel, La Gonâve, and La Chapelle from October 18 to 28 and from November 14 to 26, 2010. We performed detailed testing of 113 of 7,179 shelters built as of November 15, 2010. Because the grantees did not accumulate accounting data specifically related to shelter construction, we were unable to ascertain the dollar amount of the sample tested.

The audit covered the period January 24, 2010, through November 15, 2010, and focused on the construction of transitional shelters by 11 USAID/OFDA grantees. In planning and performing this audit, we included in the audit scope a review of management and internal controls put in place by USAID/OFDA and its grantees related to their shelter activities. Management controls included plans and guidance to ensure that shelter activities met their stated objectives. Internal controls included those over the selection of construction sites, selection of beneficiaries, and design of the transitional shelters.

Methodology

To determine if USAID/OFDA appropriately managed the shelter activities, we met with key USAID/OFDA personnel and grantee officials and reviewed relevant agreements, modifications, program descriptions, progress reports, and operating plans provided by USAID/OFDA. We also reviewed policies, best practices, and guidelines pertaining to USAID/OFDA's shelter activities, including USAID/OFDA's *Field Operation Guide for Disaster Assessment and Response*, USAID/OFDA's Guidelines for Unsolicited Proposals and Reporting, USAID's Automated Directives System, and the Sphere standards. We further assessed USAID/OFDA'S management effectiveness by reviewing program plans, implementation schedules, work plans, progress reports, and other project documents and comparing expected results with actual results. We tested reported results during visits to grantees' offices by reviewing the supporting documentation of the construction of a sample of 113 shelters. Because of security constraints, time constraints, and difficulty reaching some of the areas where the shelters in the sample were constructed, we could inspect only 42 out of the total sample size of 113 shelters. Therefore, we are not able to project the results of our observations or the existence of shelters in our sample. We also conducted interviews and reviewed primary internal control mechanisms for all 11 grantees related to site selection and beneficiary selection, and confirmed the effectiveness of these controls during the site visits to shelter construction sites.

⁸ *Government Auditing Standards*, July 2007 Revision (GAO-07-731G).

MANAGEMENT COMMENTS

Memorandum

To: Regional Inspector General/San Salvador, Catherine Trujillo

From: Director for USAID/DCHA/OFDA, Mark Bartolini

Subject: Response to Audit of USAID's Efforts to Provide Haiti Shelter in Haiti
(Report Number 1-521-11-00X-P)

This memorandum is in response to the draft audit report on USAID/OFDA's shelter programs in Haiti submitted to USAID/OFDA on February 24, 2011 for review and comment.

USAID/OFDA has carefully reviewed and considered the issues and recommendations presented in the audit report. The responses below reflect the input of USAID/OFDA staff in Washington and Haiti, including technical experts, with significant experience in the Haiti earthquake response as well as global disaster operations.

Thank you for the opportunity to review the draft audit report.

USAID/OFDA Did Not Standardize Shelter Design

Recommendation 1: *We recommend that USAID/Office of Foreign Disaster Assistance (1) evaluate shelter designs and construction processes in use to identify which designs can be reproduced at lowest delivered cost while best meeting requirements for space, ventilation, thermal comfort, security, and privacy and (2) incorporate these best practices into future plans for transitional shelter construction.*

USAID/OFDA Disagrees:

Based on its experience in designing and constructing transitional shelter after major disasters, USAID/OFDA does not recommend providing standardized shelter designs to grantees. USAID/OFDA strongly feels that a prescriptive approach to standardize shelter designs would:

- Stifle ability of grantees to design and construct transitional shelters that are most appropriate to the local context at the neighborhood or community level.
- Generate waste and discourage use of locally available and appropriate materials and techniques;
- Deviate, and potentially undermine, humanitarian community action supported by the Government of Haiti.

Since the onset of the earthquake response in Haiti, USAID/OFDA worked closely with USAID/OFDA-funded grantees to ensure the construction and design of appropriate and cost-effective transitional shelter solutions. In addition to guidance provided to partners based on international SPHERE standards, USAID/OFDA was an active member of the Emergency Shelter Cluster and contributed to policy and operational discussions, including the development of “conceptual specifications” for shelter outputs that were informed by local practice and humanitarian community guidelines. On January 25, 2010, USAID/OFDA also issued its own shelter and settlements strategy to complement Cluster guidelines and further emphasize a focus on context-driven shelter using local materials and local labor.

However, USAID/OFDA does not provide prescriptive guidance reflecting a “one size fits all” approach for the design and construction of transitional shelters. Following a disaster, a flexible, responsive approach is required towards shelter provision. Different communities, and even the neighborhoods within those communities, often have marked differences in contextual and market conditions. In Haiti, USAID/OFDA grantees shelter designs fell into four main categories:

- 1) Shelter kits (metal frame, pre-cut, imported);
- 2) Stick built with plastic or plywood skin (imported lumber and plastic);
- 3) Local design with concrete block knee-wall (locally produced concrete block, imported lumber); and,
- 4) Local design with traditional materials including an improved framework of campeche hardwood posts with walls built of wattle & daub fill.

This diversity of shelter outcomes is reflective of the varying conditions faced by individual grantees and their responses to those varying conditions. In fact, innovative solutions to maximize use of locally available and appropriate materials and techniques, such as the Haitian-designed shelters (Categories 3 and 4, above), would not have been possible if USAID/OFDA imposed a rigid shelter design on all partners. Further, providing sufficient flexibility through “conceptual specification” has enabled some local shelter designs to emerge that would not have been possible had a strict prescriptive approach been adopted, including adaptation of smaller shelters to respond to small and irregularly shaped plots, and the introduction – for the first time – of two-story shelters as a response to the tight, dense site conditions found in many earthquake-affected communities.

Furthermore, as a member of the international community, and through the Cluster system, USAID/OFDA does not act unilaterally to impose prescriptive guidance to grantees or others. Instead, USAID/OFDA works closely with the Government of Haiti (GoB) and the other humanitarian actors to formulate a reasonable strategy and flexible – yet directed – implementation guidance.

Shelter specifications developed under the Emergency Cluster Shelter, co-hosted by the GoH and IOM, provided sufficient guidance on basic shelter elements (e.g. roofs, walls, foundations, etc.) to formulate and refine shelter designs that appropriately and

safely met post-earthquake shelter needs in Haiti without stifling creative, context-driven responses to local conditions. USAID/OFDA not only ensured that all USAID/OFDA grantees were well-informed and knowledgeable of USAID, Shelter Cluster, and international shelter guidelines and specifications but also strongly encouraged all partners to participate in Cluster discussions to assist in continued development of appropriate shelter specifications for the post-earthquake humanitarian community in Haiti.

In March and April of 2010, USAID/OFDA participated in numerous discussions among Shelter Cluster actors regarding the creation of a common logistics pipeline to support the transitional shelter effort with a standardized transitional shelter design that be supported by the pipeline. This effort at standardization was rejected primarily because too few organizations thought it was useful to have a “one size fits all” approach, given the diversity of field conditions between and within rural and urban housing markets, and the different capacities of the humanitarian agencies.

Though grantees were expected to hire experienced and capable shelter/construction managers to implement USAID/OFDA-approved shelter programs, USAID/OFDA acknowledges that the effort to promote contextual shelter designs through adoption of a flexible, “conceptual specifications” approach posed some challenges to a few shelter actors in Haiti, including some USAID/OFDA grantees. Some of these challenges can be explained by the difficulties of the specific communities that grantees chose to work in, while others were logistical or technical in nature. Regular engagement with grantees has resolved many of these challenges over the past several months, while other challenges remain. In addition, and importantly, beneficiary household adaptations of shelter over time, informed in part by dialogue with grantee staff, will likely address specific shelter design issues including the addition or placement of windows and doors or the addition of water catchment hardware. These adaptations have emerged as part of the sheltering process in many post-disaster settings in other countries over the years. There is every expectation that these adaptations will likely emerge in the coming months in Haiti as well.

For additional information, please find attached the USAID/Haiti T-shelter verification report, dated January 28, 2011. This report provides a detailed work assessment and highlights additional shelter issues, complexities, diversity of outputs, and incremental improvements. The report was prepared by the USAID/Haiti mission to provide an objective, independent verification of USAID/OFDA transitional shelter activity and progress. The report is viewed generally as both a verification and validation of USAID/OFDA shelter and settlements sector programming in Haiti, given that transitional shelter activity represents the bulk of sector programming.

Recommendation 2: *We recommend that USAID/Office of Foreign Disaster Assistance incorporate into its operational guidance a requirement for the option to use competitive awards or set-aside awards to local organizations for future awards for transitional shelter construction.*

USAID/OFDA Disagrees:

Competitive awards already have an option available to and considered by USAID/OFDA staff in both our disaster response and disaster risk reduction programming. However, due to the urgency and the specialized nature of our responses, USAID/OFDA may also use non-competitive options. When appropriate, USAID/OFDA uses an Annual Program Statement (APS) mechanism to solicit proposals. Examples of USAID/OFDA's use of the APS mechanism in appropriate emergency response situations include Lebanon, Ethiopia, and the Horn of Africa, among others. USAID/OFDA staff receives training, as part of a required programming/grants training, in how to identify when the use of an APS is preferred.

Due to the rapid nature of OFDA's responses, it is extremely limiting to set aside funding specifically for local organizations. According to USAID regulations, all awardees must have been determined financially responsible through a pre-award audit process. Organizations that have previously received USG funding and complied with annual audit requirements are not subject to a pre-award audit. However, new organizations (as most local organizations are), must complete this requirement. USAID has limited staff and financial resources to conduct these audits and they take anywhere from 3-12 months to complete. At that time, the organization has to address any findings and create or change the necessary financial, management, and administrative systems. This process can also take several months. This time delay is not practical or acceptable for emergency programming.

However, that does not mean that USAID/OFDA does not support local organizations. USAID/OFDA frequently uses the sub-award mechanism available in its awards to provide funding to local organizations. In this case, USAID/OFDA provides funding to a globally established partner who uses a local organization for all or part of the implementation. The established partner provides the financial, management, and administrative oversight required to ensure proper usage and accounting of USG funds. **The majority of USAID/OFDA's awards include local organizations as implementing sub-partners.**

In addition, USAID/OFDA also works to identify local implementing partners with the capacity to implement in disaster-prone countries and facilitates the pre-award audit when possible. USAID/OFDA staff also receives training in how to access local partner capacity through these mechanisms in the required grants/programming training.

Should USAID/OFDA continue to fund transitional shelter in Haiti in FY 2012, options for competitive funding through an APS will be evaluated. As part of the APS process, a requirement can be added that all proposals include local partner implementation.

USAID/OFDA Did Not Help Resolve Customs Delays Effectively

Recommendation 3: *We recommend USAID/Office of Foreign Disaster Assistance incorporate into planning documents the need for ongoing liaison with customs officials to avoid delays when dealing with future disasters.*

USAID/OFDA Disagrees:

Immediately following the earthquake, USAID/OFDA worked expeditiously with grantees, the international humanitarian community, and the Government of Haiti to help ensure an clear and efficient process for customs clearance. As an emergency response agency that responds to disasters throughout the world, USAID/OFDA did not have a full-time logistician in Haiti prior to the earthquake. Instead, USAID/OFDA has three full-time logistics personnel based in Washington D.C. to cover global operations. USAID/OFDA Logisticians are deployed based on global needs and priorities. Despite a temporary suspension of a number of customs regulations in Haiti immediately following the earthquake, USAID/OFDA Logisticians determined that complex and fluid customs regulations in Haiti would require additional assistance to resolve delays. USAID/OFDA logisticians quickly familiarized themselves with Haitian customs procedures, rules and regulations and have had a near continuous presence in Haiti since the earthquake to help facilitate customs issues between GoH officials and grantees. In FY2010, USAID/OFDA had a full-time logistician in Haiti for all but 14 weeks. At no time, including the period when customs regulations were temporarily suspended nor during normal customs operations, did USAID/OFDA utilize the U.S. Embassy shipping office for any USAID/OFDA goods imported into Haiti. USAID/OFDA goods were consigned to the International Organization for Migration (IOM).

To further ensure appropriate resources were available for the international community, USAID/OFDA provided funding towards support of, and was an active participant in, the Logistics Cluster to ensure a continuous support mechanism to OFDA partners and grant recipients to aid in customs clearance and procedures. Led by the World Food Program (WFP), regarded internationally as experts in disaster logistics, the Logistics Cluster collected, disseminated and coordinated information related to customs processes and procedures to the humanitarian community. Logistics Cluster services included mapping, coordination of transport assets, free transport, and dissemination of updated customs procedures and regulations in Haiti, and were free of charge to all humanitarian actors. All services and information offered by the Logistics Cluster was available online, through the Logistics Cluster email list, and through the U.S. Embassy website (<http://haiti.usembassy.gov/economic/guidelines-for-shipping-commercial-and-non-commercial-humanitarian-goods-to-haiti2.html>).

The Logistics Cluster also included representation from the GoH Department of Civil Affairs (DCA). DCA representatives attended weekly Logistics Cluster meetings to serve as a resource for NGOs facing delays or questions with customs clearance. In addition to weekly meetings through the Logistics Cluster, WFP customs advisors were also available six days per week to address any additional urgent customs issues.

USAID/OFDA Logisticians ensured that all USAID/OFDA staff were aware of the resources and services available through the Logistics Cluster and were prepared to refer partners to these services. USAID/OFDA also offered additional assistance to all USAID/OFDA grantees to help expedite any specific customs delays, including during an OFDA Partners meeting in April 2010 (please refer to document presented to RIG in January 2010).

USAID/OFDA worked directly with GoH to resolve issues faced by grantees in the customs clearance process, including participation in humanitarian planning meetings convened by GoH. USAID/OFDA worked with partners to identify specific delays to discuss with GoH, including presenting specific container numbers of building materials. USAID/OFDA acknowledges that customs clearances became more difficult over time as suspension of custom regulations ended and normal operations resumed. For example, because local commercial suppliers geared up rapidly around late summer and imported significant amounts of imported lumber, plywood and other building materials, goods that arrived in port later in the response were perceived by the GoH as imported material in competition for reconstruction efforts rather than humanitarian goods. One NGO stated that they knew their late arriving materials would not be released and chose to buy more materials from local commercial suppliers in order to keep building.

In response to the audit report's finding that "USAID/OFDA did not provide effective or timely assistance to resolving" (page 9) customs delays experience by American Refugee Committee (ARC), USAID/OFDA contends that ARC failed to appropriately monitor their local partner, IDIGEN, resulting in use of a customs broker that did not have the necessary expertise in duty-free waiver procedures to efficiently navigate the Haitian customs process. As a result, ARC failed to appropriately update and inform USAID/OFDA of customs delays experienced by an ARC partner and provide the necessary input for USAID/OFDA to intervene. Despite attempts by USAID/OFDA Logisticians to inquire about the status of ARC shipments and customs clearances, ARC staff was not prepared to provide the necessary information required for USAID/OFDA to assist. Though USAID/OFDA strongly encourages all partners to regularly attend Cluster meetings, ARC was not an active member of the Logistics Cluster. Once USAID/OFDA learned of the delays in customs clearance, the issue was independently resolved within five days by USAID/OFDA staff.

USAID/OFDA's Grants Did Not Include Requirements for Mechanized Rubble Removal

***Recommendation 4:** We recommend that USAID/Office of Foreign Disaster Assistance fund mechanized rubble removal in conjunction with transitional shelter construction.*

USAID/OFDA Disagrees:

From as early as January 20, 2010, USAID/OFDA identified the importance of rubble removal as a component of neighborhood recovery in the post-earthquake response and formally reported rubble removal as a priority activity in formal reporting, formal meetings with the President of Haiti and other GoH officials, and formal and informal meetings with other international humanitarian actors. The early focus on rubble removal by USAID/OFDA as a core USG and international community priority was informed by USAID/OFDA engagement with US Army Corps of Engineers (USACE) staff regarding the potential volume of rubble generated by the earthquake as well as experience gained through support of six Urban Search and Rescue teams from the immediate onset of the disaster. USAID/OFDA quickly recognized the constraints placed on land and housing markets, and consequently, associated response activities, as a result of rubble.

However, rubble removal is often viewed as outside the scope of “humanitarian activity” and OFDA’s legislated mandate through Foreign Assistance Act to respond. As a result, USAID/OFDA sought programmatic and legal guidance to ensure that rubble removal activities fell within its mandate. Once rubble removal activities were approved, USAID/OFDA has been the leader on neighborhood-based rubble removal efforts and has modeled a process that has since been picked up by the Haiti USAID Mission and OTI as well as UNDP. USAID/OFDA has since funded mechanized rubble removal awards using a neighborhood approach that works with MTPTC engineers to verify and prioritize the demolition of dangerous structures that threaten public health. Once demolished, the rubble is removed and shelter partners can then continue working with the landowners to site transitional shelters in the newly cleared areas. Thus, funding of mechanized rubble removal has been viewed as a component of larger, multi-sectoral response efforts funded by USAID/OFDA, rather than a stand-alone activity, and funded at a sufficiently adequate level to expedite OFDA-funded response efforts, primarily shelter and settlements initiatives.

In addition, USAID/OFDA was an early supporter and participant of the USACE effort to develop a “debris management” plan in February and March 2010 and advocated for adoption of the plan as a means of focusing attention and resources to remove and dispose of the enormous rubble pile generated by the January 2010 earthquake. USAID/OFDA also recommended deployment of a US Navy Seabee construction battalion, as was done after the 2005 earthquake in Pakistan, and/or a USACE construction battalion, to both implement the debris management plan, demonstrate how complex demolition and removal operations could be undertaken safely, and demonstrate re-use of rubble through civil works. USAID/OFDA recommended several works as part of a larger USG response (e.g., a “Rubble to Roads” program), but none were adopted, nor were Seabee or USACE construction battalions deployed to assist.

Initial rubble removal work focused primarily on Cash-For-Work (CFW) activities and was funded by USAID/OTI. Funded by USAID/OTI, rubble removal through CFW was largely light removal and conducted by crews using wheelbarrows and shovels. Other rubble removal activities were funded by USAID and other USG entities and included clearing of canals and drainageways to reduce potential risks during the rainy season.

While exceedingly important as a Disaster Risk Reduction (DRR) measure, these activities did not result in the clearance of land for shelter activities, thereby limiting opportunities for sheltering beneficiaries.

Rubble removal activities were included in USAID/OFDA grants under the shelter and settlements sector as a CFW activity. Funding for rubble removal through CFW was often supplemented with funding for heavy construction equipment to help expedite removal and disposal activities. As noted earlier, funding of mechanized rubble removal has been viewed as a component of larger, multi-sectoral response efforts funded by USAID/OFDA, rather than a stand-alone activity, and funded at a sufficiently adequate level to expedite OFDA-funded response efforts, primarily shelter and settlements initiatives. More recently, USAID/OFDA has increased funding for rubble removal, and the USAID/Haiti mission has generally matched OFDA funding for rubble removal activities featuring a mix of CFW and heavy equipment. In addition, \$30 million of the \$90 million in USAID funding transferred to the Haiti Reconstruction Fund has been earmarked for rubble removal activities that will feature the combined use of CFW and heavy equipment that USAID/OFDA is now supporting in numerous locations within the earthquake-affected area.

In summary, USAID/OFDA was an early and vocal voice in expressing concern about rubble removal at the strategic policy and planning level, while at the operational level it has been a major actor in funding rubble removal efforts featuring CFW and mechanized components, at a level sufficient to expedite OFDA-funded response efforts. Though initial planning efforts intended for other USG and international agencies to assume greater responsibility for rubble removal earlier in the response, many agencies have still not engaged in rubble removal at the pace and level required to appropriately address rubble removal issues in Haiti. As such, rubble removal remains a major response and recovery challenge.

USAID/OFDA Did Not Monitor Performance Indicators

Recommendation 5: *We recommend that USAID/Office of Foreign Disaster Assistance develop, implement, and monitor performance indicators that provide consistent and useful information regarding the program's status and impact.*

USAID/OFDA Disagrees:

USAID/OFDA grants that include activities in the Shelter and Settlements sector currently require grantees to report on three mandatory indicators. The first, and most important, indicator is output-oriented, while the other two seek to understand coverage rate and economic impact over time (impact-oriented indicators). Due to the extremely dynamic nature of disaster response, including fluctuations in the populations affected as well as costs, grantees often must refine or re-define impact-oriented indicators through field assessments and field work and as budget allocations establish a pattern of local and non-local costs.

Although not instantaneous, the emergence of impact-oriented indicator data over time is sufficient to facilitate appropriate and effective monitoring of project activity. The timing of the audit may well have precluded a comprehensive assessment of these indicators, as not all grantees began reporting on these indicators immediately after project initiation. However, significant USAID/OFDA experience in previous disasters throughout the world over a number of years indicates that impact-oriented indicators required under USAID/OFDA shelter grants have informed both monitoring work and project revision efforts in a timely manner. This is particularly true of many of the current grantees in Haiti, which have received grants -- and performed well -- in previous disaster responses.

Though USAID/OFDA certainly seeks information in a timely manner, USAID/OFDA also understands the desire for grantees to provide accurate, reliable data that may not be immediately available during the early phases of emergency response. In the particular case of impact-oriented indicators, USAID/OFDA expects data to emerge over time and for grantees to report on all indicators as required under USAID/OFDA award agreements, and a recent review of grantee reporting indicates an increase in impact-oriented indicator data. This increased reporting activity is consistent with experience elsewhere over a number of years.

USAID/OFDA Is Not Meeting Its Damaged House Repair Goal

Recommendation 6: *We recommend that USAID/Office of Foreign Disaster Assistance either realign its house repair goal or develop a strategy for funding and achieving this goal.*

USAID/OFDA Disagrees:

Due to the highly dynamic nature of disaster response activities, and the particular complexities of a disaster response in a dense urban setting, USAID/OFDA did not formally establish a hard target for the repair of shelters damaged by the earthquake. However, during the planning process, USAID/OFDA calculated the number of shelters for potential repair based on identified needs. However, these calculations were not intended as indicators or achievement goals but rather as an internal planning tool during the response. In addition, USAID/OFDA shelter repair plans were a coordinated effort with multiple other donors in response to the Haiti earthquake. USAID/OFDA did not intend nor plan to fund all post-earthquake shelter repair activity (estimated by the GoH, via a habitability assessment funded in large part by USAID/OFDA, to be in excess of 100,000 structures), and only served as a part of a larger effort for shelter repair in Haiti.

Repair numbers are and remain fluid as USAID/OFDA continues to revise shelter repair figures based on need and appropriateness of response activities, including transitional shelter construction, return to "green" houses (houses identified as safe for habitation), support to hosted IDPs, solutions facilitated by rubble removal, and other shelter

solution options funded both by USAID/OFDA, other USG agencies, as well as other donors.

Throughout its response, USAID/OFDA sought appropriate input from the GoH to avoid undermining the authority of GoH and ensure the success of emergency projects. USAID/OFDA supports PADF's decision to delay project activities and distribution of assessment data, repair guidelines, and other information requiring input from GoH Ministry of Public Works (MTPTC) until approved was received. Without appropriate input and approval from MTPTC, PADF would supersede and undermine the authority of GoH.

The audit findings in this section imply that PADF unnecessarily delayed its yellow house repair programs; this was not the case and should be corrected.

Even considering the respectful and intentional delays of PADF, USAID/OFDA has provided the bulk of funding support for repair activities performed by the international community to date, relying primarily upon two partners -- PADF AND WCDO -- to complete an estimated 80-90 percent of all repairs to date.

Again, for your general information, the attached USAID/OFDA Haiti Transitional Shelter Verification Report is included as part of this response. As noted earlier, the report provides information on the issues, complexities, and diversity of USAID/OFDA shelter outputs in Haiti, and was prepared by the USAID/Haiti mission to provide an objective, independent verification of USAID/OFDA transitional shelter activity and progress. The report is viewed generally as both a verification and validation of USAID/OFDA shelter and settlements sector programming in Haiti, given that transitional shelter activity represents the bulk of sector programming.

Table of Grantees

Grantee	Award Number	Total Award/Obligated Amount (\$)	Audit Calculated Total Disbursed (\$)
Shelter Grants			
Catholic Relief Services	DFD-G-00-10-00102-00	24,797,120	10,418,000
World Vision, Inc.	DFD-G-00-10-00112-00	14,414,132	9,811,135
Cooperative Housing Foundation International	DFD-G-00-10-00103-00	29,644,058	21,247,615
Medair	DFD-G-00-10-00140-00	8,567,511	2,383,775
GOAL Ireland	DFD-G-00-10-00137-00	11,050,000	1,605,867
Adventist Development and Relief Agency	AID-OFDA-G-10-00023	4,730,882	3,323,558
American Refugee Committee	DFD-G-00-10-00123-00	5,303,779	4,350,707
International Relief and Development's	DFD-G-00-10-00124-00	6,494,045	4,507,000
Agency for Technical Cooperation and Development	DFD-G-00-10-00098-00	5,400,712	3,821,070
Premiere Urgence	AID-OFDA-G-10-00049	2,705,000	218,702
World Concern Development Organization	DFD-G-00-10-00122-00	3,718,084	3,062,884
Subtotal		116,825,323	64,750,313
Nonshelter Grants			
Center for International Studies and Cooperation	AID-OFDA-G-10-00031	5,402,880	
Food for the Hungry	DFD-G-00-10-00093-00	4,055,525	
Pan American Development Foundation	AID-OFDA-G-10-00010	7,822,523	
Habitat for Humanity International	AID-OFDA-A-10-00002	2,979,063	
Habitat Organization of the United Nations	AID-OFDA-G-10-00017	1,500,000	
Subtotal		21,759,991	
Total		138,585,314	

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