



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/AFGHANISTAN'S LOCAL GOVERNANCE AND COMMUNITY DEVELOPMENT PROJECT IN SOUTHERN AND EASTERN REGIONS OF AFGHANISTAN

AUDIT REPORT NO. 5-306-09-003-P
May 11, 2009

MANILA, PHILIPPINES



Office of Inspector General

May 11, 2009

MEMORANDUM

TO: Acting USAID/Afghanistan Mission Director, Peter Argo

FROM: Regional Inspector General/Manila, Bruce N. Boyer /s/

SUBJECT: Audit of USAID/Afghanistan's Local Governance and Community Development Project in Southern and Eastern Regions of Afghanistan (Audit Report No. 5-306-09-003-P)

This memorandum transmits our final report on the subject audit. In finalizing the report, we considered your comments on the draft report and included the comments in their entirety in appendix II.

This report contains 12 recommendations to assist the mission in improving its management and oversight of the Local Governance and Community Development project. On the basis of the information provided by the mission in response to the draft report, we determined that management decisions have been reached on recommendations 4, 10, 11, and 12. In addition, final action has been taken on recommendations 1, 2, 3, 5, 6, 7, 8, and 9. A determination of final action will be made by the Audit Performance and Compliance Division upon completion of the planned corrective actions for recommendations 4, 10, 11, and 12.

I want to thank you and your staff for the cooperation and courtesy extended to us during the audit.

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SUMMARY OF RESULTS

Despite recent successes in the Islamic Republic of Afghanistan—increased economic growth, more student enrollments in schools, and better access to health care—continuing violence and severe underdevelopment in the provinces threaten to undermine the legitimacy of the central government and reverse gains made to date. The center of gravity for U.S. Government assistance is therefore shifting to Afghanistan's outlying provinces. In an effort to assist the provincial governments and improve stability within the provinces, in October 2006 USAID/Afghanistan launched its Local Governance and Community Development Project in the southern and eastern provinces by awarding a 3-year, \$95 million contract (subsequently increased to \$164 million) to Development Alternatives Inc. (the contractor). As of August 31, 2008, USAID/Afghanistan had obligated \$119 million and disbursed \$41 million for the project activities. The project included four main components: (1) supporting local public administration and governance, (2) promoting community mobilization and development, (3) aiding local stability initiatives, and (4) providing expertise to support the provincial reconstruction teams' mandate (see page 2).

The Regional Inspector General/Manila conducted this audit to determine whether USAID/Afghanistan's Local Governance and Community Development Project in southern and eastern regions of Afghanistan was achieving planned results and to assess the impact the project has made (see page 3).

The audit found that the project suffered from substantial delays in the first three components. Because these components accounted for almost all of the project's disbursements, as the project enters its third and final year, its success seems highly questionable (see page 4).

Besides these delays, the project also has been hindered by the need for improvements in the contractor's monitoring and evaluation system (see page 11), refinements in the mission's operational plan indicators (see page 14), and timely approval of annual contractor work plans (see page 16). Moreover, the contractor did not properly establish performance targets for the 14 key indicators in its performance monitoring plan for fiscal year 2008 (see page 4 and appendix III on page 28).

The project did achieve some planned results, such as on-the-job training for government staff and assistance to ministries in preparing solicitations for donor funds. In addition, the contractor was able to construct a school in Nangarhar Province that brought two competing tribes together for a common project (see page 4).

This report contains 12 recommendations to assist the mission in improving its implementation and monitoring of local governance and community development activities (see pages 6 through 16).

After evaluating the mission's response to the draft report, this audit determined that final actions have been taken on recommendations 1, 2, 3, 5, 6, 7, 8, and 9, and management decisions have been reached on recommendations 4, 10, 11, and 12 (see page 18). The mission's written comments on the draft report are included in their entirety, without attachments, as appendix II to this report (see page 21).

BACKGROUND

Events in Afghanistan within the last 4 years have brought about dramatic transitions. In 2005, elections for the National Assembly and provincial councils gave Afghans elected representatives at the provincial level for the first time. Economic growth is accelerating, agricultural output has doubled, and food security is improving. Enrollments in primary school have increased dramatically, particularly for girls, and access to quality basic health care is improving. Despite these examples and other successes, however, continuing violence and severe underdevelopment in the provinces threaten to undermine the legitimacy of the central government and reverse gains made to date. The center of gravity for U.S. Government assistance is therefore shifting to Afghanistan's outlying provinces.

To assist the provincial governments and improve stability within the provinces, USAID/Afghanistan launched its Local Governance and Community Development Project (the project) in the southern and eastern provinces. The project works in partnership with local communities to create a stable environment for long-term political, economic, and social development. The project also works closely with provincial reconstruction teams—joint civilian and military organizations—to promote this stability. To implement this project, in October 2006 USAID/Afghanistan awarded a \$95 million contract to Development Alternatives Inc., with an end date of October 2009.¹

In November 2007, supplemental funding increased the contract ceiling to \$164 million. As of August 31, 2008, USAID/Afghanistan had obligated \$119 million and disbursed \$41 million for the project activities. Of the subprojects being implemented under the four project components, the first two components accounted for most of the disbursements (28 percent and 69 percent, respectively). The project is divided into four components, described in the table below.

Table 1: Project Components

	Title	Expected Outcome
1	Support to local public administration and governance	Improved provincial and municipal capacity to deliver services and address citizen needs
2	Community mobilization and development	Greater community participation in the selection and implementation of small-scale development subprojects and stronger ties between these communities and the local government bodies that are responsible for provincial development
3	Local stability initiatives	Improved stability in targeted districts and provinces through identifying and addressing development issues that contribute to instability and support for insurgency
4	Provide expertise in subjects that support the mandate of the provincial reconstruction teams	Identify a pool of experts in subjects such as agriculture, local governance, conflict management, infrastructure, and community mobilization who can assist the provincial reconstruction teams in the implementation of the project

¹ A separate contractor was selected to work in the northern and western regions of Afghanistan.

AUDIT OBJECTIVE

The Regional Inspector General/Manila conducted this audit as part of its fiscal year 2008 annual audit plan to answer the following question:

- Was USAID/Afghanistan's Local Governance and Community Development Project in southern and eastern regions of Afghanistan achieving planned results, and what has been the impact?

Appendix I contains a discussion of the audit's scope and methodology.

AUDIT FINDINGS

USAID/Afghanistan's Local Governance and Community Development Project in the southern and eastern regions of Afghanistan experienced substantial delays in three main project components: (1) supporting local public administration and governance, (2) promoting community mobilization and development, and (3) aiding local stability initiatives. These components accounted for almost all of the project's disbursements. As a result, as the project enters its third and final year, its success seems highly questionable.

The project did achieve some planned results, such as in its efforts to support local public administration and governance (component 1) and promote community mobilization and development (component 2). For example, several front-line ministries and provincial government officials commented that on-the-job training provided to their staff was instrumental in helping to organize their offices to provide better services. Further, technical assistance provided under the project has allowed the provincial government offices and line ministries to prepare proposals to solicit funds for projects from other donor agencies.

In addition, under component 2, the contractor was able to construct a school in the Goshta District in Nangarhar Province that brought two competing tribes together for a common project. The Nangarhar Director of Education commented that the school has been a great success, and since its opening over 500 students have enrolled.



Goshta school in Nangarhar Province, April 2008. Photo courtesy of the contractor's East Regional Office.

In spite of the aforementioned successes, the contractor did not properly establish performance targets for the 14 key indicators in its performance monitoring plan for fiscal year 2008. The contractor developed targets for 12 of the 14 indicators on the basis of 9 months of actual results for fiscal year 2008. For the other two indicators, the targets were established for two contractors implementing the project at the summary level and then arbitrarily split in half for reporting purposes, not taking into consideration the possible differences the two contractors might have in implementing the project. A list of the 14 key indicators, along with reported and verified results as of August 2008, is included in table A-1 in appendix III.

The audit also identified six areas of the project, discussed below, that needed improvements.

Support to Local Public Administration and Governance Component Experienced Delays

Summary: According to the first-year work plan, to support local public administration and governance (component 1), the contractor was to provide appropriate training in public administration, public participation, and community literacy through on-the-job training and formal venues. The contractor was also to provide office equipment and begin subprojects to enhance government infrastructure, including construction of 11 new facilities. The contractor did not deliver to the terms of the contract and work plans. Delays in providing training and equipment resulted from the contractor's inability to find qualified personnel, difficulties working with the provincial government, and turnover of the staff. Delays in infrastructure subprojects were caused by difficulties in finding acceptable construction sites and getting designs approved. As a result, because the contractor was significantly delayed in providing these key resources—inputs, training, equipment, and infrastructure—the project will not have the impact it had intended on local governance.

According to the first-year work plan, to support local public administration and governance (component 1), the contractor was to provide appropriate training in public administration, public participation, and community literacy through on-the-job training and formal venues to commence within the first 2 months of approval of the annual work plan. In addition, the contractor was expected to provide office and information technology equipment and begin subprojects to enhance government infrastructure. Then the mission modified the contract in November 2007, requiring the contractor to construct provincial and district facilities by September 2009 to enhance government infrastructure. The mission and contractor had planned to build 11 facilities.

With regard to on-the-job training, due to commence within the first 2 months of approval of the work plan, in some locations the contractor delayed training until the second year of the project. In one province, the contractor did not plan to provide on-the-job training until the third year of the project. Further, the contractor delayed providing formal training until November 2007, more than a year after the contract was awarded in October 2006.

The contractor did not deliver furniture and equipment as required under the first-year work plan. Specifically, the contractor delayed delivery of furniture by 4 months until February 2008 and information technology equipment by 9 months until July 2008.

Lastly, with regard to government infrastructure, as of the end of the audit fieldwork (October 2008) the contractor had yet to begin any of the planned construction of district and provincial buildings.

The contractor's delays in implementing the activities for training, equipment support, and infrastructure work under component 1 resulted from various causes, described below.

First, the contractor could not find qualified local personnel to staff the technical adviser positions that were to provide on-the-job training. Then, the contractor encountered

difficulties working with provincial and line ministries because they were reluctant to accept outside technical assistance or preferred that the contractor fund the salaries for existing employees in lieu of providing in-house technical assistance. A further difficulty arose from the provincial ministries' wanting to influence the hiring process to hire personal friends. These problems were exacerbated by technical adviser turnover when technical advisers received threats from antigovernment elements. Because the contractor had been relying on the technical advisers to identify the training, equipment, and furniture that would be needed to implement the training workshops and deliver information technology equipment, those tasks were further delayed by the turnover. Moreover, delivery of the information technology equipment and furniture was delayed further because, to achieve the best possible price, the contractor consolidated all of the purchases and, as a result, the bidding process took longer than expected.

With regard to infrastructure subprojects, the construction delays were caused mainly by the protracted time district officials took to approve the final design concepts as well as to find acceptable land for construction. For example, of the 11 sites identified as possible construction locations, the contractor could accept only 5 sites because the others lacked formal deeds necessary to support government ownership of the land or were in insecure locations. Furthermore, the contractor has yet to complete the environmental assessments, and because of the harsh winter weather and the constantly changing security situation, the contractor probably will not complete construction of all the planned buildings.

As a result, because the contractor was significantly delayed in providing the necessary training, equipment, furniture, and infrastructure, the project will not have the intended impact on local governance. Training that the contractor was expected to provide throughout the 3-year contract must now be compressed within the second and third years and, in some cases, all in the third year. The decrease in the number of provincial and district facilities will reduce the opportunities for capacity building at the provincial and district levels and complicate the effort to build a sustainable workforce. Finally, the project delays will prevent the mission from disbursing all of the obligated funds by the end of the contract in October 2009. On the basis of projected spending levels, this audit estimates that \$73 million will remain unexpended at the end of the project.

This audit makes the following recommendations.

Recommendation 1: We recommend that USAID/Afghanistan develop contingency plans on how it intends to complete construction of buildings started before the end of the contract, in the event of additional delays.

Recommendation 2: We recommend that USAID/Afghanistan develop a detailed implementation plan that identifies the activities it can successfully complete by the end of the project and explains how unexpended funds will be used.

Community Mobilization and Development Component Experienced Delays

Summary: To carry out the community mobilization and development component of the contract (component 2), the mission was to approve subprojects that were developed through the community and provincial levels. In the first year of implementation, the subprojects that the contractor implemented and the mission approved did not meet the expectations specified in the contract under this component. The subprojects fell short because (1) the contractor had no overall strategy for implementing the component, (2) it lacked qualified regional and national staff to oversee implementation of the activities, (3) the statement of work was too broad, and (4) the mission's staff did not understand their respective roles and responsibilities related to this contract. As a result of these issues, the project did not achieve its primary objective of giving the provincial governments a means of providing services to their citizens. This component thus lost much of the impact it could have had on increasing favorable perceptions that the provincial governments are responsive to community needs.

According to the community mobilization and development component of the contract (component 2), the mission was to approve subprojects that were developed at the community and provincial levels. The contractor was to develop subprojects through Community Development Councils and coordinate them through the Provincial Development Committees. This arrangement was meant to increase the favorable perception that the provincial governments were providing services to their citizens. Also under this component, the contractor was expected to implement community development subprojects near targeted strategic towns or villages to help enhance and ensure stability within the areas.

In the first year of implementation, the contractor had implemented mission-approved subprojects that did not meet the expectations specified in the contract under component 2. For example, the mission had approved a poultry subproject mostly because it served the interest of the local provincial reconstruction team. Such subprojects had no relation to an overall strategy for integrating the local Community Development Councils' priorities with the Provincial Development Committees' plans. Because the subprojects lacked any connection to the expected outcomes, the expended resources made no impact upon community mobilization and development.

The contractor did not meet the objectives under component 2 because (1) it had no overall strategy for implementing the component, (2) it lacked qualified regional and national staff to oversee implementation of the activities, (3) the contract statement of work was too broad, and (4) the mission's field program officers² did not understand their respective roles and responsibilities related to this contract.

² Field program officers are USAID/Afghanistan employees working at provincial reconstruction team locations across Afghanistan to coordinate development activities with provincial reconstruction team leaders and to assist USAID cognizant technical officers with the field monitoring of programs. Note that in January 2009, the term "cognizant technical officer" was replaced with "contracting officer's technical representative," and references to that position in this report will use the latter term.

According to the mission and the contractor, there was no strategic plan that identified the parameters for selecting community subprojects to implement. As a result, the subprojects that the contractor did implement tended to be targeted by the field program officers and the provincial reconstruction teams. Although these subprojects supported their respective priorities, the subprojects did not necessarily reflect the needs identified through the Community Development Councils and Provincial Development Committees. A strategic plan for selecting community-based subprojects was not developed until the incoming contracting officer's technical representative arrived in June 2008.

A lack of qualified regional and national staffing also contributed to the implementation delays. At the end of the project's first year, the contractor had not yet staffed its home office in Kabul with the position of a leader to oversee the activities under community mobilization and development. At the regional levels, the contractor has had to deal with frequent turnover in key positions. For example, in Kandahar the leader's position has turned over four times, and in Gardez, three times. Without qualified leaders, at both the home and regional offices, continuity of operations and stability toward accomplishing goals have been difficult to maintain.



Canal cleaning subproject (component 2) in Laghman Province in February 2007 before work began. (Photo courtesy of the contractor's East Regional Office.)



Canal cleaning subproject (component 2) in Laghman Province after work was completed. (Photo by Office of Inspector General, October 2008.)

Further, the mission commented that the original contract's statement of work was too broad and contributed to the lack of focus for the subprojects initially implemented. Moreover, the mission stated in retrospect that a technical review of the statement of work by the contracting office and program office could have assisted in making it more specific.

Lastly, the progress of implementation was hindered because the mission's field program officers misunderstood their roles and responsibilities related to this contract. The contractor and the contracting officer's technical representative provided numerous examples of delays that resulted from field program officers' exceeding their authority. For example, a field program officer redirected a contractor employee from subproject work to perform a site assessment in a hostile district where no subprojects were either planned or being implemented but that served the field program officer's priorities. Field program officers also tasked contractor staff with providing ad hoc reports for provincial

reconstruction teams without approval from the contracting officer's technical representative. In another example, a field program officer halted a training subproject because the officer and other provincial reconstruction team members were out of the country. Further, this field program officer attempted to exclude the contractor from recruitment of training participants, even though the contractor was specifically required to do so. Finally, the field program officer wanted the contractor to expand recruitment beyond the districts that were given priority in the contract.

In the contract's component 2, these delays caused the project to lose its focus on providing the provincial governments a means to offer services to their citizens. The component thus made less impact on increasing favorable perceptions that the provincial governments are responsive to community needs. Further, by not properly targeting strategic geographical areas, the project missed an opportunity to stabilize those areas.

This audit makes the following recommendations.

Recommendation 3: *We recommend that USAID/Afghanistan develop procedures to provide training to all new and existing field program officers as to their roles and responsibilities.*

Recommendation 4: *We recommend that USAID/Afghanistan develop procedures requiring technical review of statements of work for specificity to assist in project implementation.*

Local Stability Initiatives Component Experienced Delays

Summary: The goal of the contract's component on local stability initiatives (component 3) was to achieve short-term stabilization by implementing short-term subprojects that address the causes of violence. The contractor did not achieve its target for fiscal year 2008, as it had completed only 13 out of 90 subprojects by the end of August 2008. The contractor experienced many difficulties and delays in meeting its planned targets because of (1) the lack of qualified staff, coupled with frequent staff turnover, (2) ineffectiveness in the subproject approval process, (3) individuals who overstepped their authority, and (4) poor subcontractor performance. As a result of the delays, this component lost much of the impact it could have had on promoting local stability in targeted areas.

The goal of the contract's component on local stability initiatives (component 3) was to achieve short-term stabilization by implementing short-term subprojects that address the causes of violence. This would require identifying and addressing issues contributing to violence in the region, such as fighting over water and land rights. This component also involved identifying and engaging populations vulnerable to recruitment into militant groups and providing dispute-mediation services and community security in those areas to resolve underlying causes of the violence and conflict. The contractor was expected to complete 90 subprojects by the end of fiscal year 2008.

The contractor did not achieve its target of 90 subprojects for fiscal year 2008. Instead, it had completed only 13 subprojects by the end of August 2008 and was not likely to meet its target in the last month of fiscal year 2008. Furthermore, if not corrected, other management factors could forestall successful completion of this component by the end of the project.

The contractor experienced many difficulties and delays in meeting its planned targets because of (1) the lack of qualified staff, coupled with frequent staff turnover, (2) ineffectiveness in the subproject approval process, (3) individuals who overstepped their authority, and (4) poor subcontractor performance. Explanations of these problems are detailed below.

(1) The contractor had difficulty in recruiting and retaining qualified individuals for its home office coordinator position in Kabul to manage the activities under this component. The position requires a military and development background as well as a willingness to work in hostile environments. The contractor has had difficulty recruiting individuals with both military and development knowledge. As a result, from December 2007 through May 2008, the contractor did not have any personnel coordinating work on the activities under the local stability initiatives. In May 2008, the contractor hired a qualified home office coordinator.

(2) An inefficient subproject approval process caused delays in subproject decisions, and certain decisions made at the onset of the project impeded the schedule for component 3. The mission initially identified the local stability initiatives as the most critical to setting the foundation for achieving overall project results, and thus top priority was placed on reviewing and approving subprojects under this component. However, at the beginning, some USAID field program officers and the contractor attempted to push forward some subprojects that supported longer-term activities, such as infrastructure that would require a longer approval process if placed under another component. For example, a subproject that planned to construct a water pipeline through several villages originally obtained approval as a component 3 subproject but was later reclassified to component 2. The contracting officer's technical representative subsequently tried to exercise greater oversight by delegating to the development adviser³ the power to develop and approve subprojects. However, this action created further delays, especially when the adviser went on leave without a backup in place.

(3) The project was further hampered by the decision to delegate decision and approval responsibilities to the development adviser, enabling him to exceed the authorities of the position. For example, the development adviser tasked contractor personnel to perform functions without consulting the contractor's management. The development adviser also exceeded the authority of the position by terminating the employment of one of the contractor personnel. A development adviser is not responsible for the direct implementation of programs, which in this case occurred by delegating contracting officer's technical representative responsibilities to the position.

(4) The project also suffered from the subcontractor's poor performance in providing

³ Development advisers are USAD/Afghanistan employees who are also members of the senior military staff working at a regional command or on a task force. They are the primary advisers to the military's commanding officers as well as to Afghan officials in the region. These advisers work directly with the U.S. Special Forces to support local stability initiatives.

critical services. For example, the contractor awarded grants to the Tribal Liaison Office to provide conflict mapping and analysis. As the project progressed, the contractor noticed that the grantee did not have sufficient resources to take on additional work under subsequent grants. Because of the urgency of the tasks, the contractor also expressed concern that the grantee's work was having little effect within its assigned areas. The remaining grants were eventually terminated and no further work was added. The contractor initially relied on this grantee to deliver essential information under component 3. However, after determining that the grantee was unreliable, the contractor had to identify alternative sources to supply the information. Although the grantee found alternatives, the initial decision to work through this grantee impeded progress in the first year.

As a result of the delays, the contractor was able to complete only 13 of the 90 local stability initiative subprojects targeted for fiscal year 2008. This component therefore lost much of the impact it could have had in promoting local stability in targeted areas.

This audit makes the following recommendations.

Recommendation 5: *We recommend that USAID/Afghanistan establish procedures for subproject development and approval of component 3 activities and communicate these to Development Alternatives Inc. and the mission's development adviser.*

Recommendation 6: *We recommend that USAID/Afghanistan develop procedures for providing training to existing and new development advisers on their roles and responsibilities related to program implementation.*

Contractor's Performance Monitoring and Evaluation System Requires Improvement

Summary: The contract required the contractor to establish and maintain a performance-based monitoring and evaluation system capable of tracking and documenting the status of implementation of all work components' activities. However, the contractor did not fully comply with maintaining such a system. Specifically, the contractor had not adequately defined the performance indicators and targets and had not reported or tracked its progress to support USAID program reporting data. Furthermore, the system lacked consistent documentation to support some of its reported results. Contributing to the system's inadequacies were (1) lack of effective guidance from the contracting officer's technical representative, who was unfamiliar with monitoring and evaluation systems; (2) complexities introduced by the mission for establishing performance indicators; (3) contractor's difficulties in hiring a monitoring and evaluation manager; (4) reprogramming effort required of the automated system; and (5) lack of guidance from the contractor's home office to its regional office standardizing what constitutes acceptable documentation for support of reported results. As a result, there was no assurance that the mission has sufficient, reliable information needed to make timely and effective management decisions.

Article IX of the contract required the contractor to establish and maintain a performance-based monitoring and evaluation system capable of tracking and documenting the status of implementation of all activities in the work components. According to the contract, the system was to include, at a minimum, the following elements for generating specific data and reports:

- Indicators, associated data, and descriptive indexes for activities
- Baseline of conditions at the start of the project
- Activity tracking against work plan targets
- Reporting of deliverables against work plan targets
- USAID program reporting data to be obtained from USAID/Afghanistan's Program and Project Development Office
- Strategic objective and intermediate result indicators
- Reports required to provide valid internal assessments by the contractor's activity managers of their activities and interventions
- Reports required by USAID in conformance to its standards, including training reports as required by USAID policy
- Consultant database
- Financial plan and expenditure tracking

The contractor did not fully comply with maintaining a performance-based monitoring and evaluation system as required by the contract terms. Specifically, the contractor had not adequately defined the performance indicators and targets and had not reported or tracked its progress to support USAID program reporting data. Furthermore, the system lacked consistent documentation to support some of its reported results.

As of September 2008, 2 years after USAID had awarded the contract and after the contractor had submitted its performance monitoring plans for fiscal years 2007 through 2009, the contractor had yet to satisfactorily define the performance indicators, which serve as the fundamental basis on which to measure progress. For example, the contractor's May 2007 plan, originally covering fiscal years 2007 and 2008, included indicator definitions that the contracting officer's technical representative found confusing because some indicators appeared to be measuring multiple results—for example, the indicator "U.S. Government-assisted activities that contribute to the peace progress, successfully resolve conflict which may have blocked implementation, and provide practical benefits at the community level."

Additionally, the contractor had not satisfactorily set performance targets, which set out the specific, planned level of results to be achieved within an explicit timeframe. Either the contractor's performance monitoring plans did not contain any targets, or the stated targets reflected the actual results that had already been achieved during most of the reporting period. For example, the targets in the revised fiscal year 2008 performance monitoring plan, submitted to the mission in September 2008—11 months into the fiscal year—did not define set targets for planned results but instead contained targets that reflected actual results through the first 9 months of the fiscal year. Further, the contractor's draft fiscal year 2009 plan did not have targets for six indicators.

Furthermore, the contractor had not incorporated within its performance-based monitoring and evaluation system a means to track and report its progress against USAID's operational plan indicators until it submitted its revised plan in September 2008.

The indicators and targets were to be obtained from USAID/Afghanistan's Program and Project Development Office. Specifically, the mission reports the number of community-based reconciliation projects completed with U.S. Government assistance and the number of people trained in conflict resolution skills with U.S. Government assistance; however, the contractor did not design its performance monitoring plan to collect and report activity data for these indicators. These operational plan indicators are necessary for Agency-level decision making and external reporting.

In regard to supporting documentation for reported results, the contractor was unable to provide adequate supporting documentation for three indicators. For example, the contractor could not sufficiently support the reported number of Afghan Government officials trained. In another indicator, which called for a 10 percent community contribution, the contractor could not adequately demonstrate how this contribution had been estimated or whether the community actually contributed its share to the subproject. Moreover, monitoring and evaluation reports did not typically address or verify the community contributions.

Five factors contributed to the lack of an adequate monitoring and evaluation system.

(1) The initial contracting officer's technical representative did not have adequate experience in working with this type of performance monitoring system and thus was unable to provide technical guidance to the contractor when it was not adhering to the contract requirements. The contracting officer's technical representative did not seek assistance, nor was any offered by the mission's Program and Project Development Office.

(2) The mission's planning methodology introduced further complications in its development of the original performance monitoring plan. The mission awarded two separate contracts for the same purpose to work in two different geographic areas. One contractor worked in the northern and western regions and the other contractor (the project implementer under this audit) worked in the southern and eastern regions. The mission used a combined target for a common indicator and arbitrarily divided the target equally between the two contractors; the resulting problems are discussed in the finding beginning on page 14.

(3) The contractor's monitoring and evaluation manager position had been vacant since April 2008. As of November 2008, the monitoring and evaluation task was assigned to another individual as an additional duty. The contractor has been interviewing applicants for this position but has had difficulty in finding qualified applicants.

(4) The contractor contends that its automated reporting system still requires some reprogramming to fully capture data and report on the results of all the new indicators recently agreed upon with the contracting officer's technical representative cognizant technical officer.

(5) The system lacked consistent documentation to support reported results because the contractor's home office in Kabul did not provide guidance to regional offices defining minimum documentation requirements. The contractor acknowledged that documentation standards at the regional offices vary and that consistent guidance and procedures need to be issued. The contractor also contends that additional training is

needed in the revised automated monitoring and evaluation system and that the training is being planned for the near future.

Without a performance-based monitoring system, none of the contractor's performance monitoring plans could give the mission sufficient information for it to make timely and effective management decisions. Additionally, without an adequate monitoring and evaluation system for storing supporting documentation, the mission has no assurance that sufficient documentation exists to support reported results or that the reported results are indeed accurate. This documentation is critical because the contracting officer's technical representative relies on the contractor's monitoring and evaluation system to monitor progress of results and subprojects.

As of August 31, 2008, the mission had obligated \$119 million and had disbursed \$41 million—a significant amount of resources. The mission must have reliable and accurate performance data to manage this project.

This audit makes the following recommendations.

Recommendation 7: *We recommend that USAID/Afghanistan review Development Alternatives Inc.'s draft performance monitoring plan for compliance with contract terms and approve the performance monitoring plan once all terms have been met.*

Recommendation 8: *We recommend that USAID/Afghanistan's contracting officer's technical representative direct Development Alternatives Inc. to develop standardized procedures for data collection and retention.*

Recommendation 9: *We recommend that USAID/Afghanistan's contracting officer's technical representative obtain an implementation plan from Development Alternatives Inc. that requires completion of the reprogramming of its automated system by April 30, 2009.*

Operational Plan Indicators Need Refinement

Summary: As part of the Foreign Assistance Reform effort, the Office of the Director of U.S. Foreign Assistance collects operational and performance data related to U.S. Government foreign assistance. Missions are required to develop operational plans that provide a comprehensive, interagency picture of how foreign assistance resources will be used to support the foreign assistance objectives and the Transformational Diplomacy goal. USAID/Afghanistan's operational plan does not sufficiently reflect the link between the funding going into the project activities and the desired results. This lack of linkage occurred because past contracting officer's technical representatives assigned to manage these projects were not familiar with USAID performance monitoring and reporting requirements. As a result, the weakened link between funding, activities, and desired results ultimately could impair stakeholders' ability to make decisions effectively.

As part of the Foreign Assistance Reform effort, the Office of the Director of U.S. Foreign Assistance collects annual operational and performance data related to U.S. Government foreign assistance. Missions are required to develop operational plans that provide a comprehensive, interagency picture of how foreign assistance resources will be used to support the foreign assistance objectives and the Transformational Diplomacy goal. Operational plans required of the mission are expected to strengthen the link between funding, activities, and desired results and to collect standardized data about foreign assistance programs. These data then enable USAID to answer inquiries from the Congress, Office of Management and Budget, and other important stakeholders. Missions are to prepare an annual performance report that captures the results achieved in the previous fiscal year. Information from this report will be used in Agency-level documents such as the annual performance plan and annual financial report, as well as by technical specialists at both the State Department and USAID as they examine past performance to assess future plans.

USAID/Afghanistan's operational plan does not sufficiently reflect the link between the funding for the project activities and the desired results. First, the indicators that the mission selected for purposes of reporting results for the Local Governance and Community Development Projects, implemented across Afghanistan, were not developed to accurately reflect the implementing activities taking place on the ground. Second, the mission reported results on operational plan indicators that were not indicative of where much of the funding was being spent.

USAID/Afghanistan selected two common indicators to reflect the results being achieved through the two Local Governance and Community Development Projects implemented throughout Afghanistan. The mission contracted with two different contractors to implement these projects, one to work in the northern and western regions and the other (the project implementer under this audit) to work in the southern and eastern regions. The methodology that the mission used to develop a combined target for a common indicator was, first, to set a single target that both contractors collectively were tasked to achieve. According to the contracting officer's technical representative for the southern and eastern region, each contractor was to contribute equally toward meeting the target—that is, the target was divided equally between the two. This approach was not the best, however, because even though the objectives for both contracts were similar, each contractor potentially took different approaches and focused its resources differently because of the geographic diversity of the different regions.

According to the mission's program office, it would have been more effective had each contractor developed its individual targets and the mission had then consolidated the input from both to derive a single target for the common indicator. This target would have more accurately reflected the activities being implemented across Afghanistan.

In addition, the indicators that the mission decided to report on did not reflect the areas on which much of the funding was being spent. The mission reported results only for the activities directed at supporting local stability initiatives related to conflict mitigation, which fell under component 3. As of September 30, 2008—the operational plan reporting period—approximately 3 percent of the contractor's subproject disbursements were related to component 3 activities. The contractor's subproject disbursements under component 2 represented 69 percent, and component 1 amounted to 28 percent of total disbursements.

USAID/Afghanistan's operational plan did not sufficiently reflect the links between the funding going into the local governance and community development activities and the desired results because past contracting officer's technical representatives assigned to manage these projects were not familiar with the USAID performance monitoring and reporting requirements.

As a result, USAID/Afghanistan is not reporting reliable results to the Agency under the Local Governance and Community Development Projects. The targets do not realistically reflect what the mission intended to achieve under its Local Governance and Community Development Projects. The results also do not represent the activities for which a significant amount of the funding was disbursed. These issues weaken the link between funding, activities, and desired results and could ultimately impair decision making at the stakeholder level.

This audit makes the following recommendations.

Recommendation 10: *We recommend that USAID/Afghanistan establish procedures to review operational plan indicators to ensure that targets with input from multiple implementers are developed by each implementer and then consolidated.*

Recommendation 11: *We recommend that USAID/Afghanistan develop procedures to ensure that operational plan indicators are representative of how funds are being expended.*

Recommendation 12: *We recommend that USAID/Afghanistan review the operational plan indicators for the Local Governance and Community Development Project and develop customized indicators or select additional common indicators to more accurately reflect the project's expenditure of funds.*

Work Plans Require Timely Approval

The contracting officer's technical representative designation letter, issued by contracting officers upon the award of contracts, specifies the contracting officer's technical representative's responsibilities. These responsibilities include approving work plans, monitoring the financial status of the contract, preparing cost accruals, and maintaining working files.

However, the contracting officer's technical representatives assigned to this contract have not approved work plans on a timely basis. For example, the first-year work plan was not approved until June 2007, 8 months after the start of the project. Moreover, the work plan for the remaining 18 months of the project was submitted in April 2008 and was not approved until 6 months later, in September 2008.

Two primary factors caused the delays in approval of work plans. First, the original contracting officer's technical representative had additional duties as a deputy office director and could not dedicate attention solely to this contract. Second, the contracting officer's technical representative position suffered from frequent turnover—three different

contracting officer's technical representatives have held the position since inception of the project.

Slowness to approve work plans contributed directly to the delays in the three project components discussed on pages 5 to 11. Specifically, lateness in approval of the first-year work plan caused implementation of the overall project to lose focus. As the mission is already addressing the issue of work plan approval, as part of a finding in our Audit of USAID/Afghanistan's Alternative Development Program—Southern Region (Audit Report No. 5-306-08-003-P), we are not making a recommendation here.

EVALUATION OF MANAGEMENT COMMENTS

After evaluating the mission's response to the draft report, this audit determined that final actions have been taken on eight recommendations, and management decisions have been reached on the remaining four recommendations. The status of each recommendation is shown below.

Final actions: Recommendations 1, 2, 3, 5, 6, 7, 8, and 9

Management decisions: Recommendations 4, 10, 11, and 12

For those recommendations without final action, the mission intends to perform the following actions.

For recommendation 4, the mission plans to issue a mission notice requiring technical review of all statements of work by June 30, 2009. The planned reviews will occur either at the time of approval of the activity or at the time of the MAARD (Modified Acquisition and Assistance Request Document).

For recommendations 10 and 11, the mission has scheduled performance management training for USAID/Afghanistan staff and implementing partners that will incorporate the suggestions within the recommendations and include topics such as explaining how to develop performance management plans, operational indicators, and the overall foreign assistance framework. The mission anticipates completion of this training by July 2009.

For recommendation 12, the mission's Provincial Reconstruction Team Office will work with USAID/Washington's Conflict Mitigation and Management Office to develop new customized operational plan indicators that more accurately reflect the goals of the project by May 2009. Revisions to the performance management plan are expected to be completed by June 2009.

We consider that management decisions have been reached on recommendations 4, 10, 11, and 12, and determinations of final action will be made by the Audit Performance and Compliance Division upon completion of the planned corrective actions.

USAID/Afghanistan's written comments on the draft report are included in their entirety, without attachments, as appendix II to this report.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Manila conducted this performance audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. The objective of this audit was to determine whether USAID/Afghanistan's Local Governance and Community Development Project (the project) in southern and eastern regions of Afghanistan was achieving planned results and to assess the project's impact.

In October 2006 USAID/Afghanistan awarded a \$95 million contract to Development Alternatives Inc. (the contractor) to implement the project. In November 2007, supplemental funding increased the contract ceiling to \$164 million. As of August 31, 2008, USAID/Afghanistan had obligated \$119 million and disbursed \$41 million for the project activities.

The audit was performed in the Islamic Republic of Afghanistan (Afghanistan) from September 24 through October 15, 2008, and covered the project's activities implemented by the contractor from contract inception to August 2008. In Kabul, RIG/Manila conducted fieldwork at USAID/Afghanistan and the contractor's home office. We also conducted visits to the contractor's regional offices and selected project sites in Kandahar, Nangarhar, and Paktia Provinces.

We reviewed and analyzed the activities supporting 14 key performance indicators that USAID/Afghanistan used to measure whether the project was achieving planned results. The contractor was required to report on these indicators in periodic and ad hoc progress reports.

As part of the audit, we assessed the significant internal controls used by USAID/Afghanistan to monitor project activities. The assessment included controls related to whether the mission (1) conducted and documented site visits to evaluate progress and monitor quality, (2) required and approved an annual work plan, (3) reviewed progress reports submitted by the contractor, and (4) compared reported progress to planned progress and the mission's own evaluations of progress. We also reviewed the mission's Federal Managers' Financial Integrity Act report for fiscal year 2007 and prior audit reports for any issues related to the audit objective.

Methodology

To answer the audit objective, we interviewed officials from USAID/Afghanistan, the contractor, and provincial reconstruction teams in Kandahar, Nangarhar, and Paktia Provinces. We also reviewed and analyzed relevant documents at both the mission and

the contractor's office. This documentation included performance monitoring plans, work plans, and the contract between USAID/Afghanistan and the contractor. We also reviewed the contractor's site visit documentation, progress reports, and financial records.

To test the validity of the computer-processed data used to answer the audit objective, including data reported by the contractor in periodic and ad hoc progress reports, we performed the following:

- Verified a judgmental sample of performance data against supporting records at the contractor's office.
- Reviewed a statistical sample of transactions in the performance and monitoring system to verify that adequate supporting documentation existed for completed subprojects.
- Reviewed the internal application and security controls over the automated performance monitoring system used by the contractor for recording and reporting results.

For each selected performance indicator, we established the following materiality threshold criteria to measure progress made in the project:

- The planned result would be achieved if the target number was met or exceeded.
- The planned result would be partly achieved if progress was made toward meeting the target number.
- The planned result would not be achieved if no progress was made toward meeting the target number.

MANAGEMENT COMMENTS



MEMORANDUM

TO: William S. Murphy, Acting Regional Inspector General/
Manila

From: USAID/Afghanistan Mission Director, Michael J. Yates */s/*

DATE: April 18, 2009

SUBJECT: Audit of USAID/Afghanistan's Local Governance and
Community Development Project in Southern and Eastern
Regions of Afghanistan- LGCD S/E (Audit Report No. 5-306-
09-00X-P)

REFERENCE: W. Murphy memo dated February 22, 2009

Thank you for providing the Mission the opportunity to review the subject draft audit report. We would like to express our gratitude for the professionalism, flexibility, resourcefulness, and hard work exhibited by the audit team while travelling to several insecure provinces throughout Afghanistan to conduct field work. We are providing confirmation of the actions that have been taken or are planned to be taken to address the recommendations in the audit report.

MISSION RESPONSES TO AUDIT RECOMMENDATIONS

Recommendation No. 1: We recommend that USAID/Afghanistan develop contingency plans on how it intends to complete construction of buildings started before the end of the contract, in the event there are additional delays.

Recommendation No 2: We recommend that USAID/Afghanistan develop a detailed implementation plan identifying what activities it can successfully complete by the end of the project, and how it intends to use unexpended funds.

The Mission agrees with these recommendations.

Actions Taken:

USAID/ Afghanistan instructed Development Alternatives, Inc. (DAI) to stop work on the construction of all new government buildings under the LGCD program in November 2008 (See Attachment A). Construction under LGCD is now limited to the renovation of existing government buildings. The only new vertical structures that are currently under construction include a branch of the central bank in Uruzgan and a courthouse in Helmand. Work on these two structures started in 2008 and is progressing according to the benchmarks in the subcontract, with completion planned for the summer of 2009.

The LGCD S/E contract was recently extended by 60 days to December 1, 2009, to allow adequate time for all construction and non-construction projects to be completed (See Attachment B).

The Contracting Officer's Technical Representative (COTR) initiated a two-step project development process that requires more planning before a project is approved. This allows USAID and DAI staff to work together to coordinate with the military, Afghan provincial government officials, tribal elders, *shuras*, provincial development councils, and community development councils. Under this process, each USAID Activity Manager submits a provincial strategy every quarter. After this is approved by the COTR, DAI staff uses this as a roadmap to develop specific projects using a participatory community-based approach. DAI staff submit a detailed timeline with each project, and the COTR will not approve a project that takes more than 3-4 months to implement. The new process insures that projects have local buy-in and are able to be implemented quickly and safely once approved.

The burn rate for the LGCD project has increased significantly over the past three months and the COTR is tracking expenditures on a weekly basis. USAID/Afghanistan is confident that all funds will be spent by December 2009. A more in-depth review will be done in June 2009 to determine if the expenditure rate is sustainable through the remaining life of the project resulting in total expenditure of funds by November 30, 2009. The U.S. Government has made the Southern and Eastern provinces of Afghanistan a priority, and USAID/Afghanistan is currently designing a follow-on project to be started in fiscal year 2010. Any remaining funds will be deobligated from LGCD and used to fund the new project that will work in the same provinces.

Based on this information, the Mission requests that Recommendations No. 1 and No. 2 be closed.

Recommendation No 3: We recommend that USAID/Afghanistan develop procedures to provide training to all new and existing field program officers as to their roles and responsibilities.

Recommendation No. 6: We recommend that USAID/Afghanistan develop procedures for providing existing and new development advisors training on their roles and responsibilities related to program implementation.

The Mission agrees with these recommendations.

Actions Taken:

All existing Field Program Officers (FPOs) attend USAID COTR training during their tours. The LGCD COTR is working with the Contracting Officer to draft specific “activity manager” memos that outline the roles and responsibilities of each individual FPO as related to the LGCD S/E project. The COTR has designed an LGCD orientation session for each new FPO that requires them to meet individually with the COTR to get an overview of the program and then spend a half-day at the DAI/LGCD office with the COTR and Chief of Party to meet contractor staff and get briefed on the monitoring and evaluation system and their relationship with DAI field staff.

Although some responsibilities are delegated to activity managers, the Mission has empowered the COTR to approve provincial strategies, sub-project portfolios, and large subprojects. The COTR also has the ability to revoke the LGCD activity manager role if a FPO oversteps his/ her responsibilities.

In addition to the civil-military training that each FPO receives before being deployed to Afghanistan, USAID/Afghanistan is working with USAID/Washington to develop a U.S.-based orientation course that familiarizes incoming FPOs to USAID culture, rules, and regulations. This training will address FPO and Development Advisor roles in program implementation and their relationship with the COTRs at USAID/Afghanistan.

Development Advisors are not activity managers for the LGCD program and no longer have responsibilities related to program implementation. However, they also attend all of the trainings mentioned above.

Based on this information, the Mission requests that Recommendations No. 3 and No.6 be closed.

Recommendation No 4: We recommend that USAID/Afghanistan develop procedures requiring technical review of statements of work for specificity to assist in project implementation.

The Mission agrees with this recommendation.

Planned Action:

By June 30, 2009, USAID/Afghanistan will issue a Mission Notice requiring

technical review of all Statements of Work. The review will occur either at the time of the activity approval (Attachment C) or at the time of the MAARD. Based on this information, the Mission requests concurrence that a management decision has been reached on Recommendation No. 4. The target closure date is July 2009.

Recommendation No. 5: We recommend that USAID/Afghanistan establish procedures for subproject development and approval of component three activities and communicate these to Development Alternatives, Inc. and the mission's development advisor.

The Mission agrees with this recommendation.

Actions Taken:

Since the completion of field work for this audit last year, the COTR has worked with DAI to develop a "toolkit" and action plan for the development and approval of component three activities (local stability initiatives). This toolkit specifies intervention criteria for subprojects, gives examples of interventions, and describes mechanisms for implementing these interventions (See Attachment D).

Component three was understaffed at the time of the auditors' fieldwork, and was being managed by one expat and one Afghan national based out of Kabul. The component three team now consists of 17 people spread out around the country. Expatriate managers are posted in Kabul, Kandahar, Gardez, and Nangarhar while local staff have a presence in every province in which LGCD S/E works. This team works closely with the military to formalize partnerships and prepare strategic plans for each province that lay out the logistical framework on how to deliver assistance through the military.

From October 2006 until September 2008, DAI completed 19 subprojects in five provinces. After component three was restructured in October 2008, DAI implemented 61 subprojects in 11 provinces. DEVADs no longer have responsibilities related to project implementation and are not activity managers for the LGCD S/E project.

Based on the restructuring of component three activities, the Mission requests that Recommendation No. 5 be closed.

Recommendation No. 7: We recommend that USAID/Afghanistan review Development Alternatives, Inc.'s draft performance monitoring plan for compliance with contract terms and approve the performance monitoring plan once all terms have been met.

The Mission agrees with this recommendation.

Actions Taken:

The draft performance monitoring plan was approved by the COTR in November 2008 and is fully operational (See Attachment E). The current COTR began working with DAI to change performance indicators to comply with the terms of the task order in June 2008. It took some time to update DAI's internal systems and data collection procedures but all current and past subprojects are now being measured against this new performance monitoring plan (PMP).

Based on the fact that LGCD now has an approved PMP that complies with the contract terms, the Mission requests that Recommendation No. 7 be closed.

Recommendation No. 8: We recommend that USAID/Afghanistan's cognizant technical officer direct Development Alternatives, Inc. to develop standardized procedures for data collection and retention.

Recommendation No. 9: We recommend that USAID/Afghanistan's cognizant technical officer obtain an implementation plan from Development Alternatives, Inc. that requires completion of the reprogramming of its automated system by April 30, 2009.

The Mission agrees with these recommendations.

Actions Taken:

The COTR for LGCD has been working with DAI to develop standardized procedures for data collection and retention, and these procedures are now in place. A dedicated staff member now contributes 100% of her level of effort to M&E and has no other duties. DAI also hired additional staff whose jobs are dedicated to monitoring and evaluation, and has reprogrammed their automated system (TAMIS) to include indicator and monitoring data.

One American staff member based in Kabul oversees a staff of three Afghans in Kabul and one international staff member in each regional hub (Kandahar, Nangarhar, and Gardez) to manage M&E. DAI now has more expats posted in the regional hubs so that each of their areas of responsibility for monitoring and evaluation have been reduced from four provinces to one or two provinces. DAI has also developed a monitoring and evaluation manual that standardizes and defines indicator data collection procedures (see attachment F). The M&E advisor is also provided with an experienced U.S.-based home office point person to resolve complicated M&E issues as they arise.

DAI's automated system (TAMIS) has been fully reprogrammed as of February 2009. This system now includes indicator data for all subprojects as well as data source documents (i.e. training attendance sheets, handover documents, etc.). In addition, monitoring reports are now attached to over 90% of all subprojects.

Based on this information, the Mission requests that Recommendations No. 8 and No. 9 be closed.

Recommendation No. 10: We recommend that USAID/Afghanistan establish procedures to review operational plan indicators to ensure targets with input from multiple implementers are developed by each implementer and then consolidated.

Recommendation No. 11: We recommend that USAID/Afghanistan develop procedures to ensure that operational plan indicators are representative of how funds are being expended.

The Mission agrees with these recommendations.

Planned Action:

The Mission has scheduled a Performance Management Training for USAID/Afghanistan staff and implementing partners that will accomplish the following:

- Explain performance monitoring and evaluation methodologies.
- Utilize new approaches to performance monitoring and evaluation.
- Explain new requirements for performance monitoring and evaluation.
- Explain how to develop a comprehensive performance monitoring plan.
- Explain how to develop performance indicators.
- Explain how to establish performance targets.
- Explain how to conduct data quality assessments.
- Explain operational plan indicators and the foreign assistance framework.

The Mission will work with the trainers to ensure that these recommendations are incorporated into this training program tentatively scheduled for June 2009.

Based on this, the Mission requests the RIG's concurrence that management decisions have been reached on Recommendations No. 10 and No. 11. The target date for closure is July 2009.

Recommendation No. 12: We recommend that USAID/Afghanistan review the operational plan indicators for the Local Governance and Community Development Project and develop customized indicators or select additional common indicators to more accurately reflect the project's expenditure of funds.

The Mission agrees with this recommendation.

The PRT office is working together with USAID/Washington's Conflict Mitigation and Management Office to develop customized indicators that more accurately

reflect the goals of the project.

New operational plan indicator(s) for LGCD and the PRT office's other conflict mitigation programs will be developed by May, and revisions to the PMP are expected to be complete by June 2009. The Mission requests RIG's concurrence that a management decision has been reached on Recommendation No. 12. The target date for closure is July 2009.

Attachment A: District center termination Letter from Contracting Officer dated 11/23/08

Attachment B: 60-day no cost extension for the LGCD S/E project

Attachment C: Mission Order 201.01

Attachment D: Component 3 toolkit

Attachment E: PMP approval letters dated 11/20/08 and 12/16/08

Attachment F: LGCD S/E Monitoring and Evaluation Manual

Attachment G: DAI web-based management system (TAMIS) view showing indicators

Table A-1: Project Achievements as of August 2008

	Indicator	FY 2008 target ⁴	Reported results as of August 2008	Verified
1	Number of target institutions such as Office of Governors, Provincial Development Committees, and selected Provincial Line Ministry Departments implementing service delivery performance mechanisms.	40	45	47
2	Number of target institutions such as Office of Governors, Provincial Development Committees, and selected Provincial Line Ministry Departments reporting publicly on service delivery performance improvements	4	45	32
3	Number of Provincial Development Committees demonstrating improved performance towards Ministry of Economics Provincial Development Committee Operational Guidelines as measured by Quarterly Service Delivery Performance Reports.	10	12	12
4	Number of Office of Governors demonstrating improved performance towards Office of Governors Office Operational Guidelines as measured by Quarterly Service Delivery Performance Reports.	10	12	12
5	Number of government officials trained.	No target	2,944	Inadequate support
6	Number of institutions equipped with information technology and/or internet connection.	13	48	48
7	Number of provincial and district institutions rehabilitated.	0	7	7
8	Percentage of subprojects that include 10% or more community contribution.	70%	46%	Inadequate support
9	Number of citizens benefiting from improved services.	No target	967,761	Inadequate support
10	Number of community-based reconciliation projects completed with U.S. Government assistance.	90	13	13
11	Number of people trained in conflict mitigation/resolution skills with U.S. Government assistance.	1,000	740	690
12	Number of service sector assessments.	15	10	10
13	Number of rapid institutional capacity assessments of government agencies.	40	45	45
14	Number of institutional baseline surveys of service delivery performance.	40	45	45

⁴ Fiscal year 2008 targets represent the targets used by the contracting officer's technical representative to monitor program progress. However, as discussed on pages 11 and 14 of this report, these targets were not properly established.

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