OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/JORDAN'S YOUTH FOR THE FUTURE PROGRAM

AUDIT REPORT NO. 6-278-13-010-P
APRIL 15, 2013

CAIRO, EGYPT

Office of Inspector General

April 15, 2013

MEMORANDUM

TO: USAID/Jordan Director, Beth Paige

FROM: Regional Inspector General/Cairo, Catherine Trujillo /s/

SUBJECT: Audit of USAID/Jordan's Youth for the Future Program
             (Report No. 6-278-13-010-P)

This memorandum transmits our final report on the subject audit. We have considered carefully your comments on the draft report and have included them in their entirety in Appendix II.

The final report includes five recommendations to help strengthen the achievements of USAID/Jordan's Youth for the Future Program. The mission has made management decisions on the five recommendations. In addition, the mission provided a sample of its corrective action taken on Recommendation 5 to achieve final action. However, please provide the Audit Performance and Compliance Division with sufficient evidence to show that corrective actions were taken to address the full universe of service contracts under Recommendation 5, and the necessary documentation to obtain final action for Recommendations 1, 2, 3, and 4.

Thank you for the cooperation and courtesy extended to the audit team during this audit.

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CONTENTS

Abbreviations

The following abbreviations appear in this report:

ADS	Automated Directives System
AOR	agreement officer's representative
FY	fiscal year
IYF	International Youth Foundation
MoSD	Ministry of Social Development
NGO	nongovernmental organization
TraiNet	Training Results and Information Network

SUMMARY OF RESULTS

According to Jordan's 2006-2015 National Agenda, two of the country's priorities are to reduce its unemployment rate from 12.5 to 6.8 percent by 2017 and to increase the employability of its workforce through vocational training that aligns with private sector needs.

To help Jordan achieve this, on March 22, 2009, USAID/Jordan awarded International Youth Foundation (IYF) a 5-year, $30 million associate cooperative agreement under the USAID Youth:Work leader with associates' cooperative agreement.[1] In May 2011 the mission increased that to $33.4 million to build the capacity of the Ministry of Social Development (MoSD), IYF's key government partner. As of September 30, 2012, the mission had obligated $25.4 million and disbursed $16.4 million.

Youth:Work Jordan's original goals were to provide employment opportunities for at-risk youth[2] between 15 and 24 years old, improve their living standards, and increase their participation in community activities. Three years into the program, USAID/Jordan changed the program name to Youth for the Future and the goal to "creating an enabling environment with a greater capacity to more effectively serve youth at-risk." Mission officials said they changed the goal to focus on building the capacity of community organizations and Jordanian Government entities so they could serve at-risk youth, teach them employable skills, and increase their involvement in community activities. Moreover, IYF faced several challenges trying to implement the program because Jordanian nongovernment organizations (NGO), community organizations, and MoSD did not have the capacity needed to implement IYF's employability models.

Four underlying objectives to achieve the revised goal remained the same as the original goal:

- Improve youth employability models, practices, and policies.

- Strengthen the capacity of community organizations to provide youth with access to sustainable livelihoods.

- Improve youth-friendly services.

- Expand youth's civic engagement to involve them in improving their local communities.

The Regional Inspector General/Cairo conducted this audit as part of its fiscal year (FY) 2013 audit plan to determine whether USAID/Jordan's Youth for the Future program was achieving its goal.

The program succeeded at building capacity in some community organizations and MoSD. At least 20 community organizations improved in the areas of youth outreach and recruitment, life

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[1] A leader with associates is a grant or cooperative agreement awarded to an organization to address a development issue. A mission can award an associate agreement to the leader's implementer to cover a mission activity that falls within the scope of the leader award.
[2] For this program, at-risk youth are youths who dropped out of high school or did not pass their high school exit examination, and are unemployed.

skills training,[3] career guidance and mentoring, and parent participation. During our site visits, the staff of several organizations said IYF's training had prepared them to continue offering life skills training even after the program ends. Parents and youth praised the training for the impact it had on their lives. Many youths said they believed the technical trainings they received would give them better employment opportunities. In addition, several organizations established youth-friendly services such as health clubs and computer centers. MoSD said it established a task force to continue training ministry employees and community organizations in how to address the needs of at-risk youth.

Photos below and on the next page show two graduates who completed hospitality training and obtained jobs, a youth friendly space for youths, and an income generating health club for women developed under the program.

A graduate of USAID's training program for youth serves food in a hotel in Amman. (Photo by IYF)

Completing a course in hospitality helped this student get a job at a hotel in Aqaba. (Photo by IYF)

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[3] Life skills courses teach personal competency, problem solving, work habits, and the importance of community involvement.

With USAID funds, IYF renovated this playground by adding chairs, umbrellas, and murals to create an inviting space for youths. (Photo by IYF)

IYF renovated this room within a community organization by adding gym equipment to create a health club for women. (Photo by RIG/Cairo)

However, the audit found the following problems that need to be addressed if the program is to achieve its goals and have an impact in helping Jordan with its workforce employability goal.

- The program was not satisfying employment needs (page 5). As of September 2012, only 785, or 19 percent, of the 4,081 youths who completed program-supported training had retained work for 6 months.

- Reported data for several indicators were not reliable (page 8). As a result, mission officials and other interested parties cannot rely on the data to make decisions about the program.

- IYF did not comply with the Agency's requirement to enter training information quarterly into the Agency's training database (page 10). The requirement was not included in the leader with associate agreement until the fourth year of the program.

- IYF did not include the required subcontract provisions about human trafficking and terrorism financing in 19 subcontracts totaling $2.8 million (page 11). IYF officials said they did not know the provisions were required to be included in subcontracts.

To address these problems, we recommend that USAID/Jordan:

1. Assess and streamline program activities to focus on results that will achieve the program's revised goal and have a greater impact on at-risk youth for successful long-term employment and document the results (page 7).

2. Direct International Youth Foundation in writing to review and correct the reporting data for all 31 indicators, and perform and document a data quality assessment for the indicator

tracking the number of people who benefited from the program that was reported in the mission's annual performance plan report (page 10).

3. Implement procedures for the agreement officer's representative to validate reported program results periodically (page 10).

4. Implement procedures to confirm that (1) International Youth Foundation entered its past trainings into USAID's Training Results and Information Network, (2) training data is entered into the database quarterly, and (3) the agreement officer's representative is monitoring the entry of data into the database (page 11).

5. Verify that International Youth Foundation modifies all service contracts to include human trafficking and terrorism financing provisions (page11).

Detailed findings follow. The audit scope and methodology are described in Appendix I. Our evaluation of management comments is on page 12, and the full text of management comments is in Appendix II.

AUDIT FINDINGS

Program Was Not Satisfying
Employment Needs

As part of IYF's youth program implementation, the organization identifies government and nongovernment institutions that are providing job training or placement models for youth to transition to employment. This approach has been successful in several regions like Latin America, where at a cost of $29 million, IYF trained 19,000 youth. Fifty-one percent of them retained jobs for 6 months, and 22 percent returned to school.

Based on IYF's program design, USAID/Jordan expected the organization to work with government entities, primarily Jordan's MoSD, and two to three NGOs with the experience and capacity to implement youth and employability programs. According to its associate agreement with USAID/Jordan, IYF's primary goal is to improve the livelihood opportunities for disadvantaged young people through training and improving public sector policies and practices that increase the number of youth finding employment, engaging in their own business, or returning to school.

To gauge progress, the program included an indicator that tracked the number of youth who retained work for 6 months after the training. That number, however, was significantly low when compared with the number who completed training. In December 2011 USAID/Jordan reduced the enrollment target from 9,200 to 8,255 to support its revised strategy to focus on capacity building. As of September 2012, while 4,081 of 8,255 youths completed training, only 785 or 19 percent of them stayed employed for 6 months.[4] Furthermore, despite IYF's success of implementing a similar program with 51 percent of youth retaining work after 6 months, USAID/Jordan set the target rate at 16 percent. In fact, IYF initially had this target set at 40 percent.

During site visits to eight community organizations, the audit team interviewed 33 youths and 14 parents. Most of the youths said they needed work. Several parents said they would like their children to find work shortly after completing training because they feared their children would relapse into unproductive activities.

The program's efforts to prepare at-risk youth for long-term employment were hindered because (1) government organizations' capacity to help at-risk youth was limited, (2) the capacity of NGOs and community organizations to implement the program was limited, (3) NGOs had difficulty hiring staff and identifying target population, (4) two NGOs lacked consistent labor market analysis, and (5) youths refused to take available jobs.

Government organizations' capacity to help at-risk youth was limited. During project implementation, IYF discovered that MoSD's staff did not have the requisite knowledge of youth development principles and effective approaches in programming or the institutional capacity needed to deliver the programs and services to at-risk youth. Therefore, in the beginning of the program's third year, USAID/Jordan increased IYF's award by $3.4 million to build MoSD's capacity.

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[4] IYF reduced 785 to 625 in December 2012 after verifying results the NGOs reported.

In addition, because of findings stemming from a midterm program evaluation, IYF engaged other government entities involved in youth and employment issues such as the Ministry of Labor and Ministry of Youth and Sports to work on policy changes. However, they also needed training on youth issues. So IYF had to devote resources to train employees in these entities before they could support youth projects, but it did not receive additional funding to do so. Consequently, these efforts are diverting resources from the program's original activities.

Capacity of NGOs and community organizations was limited. IYF's program included hiring three NGOs to serve as lead organizations responsible for awarding and managing subgrants awarded to community organizations. The NGOs also were expected to help employees of the organizations develop program implementation plans, activities, and income-generating services.

However, the NGOs were not equipped technically to take on these responsibilities, and IYF had to do more capacity building than expected. The three organizations struggled with activities such as developing an implementation plan for their community organizations, designing an employment training program, and training the communities to meet their responsibilities.

In addition, many of the community organizations needed more intensive one-on-one support during implementation, which was not planned. For example, staff members with one NGO had to go into the communities to recruit youth because the organizations they were working with did not know how to reach the targeted at-risk youth.

Recognizing these implementation challenges during 2011, USAID/Jordan asked IYF to re-examine its model of working through the NGOs. As a result, IYF decided to work directly with the community organizations and did not renew the subgrant agreements with the NGOs. This change effectively shifted IYF's program focus toward directly equipping the organizations with the skills necessary to work with at-risk youth instead of supporting and guiding NGOs.

In fact, IYF was not only building capacity of these community organizations to implement program activities such as recruiting, counseling, and training, but it also was providing training related to strategic planning, financial management, income-generating services, program marketing, and public relations. In essence, these organizations were learning how to improve their organizational structure and implement program activities simultaneously while trying to use these skills and work to recruit and prepare youth for long-term employment.

While IYF's agreement with USAID/Jordan included program and financial management capacity building as an integral part of the program, the extensive level of capacity building that IYF was providing was not envisioned as the primary focus. Therefore, the increased capacity-building efforts also diverted resources away from the program's original activities.

NGOs had difficulties hiring staff and identifying target population. It took the NGOs 3 to 7 months to hire supporting staff needed to implement the program. One NGO had significant turnover and struggled to fill critical positions including a program manager, grant officer, and finance manager. Another did not have enough staff to focus on USAID/Jordan's program because of other ongoing programs. In addition, although these NGOs had worked with youth programs, the target population for Jordan's program—high-school dropouts and unemployed youth 15 to 24—was difficult for the community organizations to identify and reach because the Jordanian Government did not track this segment of its population.

Two NGOs lacked consistent labor market analysis. Two NGOs did not implement IYF's model for job market analysis, which required them to first identify available jobs in the community and then train and equip youth to take these types of jobs. According to interviews with some community organizations, the training provided was based on what the youth wanted rather than on what the labor market needed. As a result, several youth obtained technical training in fields that were not in demand. At one community organization, 10 youths took computer maintenance training and another 10 took film recording; however, most of them ended up taking jobs in farming or food packaging. In another case, 12 youths were trained in computer network maintenance, but only 2 found jobs that required those skills. Moreover, several community organizations did not track how many youths got jobs doing what they were trained to do.

Youths refused to take available jobs. During site visits, a few parents and women said that working in hotels or restaurants would be off limits because serving alcoholic beverages is not culturally acceptable. Furthermore, some parents would not allow their daughters to work with men.

Parents also commented that their children were paid minimum wages (i.e. $268 to $282 per month), and transportation costs consumed nearly half their earnings; several youths said they would accept a salary of $353 to $423 per month if the employer paid for transportation. Of the 33 youths interviewed, at least 2 said that they were willing to take a minimum wage job, with the expectation of increased earnings with more work experience.

Because of the problems outlined above, some funds were not used effectively and it is questionable whether the program will produce significant employment results. The program spent about $33.4 million to reach 8,255 at-risk youth, bringing the average cost per youth to about $4,000; this was a costly investment since the program has about a year left, only 19 percent of its participants retained jobs for 6 months, and another 20 percent returned to school.

Although strong local organizations are fundamental for the success of IYF's youth employability program, focusing more on capacity building reduces the outcomes or impact it can have on preparing at-risk youth for long-term employment. In addition, while the mission believes the program's capacity-building efforts are aligned with USAID Forward,[5] this initiative is part of USAID's policy framework that requires missions to invest resources into programs that are likely to have the greatest impact on a country's development objective and satisfy the needs of its beneficiaries. Moreover, part of the program's objective is to contribute to Jordan's national agenda of increasing the employability of its workforce through vocational training that aligns with private sector needs.

Therefore, we make the following recommendation.

> **Recommendation 1.** *We recommend that USAID/Jordan assess and streamline program activities to focus on results that will achieve the program's revised goal and have a greater impact on at-risk youth for successful long-term employment and document the results.*

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[5] USAID Forward focuses on several reforms such as building local capacity, monitoring and evaluating programs, and measuring program impact to strengthen results of its work, save money, and reduce the need of U.S. assistance over time.

Reported Data Were Not Reliable

USAID's Automated Directives System (ADS) 203.3.11.1, "Data Quality Standards," states that high-quality data form the cornerstone for making evidence-based decisions and should meet five quality standards: validity, integrity, precision, reliability, and timeliness. Data should be valid to clearly and adequately represent the intended results and reliable to reflect a stable, consistent collection process so management can analyze the data over time.

According to the cooperative agreement, IYF was to "focus on monitoring of inputs, activities, and outputs to ensure good performance by implementing partners and to enable continual adjustments and mid-course corrections." ADS 303 states that the agreement officer's representative (AOR) should ensure that "USAID exercises prudent management over its awarded assistance and makes the achievement of program objectives easier by monitoring and evaluating the recipient and its performance during the award."

However, nine of ten indicators tested for accuracy were not reliable. For example, *Number of community members benefiting from the program,* the mission reported that 104,931 direct and indirect community members benefited from the program as of September 2012. This number came from two different data collection methods; IYF relied on information that NGOs provided for the period from March 2010 through June 2011 and then used its own formula for the period from July 2011 through September 2012.

IYF could not provide supporting documentation for 77,636 (74 percent) beneficiaries reported by the NGOs. Furthermore, the reported results were overstated by 6,945 (7 percent) because IYF changed the calculation method effective January 2012 and did not retroactively adjust results reported between July and December 2011. Because the mission reports the results on this indicator in the annual performance plan and report, it is imperative that the quality of data be valid to help management with decisions.

For another indicator, *Number of formal strategic alliances supporting comprehensive youth development,* the mission reported on 87 strategic alliances,[6] as of September 2012. However, IYF did not have adequate support for 11 out of 40 we tested (28 percent).

In 2012 during the second phase of the program, IYF verified some data that the NGOs reported and adjusted some results that lacked support. However, audit testing of some of these same indicators found problems that IYF did not find. For example, with *Number of youth participating in IYF civic engagement,* IYF reduced the reported results from 5,462 to 4,318. We found that while 16 percent of the sample tested lacked documentation and IYF removed these results, an additional 27 percent lacked supporting documentation.

All the indicators tested with unreliable data are included in the table on the next page.

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[6] According to IYF, strategic alliances consist of memoranda of understanding and other agreements with the public and private sectors to provide training, exchange information, or lend facilities.

Table 1. Selected Indicator Data Test Results (Audited)

Indicator Description	Results Reported as of September 30, 2012	Size of Tested Sample	Percentage of Sample Tested with Errors
Number of formal strategic alliances supporting comprehensive youth development programming	87	40	28
Number of coordinating NGOs served by IYF that show expanded capacities to deliver youth development services.	3	3	100
Number of community organizations served by IYF that show expanded capacities	22	22	9
Number of community members benefiting from IYF services	104,931	results based on a formula	81
Number of young people enrolled in employability training programs	5,969	81	22
Number of participants completing employability training program	4,081	81	48
Number of employed youth who retain employment for 6 months	785	40	13
Number of new/expanded youth-friendly services available in targeted communities	91	40	50
Number of youth participating in IYF civic engagement	5,462	81	43

Data were not reliable because (1) IYF did not verify all data the NGOs reported, (2) two indicators were calculated inconsistently, (3) results were classified incorrectly, and (4) recordkeeping was poor.

IYF did not verify all data the NGOs reported. During the first phase of the program, IYF relied on the data that the NGOs submitted through an online data system. However, it did not review the supporting documentation to verify accuracy. According to IYF officials, during program implementation, they verified some documents at the NGOs but due to the low capacity and high staff turnover, the NGOs did not have documents to support all reported data. In addition, when the agreements with the NGOs expired, IYF was able to obtain only some of their supporting data. For *Number of youth participating in IYF civic engagement,* there was no supporting documentation for 43 percent of the sample data tested. However, if IYF and the AOR did verification on an on-going basis, they would have detected errors and had time to take corrective action.

IYF used inconsistent formulas. For two indicators, the results depended on calculations using data reported from the community organizations and NGOs. For *Number of community members benefiting from IYF services* during the fourth year, IYF changed its method for calculating results but did not correct past reporting periods to ensure consistency in data in all reported periods. IYF officials did not believe changing the formula would adversely affect prior periods reported results but said they plan to verify the underlying inputs and supporting documents and adjust prior results in their future quarterly reports to the mission. For *Number of coordinating NGOs served by IYF that show expanded capacities to deliver youth development services,* IYF established a baseline score between zero and three for several capacity-building areas such as outreach and partnership development. After receiving assistance, IYF

reassessed the NGOs' capacity levels for each area and assigned an overall score to determine whether they showed expanded capacities to deliver the services. Although the NGOs did not show improvements in several categories, IYF said they made a decision to count them as improved. As a result, IYF incorrectly reported that the NGOs' capacities to deliver youth development services improved due to the program.

Results were classified incorrectly. In 2012 IYF conducted a data assessment covering results from the start of the program and found that the data for several reported results did not reflect the definitions of the indicators. For example, for *Number of youth friendly services established*, IYF found some of the reported results were based on sponsored volunteer activities instead of youth friendly services for communities supporting safer, more productive community spaces for youth and parents to engage in social, health, and cultural activities. IYF officials said the staff at the NGOs lacked the capacity to classify the reported results appropriately.

Recordkeeping was poor. IYF could not find documentation to support reported results for six indicators tested. For example, for *Number of young people enrolled in employability training programs,* IYF could not find documentation for 22 percent of the sample we tested. IYF officials also said this was because the NGOs had low capacity. However, IYF also did not have supporting documents for results they were tracking.

Without valid, reliable program performance results, mission officials and other interested parties cannot rely on the data to make decisions. Furthermore, the over-reported data led the mission to believe that the program was exceeding its targets by large margins when it was actually below target in some cases. As a result, the AOR and the mission were unaware of the actual progress of the program.

Therefore, we make the following recommendations.

> **Recommendation 2.** *We recommend that USAID/Jordan (1) direct International Youth Foundation in writing to review and correct the reporting data for all 31 indicators and (2) perform and document a data quality assessment for the indicator tracking the number of people who benefited from the program that was reported in the mission's annual performance plan and report.*

> **Recommendation 3.** *We recommend that USAID/Jordan implement procedures for the agreement officer's representative to validate reported program results periodically.*

Implementer Did Not Comply With Training Database Requirement

ADS 253 requires that information about any participant training exceeding 2 days or 16 hours, including in-country training, be entered into USAID's Training Results and Information Network (TraiNet). The reported information should include the name of the program, subject of the training, start and end date, number of participants, and total training cost, and all should be entered within 30 days of the end of each federal fiscal quarter. Moreover, ADS 303 requires the participant training provision, which includes the TraiNet requirement, to be in all agreements and subawards.

During program implementation, IYF did not enter any local training conducted in Jordan into TraiNet even though the program had five indicators focused on training. As of September 30, 2012, IYF reported that 4,081 youths completed employability training, 926 youths received entrepreneurship training, and 919 youth workers trained to deliver youth services, which met the TraiNet requirements. Additionally, members of 106 entities were trained in youth-friendly services, and 228 entities were trained in community engagement, some of whom also met the TraiNet requirements.

IYF officials said they followed the training guidance included in the leader and associate awards, neither of which included the participant training clause. In June 2012, the Agency revised this standard provision to inform employees that all awards with training components needed to be reported in the database. As a result, in July 2012, the agreement officer responsible for the leader agreement modified the agreement to include the participant training provision. Moreover, the AOR said that she was not aware of the quarterly reporting requirement for trainings conducted under the program.

Lack of complete information limits the Agency's ability to provide accurate information to Congress and other interested parties in a timely manner. Since USAID/Jordan has committed to enter information into TraiNet for all 2013 trainings, we make the following recommendation.

> **Recommendation 4.** *We recommend that USAID/Jordan implement procedures to confirm that (1) International Youth Foundation entered its past trainings into USAID's Training Results and Information Network, (2) training data is entered into the database quarterly, and (3) the agreement officer's representative is monitoring the entry of data into the database.*

Subcontracts Did Not Include Mandatory Provisions

According to the cooperative agreement, recipients must include the trafficking in persons and terrorism financing clauses in all subawards and subcontracts.

IYF did not comply with these requirements for the 19 subcontracts awarded under the program totaling $2.8 million. The subcontracts were for services such as technical training, branding, and monitoring and evaluation.

Although the clauses were included in the award, IYF officials said they did not know the clauses were required in these types of subcontracts.

Without the clauses, the subcontractors might not be fully aware of their responsibilities pertaining to human trafficking and terrorism financing. The officials said they would amend all service subcontracts to include these provisions.

To ensure compliance, we recommend the following.

> **Recommendation 5.** *We recommend that USAID/Jordan verify that International Youth Foundation modifies all service contracts to include human trafficking and terrorism financing provisions.*

EVALUATION OF MANAGEMENT COMMENTS

In its response to the draft audit report, USAID/Jordan agreed with all five recommendations. We acknowledge management decisions on these five recommendations. In response to Recommendation 5, the mission provided a sample of its corrective action. However, the mission will need to provide sufficient evidence to the Audit Performance and Compliance Division to show that corrective actions were taken to address the full universe of service contracts. Summarized below are the comments and the audit team's evaluation of them.

Recommendation 1. USAID/Jordan officials agreed to assess and streamline program activities to focus on results that will achieve the program's revised goal and have a greater impact on at-risk youth for successful long-term employment and document the results. The mission plans to complete and implement this recommendation by June 30, 2013. Therefore, we acknowledge that the mission made a management decision on Recommendation 1.

Recommendation 2. Mission officials said they are developing formalized procedures with the implementer to review and correct the 31 indicators reported data. In addition the mission plans to complete a data quality assessment for the indicator tracking the number of people who benefited from the program. The mission target date for completion on both parts of Recommendation 2 is June 30, 2013. As a result, we acknowledge that the mission made a management decision on this recommendation.

Recommendation 3. Mission officials said that by June 30, 2013, it will follow its data quality assessment procedures outlined in its Mission Order 203 and that the AOR will select a sample of indicators reported result and verify the information during field visits. Accordingly, we acknowledge that the mission made a management decision on Recommendation 3.

Recommendation 4. USAID/Jordan officials agreed to establish procedures to ensure past trainings under the program are entered into USAID's Training Results and Information Network. By June 30, 2013, the mission plans to establish procedures to ensure the trainings are entered quarterly and that the AOR is reviewing the entries quarterly to ensure compliance with the agency policy.

Recommendation 5. Mission officials said on March 20, 2013, they verified that all service contracts under the program were modified to include the human trafficking and terrorism financing clause and provided us with a sample of its corrective action. Accordingly, we acknowledge that the mission made a management decision. However, the mission will need to provide sufficient evidence to the Audit Performance and Compliance Division to show that corrective actions were taken to address the full universe of service contracts under Recommendation 5.

SCOPE AND METHODOLOGY

Scope

We 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, in accordance with our audit objective. We believe that the evidence obtained provides that reasonable basis.

The purpose of this audit was to determine whether USAID/Jordan's Youth for the Future program was achieving its goal of "creating an enabling environment with a greater capacity to more effectively serve youth at-risk." The mission awarded IYF a 5-year associate cooperative agreement for $30 million on March 22, 2009, under a leader with associates cooperative agreement titled "Youth: Work." In May 2011 USAID/Jordan increased the award to $33.4 million for IYF to build MoSD's capacity to service at-risk youth. As of September 30, 2012, the mission had obligated $25.4 million and disbursed about $16.4 million.

The audit team tested activities across four program objectives designed to achieve the goal. Because IYF does not track program expenditures by objective, the amount tested under this audit cannot be determined.

The audit tested program activities as of October 1, 2010, to September 30, 2012. In planning and performing the audit, we obtained an understanding of the program design, objectives, activities, and management oversight controls at the mission and IYF. We tested the operating effectiveness of the following significant internal controls: mission's review and approval of annual work plans and program performance reports; documentation of site visits the mission conducted; implementer's review, approval and awarding of subgrants and subcontracts; and documentation and data verification of reported program results.

We conducted audit fieldwork from January 6 to 31, 2013, at USAID/Jordan, IYF's office in Amman, and the offices of subgrantees and four Jordanian Government entities. We visited offices of subgrantees in Amman, East Amman, Salt, Dair Allah, Zarqa, and Russeifeh.

Methodology

To answer the audit objective, we interviewed employees from USAID/Jordan, IYF, MoSD, Ministry of Labor, Jordan's Vocational Training Corporation, Ministry of Planning and International Cooperation, Jordan Career Education Foundation, and eight community organizations. We obtained an understanding of the AOR's and IYF's oversight functions, program activities and expected results, benefits provided to various government entities, coordinating NGOs, and community organizations. We reviewed and assessed documentation provided by USAID/Jordan and IYF that included the mission's FY 2012 Federal Managers' Financial Integrity Act assessment, program design documents, agreements and subsequent modifications, annual work and performance management plans, site visit documentation, subgrants, and subcontracts.

To assess whether the program was achieving its goal, we validated reported results, corroborated the results with beneficiaries through interviews and observations, and assessed the program's progress toward achieving its targeted results as of September 30, 2012.

First, we coordinated with the AOR to identify indicators under each program objective that the mission and IYF considered key measures toward achieving the program goal. We judgmentally selected ten indicators to test, taking into consideration the input of the AOR, IYF, and whether the mission reported the indicator in the mission's annual performance plan and report or performance management plan.

Of the ten indicators selected, we selected a statistical sample for six indicators because these populations included more than 25 items; the full population for the three indicators with populations of less than 25 items; and recalculated and assessed the formula for the last indicator. The statistical sample was selected using a 95 percent confidence interval with 5 percent error rate and 4 percent variation. Therefore, results for each indicator can be generalized to the full population of that indicator.

Second, we conducted interviews with employees of four Jordanian Government entities and nine subimplementers to validate program results reported, such as training provided to employees and youth, youth-friendly services or activities established, and whether beneficiaries can sustain the activities provided. We also conducted interviews with direct beneficiaries—youths and parents—to verify that the activities were satisfying their needs.

Furthermore, we interviewed mission officials and IYF employees to ensure that the program considered gender equality and human trafficking requirements. In addition, we reviewed applicable laws and regulations, USAID policies and procedures regarding the program including the agreement and modifications, and ADS Chapters 203, 253, and 303.

MANAGEMENT COMMENTS

OFFICE OF THE DIRECTOR

TO: Catherine Trujillo, Regional Inspector General

FROM: Beth S. Paige, Mission Director

SUBJECT: Mission Response to OIG Review of USAID/ Jordan's Youth for the Future
                    Project

The Mission appreciates the Office of Inspector General's (OIG) review of
USAID/Jordan's Youth for the Future Project (Y4F). This review has given the Mission, the
implementer, and government counterparts an opportunity to pause and reflect on the
implementation of the program activities, both the accomplishments and challenges. The
Mission welcomes the OIG's recommendations and recognizes their importance to inform the
management of Y4F so as to ensure its management is in compliance with Agency policy. The
Mission generally accepts the OIG recommendations and has provided a response on actions
that have been or will be taken to address each respective recommendation.

Recommendation 1: *We recommend that USAID/Jordan assess and streamline program
activities to focus on results that will achieve the program's revised goal and have a greater
impact on at-risk youth for successful long-term employment and document the results.*

The Mission agrees with the OIG recommendation to streamline program activities to
focus on areas that will yield the greatest results and is taking the actions below in furtherance of
this recommendation. However, as the Mission takes action related to this finding, the Mission
notes that it does not agree with OIG conclusions that suggest that the program focus on
capacity building of local Jordanian organizations diverted resources away from the project's
original activities.

In this regard, we appreciate the OIG report's specific findings related to the low capacity
of relevant Jordanian actors supporting the employability of highly vulnerable youth and the
program's relative success in addressing these challenges. Given the lack of qualified
institutions to support the targeted youth cohort, and theAgency's prioritization of local capacity
building under USAID Forward, the Mission believes that capacity building efforts must be a
necessary prerequisite for any program supporting highly vulnerable youth, particularly
secondary school dropouts targeted by the program. In support of this premise, the core
objectives under the program of "Improv[ing] youth employability models, practices and policies"
and "Strengthen[ing] the capacity of community organizations to provide youth with access to
sustainable livelihoods" have not changed from the outset of the program.

With this understanding of the program objectives in mind, the Mission believes that the cost per beneficiary calculation presented in the report is misleading because it assumes that all expenditures should have been only for the direct employment of youth and therefore work done under Objectives 2, 3 and 4 must have siphoned funds away from Goal 1. In reality, costs related to capacity building are designed to support additional youth served by Jordanian organizations well beyond the term of the program, and any cost per beneficiary calculations should take this basic premise into account. Finally, the Mission believes that comparisons between the implementer's activities in Jordan and those of the implementer in Latin American countries can also be misleading given the contextual issues specific to each country, particularly the higher level of capacity of Latin American organizations supported in those programs.

Nonetheless, the Mission does agree with the OIG conclusion that program activities would benefit from an exercise to further streamline activities in light of overall program goals. The Mission will accordingly assess program activities with the International Youth Foundation (IYF) during the reporting period ending on June 30, 2013, to determine where opportunities to have a greater impact on long-term employment in at-risk youth may exist. Accordingly, the Mission plans to complete the following actions:

1. Conduct a review of the project's components and activities. Reduce targeted employment sectors and focus on market driven employment sectors;
2. Reduce the number of indicators in the project M&E plan accordingly; and,
3. Reflect changes in the work plan.

Recommendation 2: *We recommend that USAID/Jordan (1) direct International Youth Foundation in writing to review and correct the reporting data for all 31 indicators and (2) perform and document a data quality assessment for the indicator tracking the number of people who benefited from the program that was reported in the mission's annual performance plan and report.*

The Mission agrees with the recommendation. To address part (1) of the recommendation, the Mission is formalizing procedures with the Y4F project to ensure this recommendation will be addressed. The procedures (and responsible party) include the following:
1. Compiling documents and files from the Coordinating NGO's (CNGOs) and IYF based on the initial verification of indicators that took place in December 2012 (IYF)
2. Hiring an external party to undertake the following: (IYF)
    A. Conduct a desk review for each indicator and its supporting data
    B. Review the data collection process for each indicator
    C. Compare data in files with the data entered in the online systems, screen for discrepancies
    D. Provide recommendations
3. Revising the DQA's (USAID with IYF)
4. Finalizing a plan to correct previously reported data and count future data (IYF)
5. Reflecting those changes in documents delivered to USAID including the Monitoring and Evaluation plan and the Work plan (IYF)
6. Obtaining final approval from USAID

To address part (2), the Mission will perform a data quality assessment for the indicator tracking

the number of people who benefited from the program. Both parts will be completed during the reporting period ending on June 30, 2013.

Recommendation 3: *We recommend that USAID/Jordan implement procedures for the agreement officer's representative to validate reported program results periodically.*

The Mission agrees with the recommendation. The Mission will follow the Data Quality Assessment procedures outlined in the Mission Order 203- Performance Management and Evaluation, Annex 2: Data Quality Checklist, and complete this activity by June 30, 2013.   On a periodic basis until the end of the project, the AOR will verify reported results against a sample of indicators at the component review meetings that take place every 3 months. The AOR will also conduct a verification of a sample of indicators during field visits. Any issues identified during the verification process will be addressed and documented.

Recommendation 4: *We recommend that USAID/Jordan implement procedures to confirm that (1) International Youth Foundation entered its past trainings into USAID's Training Results and Information Network, (2) training data is entered into the database quarterly, and (3) the agreement officer's representative is monitoring the entry of data into the database.*

The Mission agrees with the recommendation. By June 30, 2013, USAID/Jordan shall establish a procedure with IYF to take the following steps:

1. Ensure that a member from the home office obtains registration approval from TrainNet and will be responsible for inputting past trainings from the inception of the project.
2. Input trainings on TrainNet on a quarterly basis.
3. Provide a list of trainings in the quarterly reports submitted to USAID. This will allow the AOR to verify which trainings should have been entered into TrainNet.
4. The AOR will review quarterly IYF's log of trainings on TrainNet to ensure compliance.

Recommendation 5: *We recommend that USAID/Jordan verify that the International Youth Foundation modifies all service contracts to include human trafficking and terrorism financing provisions.*

The Mission agrees with the recommendation. USAID/Jordan has confirmed with IYF that its service contracts have been modified to include human trafficking and terrorism financing provisions. The International Youth Foundation adopted the following steps:
1. IYF adapted its subcontract template to include the trafficking and terrorism provisions.
2. IYF implemented a procedure whereby all service providers will be contracted through this new template.
3. IYF identified all service provider contracts that were open on February 1, 2013 and reissued these on the new template.

USAID/Jordan reviewed the service provider contracts during an office visit on March 20th and verified that all contracts contain the human trafficking and terrorism financing provisions. A sample of the service contracts is attached. The Mission requests that this recommendation be closed upon issuance of the RIG's audit report