OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/LIBERIA'S ENERGY PROGRAM ACTIVITIES

AUDIT REPORT NO. 7-669-11-007-P
June 6, 2011

DAKAR, SENEGAL

Office of Inspector General

June 6, 2011

MEMORANDUM

TO: USAID/Liberia Mission Director, Patricia Rader

FROM: Acting Regional Inspector General/Dakar, Van Nguyen /s/

SUBJECT: Audit of USAID/Liberia's Energy Program Activities
(Report Number 7-669-11-007-P)

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

The report includes seven recommendations. Management decisions have been reached on all seven recommendations. Please provide the Audit Performance and Compliance Division in the USAID Office of the Chief Financial Officer with the necessary documentation to achieve final action.

I appreciate the cooperation and courtesy you extended to my staff during the audit.

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Abbreviations

The following abbreviations appear in this report:

ADS	Automated Directives System
COTR	contracting officer's technical representative
EPP	Emergency Power Program
FY	fiscal year
IEE	Initial Environmental Evaluation
IRG	International Resources Group
LEAP	Liberia Energy Assistance Program
LEC	Liberia Electricity Corporation
MOU	memorandum of understanding

SUMMARY OF RESULTS

From 1989 until 2003, Liberia suffered through a civil war that destroyed most of its infrastructure and devastated its economy. During the civil war, Liberia's electrical power infrastructure was destroyed; diesel-fueled personal generators powered all lights in the capital of Monrovia until only a few years ago. According to USAID/Liberia officials, the absence of electricity throughout the country, particularly in Monrovia, is a major impediment to the restoration of economic activity, employment opportunities, and a functioning government. USAID is collaborating with the Liberian Government, the Government of Norway, the European Commission, the World Bank, and other international donors to assist with supplying electricity to selected areas in response to the Liberian Government's priorities for national recovery.

To this end, USAID entered into two task order contracts with International Resources Group (IRG): the Emergency Power Program (EPP) and the Liberia Energy Assistance Program (LEAP). EPP was designed to recommercialize the Liberia Electricity Corporation (LEC) by delivering systems support and human capacity in key business functions; it ran from July 2006 through November 2009, with total funding of $8.1 million. LEAP was designed to increase access to affordable energy supplies to foster economic, social, and political development; it ran from October 2006 through February 2009, with total funding of $10.9 million. During fiscal years (FYs) 2009 and 2010, the mission obligated $3.7 million and expended $5.5 million for energy development activities under these two programs, which included obligations from prior fiscal years.

This audit was conducted to determine whether USAID/Liberia's energy activities through IRG increased access to modern energy services for targeted beneficiaries. The audit determined that, although the mission achieved its goal of increasing access to modern energy services for beneficiaries, it could not always support reported results. For example, the audit was unable to verify that 958 total streetlights were installed or that 246,000 total beneficiaries obtained increased access to electricity during FY 2009, as reported by the mission.

The lack of documentation occurred for several reasons. From 2006 through 2009, the mission operated in reactive mode, trying to help as many Liberians as quickly as possible and responding to quickly changing and urgent needs (such as the lack of electricity generation in the capital) rather than establishing long-term plans and targets. The mission also experienced considerable staff turnover and shortages. For example, both energy programs, with the longer lasting only 40 months, had four different contracting officer's technical representatives (COTRs) during the life of the programs. In addition, the mission's activities were high risk, given the post-conflict working environment, and especially because of the increased size of the mission budget each fiscal year, mission staff faced more demands and had less time to perform routine functions. Therefore, monitoring and evaluation activities did not always meet requirements and required documentation of programs was lacking.

Despite the problems noted above, both programs improved electrical service in Liberia. For example, by installing and managing generators and distribution equipment, EPP contributed significantly to bringing the national electrical grid in Monrovia back online providing public electricity generation to the country for the first time since the civil war. Additionally, EPP worked extensively with the LEC to recommercialize the organization by providing technical support and funding for the necessary rehabilitation of the LEC office building and supplying furniture and office equipment. LEAP implemented several viable pilot projects as potential solutions to the energy shortcomings in Liberia, including the use of solar energy and prepaid metering to reduce electricity theft. In addition, LEAP contributed significantly to the adoption of the Liberian National Energy Policy and other pieces of legislation, as well as to the electrical transmission and distribution equipment used in conjunction with EPP to further electrification of Monrovia.

To address the weaknesses noted above and in detail later, the report recommends that USAID/Liberia:

1. Require COTRs to conduct site visits and perform data verification during visits (page 4).

2. Create an annual site visit plan (page 4).

3. Determine the condition of 100 solar lantern kits that have been in storage (page 4).

4. Inform staff of environmental requirements (page 6).

5. Ensure that all documents for the new energy program incorporate language on environmental compliance (page 6).

6. Develop an action plan to ensure no environmentally sensitive activities begin while environmental approval of the new program is pending (page 6).

7. Ensure that all staff members are aware of USAID branding requirements (page 6).

Detailed findings appear in the following section. Our evaluation of management comments is included on page 7. Appendix I contains the audit's scope and methodology. Appendix II contains USAID/Liberia's written comments on the draft report.

AUDIT FINDINGS

Reported Results Were Not Verifiable

To measure performance effectively and make informed management decisions, missions must ensure that quality data are collected and made available. USAID provides its assistance objective teams with extensive guidance to help them manage for improved results. Among this guidance is Automated Directives System (ADS) 203.3.5.2, which states that the USAID mission/office and assistance objectives teams should be aware of the strengths and weaknesses of their data and the extent to which the data's integrity can be trusted to influence management decisions. According to ADS 203.3.5.1, "Data Quality Standards," performance data should meet data quality standards for validity, integrity, precision, reliability, and timeliness, and missions should take steps to ensure that the data clearly and adequately represent the intended result.

The audit found that the required documentation was not available to support the reported results. In an effort to verify the results, the auditors were forced to rely on documentation from outside parties. For instance, the auditors used a memorandum of understanding (MOU) that was signed between the mission and the Government of Liberia in February 2009 to obtain a list of solar energy assets installed. Additionally, the auditors obtained a listing from LEC of all assets in its possession, including USAID-funded assets.

Although the MOU was useful in showing where to find the solar energy assets, the auditors found errors in this list. The MOU listed a solar-powered water pump installed at one site; however, IRG never installed it. At another site, the beneficiary was incorrectly identified; the actual beneficiary was not listed in the MOU, and the listed beneficiary never received the solar energy system. At a third location, two solar streetlights were reported as installed; however, the auditors noted that four had actually been installed.

The asset listing received from LEC was not usable for the auditors' purposes of verifying the installation of USAID-funded streetlights. The asset listing stated only a lump sum of electrical assets received from IRG. However, the auditors were able to meet with a contractor working for LEC who had experience with the USAID-funded project, and he provided the auditors with a map showing where the USAID-funded streetlights were installed. However, there was confusion regarding the specific assets that were directly attributable to USAID activities.

The audit found inaccuracies in reported targets and results. For instance, the mission's FY 2009 Performance Plan and Report stated that 1,300 was the cumulative target of streetlights installed and operating for that year. The mission explained that the annual target should have been only 905 to reach the 1,300 cumulative total, as 395 streetlights were reported in FY 2008. For the result, the mission reported 958, thus appearing to surpass the FY 2009 target. However, the supporting documentation from the mission and implementing partner states that only 1,230 streetlights were installed by the end of 2009, which included the 395 reported in FY 2008. Therefore, the mission should have reported only 835 streetlights in FY 2009, a number that was short of both the original and revised targets. The mission overstated results by 15 percent for that period.

A similar issue occurred when the mission reported the results for the indicator measuring *number of people with increased access to modern energy services because of U.S. Government assistance*. The FY 2009 Performance Plan and Report shows a cumulative target of 476,000 beneficiaries. The mission explained that this should have been an annual target of 246,000, as the FY 2008 report listed 230,000 beneficiaries. The mission reported reaching 310,000 beneficiaries during the fiscal year, surpassing the target. However, the audit found supporting documentation for only 100,000 beneficiaries added in FY 2009. Although the cumulative target was reportedly met for this project, the mission overstated results by 210 percent for FY 2009 and should have reported only 100,000 beneficiaries.

Additionally, the mission publicized the Urban Solar Lantern project as a success story. At the end of LEAP, 425 solar light kits and 30 tool kits were transferred to the Center for Sustainable Energy Technology, the subcontractor responsible for this program. However, the audit found that more than 100 of these light kits and several tool kits were left to corrode and become possibly useless. The total cost for all the kits was approximately $2,000.

The lack of documentation of monitoring and verification activities conducted by the mission was a result of the reactive mode in which the mission was managing the program, which was aggravated by staff turnover and shortages. Although the mission and its partners had established a steering committee that monitored program activities, priority was not given to documenting monitoring and data verification activities. For example, the mission's program office and COTR files did not contain sufficient documentation supporting the reported results, including site visit reports or other monitoring reports. Site visits were not always conducted to ensure that program and mission activities were proceeding as planned. In addition, data quality limitations were not addressed in the performance management plan or in the performance plan and report. Internal controls for results reporting were not adequate to ensure that reported results were (1) valid, (2) attributable to the mission's program, (3) accurate and supported, and (4) accurately summarized before being reported to the mission.

Reporting inaccurate results can undermine USAID's credibility and impair its ability to secure the resources it needs to accomplish its mission. Without accurate reported results, USAID/Liberia did not have reasonable assurance that data quality met validity, reliability, and timeliness standards established in ADS 203.3.5.1, which could impede performance-based decision making. The likelihood of data quality deficiencies could have been minimized if data quality assessments had been completed, the mission had retained source documentation, site visits had been conducted regularly and documented, and monitoring and evaluation of the program by USAID/Liberia and its partners had been improved. To address these deficiencies, this audit makes the following recommendations:

> ***Recommendation 1.*** *We recommend that USAID/Liberia develop and implement a policy requiring all contracting and agreement officer's technical representatives to conduct and document site visits and, when feasible, verify reported indicator data during these site visits.*
>
> ***Recommendation 2.*** *We recommend that USAID/Liberia develop and implement an annual site visit plan.*
>
> ***Recommendation 3.*** *We recommend that USAID/Liberia, in conjunction with its implementing partner, determine which of the 100 solar light kits can be provided to intended beneficiaries and which should be disposed of properly.*

Mission Approved Energy Awards Without Conducting Required Environmental Assessments

USAID activities may have an adverse impact on the environment. The Foreign Assistance Act of 1961, as amended, Section 117, requires that the impact of USAID's activities on the environment be considered and that USAID take into account environmental sustainability in designing and carrying out its development programs. This requirement is codified in 22 CFR 216 and in ADS.

Title 22 of the Code of Federal Regulations, Part 216, establishes several requirements, including (1) assigning responsibilities within USAID for assessing the environmental impacts of its actions, (2) requiring that environmental safeguards be incorporated into program planning and design, and (3) directing that programs, to the extent feasible and relevant, be continually monitored and modified when necessary to mitigate environmental impact.

ADS requires that the activity manager ensure that the requirements in 22 CFR 216 for an environmental impact assessment have been met, approved in writing by the relevant bureau environmental officer, and incorporated into the implementation instruments. Specifically, ADS 201.3.11.2 states that federal law mandates that an Initial Environmental Examination (IEE), Request for Categorical Exclusion, environmental assessment, or other appropriate action under the USAID environmental procedures promulgated in 22 CFR 216 must be completed and approved in writing by the relevant bureau environmental officer before funds are obligated.

In addition, ADS 204.3.4 requires that missions develop effective environmental review procedures consistent with their strategic and operational plans to ensure that environmental reviews are completed, including completing an IEE for each program or activity at the earliest point in the planning and design process.

The audit found that USAID/Liberia did not complete an approved IEE for either EPP or LEAP. Even though the contract required and funded an approved IEE, the IEE remained in draft and was never approved by appropriate officials. According to mission staff, the IEE remained in draft because approving authorities at the Regional Bureau in Accra considered it too late in the life cycle of the program to use resources to formally approve it. However, the COTR did retain the draft IEE in his files. Likewise, the implementing partner has drafted an IEE dated December 3, 2010, for the Liberia Energy Sector Support Program—the follow-on program to LEAP and EPP, which began on October 4, 2010—but as of the end of audit fieldwork, that IEE, too, remained unapproved.

USAID/Liberia did not have specific internal policies and procedures regarding environmental compliance, and the mission's activity managers and implementing partners may not have been fully aware of their responsibilities regarding environmental compliance. The agreements for LEAP and EPP contained broad language requiring compliance with 22 CFR 216. However, neither the agreements for LEAP and EPP nor the proposals received from the contractor included specific required language about environmental compliance, as recommended in ADS Environmental Compliance: Language for Use in Solicitations and Awards—An Additional Help for ADS Chapter 204.

Because the mission did not fully comply with USAID environmental regulations, its activities may be less effective and may not achieve their intended results. In addition, inadequate processes might result in new activities with high environmental impact being conducted without adequate safeguards, which could reflect negatively on USAID and the U.S. Government. To strengthen USAID/Liberia's environmental compliance, this audit makes the following recommendations.

> ***Recommendation 4.*** *We recommend that USAID/Liberia establish policies to ensure compliance with environmental requirements for its entire portfolio and that these requirements be communicated to its staff and implementing partners.*

> ***Recommendation 5.*** *We recommend that USAID/Liberia determine that all activity documents under the Liberia Energy Sector Support Program incorporate appropriate language regarding environmental compliance and be approved by the appropriate officials prior to project implementation.*

> ***Recommendation 6.*** *We recommend that USAID/Liberia develop an action plan that contains a timetable to ensure that no environmentally sensitive activities are begun under the Liberia Energy Sector Support Program until the Initial Environmental Examination is approved.*

Energy Program Locations Did Not Have Adequate Branding

Ensuring that the American people are appropriately recognized for their generosity in funding U.S. foreign assistance has been a long-standing U.S. Government objective. USAID's branding guidance is established in ADS 320.3.2.4.a, which states that "commodities or equipment provided under humanitarian assistance, disaster relief or development programs, and all other program commodities and equipment funded by USAID contracts, and their export packaging, must prominently display the USAID Identity." Additionally, ADS 320.3.2.4.b states that "program, project, or activity sites financed by USAID contracts, including visible infrastructure projects (roads, bridges, buildings, etc.) or others that are physical in nature (agriculture, forestry, water management, etc.), must prominently display the USAID Identity. Temporary signs must be erected early in the construction or implementation phase. When construction or implementation is complete, the contractor must install a permanent, durable and visible sign, plaque, or other marking."

The audit found that USAID branding was nonexistent for most of the energy program locations visited. Only 1 of the 17 sites visited was properly branded with the USAID logo. Furthermore, only 35 percent of the beneficiaries (6 of the 17 interviewed) knew that USAID funded their solar energy systems or that the American people paid for these assets. This lack of awareness occurred because USAID/Liberia did not properly monitor or enforce branding requirements.

Recognition for USAID-funded projects is increasingly important in a country such as Liberia, where there are numerous new projects and myriad international organizations providing assistance. Without adequate branding, the American people who funded the solar energy program are not recognized, and opportunities to create positive impressions of the United States are lost, hindering public diplomacy efforts in Liberia and minimizing USAID's importance among international donors. Therefore, this audit makes the following recommendation.

> ***Recommendation 7****.* *We recommend that USAID/Liberia establish and implement procedures to ensure that mission staff are aware of their responsibilities regarding USAID's branding requirements.*

EVALUATION OF MANAGEMENT COMMENTS

USAID/Liberia agreed with all seven recommendations in the draft report. Management decisions have been reached on all seven recommendations. Our evaluation of management comments is shown below.

Recommendation 1. USAID/Liberia agrees with the recommendation and will prepare a draft mission order on site visits, including procedures for each technical office to develop and implement a site visit plan in coordination with the Program Office. The Mission Order is expected to be finalized by August 30, 2011. Accordingly, a management decision has been reached on this recommendation.

Recommendation 2. USAID/Liberia agrees with the recommendation and will finalize the mission order and the initial annual site visit plan by October 15, 2011. Accordingly, a management decision has been reached on this recommendation.

Recommendation 3. USAID/Liberia agrees with the recommendation, and the COTR for the current energy sector project (Liberia Energy Sector Support Project) will coordinate with the implementing partner to determine which of the remaining solar light kits can be provided to intended beneficiaries and which should be disposed of properly. This action will be completed by August 2011. Accordingly, a management decision has been reached on this recommendation.

Recommendation 4. USAID/Liberia agrees with the recommendation and will (1) issue a revised Mission Order on New Activity Design and Amendment of Existing Activities and (2) conduct environmental compliance training for all mission and implementing partner staff. The target date for completion of these actions is September 15, 2011. Accordingly, a management decision has been reached on this recommendation.

Recommendations 5 and 6. The COTR received the Initial Environmental Evaluation (which contains explicit steps and a timetable to ensure that no environmentally sensitive activities are begun until full USAID environmental approval is received) from the bureau environmental officer and is processing mission clearances and approvals to obtain a fully executed Initial Environmental Evaluation by no later than July 1, 2011. Accordingly, a management decision has been reached on these recommendations.

Recommendation 7. USAID/Liberia agrees with this recommendation and will include the requirements for branding and marking in the revised mission order. Also, the mission intends to conduct a branding and marking refresher course. The target date for completion of these actions is September 30, 2011. Accordingly, a management decision has been reached on this recommendation.

SCOPE AND METHODOLOGY

Scope

The Office of the Regional Inspector General/Dakar (RIG/Dakar) conducted this audit in accordance with generally accepted government auditing standards.[1] 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/Liberia's energy activities increased access to modern energy services for targeted beneficiaries. The audit focused on energy activities occurring in FYs 2009 and 2010. The energy programs audited are shown in the following table.

USAID/Liberia's Energy Assistance Partner and Programs Reviewed

Implementing Partner	Program	Agreement/Task Order	
		Amount ($ millions)	**Dates**
International Resources Group	The Emergency Power Program (EPP) was designed to recommercialize the Liberia Electricity Corporation (LEC) through delivery of systems support and human capacity in the key business functions	8.1	7/2006–11/2009
International Resources Group	The Liberia Energy Assistance Program (LEAP) was designed to increase access to affordable energy supplies to foster economic, social, and political development	10.9	10/2006–02/2009

In planning and performing the audit, the audit team assessed relevant controls that the mission used to manage the program and ensure that its implementing partners were providing adequate oversight of program activities. The assessment included controls related to whether USAID/Liberia had (1) reviewed progress and financial reports submitted by the implementing partners, (2) conducted and documented periodic meetings with the implementing partners, (3) performed documented visits to the activity sites, and (4) developed and implemented policies and procedures to safeguard the assets and resources of the activities. Additionally, the auditors examined the mission's FY 2010 annual self-assessment of management controls, which the mission is required to perform to comply with the Federal Managers' Financial Integrity Act of 1982,[2] to determine whether the assessment cited any relevant weaknesses.

Audit fieldwork was performed at USAID/Liberia, as well as at the implementers' offices in Monrovia. The audit team made field trips to 17 beneficiaries (individuals or institutions) from February 21 to 25, 2011, in and around the cities of Totota, Gbarnga, Cotton Tree, Dolo Town, Sanniquellie, and Monrovia. Additionally, the team made a site visit at night in Monrovia to check on streetlights.

[1] *Government Auditing Standards*, July 2007 Revision (GAO-07-731G).
[2] Public Law 97-255, as codified in 31 U.S.C. 3512.

Methodology

To answer the audit objective, we reviewed the energy programs' indicators reported by USAID/Liberia in FYs 2009 and 2010, as well as activities of the implementing partner. We met with the energy assistance team in Liberia to gain an understanding of the program activities and reviewed available agreements, progress reports, and implementing partner work plans. We reviewed applicable laws and regulations and USAID policies and procedures pertaining to USAID/Liberia's energy assistance program, including ADS guidance, the USAID/Liberia operational plans for FYs 2009 and 2010, and the Liberia strategic plan. During site visits, we interviewed implementing partner staff, service providers, beneficiaries, and officials from Liberia's electricity company. We also verified reported results related to the number of streetlights installed and operating, and confirmed whether activities were monitored and evaluated as required.

In general, the audit involved (1) validating the reported results under selected key performance indicators and (2) conducting site visits to selected activities. In validating the program's reported results, the audit team focused on the data reported on the following performance indicators:

- Number of people with increased access to modern energy services as a result of U.S. Government assistance
- Total public and private dollars leveraged by the U.S. Government for energy infrastructure projects
- Number of streetlights installed and operating

The scope of our testing was limited to validating the data reported on the indicators based on either mission documents or external sources. Because this testing was based on a judgmental, not statistical, sample of indicators and sites, the results and overall conclusions related to this analysis were limited to the items tested and could not be projected to the entire audit universe. However, we believe that our work provides a reasonable basis for our conclusions.

MANAGEMENT COMMENTS

AUDIT OF USAID/LIBERIA'S ENERGY PROGRAM ACTIVITIES
Audit Report No. 7-669-11-00X-P, APRIL XX, 2011
Dakar, Senegal, Office of Inspector General, April 18, 2011

Management Comments

The USAID/Liberia Mission welcomes the thorough and thoughtful Findings and Recommendations contained in this Report, based on the audit team examining whether two of the Mission's historical energy activities did succeed to increase access to modern energy services for targeted beneficiaries. The audit focused on the performance of the work of two activities - the Emergency Power Program and the Liberia Energy Assistance Program - in fiscal years 2009 and 2010. The Mission appreciates that the team took note that the issues identified were significantly influenced by the historical combination of severe staff constraints and challenging post-conflict stabilization environment. The Mission notes that it has already put in place many changes in policy and procedures to address the issues identified. Our Management Comments for each to the three Findings and their associated Recommendations follow.

1. Reported Results Were Not Verifiable

The Mission agrees that in some cases required documentation was not readily available to the audit team to support the reported results and that there were Mission files that were not present. Further, the Mission recognizes that in some cases there were inaccuracies between reported targets and supported results. The Mission concurs that there was a lack of documentation of monitoring and verification activities conducted by the Mission, which as is noted was in large part a result of the shortages of staff. The Mission appreciates that the audit team noted that the combination of the large size of the Liberia budget, very small staff, and high turnover associated with working in a high-pressure stabilization and conflict mitigation mode contributed to all of these problems.

Recommendation 1 We recommend that USAID/Liberia develop and implement a policy requiring all contracting and agreement officer's technical representatives to conduct and document site visits and, when feasible, verify reported indicator data during these site visits.

The Mission agrees with this recommendation and has already initiated actions to address it. The Program Office has canvassed several other Missions with regard to policy, including Mission Orders. Based on the information gathered USAID/Liberia will:

- Prepare a draft Mission Order on Site Visits, for full internal Mission review by July 15, 2011.
- Finalize a Mission Order on Site Visits, including procedures for each technical office to develop and implement a site visit plan in coordination with the Program Office by August 30, 2011.

Recommendation 2 We recommend that USAID/Liberia develop and implement an annual site visit plan.

The Mission agrees with this recommendation and the finalized Mission Order on Site Visits will include processes and procedures for each technical office to develop and implement a site visit plan in coordination with the Program Office and the initial annual plan will be completed by October 15, 2011.

Recommendation 3 We recommend that USAID/Liberia, in conjunction with its implementing partner, determine which of the 100 solar light kits can be provided to intended beneficiaries and which should be disposed of properly.

The Mission agrees with this recommendation and the COTR for current energy sector project (Liberia Energy Sector Support Project) will coordinate with that implementing partner (Winrock) to determine which of the remaining solar light kits at CEST can be provided to intended beneficiaries and which should be disposed of properly. This action will be completed by August 2011.

2. Mission Approved Energy Awards Without Conducting Required Environmental Assessments

The Mission recognizes that requirements of ADS 201.3.11.2, in particular with regard to ensuring approved IEEs per 22 CFR 216, and effective implementation of ADS 204.3.4 in terms of ensuring that environmental reviews were completed for each of the reviewed activities at the earliest point in the planning and design process were not met. As the team noted, IEEs which were prepared remained in draft because approving authorities at the Regional Bureau in Accra considered it too late in the life cycle of the program to use resources to formally approve it, while the COTR retained the draft IEE in project files. The Mission notes that in extending their review beyond EPP and LEAP, the team did find that the draft IEE of December 3, 2010 for the follow-on program to LEAP and EPP – the Liberia Energy Sector Support Program (LESSP) which began on October 4, 2010 - had not received final approval by the end of their field work.

Recommendation 4 We recommend that USAID/Liberia establish policies to ensure compliance with environmental requirements for its entire portfolio and that these requirements be communicated to its staff and implementing partners.
The Mission agrees with this recommendation and has already initiated actions to address it. The Mission is currently revising its Mission Order on New Activity Design and Amendment of Existing Activities to ensure streamlined and effective fulfillment of all pre-obligation requirements before actions enter the GLAAS work stream. The revised MO explicitly details the steps required to meet all ADS requirements, and in specific those related to 22 CFR 216.

USAID/Liberia will:

- Prepare a draft Mission Order on New Activity Design and Amendment of Existing Activities, for full internal Mission review by August 1, 2011.
- Finalize a Mission Order on New Activity Design and Amendment of Existing Activities, including procedures for ensuring environmental compliance with pre-obligation requirements by September 15, 2011.
- Conduct environmental compliance training for all Mission and Implementing Partner staff, currently tentatively scheduled for the week of June 6 – 10, 2011.
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Recommendation 5 We recommend that USAID/Liberia determine that all activity documents under the Liberia Energy Sector Support Program incorporate appropriate language regarding environmental compliance and be approved by the appropriate officials prior to project implementation.

Recommendation 6 We recommend that USAID/Liberia develop an action plan that contains a timetable to ensure that no environmentally sensitive activities are begun under the Liberia Energy Sector Support Program until the Initial Environmental Examination is approved.

Although the LESSP activity strictly lies outside the scope of the audit team terms of reference, the Mission welcomes these recommendations and notes that ***it is already addressing them*** to ensure full environmental compliance of this activity. In particular:

- LESSP COTR received the final BEO-reviewed IEE (based on draft of December 3, 2010) and is processing Mission clearances and approvals to obtain a fully-executed IEE by no later than June 1, 2011; and
- The final BEO-reviewed IEE contains explicit steps and a timetable to ensure that no environmentally sensitive activities are begun under the LESSP until full USAID environmental approval is received.

Energy Program Locations Did Not Have Adequate Branding

The Mission fully embraces the requirements of ADS 320.3.2.4 with regard to branding and marking and accepts that Mission staff did not fully monitor or enforce branding requirements in regard to the sites visited the team. The Mission agrees with the finding that proper and full recognition for USAID-funded projects is always important in every country and Liberia is no different. The Mission notes that as with other findings related to these historical energy sector activities, the combined effects of large program size, limited staffing, high staff turnover, and the high-pressure stabilization and conflict mitigation environment all contributed to any observed weaknesses in monitoring and enforcing branding requirements in EPP and LEAP

Recommendation 7 We recommend that USAID/Liberia establish and implement procedures to ensure that mission staff are aware of their responsibilities regarding USAID's branding requirements.

The Mission agrees with this recommendation and has already taken actions to address it:

- All Scopes of Work and Program Descriptions contain the requirements for Branding and Marking Plans before award, which will be reiterated in the revised Mission Order on New Activity Design and Amendment of Existing Activities (see Recommendation 4, above).
- The Mission Development Outreach Coordinator has prepared proposal to conduct a Branding and Marking refresher course for all COTRs/AOTRs, which is tentatively scheduled for September 2011.

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