



OFFICE OF INSPECTOR GENERAL

AUDIT OF THE U.S. AFRICAN DEVELOPMENT FOUNDATION'S ACTIVITIES IN CAPE VERDE

AUDIT REPORT NO. 7-ADF-12-008-P
August 28, 2012

DAKAR, SENEGAL



*Office of Inspector General
For the U.S. African Development Foundation*

August 28, 2012

Lloyd O. Pierson
President of the Board of Directors
U.S. African Development Foundation
1400 I Street NW, Suite 1000
Washington, DC 20005-2248

Dear Mr. Pierson,

This letter transmits our final report on the Audit of the U.S. African Development Foundation's Activities in Cape Verde. We have considered your comments on the draft report carefully and have included them in their entirety in Appendix II.

The report contains seven audit recommendations for corrective action. With the information you provided in your response to the draft report, we determined that management decisions have been reached on Recommendations 1 through 6. USADF's audit committee will make the determination of final action for the report recommendations. Also, based on actions taken after you sent your response to the draft report but before this report was issued, final action has been reached on Recommendation 7. Please notify us upon completion of the proposed corrective actions.

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

Sincerely,

/s/
Gerard Custer
Regional Inspector General/Dakar

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SUMMARY OF RESULTS

Congress established the U.S. African Development Foundation (USADF) in 1980 to “enable the people of African countries to develop their potential, fulfill their aspirations, and enjoy better, more productive lives.” USADF aims to accomplish these goals mainly by awarding grants worth up to \$250,000 to African community groups and small businesses that support underserved and marginalized people. When the Regional Inspector General/Dakar (RIG) conducted this audit, USADF was working in 22 African countries with total annual federal appropriations of \$30 million.

USADF has worked in Cape Verde since 1986. In 2008, USADF awarded a 3-year cooperative agreement to a Cape Verdean nongovernmental organization, Estrategos Consultores Associados (Estrategos), to build its capacity to support USADF grantees in Cape Verde. USADF provided \$808,550 to Estrategos under this agreement.

When RIG conducted this audit, Estrategos was continuing its work with USADF under a 1-year, \$243,627 agreement set to expire on December 31, 2012. From the 29 USADF grants (totaling slightly more than \$5 million) that were active in Cape Verde during fiscal years 2010 and 2011, the audit team selected 10 (totaling \$2 million, or 40 percent of the portfolio in funding terms) as a sample for the performance audit. The team also assessed Estrategos’s performance.

USADF’s goal in Cape Verde is “to expand local capacity to promote and support grassroots participatory development.” The objective of the audit was to determine whether the program achieved the intended results related to that goal.

The audit team found that USADF’s activities were expanding local capacity to promote and support grassroots participatory development. Estrategos and nine of the ten grantees had accomplished or were on track to accomplish their project goals, which were general objectives like improving beneficiaries’ quality of life. (The tenth grantee’s project had not been active long enough for the auditors to make a judgment.) To date, the program has led to new jobs, increased incomes, improved living standards, and less reliance on imported goods for USADF beneficiaries. Perhaps even more notable was that the grantees demonstrated increased managerial and technical capacity to conduct development activities—an improvement that should help sustain the program’s impact.

However, the extent of this success did not meet USADF’s and Estrategos’s expectations. More specifically, in addition to the project goal, the grant agreements also listed a project purpose, expected project outputs, and the activities that the grantee should accomplish. Each of these items represented at least one target that USADF expected the grantees to reach, totaling 262 targets for the lives of the agreements in the sample. The audit team found that of the 200 targets that should have been reached by the time of the audit, only 88 (44 percent) were met.

The audit team identified two causes for the limited extent of the program’s success. First, some events took place that were outside of USADF’s, Estrategos’s, or the grantees’ control. Second, many of the targets in the grant agreements were unrealistic and unachievable. The audit report discusses these problems on page 3.

The audit team also identified three other areas for improvement, including:

- Problems with USADF's and Estrategos's monitoring tools resulted in incomplete and possibly inaccurate assessments of program performance (page 4).
- USADF did not fully track Estrategos's progress toward meeting its agreement indicators (page 6).
- Estrategos and grantees paid taxes on some purchases that were exempt from local taxes (page 8).

To address these problems, the audit report includes recommendations that USADF:

1. Establish and implement a plan to enhance its efforts to confirm the viability of targets for grantee indicators (page 4).
2. Review templates for site visit reports, grantee quarterly reports, and biannual assessments and make revisions regarding the inclusion of all grantee indicators (page 5).
3. Establish and implement a plan to confirm that partners and grantees clearly understand target dates to provide for accurate tracking and reporting of grantee indicators (page 5).
4. Update its manual and partner assessment template to require monitoring of partners' performance against indicators in their cooperative agreements or remove the indicators from the agreements (page 7).
5. Include target dates in partner work plans for indicators in partner cooperative agreements (page 7).
6. Make a final determination on the allowability of the ineligible questioned costs of approximately \$36,015 for taxes paid with U.S. African Development Foundation funds and recover any amount determined to be unallowable (page 8).
7. Require Estrategos to send a written reminder to all grantees that they not pay taxes on purchases they make with U.S. African Development Foundation grant funds (page 8).

Detailed findings appear in the following section, and Appendix I contains information on the scope and methodology. Appendix II contains management comments in their entirety, and our evaluation of management comments is included after each recommendation in the report.

AUDIT FINDINGS

Grantees Did Not Reach All Expected Targets

The agreements with the ten grantees in the audit team's sample included a total of 262 expected results on indicators listed in the grantees' agreements. USADF measured a grantee's progress in meeting the targets on the indicators to assess its performance. Grantees set the targets with technical assistance from Estrategos or the prior USADF partner organization in Cape Verde.

The indicators varied depending on the type of activity the grant funded. For example, indicators for a small enterprise grantee measured items such as increase in gross sales, number of new employees, or total salaries paid. Indicators for a project to provide running water to a community for the first time measured the cubic meters of water storage capacity and the number of temporary construction jobs. In addition, because all grants included an aspect of capacity development for grantees, indicators measured whether the grantees completed financial training, prepared financial statements, and created marketing or business plans.

The audit team found that the grantees had met 88 of the 200 targets (44 percent) that they should have met by the time of the audit.¹ While the percentage of targets each grantee met varied, the audit team found that six of the ten grantees met fewer than half.

The audit team identified two main causes for the lower than expected impact of the grants: unanticipated and unmanageable events affecting the context in which the grantees worked, and unrealistic targets.

Unmanageable Events. Unanticipated and unmanageable events that changed the operating environment affected eight grantees in the audit sample. For example, a marble cutting and finishing company did not reach any of its targets for increased sales, profit, or payroll. Discussions with USADF, Estrategos, and the grantee confirmed that a major decline in the Cape Verdean construction market in 2009 (corresponding to a global economic crisis) caused the demand for the grantee's products to plummet. While the grantee did succeed in increasing sales, profit, and payroll during grant implementation, it was not able to do so to the extent anticipated.

In another example, a microfinance institution that received a USADF grant to expand its product line spent almost a year searching for an appropriate consultant to provide guidance and oversight. The search was challenging because of the need to find established, African-owned consulting firms with employees fluent in Portuguese, Cape Verde's official language. Because hiring a consultant was an important first step to accomplishing many of the grantee's targets, the grantee fell behind schedule and did not reach many first- and second-year targets.

¹ Note that this data is based, to an extent, on auditor judgment. Because indicators sometimes appeared in narrative form in grantee agreements, with multiple expected results in a single paragraph, it was not always clear exactly how many indicators a grant contained. Additionally, because not all targets included deadlines, it was not always clear whether a grantee should have met an indicator by the time of the audit. In these cases, the audit team determined how many indicators existed and should have been met by reviewing quarterly and site visit reports, and meetings with each grantee.

Unrealistic Targets. Several grantees said they did not meet targets because they were set too high during the project design phase. Based on reviews of grant agreements and discussions with the grantees, the audit team concluded that this was true. The team noted that 77 percent of the unrealistic targets were in the four agreements designed before Estrategos became the USADF partner in September 2008. As a result, it was difficult to determine what role the previous partner played in moderating grantees' ambitions during the design phase, which was one of the partner's key roles. Nevertheless, even in the case of grants designed with Estrategos, targets for the first year of grant implementation were overly ambitious. The audit team noted that the grantees had not met any of these first-year targets.

The grantees' failure to reach targets for many of their indicators limited their usefulness in measuring a project's progress. As noted in the summary of this report, the grantees were accomplishing their overall project goals to a certain extent. However, it would have been difficult to draw this conclusion using only the grantees' indicator data, which implied the opposite. Since one of the main purposes of the indicators is to help assess a project's progress, it is important that they provide an accurate depiction.

While USADF, Estrategos, and the grantees had little control over some of the events that caused the shortfalls, these entities could have taken steps to make targets more realistic. Therefore, we make the following recommendation.

***Recommendation 1.** We recommend that the U.S. African Development Foundation establish and implement a plan to enhance its efforts to confirm the viability of targets for grantee indicators.*

Evaluation of Management Comments. USADF agreed with the recommendation and reported that it would develop and send out additional guidance for grantee indicators to partners. USADF will also provide refresher training on grantee indicators for program and partner staff members. USADF's target date for completion is October 31, 2012. Accordingly, a management decision has been reached on Recommendation 1.

Problems With Monitoring System Limited USADF's Ability to Assess Grantee Performance

USADF Manual Section 630, Part 3-A states, "Project Quality Assurance requires accurate documentation of project activities and progress towards performance goals."

USADF's monitoring structure in Cape Verde began at the grantee level. Estrategos trained grantees in USADF procedures, including performance monitoring, at the start of each grant. This enabled grantees to provide quarterly reports to Estrategos, which then reviewed the reports and submitted them to USADF's regional program director in Washington.

In addition to reviewing these quarterly reports, the audit team also reviewed two other USADF tools for monitoring grantee performance: site visit reports prepared by Estrategos and biannual assessments of the entire Cape Verde portfolio that Estrategos and USADF prepared jointly.

On the basis of these reviews, the audit team found that USADF's and Estrategos's monitoring system, while generally well designed and attentively implemented, did not provide a complete

representation of the grantees' progress toward meeting the indicators. This occurred for two reasons, outlined below.

Incomplete Monitoring Tools. The audit team noted that the templates for the three reporting tools did not require USADF or Estrategos to report on all grantee indicators. Instead, the reports provided data on only some indicators and sometimes on the status of new activities that Estrategos added. USADF and Estrategos officials explained they only reported on selected indicators because not all applied when the quarterly report, site visit, or biannual assessment occurred.

Unclear Target Dates. The terminology used to define target dates for various grantee indicators made it more difficult to monitor them. For indicators that required grantees to reach a certain target each year, the agreements were not clear as to when exactly the year ended. For example, one grantee's agreement included an indicator measuring the increase in annual revenues with a target for each "project year"—but did not state when each project year ended.

USADF officials said they used these types of dates because they corresponded to the terms in the grant agreement and they accounted for the variations in the grant starting times. Additionally, the fact that some grants were for partial years (for example, 5 years and 2 months) complicated matters, as did the fact that some grantees operated on a calendar year while USADF expected results on a U.S. Government fiscal year basis.

Finally, agreements did not link target dates for output indicators to completion of related activities. For example, a project that anticipated an increase in household water consumption as an output could not expect to achieve that until grantees completed activities like building the water infrastructure. Instead of linking the target date for increased consumption to something like "6 months after completion of the infrastructure," the agreement in this example expected the increased consumption "in year one."

Without a complete representation of where the project stands in terms of its planned activities and accomplishments, it is difficult for USADF to have an accurate assessment of the grant's implementation status. In fact, the audit team found it difficult in some cases and impossible in others to determine where grantees stood in relation to their performance targets without investigating beyond the quarterly and site visit reports, and biannual assessments.

To improve the completeness and accuracy of USADF's perception of grantee performance, we make the following recommendations.

Recommendation 2. We recommend that the U.S. African Development Foundation review templates for site visit reports, grantee quarterly reports, and biannual assessments and make revisions regarding the inclusion of all grantee indicators.

Evaluation of Management Comments. USADF agreed with the recommendation and reported that it would review and update as appropriate its templates for site visit reports, grantee quarterly reports, and biannual assessments to make sure all grantee indicators are addressed. USADF's target date for completion is October 31, 2012. Accordingly, a management decision has been reached on Recommendation 2.

Recommendation 3. We recommend that the U.S. African Development Foundation establish and implement a plan to confirm that partners and grantees clearly understand target dates to provide for accurate tracking and reporting of grantee indicators.

Evaluation of Management Comments. USADF agreed with the recommendation and reported that it would develop and implement a plan to make sure that partners clearly understand target dates for accurate reporting of grantee indicators. Implementation of this plan will confirm that partners and grantees have a clear understanding of target dates. USADF's target date for completion is October 31, 2012. Accordingly, a management decision has been reached on Recommendation 3.

USADF Did Not Fully Track Partner Progress on Indicators

USADF Manual Section 630, Part 3-C, states, "The ADF Country Program Coordinator will independently assess the work of the partner organization to ensure that grantees are receiving timely and effective technical assistance and support services that the partner is expected to provide."² USADF's agreement with Estrategos has a list of 14 indicators and results that Estrategos was to achieve.

The audit team noted that USADF did not track Estrategos's performance on the indicators because USADF's annual partner assessment template did not consider the indicators, the indicators did not have target deadlines, and they were not included in Estrategos's annual work plans.

First, the 14 indicators in Estrategos's agreement went beyond the tasks that were addressed in USADF's annual partner assessment template. This occurred because the USADF manual only required assessments based on support services that the partner provided during the year, while the 14 indicators tracked other objectives. For example, Estrategos was to increase the private sector's awareness of the benefits of philanthropy. The indicator to measure progress toward this result was "financial and other support from the private sector that is influenced by the partner." Although Estrategos officials said they felt that it had made some progress in this area, neither the organization nor USADF was tracking it.

Second, the indicators in the agreement were difficult to track because they lacked target dates and were not included in annual work plans. As evidence that USADF did not have clear expectations for how or when Estrategos would accomplish these results, the audit team noted that the current 1-year agreement between USADF and Estrategos, signed in January 2012, included all but one of the expected results from the previous 3-year agreement. The lack of target dates contributed to the limited attention that the indicators received, including their absence from Estrategos's annual work plans.

The limited attention that USADF and Estrategos paid to the agreement indicators made it impossible to determine whether Estrategos complied with its cooperative agreement and meant that several of the indicators' targets were not met. The most significant unachieved indicator required Estrategos to demonstrate that it had diversified its resource base by

² USADF's reporting structure in Cape Verde normally includes a country program coordinator. This person is a contractor based in the recipient country who oversees the partner's activities and assists the USADF regional program director with outreach, project identification, and new grant development. Since USADF did not receive funding for new projects in Cape Verde in fiscal year 2012, it did not have a country program coordinator at the time of the audit, and the program analysts and regional program director based in Washington, D.C., filled this role.

developing viable fund-raising or revenue-generating strategies. Identifying other sources of revenue is a crucial step for Estrategos to become sustainable, and Estrategos's sustainability is in turn a fundamental factor in accomplishing USADF's goal. The audit team found that Estrategos had not identified enough sources of revenue to continue operating at the same level without USADF. This was notable because, like all USADF partner organizations, Estrategos's funding is only guaranteed to the end of its current agreement (December 31, 2012).

To address this problem in the future, we make the following recommendations.

Recommendation 4. *We recommend that the U.S. African Development Foundation update its manual and partner assessment tool to require monitoring of partners' performance against indicators in their cooperative agreements or remove the indicators from the agreements.*

Evaluation of Management Comments. USADF agreed with the recommendation and reported that it would review and update as appropriate its partner assessment tool and manual to make sure it assessed all indicators in partner cooperative agreements. USADF's target date for completion is October 31, 2012. Accordingly, a management decision has been reached on Recommendation 4.

Recommendation 5. *We recommend that the U.S. African Development Foundation include target dates in partner work plans for indicators in partner cooperative agreements.*

Evaluation of Management Comments. USADF agreed with the recommendation and reported that it would send guidelines to partners. The guidelines will include instructions on including target dates for indicators in the partners' annual work plans. USADF's target date for completion is October 31, 2012. Accordingly, a management decision has been reached on Recommendation 5.

Other Matter

Estrategos and Grantees Paid Taxes on Some Tax-Exempt Purchases

The protocol authorizing USADF to fund development projects in Cape Verde (which USADF and the Government of Cape Verde signed in May 1987) states that recipients of USADF assistance are exempt from duties on equipment they import or purchase in Cape Verde for the execution of USADF projects.

Contrary to this guidance, the audit team found that Estrategos and grantees were routinely paying sales tax on equipment and supplies they purchased in Cape Verde with grant funds, such as construction materials and office supplies. Estrategos officials said that the process of either removing the tax at the time of purchase or submitting a request for reimbursement of taxes paid was complicated, which resulted in the taxes being paid instead of removed. The officials added that in some instances, because of the complicated process, local vendors would not be willing to sell to grantees who demanded the tax discount.

Estrategos determined that it and the grantees had paid an estimated \$36,015 worth of taxes since 2009.³ To be certain that U.S. public funds achieve their maximum impact in Cape Verde, we make the following recommendations.

Recommendation 6. *We recommend that the U.S. African Development Foundation make a final determination on the allowability of the ineligible questioned costs of approximately \$36,015 for taxes paid with U.S. African Development Foundation funds and recover any amount determined to be unallowable.*

Evaluation of Management Comments. USADF agreed with the recommendation and determined that the amount was not allowable. USADF stated that it would ask the Government of Cape Verde to reimburse the funds to USADF. USADF's target date for completion is August 31, 2012. Accordingly, a management decision has been reached on Recommendation 6.

Recommendation 7. *We recommend that the U.S. African Development Foundation require Estrategos to send a written reminder to all grantees that they not pay taxes on purchases they make with U.S. African Development Foundation grant funds.*

Evaluation of Management Comments. USADF agreed with the recommendation but clarified that the reminder would come from USADF, not Estrategos. USADF stated that it would send a formal reminder to all grantees in Cape Verde reinforcing them that they are not to pay value-added taxes or others on purchases made with USADF funds. After USADF sent its comments but before RIG issued this report, USADF provided evidence that it completed the actions above. Accordingly, final action has been reached on Recommendation 7, and the recommendation is closed upon issuance of the report.

³ Because the audit team identified this problem at the end of our fieldwork, we could not work with Estrategos to calculate or verify the accuracy of this estimate.

SCOPE AND METHODOLOGY

Scope

RIG/Dakar conducted this 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 the evidence provides that reasonable basis.

The purpose of the audit was to determine whether USADF's program in Cape Verde achieved its goals related to expanding local capacity to promote and support grassroots participatory development.

During fiscal years 2010 and 2011, USADF worked with 29 grantees in Cape Verde in addition to its Cape Verdean partner organization, Estrategos. The total value of the grants was \$5,043,274. The audit team selected ten grantees, representing \$2 million, or 40 percent of the portfolio's funding, for testing. The team also reviewed Estrategos's performance. Estrategos worked with USADF through a 3-year (2008-2011) cooperative agreement. Over the 3 years, USADF provided Estrategos \$808,550 to implement the agreement. At the time of the audit, Estrategos was continuing its work with USADF under a 1-year, \$243,627 agreement that would expire on December 31, 2012. The audit sample, which the audit team selected judgmentally, included USADF projects on the Cape Verdean islands of Santiago, Fogo, and Brava.

As part of the audit, the audit team assessed relevant controls that USADF used to manage the program. That included verifying that USADF had (1) conducted and documented site visits to evaluate progress, (2) reviewed partner progress, and (3) compared reported progress with planned progress. Additionally, the audit team also reviewed USADF's annual financial statements for fiscal years 2010 and 2011 to determine whether they cited any relevant weaknesses.

The audit scope included all documentation related to partner and grantee performance, namely agreements, grantee quarterly reports, partner and USADF site visit reports, USADF biannual portfolio assessments, monthly reports by the country program coordinator, and USADF annual partner assessments. The audit team used reviews of this documentation in conjunction with visits to the sample of grantees to assess grantee performance and USADF's monitoring of that performance.

The audit team produced or verified the data in this report with the exception of the value of the taxes paid (identified on page 8), which Estrategos provided after the end of audit fieldwork.

Methodology

To answer the audit objective, the audit team assessed the performance of the sample of ten grantees, Estrategos, and USADF's staff responsible for the program in Cape Verde. To do this, the audit team reviewed the grant agreements, focusing on indicators and targets that the grantees were to achieve with the USADF funds. The audit team then attempted to determine whether the grantees had achieved the targets by reviewing performance reports and through

discussions with the grantees. When appropriate, the audit team verified grantees' stated accomplishments with supporting documentation.

To assess Estrategos's performance, the audit team reviewed its cooperative agreement with USADF, focusing on the expected activities and outputs listed. The audit team then attempted to determine whether Estrategos met expectations by reviewing performance reports, interviewing Estrategos and USADF staff members, and interviewing grantees about Estrategos's role in supporting their grant implementation.

To assess USADF's performance, the audit team reviewed USADF's manual to determine what steps the foundation was required to take in monitoring and supporting Estrategos and the grantees. The audit team then attempted to determine whether USADF had completed these steps by reviewing the reports it was required to prepare and discussing USADF's involvement with Estrategos and the grantees.

Starting with a population of all 29 grants that were active during fiscal years 2010 and 2011, the audit team selected a sample of ten that included grants of varying sizes, implementation dates, locations, and activities.

MANAGEMENT COMMENTS



July 13, 2012

Gerard Custer, Director
Regional Inspector General
U.S. Agency for International Development
Ngor Diarama
Petit Ngor, BP 49
Dakar, Senegal

Dear Mr. Custer:

Thank you for the June 22, 2012 transmission note and the copy of the Draft Audit of the African Development Foundation's Activities in Cape Verde. We appreciate the opportunity to comment on the report (Audit Report No. 7-ADF-12-0XX-P), its findings and recommendations.

The Foundation Management has found considerable value in the findings and recommendations of prior OIG/USAID audit reports in helping us to reform and focus the Foundation on project and program results, performance and improved program oversight. We also appreciate the report noting that ADF is successfully expanding local capacity to promote and support grassroots participatory development as well as identifying that the partner organization, Estrategos, and eight of the ten sampled grantees had accomplished or were on track to accomplish their project goals and that this success manifested itself in newly created jobs, increased incomes, improved living standards and less reliance on imported goods for the beneficiaries of the ADF grants.

The draft Cape Verde Audit has four findings which resulted in seven recommendations. The findings related to:

1. Grantees Did Not Reach All Expected Targets
2. Problems with Monitoring System Limited ADF's Ability to Monitor Grantee Performance
3. ADF Did Not Track Partner Performance Against Agreement Indicators
4. Other Matter: Estrategos and Grantees Paid Taxes on Some Exempt Purchases

The Foundation agrees with the recommendations and appreciates all the hard work and insights that the report provides. Attached is a matrix of the four findings and seven recommendations, ADF's response, the proposed corrective actions and the proposed completion dates for those actions.

The Foundation's management and Board of Directors remain committed to improving program effectiveness and operational efficiencies to advance ADF's unique approach to achieving sustainable development results for marginalized communities in Africa.

Sincerely,

Lloyd O. Pierson /s/
President and Chief Executive Officer

Attachment

No.	OIG Recommendation	USADF's Response	Corrective Action(s)	Corrective Action Completion Date
FINDINGS				
1: Grantees Did Not Reach All Expected Targets				
1	We recommend that the U.S. African Development Foundation establish and implement a plan to enhance its efforts to confirm the viability of targets for Appendix A indicators.	Agree.	To enhance USADF's efforts to confirm the viability of targets for Appendix A indicators, USADF will develop and send out additional guidance for Appendix A indicators to partners. USADF will also provide refresher training on Appendix A for program and partner staff.	October 31, 2012
2: Problems with Monitoring System Limited ADF's Ability To Monitor Grantee Performance				
2	We recommend that the U.S. African Development Foundation review templates for site visit reports, grantee quarterly reports, and bi-annual assessments and make revisions regarding the inclusion of all Appendix A indicators.	Agree.	USADF will review and update as appropriate its templates for Site Visit Reports, Grantee Quarterly Reports and Bi-Annual Assessments to ensure all Appendix A indicators are properly addressed.	October 31, 2012
3	We recommend that the U.S. African Development Foundation establish and implement a plan to confirm that partners and grantees clearly understand target dates to provide for accurate tracking and reporting of Appendix A indicators.	Agree.	USADF will develop and implement a plan that will ensure a clear understanding of target dates for accurate reporting of Appendix A indicators. This plan will include (1) Dissemination of target date guidelines for partners and grantees; and (2) Update template of Site Visit Report to ensure adequate monitoring of target dates. Implementation of this plan will confirm that partners and grantees have a clear understanding of target dates.	October 31, 2012
3: ADF Did Not Track partner Performance Against Agreement Indicators				
4	We recommend that the U.S. African Development Foundation update its manual and partner assessment tool to require monitoring of partners' performance against indicators in their cooperative agreements or remove indicators from the agreements.	Agree.	USADF will review and update, as appropriate, its partner assessment tool and manual to ensure all indicators in the partner's cooperative agreement are assessed.	October 31, 2012

No.	OIG Recommendation	USADF's Response	Corrective Action(s)	Corrective Action Completion Date
5	We recommend that the U.S. African Development Foundation include target dates in partner work plans for indicators in partner cooperative agreements.	Agree.	Guidelines will be drafted and sent out to partners. The guidelines will include instructions on including target dates for indicators in the partners' annual work plans.	October 31, 2012
4: Other Matter: Estrategos and Grantees Paid Taxes on Some Exempt Purchases				
6	We recommend that the U.S. African Development Foundation make a final determination on the allowability of the ineligible questioned costs of approximately \$36,015 for taxes paid with USADF funds and recover any amount determined to be unallowable.	Agree. USADF has determined that the costs of approximately \$36,015 are not allowable.	USADF will send a request to the government of Cape Verde requesting that those funds be reimbursed to USADF.	August 31, 2012
7	We recommend that the U.S. African Development Foundation require Estrategos send a written reminder to all grantees that they not pay taxes on purchases with USADF funds.	Agree except the reminder will come from USADF and not Estrategos.	USADF will send a formal reminder to all of its grantees in Cape Verde re-informing them that they are not to pay VAT taxes or other taxes on purchases with USADF funds.	August 31, 2012

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