



## OFFICE OF INSPECTOR GENERAL

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# AUDIT OF USAID/AFGHANISTAN'S SUPPORT TO THE ELECTORAL PROCESS AND SUPPORT FOR INCREASED ELECTORAL PARTICIPATION IN AFGHANISTAN PROGRAMS

AUDIT REPORT NO. F-306-11-003-P  
JUNE 19, 2011

KABUL, AFGHANISTAN



## *Office of Inspector General*

June 19, 2011

### **MEMORANDUM**

**TO:** USAID/Afghanistan Mission Director, Earl W. Gast

**FROM:** OIG/Afghanistan Director, Tim Cox /S/

**SUBJECT:** Audit of USAID/Afghanistan's Support to The Electoral Process (STEP) and Support for Increased Electoral Participation in Afghanistan (IEP) Programs (Report Number F-306-11-003-P)

This memorandum transmits our final report on the subject audit. In finalizing the report, we carefully considered your comments on the draft report and have included the comments (without attachments) in Appendix II.

This report contains nine recommendations to assist USAID/Afghanistan in improving its oversight of the subject programs. Management decisions have been reached on Recommendations 1, 2, 4, 5, and 9. Management decisions may be reached on Recommendations 3, 7, and 8 when we agree with USAID/Afghanistan on a firm plan of action, with timeframes, for implementing the recommendations. A management decision for Recommendation 6 can be recorded when USAID/Afghanistan determines the allowability of questioned costs totaling \$6 million. Please advise our office within 30 days of the actions planned or taken to implement Recommendation 6.

A determination of final action for Recommendations 1, 2, 4, 5, and 9 will be made by the Audit Performance and Compliance Division on completion of the proposed corrective actions.

Thank you and your staff for the cooperation and courtesy extended to us during the audit.

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**Abbreviations**

The following abbreviations appear in this report:

ADS	Automated Directives System
AOTR	Agreement officer’s technical representative
CEPPS	Consortium for Elections and Political Process Strengthening
CFR	Code of Federal Regulations
COTR	Contracting officer’s technical representative
ECC	Electoral Complaints Commission
FAR	Federal Acquisitions Regulation
FY	Fiscal year
IEC	Independent Electoral Commission
IEP	Increased Electoral Participation in Afghanistan
IFES	International Foundation for Electoral Systems
IRI	International Republican Institute
LGCD	Local Government and Community Development
NDI	National Democratic Institute
PECC	Provincial Electoral Complaints Commission
SNTV	Single non-transferable vote
STEP	Support to the Electoral Process

# SUMMARY OF RESULTS

After the fall of the Taliban government in Afghanistan in 2001, the first two elections—a presidential election in 2004 and parliamentary elections in 2005—were internationally administered by the United Nations Assistance Mission in Afghanistan and an interim Joint Electoral Management Body. The first Afghan-led elections were the presidential and provincial council elections held in 2009, followed by parliamentary elections in 2010.

To help strengthen Afghanistan’s electoral system, USAID/Afghanistan has provided assistance mainly through the Support to the Electoral Process (STEP) Program implemented under a contract with the International Foundation for Electoral Systems (IFES), the Increased Electoral Participation in Afghanistan (IEP) Program implemented through a cooperative agreement with the Consortium for Election and Political Process Strengthening (CEPPS), and two programs implemented by the United Nations Development Program (UNDP) that were not covered by this audit. Financial information for the programs covered by this audit is provided in Table 1.

**Table 1. Program Financial Information as of December 31, 2010 (Unaudited)**

<b>Program</b>	<b>Type of Award</b>	<b>Start Date</b>	<b>End Date</b>	<b>Obligations (\$ million)</b>	<b>Expenditures (\$ million)</b>
STEP	Contract	6/15/2008	6/14/2011	61.1	48.7
IEP	Cooperative Agreement	9/29/2008	9/28/2011	63.4	50.2
<i>Total</i>				<i>124.5</i>	<i>98.9</i>

Source: USAID/Afghanistan Office of Financial Management, “Status of Major Contracts and Grants,” December 31, 2010.

The Office of Inspector General’s Country Office in Afghanistan conducted this audit to determine whether the IEP and STEP programs were achieving their main goal of strengthened competitive, inclusive, and credible elections and political processes.

The STEP program has performed well in achieving outputs—in particular, those dealing with civic education and outreach, training, and staffing of the Independent Election Commission (IEC) and the Electoral Complaints Commission (ECC). The program has helped increase the capacity of both commissions to administer elections and has contributed to the credibility of elections themselves, although evidence of progress toward achievement of higher-level results is mixed (page 3).

The IEP program has also performed well in achieving outputs, including training tens of thousands of Afghans who participated in elections as political party or coalition members and election observers. Furthermore, IEP implemented civil and voter education programs that reached hundreds of thousands of people. However, there is no persuasive evidence that these outputs have influenced the achievement of higher-level results such as increased citizen awareness of the electoral process or a stronger democratic political party system. A comparison of planned and actual IEP program outputs for fiscal years (FYs) 2009 and 2010 is included in Appendix IV.

The “Audit Findings” section of this report includes detailed audit findings on the results of the STEP program, as summarized above. It also discusses some longer-term issues that need to

be addressed to better ensure credible elections, including legal reforms to protect the independence of the IEC and ECC, reform of the “single non-transferable vote” system of representation, actions to make Afghanistan’s electoral system more sustainable, and a more reliable voter registry (page 7). In addition, contractor performance reviews for the STEP program were not prepared (page 11), a rural radio program was not implemented (page 12), unreasonable security costs were charged to USAID (page 13), the CEPPS consortium missed opportunities to consolidate support functions to reduce expenses (page 14), and the CEPPS consortium did not properly mark USAID-funded publications (page 15).

The report recommends that USAID/Afghanistan:

1. Undertake a technical evaluation of the effectiveness of voter education and civic education efforts it has supported (page 7).
2. Prepare a more formal project design document for the follow-on program after the STEP program ends in June 2011 that explicitly identifies the critical assumptions underlying the program design (page 7).
3. Develop detailed plans for addressing long-term legal reform, financial and constitutional arrangements for elections, and voter registration issues in conjunction with the Government of Afghanistan, other local stakeholders, and international donors (page 11).
4. Complete all required contractor performance reviews of IFES under the STEP contract (page 12).
5. Prepare an implementation plan for use of the \$1.4 million rural radio supplemental funding consistent with the goals of the program, or reprogram these funds for other mission programs (page 12).
6. Determine the allowability of the \$6,350,319 incurred by the International Republican Institute (IRI) for security expenses, and recover any costs determined to be unreasonable (page 14).
7. Establish procedures and criteria for determining the reasonableness of security costs charged by implementing partners (page 14).
8. For the follow-on program, require consortium members to consolidate functions and facilities to the extent possible to reduce expenses (page 14).
9. Require IRI, as the lead partner in the Consortium, to submit a Consortium marking and branding plan, and verify that the plan has been implemented (page 15).

USAID/Afghanistan was in general agreement with the report recommendations. Our evaluation of management comments begins on page 16, and the mission’s comments themselves are in Appendix II. Appendix I presents the audit scope and methodology.

# AUDIT FINDINGS

## **STEP Program Achieved Outputs, but Evidence on Outcomes Was Mixed**

The effectiveness of the STEP program can be assessed in terms of outputs and outcomes (short- and long-term results). Working with USAID/Afghanistan's Democracy and Governance Office and drawing from the FY 2010 operating plan and the mission's performance management plan for FYs 2011–15, we identified the key outputs and results that the STEP program was expected to achieve.

**Outputs.** USAID support to STEP strengthened the IEC's outreach and publicity efforts and allowed it to establish a gender department, buy equipment, renovate facilities, and conduct other activities. Although the focus of the STEP program was on the IEC, the program also provided limited assistance to the ECC, as the following examples illustrate.

- Civic education programs implemented through an IFES subcontractor reached more than 1 million people prior to both the 2009 and 2010 elections, and mobile theater presentations by a second subcontractor reached more than 40,000 people prior to the 2009 election. IFES also paid for printing hundreds of thousands of copies of educational and promotional materials that were turned over to IEC for distribution.
- In addition to supporting the establishment of a gender department in the IEC, IFES reportedly worked with the IEC, the Ministry of Women's Affairs, and the Ministry of Interior to increase the number of female searchers and other female election workers so that female voters would feel comfortable voting.
- IFES helped IEC establish a data center and provided IEC information technology equipment and software valued at \$1.1 million.
- IFES supported establishment of a media-monitoring unit for IEC, call centers for the 2009 and 2010 elections, renovation and security improvements for other IEC space, and maintenance of electrical generators for regional offices.
- IFES paid the salaries of one ECC international commissioner in 2009, two commissioners in 2010, and paid the salaries of 94 staff that were seconded by IFES to the IEC.
- IFES provided technical and financial support for training that reportedly reached more than 7,000 IEC staff and almost 600 ECC staff.

A detailed comparison of planned and actual outputs under the STEP program is in Appendix III.

**Expected Results: Strengthen Administration of Elections by the Afghan Government and Raise Citizen Awareness of the Electoral Process.** The STEP program was expected to strengthen the "ability of [the Government of the Afghanistan] to effectively administer elections" and "citizen awareness of electoral process."

The assistance provided through the STEP program helped strengthen the ability of Afghanistan's major electoral institutions to administer elections effectively, at least in terms of their technical operations as outlined above. Still, the independence of the IEC and ECC strongly influence their ability to administer elections fairly and effectively, and in some cases the commissions have not acted independently. Moreover, the combined efforts of international donors (including USAID and IFES under the STEP program), the IEC, and the ECC were not sufficient to prevent massive fraud in both the 2009 and 2010 elections.<sup>1</sup>

According to international observers, the IEC behaved more independently in the 2010 elections than in the 2009 elections. The greater independence exhibited by the IEC in 2010 resulted from key leadership changes at the IEC, which were negotiated between the Government of Afghanistan and international donors after the IEC's weak performance in the 2009 elections, as well as from the exceptional efforts of individual IEC employees and IFES/STEP advisers and close monitoring and engagement by international stakeholders. The IEC's greater independence was not due to any kind of strengthening of the legal framework governing the appointment of IEC commissioners; IEC commissioners are simply appointed by the executive with no formal participation by other stakeholders.

From 2009 to 2010, the ECC became less independent of the executive because of an unfavorable change in the electoral law, but informal agreements helped maintain the ECC's independence in practice. Under Afghanistan's 2005 Electoral Law, which was in effect for the 2009 elections, one member of the five-member commission was appointed by the Supreme Court, one was appointed by the Afghan Independent Human Rights Commission, and three international members were appointed by the Special Representative of the Secretary General of the United Nations in Afghanistan. Under a 2010 electoral decree, which has the force of law,<sup>2</sup> the executive, in consultation with the speakers of the two houses of the National Assembly and the Chief Justice of the Supreme Court, has the authority to establish central and provincial electoral complaints commissions. The decree does not specify the number of commissioners or how they should be appointed by the executive. This change made the ECC commissioners more dependent on the executive. However, the international donors subsequently reached an agreement with the Government of Afghanistan that at least two of the commissioners would be international commissioners, thus maintaining a degree of independence from the executive. In addition, the commissioners agreed among themselves that all decisions would be made by consensus, and this informal agreement reportedly had the effect of enhancing the ECC's independence.

With respect to citizen awareness of electoral processes, the evidence concerning the STEP program's effectiveness is also mixed. On one hand, according to a STEP-financed survey of 1,620 Afghans conducted immediately before the September 2010 parliamentary elections, 76 percent of the people in communities with STEP-financed civic education and media outreach were aware of the upcoming elections, versus 68 percent of the people in communities that were not served by STEP. These relative magnitudes were approximately preserved when the respondents were restricted to women or to people with no formal education. On the other

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<sup>1</sup> A discussion of electoral fraud issues begins on page 6.

<sup>2</sup> On February 17, 2010, with the National Assembly in recess, President Karzai issued a presidential decree amending the Electoral Law of Afghanistan. According to Article 79 of the constitution, in the case of immediate need, the President of Afghanistan is permitted to issue decrees that acquire the force of law unless they are specifically rejected by the National Assembly. The lower house of the National Assembly, the *Wolesi Jirga*, did in fact reject the decree, but the upper house, the *Meshrano Jirga*, chose not to include the decree in its agenda, so the decree now has the force of law.

hand, surveys by the Asia Foundation at the national level show consistent declines in citizen awareness of elections since the first election in Afghanistan was held in 2004. Results of surveys from the two sources follow:

**Table 2. Citizen Awareness of Upcoming Elections, 2004–2010**

Measure	Asia Foundation Survey			STEP/Counterpart International Survey	
	2004 Presidential Election	2009 Presidential Election	2010 Parliamentary Election (June/July)	2010 Parliamentary Election (Aug./Sept.): Communities With STEP Activities	2010 Parliamentary Election (Aug./Sept.): Communities Without STEP Activities
Percent of population aware of elections	91	85	78	76	68

Source: The Asia Foundation, *Afghanistan in 2010: A Survey of the Afghan People*, 2010, and Counterpart International, *Nationwide Assessment of Citizen Perceptions and Knowledge of Electoral Process in Afghanistan*, 2011.

These survey results indicate that STEP—and other programs financed by USAID and other international donors—may not be having an impact on citizen awareness of elections at the national level. In response to this surprising result, an IEC official suggested that the percentage of spoiled ballots might be a better measure of the degree to which the Afghan electorate is becoming familiar with electoral processes. However, this measure also indicates mostly negative trends since 2004 (Table 3).

**Table 3. Percentage of Spoiled Ballots, 2004–2010**

2004 Presidential Election	2005 Parliamentary Election	2009 Presidential Election	2010 Parliamentary Election
1.3	2.7	3.2	3.2

Source: IEC.

A senior IFES official suggested that these trends indicate a need for careful analysis of the voter education and civic education efforts supported by IFES (and presumably other programs as well). She suggested that outreach efforts might need to be more carefully targeted to specific groups, noting that there might be an overreliance on TV and radio advertising to reach populations that still prefer face-to-face communication.

**Expected Result: Competitive and Credible Election and Political Processes.** The assistance provided by IFES under the STEP program was expected to contribute to competitive and credible election and political processes.

The elections that took place during the period of the STEP program were competitive in that they were vigorously contested. There were 3,196 candidates for the 170 seats available in



2009 provincial council elections, 41 candidates in the 2009 presidential elections, and approximately 2,500 candidates for the 249 seats available in the 2010 parliamentary elections. While there was widespread fraud in all of these elections, it was not so widespread as to render the results a foregone conclusion.<sup>3</sup>

In the 2009 presidential contest, IFES/STEP helped devise a sampling and recount procedure to counter fraud.<sup>4</sup> This procedure led to annulment of about 1.1 million ballots, representing 19 percent of the total votes cast.<sup>5</sup> Public opinion polls indicate that Afghans accept President Karzai as the legitimate victor despite their awareness of widespread fraud in the election. Contributing to a credible result in the 2009 presidential election was a major accomplishment given the high international visibility of the election, the widespread fraud that occurred, and the potential for conflict outside the electoral arena if the result had not been accepted by a majority of the Afghan people.

Given the scale of fraud in the presidential contest, and the importance of delivering a credible result in that contest, the ECC had less time to devote to the provincial council elections that were also held in 2009.<sup>6</sup> Still, the ECC excluded about 300,000 ballots. Since relatively few votes were required to win a provincial council election (as few as 1,223, with margins of as few as 7 votes),<sup>7</sup> the provincial election results were much more sensitive to fraud than the presidential results, and since the ECC spent less time on the provincial election results, it is fair to conclude that these elections did not have the same degree of credibility that the presidential election results did.

In the 2010 parliamentary elections, the ECC and IEC reportedly annulled 1.3 million votes, representing 24 percent of the total votes cast.<sup>8</sup> Because of the small number of votes required to win election to the National Assembly (as few as 251, with margins of victory of as little as 1

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<sup>3</sup> As indicated in the following paragraphs, 19 percent of the ballots in the 2009 presidential election and, reportedly, 24 percent of the ballots in the 2010 parliamentary election were annulled. We conclude that the result of the presidential contest was not a foregone conclusion because, according to the final results certified by the IEC, the winner, President Karzai, won 49.67 percent of the vote and the closest runner up, Abdullah Abdullah, won 30.59 percent of the vote in the first round. President Karzai's vote total fell short of the majority vote that would have been required to avoid a second round of voting, and President Karzai announced on October 20, 2009 that a second round would be held within 2 weeks. However, the second round was canceled when Dr. Abdullah withdrew from the contest. We conclude that the outcomes of the 2009 provincial council elections and the 2010 parliamentary elections were not a foregone conclusion because of the large number of candidates, the small number of votes needed to win a seat, and the small margins of victory in these elections.

<sup>4</sup> The procedure has been criticized on the basis that votes for all candidates at polling stations where fraud was identified were reduced by the same percentages, unfairly penalizing candidates that received small numbers of fraudulent votes or no fraudulent votes at these stations.

<sup>5</sup> Electoral Complaint Commission, *Final Report: 2009 Presidential and Provincial Council Elections*, April 2010. The ECC directed the IEC to annul 1.3 million ballots, but the final election results announced by the IEC reflected annulment of only 1.1 million ballots.

<sup>6</sup> In its final report on the 2009 elections, the ECC explains: "The ECC did not have the same amount of time or resources to conduct [investigations of the provincial council election results], and the results varied by province depending on the level of access the ECC had to ballot boxes."

<sup>7</sup> The small vote totals required to win provincial council elections in 2009 (and parliamentary elections in 2010) are an undesirable consequence of the "single non-transferable vote" system of representation, which is discussed in more detail on page 9.

<sup>8</sup> Organization for Security and Cooperation in Europe (Office for Democratic Institutions and Human Rights), *OSCE/ODIHR Election Support Team Report: Islamic Republic of Afghanistan Parliamentary Elections*, September 18, 2010.

vote), and because few details are yet available to show the number of annulled votes and the reasons for the annulments, there is insufficient evidence available to characterize the provincial elections as credible. After the 2010 elections, the Government of Afghanistan created a special tribunal to hear complaints of electoral fraud and conduct recounts of some parliamentary contests. The legal mandate for the special tribunal is unclear and appears to overlap the mandates of the IEC and the ECC.

In sum, the STEP program has performed well with respect to achieving outputs, and the program has influenced progress toward increased local capacity to administer elections as well as the credibility of elections themselves, although evidence of progress toward these higher-level results is mixed. This is what would be expected, given the environment in which the elections were held and that the Government of Afghanistan has managed only two elections to date. In addition, during 2009 and 2010, attention focused on the immediate needs associated with conducting the 2009 and 2010 elections; in these circumstances, it was hard to address longer-term issues affecting the capacity of Afghanistan's electoral institutions and the credibility of its elections. These factors limited the effectiveness of the program in contributing to higher-level results.

In retrospect, it might have been worthwhile to prepare a more formal program design document that spelled out critical assumptions; this might have made it easier to monitor the degree to which critical assumptions (such as host-government commitment to political reform) were valid and to take corrective action as needed. In our opinion, any follow-on program should follow a disciplined design process as outlined in Chapter 201 of USAID's Automated Directives System.

***Recommendation 1.*** *We recommend that USAID/Afghanistan undertake a technical evaluation of the effectiveness of voter education and civic education efforts it has supported.*

***Recommendation 2.*** *We recommend that USAID/Afghanistan prepare a more formal project design document for the follow-on program after the Support to the Electoral Process Program ends in June 2011 that explicitly identifies the critical assumptions underlying the program design.*

## **Longer-Term Issues Need to Be Addressed**

There are some longer-term issues impeding accomplishment of the higher-level results included in the FY 2010 operating plan and the mission Performance Management Plan for FYs 2011–15. While attention during 2009 and 2010 focused on short-term needs and electoral administration, the 3-year period until the next election provides donors with an opportunity to achieve progress on longer-term issues. These are discussed in the following sections.

### ***Legal Framework***

A stable legal framework is needed within which the Government of Afghanistan's electoral institutions can evolve and within which citizen awareness of electoral processes can develop. The major issues that need to be addressed are (1) making the electoral law a majoritarian project of the parliament rather than a presidential decree, (2) establishing the ECC as a permanent body, (3) establishing an appointment process for ECC commissioners that involves stakeholders other than the executive, (4) establishing an appointment process for IEC

commissioners that involves stakeholders other than the executive, (5) reforming the “single non-transferable vote” (SNTV) system of representation to a system in which votes and electoral results have a more predictable and proportional relationship.

**Electoral Law.** According to a senior IFES official, electoral laws are agreements for sharing power and so can be viewed as “mini-constitutions.” Given their fundamental importance, it is desirable that electoral laws enjoy wide support. The use of an executive decree in 2010 to promulgate electoral law was not an effective tool for securing wide support: in fact, the decree was rejected by the *Wolesi Jirga*, the lower house of parliament.<sup>9</sup> The decree also created uncertainty since the Government of Afghanistan’s electoral institutions and other stakeholders were not sure until just before the 2010 election whether the election would be held under current law (i.e., the 2005 Electoral Law) or a new decree (as turned out to be the case). An electoral law passed by a majority of both houses of Parliament would demonstrate a wider base of support for the electoral system and could prove to be more durable and stable.

**Permanent ECC.** According to international stakeholders, efforts to build capacity within the ECC have been complicated by its temporary status: the institution comes into existence 120 days before each election and ceases to exist 60 days after each election. While these arrangements might be suitable for an organization staffed primarily by international experts (which the ECC originally was), they make it difficult to recruit and train qualified local staff and build local capacity. Establishing the ECC as a permanent institution with a permanent core staff (which would be supplemented with temporary staff during election periods) would make it easier to build capacity within the ECC.

**Appointment of ECC Commissioners.** It is desirable for electoral institutions to enjoy a degree of independence from the executive so that election results will be perceived as credible and relatively free from political influence. The need for independent review of electoral processes is recognized in the Office of the United Nations High Commissioner for Human Rights’ General Comment 25 on the International Covenant on Civil and Political Rights, which states: “There should be independent scrutiny of the voting and counting process and access to judicial review or other equivalent process so that electors have confidence in the security of the ballot and the counting of the votes.”

Under Afghanistan’s 2005 Electoral Law, one member of the five-member ECC was appointed by the Supreme Court, one was appointed by the Afghan Independent Human Rights Commission, and three international members were appointed by the United Nations Special Representative in Afghanistan. The 2010 electoral decree does not specify the number of commissioners or how they should be appointed by the executive. This change made the ECC commissioners more dependent on the executive. An informal agreement between the international donors and the Government of Afghanistan helped maintain a degree of independence by stipulating that at least two of the commissioners would be international commissioners. However, this arrangement is not durable, and there is a need for permanent arrangements that provide for a measure of independence from the executive in the appointment of ECC commissioners.

**Appointment of IEC Commissioners.** As noted in the previous paragraph, it is desirable for electoral institutions to enjoy a degree of independence from the executive. This principle is

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<sup>9</sup> However, to prevent a decree issued under Article 79 of the Constitution from becoming law, both houses of parliament must reject the decree. Because the upper house, the *Meshrano Jirga*, did not include consideration of the decree in its agenda, the decree acquired the force of law.

recognized in General Comment 25 on the International Covenant on Civil and Political Rights, which states: “An independent electoral authority should be established to supervise the electoral process and to ensure that it is conducted fairly, impartially and in accordance with established laws which are compatible with the Covenant.” However, in Afghanistan, IEC commissioners are simply appointed by the executive.

**SNTV System.** The SNTV system of representation for legislative elections, used in only a handful of countries, has been criticized as inhibiting the development of political parties; failing to produce predictable, proportional relationships between votes cast and election results; and making elections more sensitive to fraud because of the small number of votes needed to win and the small margins of victory.

As far as we can tell, the SNTV system is used only in Afghanistan, Jordan, and Vanuatu. In the SNTV system, legislative candidates compete in multimember districts where the  $n$  seats available are allocated to the  $n$  candidates with the highest vote totals. The system inhibits political party development because it places impossible coordination requirements on parties and their supporters: a party with multiple candidates in a district wants each candidate to win enough votes to be elected, but without taking too many votes away from the party’s other candidates. According to the Organization for Security and Cooperation in Europe’s Office for Democratic Institutions and Human Rights:

The requirement for voters to mark for a single candidate in a multi-member constituency makes it extremely difficult for parties to work out how to divide their potential votes to prevent one of their candidates being elected with an excessively high number of votes and therefore the other candidates of the party not being elected. Conversely, the party’s votes may be overly divided between too many candidates resulting in none of their candidates being elected.<sup>10</sup>

Another disadvantage of the SNTV system is that the last few seats in a district are typically won with only a small number of votes and even smaller margins of victory. The small margins of victory make the system sensitive to fraudulent manipulation. They also make the process like a lottery, in which neither candidates nor voters can judge who is a viable candidate and who is not, leading to a large number of candidates. This increases the costs of election administration and makes it harder for voters to cast their votes wisely. For example, in Kabul Province, there were 520 candidates for the five seats available in the 2009 provincial council elections. This necessitated the use of a nine-page ballot. Another undesirable feature of the SNTV system is the large number of “wasted” votes, those cast for losing candidates. In Afghanistan, well over half of all votes are cast for losing candidates. In these circumstances, it is hard for voters to see a clear relationship between their votes and the election results.

Many of the criticisms are summed up by the leader of a political party who was quoted by National Democratic Institute (NDI) as saying:

The SNTV system is the worst electoral system in the world. In the past parliamentary election, I got 53,000 votes, but some other MPs could get a seat in parliament by only 1,500 votes. This system is clearly hostile to political parties. For this election, our party has 40 candidates but all of them have to run independently.

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<sup>10</sup> Organization for Security and Cooperation in Europe, Office for Democratic Institutions and Human Rights, *Islamic Republic of Afghanistan Presidential and Provincial Council Elections, August 20, 2009, OSCE/ODIHR Election Support Team Final Report*, December 8, 2009, p. 12.

According to one observer who consulted on constitutional issues in Afghanistan, the SNTV system was selected “not as a result of extensive deliberation and careful evaluation of its pros and cons, but rather by a fairly random process of elimination” in which the objective was to find a system of representation in which voters could vote for individuals rather than parties and in which provinces would serve as parliamentary districts.<sup>11</sup>

An alternative system of representation (e.g., some form of proportional representation) might better permit the development of political parties in Afghanistan while permitting voters to use their votes more strategically.<sup>12</sup>

## ***Sustainability***

To date, almost all costs associated with Afghanistan’s elections have been paid by international donors, including USAID. According to the IFES/STEP chief of party, these costs are on the order of \$140 million per election,<sup>13</sup> and the ambitious election schedule established by Afghanistan’s constitution, in which elections are scheduled nearly every year, compounds the costs that will eventually have to be assumed by the Government of Afghanistan. As USAID/Afghanistan prepares for the transfer of lead security responsibility from the International Security Assistance Force to the Government of Afghanistan in 2014, with accompanying reductions in funding for development and economic assistance programs, it will need to help the Government transition to a more sustainable elections system.

## ***Voter Registration***

Voter registration is a key control to ensure that eligible voters, and only eligible voters, are permitted to vote. Controls related to voter registration typically include verification of voter identities and addresses, photos on registration cards (or on other credentials that are accepted as evidence of voter identities), serial numbers and anti-counterfeiting features incorporated into voter registration cards, audits or reviews to identify duplicate registrations, and access controls to prevent unauthorized viewing or modification of the voter registration database.

However, fundamental flaws in Afghanistan’s voter registry have limited its effectiveness in ensuring that ballots are issued only to eligible voters. Prior to the 2004 presidential election, between 10 and 11 million voters were registered, but the voter cards were not numbered, did not include specific address information for voters below the province level, and did not include photos of female voters who preferred not to have their pictures taken for reasons of modesty. The lack of specific address information makes it difficult or impossible to hold district elections as mandated by Afghanistan’s constitution. It also makes it hard for election authorities to tell how many ballots should be issued in specific geographical areas, polling centers, and stations, increasing the risk of fraud. The lack of serial numbers and photos for women also increases the risk of fraud and has led to improbably high numbers of registered women voters:

While women’s registration [prior to the 2009 elections] was generally low given security

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<sup>11</sup> Andrew Reynolds, “The Curious Case of Afghanistan,” p. 213 in Larry Diamond and Marc F. Plattner (eds.), *Electoral Systems and Democracy*, 2006.

<sup>12</sup> In proportional representation systems, voters cast votes for parties, not individuals, and seats are allocated to parties in proportion to the votes each receives. At some point, single-member districts (i.e., the system used in the United States) may become feasible as well.

<sup>13</sup> This represents about 10 percent of total budgeted revenues for the Government of Afghanistan’s fiscal year ending March 20, 2011.

and cultural considerations, the number of registered women actually exceeded that of men in some of the most insecure areas. In Khost, Paktia and Logar provinces, for example, over 60 percent of voter registration cards were issued to women. In light of the social norms that limit the political participation of women, the high percentage of female cards in some areas was an indicator of the scale of identity fraud that plagued the registration process.<sup>14</sup>

Without addressing these fundamental problems, several “topping up” exercises were subsequently conducted that added 1.7 million registrations in 2004, 4.5 million in 2009, and 400,000 in 2010. The net effect of these efforts was to add millions of duplicate registrations, but the number is unknown because the registry has not been reviewed or audited to identify duplicate records, and basic demographic information (e.g., the number of Afghans of voting age) is not available due to the lack of any census of the population of Afghanistan.

Voter registration efforts to date reflect a series of short-term interventions rather than a longer-term, systematic approach that would include a census, delimitation of the boundaries of electoral districts, and civil or voter registries with adequate controls (including address information, photos, and an audit of the voter registry to eliminate duplicate voter registrations and counterfeit cards).

Resolving these issues will require an expensive, long-term effort that will not only involve voter registration, but also require decisions on a civil registry/national identification card system for Afghanistan, a population census, and demarcation of voting districts.

***Recommendation 3.*** *We recommend that USAID/Afghanistan develop detailed plans for addressing the legal reforms, financial and constitutional arrangements for elections, and voter registration issues discussed in this finding in conjunction with the Government of Afghanistan, other local stakeholders, and international donors.*

## **Mission Did Not Complete Contractor Performance Review**

The Federal Acquisition Regulation (FAR 42.1502) requires agencies to evaluate and report on contractor performance for each contract exceeding the simplified acquisition threshold, which is currently \$150,000. Furthermore, USAID Acquisition Regulation 742.15 (also known as 48 CFR 742.1502) requires contracting officers to report on contractor performance at least annually.

The mission has not completed annual contractor performance evaluations of IFES’s work under the STEP contract as required. The mission should have completed at least two performance reviews by June 2010, 2 years after the signing of the contract. However, the mission has not completed any of the required reviews. As of February 2011, the mission was just preparing its first review.

According to the contracting officer’s technical representative (COTR), not preparing contractor performance reviews for the first 2 years of the program was an oversight. The oversight was not caught because there was no reliable system in place to make sure that contractor performance reviews were prepared when they were due. The lack of contractor performance

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<sup>14</sup> National Democratic Institute, *The 2009 Presidential and Provincial Council Elections in Afghanistan*, 2010.

reviews was noted in a prior audit report.<sup>15</sup> According to an Office of Acquisition and Assistance official, USAID/Afghanistan has been switching to a new system for reviewing contractor performance since This new system will automatically initiate the review process on the contract anniversary date by sending e-mail notification to the contracting officer, the COTR, and the contractor.

Regular, comprehensive, and conscientious performance evaluations can provide the mission with information to make better acquisition decisions and can serve as a significant incentive to contractors to provide USAID with superior products and services. Further, the U.S. Government Accountability Office has ruled that failure to properly document contractor performance information and make the information available for use in source selections for the same or similar items is a sufficient basis to sustain a protest of a contract award in a subsequent source selection. We are therefore making the following recommendation.

***Recommendation 4.*** *We recommend that USAID/Afghanistan complete all required contractor performance reviews under the Support to the Electoral Process contract in accordance with Federal Acquisitions Regulation and Agency for International Development Acquisitions Regulation requirements.*

## **Implementing Partner Did Not Implement Rural Radio Program**

Supplemental funding of \$1.4 million was provided to IRI to connect rural communities through a media program for civic and voter education. The rural radio program was to be implemented from May through October 2010, leading up to the 2010 parliamentary elections.

IRI did not implement the rural radio program, because existing radio infrastructure was not sufficient in the rural areas it was targeting, and it was relying on another USAID/Afghanistan program (the Local Governance and Community Development or LGCD program) to construct additional radio towers. However, according to IRI and the LGCD contracting officer's technical representative, the LGCD program was behind schedule and did not erect the radio towers as planned. Ultimately IRI's intended subcontractor for radio programming began constructing its own radio towers in the targeted areas, and IRI anticipates moving forward and using the \$1.4 million to provide other radio programming such as discussions of parliamentary activities.

The effect of not implementing this activity can be measured in terms of a lost opportunity to provide increased voter awareness. By not implementing the rural radio program, IRI missed an opportunity to reach 2 million potential voters in strategically significant southern and eastern rural areas. While IRI and the mission intend to use this funding for additional radio programming in spring 2011, specific plans have not been developed, and those discussed so far appear to be outside the scope of the supplemental funding.

We are therefore making the following recommendation:

***Recommendation 5.*** *We recommend that USAID/Afghanistan prepare an implementation plan for use of the \$1.4 million rural radio supplemental funding consistent with the goals of the program, or reprogram these funds for other mission programs.*

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<sup>15</sup> USAID Office of Inspector General, Audit Report No. 5-306-10-007-P, "Audit of USAID/Afghanistan's Human Resources and Logistical Support Program," March 31, 2010.

## Partner Charged Unreasonable Security Costs to USAID

Office of Management and Budget Circular A-122 states that, to be allowable under an award, costs must be reasonable for the performance of the award. A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.

Staff in the Office of Democracy and Governance and the Office of Acquisition and Assistance considered the security costs charged by one partner on the IEP program—IRI—unreasonable because IRI’s security arrangements appeared to them to exceed needs, as measured by the “prudent person” standard. For example, we were told, it was not uncommon for a former IRI chief of party to attend events with a larger security detail than the U.S. Ambassador’s. Staff also noted that the security costs incurred by IRI were out of line with those of the other Consortium members implementing the IEP program, as indicated in Table 4. The cost comparisons in Table 4 should be treated with caution because the programs supported by the Consortium members were not identical, and therefore their security needs were not identical. The activities supported by IRI and NDI are more similar than the activities supported by IFES.

**Table 4. Security Cost Comparison for Consortium Members Working on the IEP Program (Unaudited)**

<b>Comparison</b>	<b>IRI</b>	<b>NDI</b>	<b>IFES</b>
Security costs as of 9/30/2011	\$6,350,319	\$4,431,089	\$776,279
Security costs as a percentage of total costs	45%	39%	12%
Security costs per expatriate employee	\$3,175,159	\$738,514	\$388,139
Security costs per employee (including expatriate and local employees)	\$93,387	\$42,606	\$18,053
Security costs per square meter of office and living space in Afghanistan	\$2,300	\$489	\$657

Source: IRI, NDI, and IFES.

USAID/Afghanistan had taken action to address unreasonable security costs but had not been completely successful. In May 2009, when the Consortium (including IRI) requested an additional \$19 million for security expenses, mission staff negotiated the request down to \$7 million. In November 2009, when IRI requested an additional \$4.5 million for security expenses, mission staff objected to the increase but relented when IRI indicated that it would pull out of the program if the increase was not approved.

One Office of Acquisition and Assistance staff member noted that decisions on the reasonableness of security costs are extremely sensitive since the U.S. Government might be exposed to criticism if it does not pay for security precautions proposed by its contractors and grantees and they subsequently suffer a successful attack. This staff member related a best



practice from another USAID mission: establish a committee to review security costs to ensure consistency and reasonableness of security costs across all the mission's programs.

The effect of incurring unreasonable security costs is that USAID resources were used for unallowable costs, reducing funds available for implementing assistance activities.

***Recommendation 6.*** We recommend that USAID/Afghanistan determine the allowability of the \$6,350,319 incurred by the International Republican Institute for security expenses, and recover any costs determined to be unreasonable.

***Recommendation 7.*** We recommend that USAID/Afghanistan establish procedures and criteria for determining the reasonableness of security costs charged by implementing partners.

## **Consortium Did Not Consolidate Support Functions to Reduce Expenses**

Consortiums can be defined as associations of two or more individuals, companies, organizations, or governments (or any combination of these entities) participating in a common activity or pooling their resources for achieving a common goal. The request for application issued by the mission encouraged Consortium members to consolidate field offices where possible to save costs.

However, the final agreement negotiated between the mission and the Consortium did not require Consortium members to consolidate functions to reduce costs. Specifically, each Consortium participant had its own Kabul-based home office, living quarters, and support functions such as security, human resources, and information technology. Instead of working as a consortium, each members of the Consortium acted as an independent recipient of USAID assistance.

The negotiation memorandum prepared by the mission's Office of Acquisition and Assistance does not explain why the Consortium members were not required to consolidate functions. Furthermore, the only staff member still available who was present when the original agreement was negotiated could not explain why the mission did not insist on a consolidation of administrative functions.

Mission staff indicated that consolidating administrative services, housing, and security could have reduced program costs by approximately 15 to 20 percent, resulting in estimated savings ranging from \$6 million to \$8 million. These funds could have been used to expand IEP program activities or used on other mission programs.

Since the mission is considering a follow-on program, we are making the following recommendation.

***Recommendation 8.*** We recommend that USAID/Afghanistan's follow-on program require members of the Consortium for Election and Political Process Strengthening to consolidate functions and facilities to the extent possible to reduce expenses.

## **Consortium Did Not Properly Mark USAID-Funded Publications**

Branding and marking requirements for USAID assistance are established by 22 CFR 226.91, which requires that specific activities partially or fully funded by a USAID grant or cooperative agreement or subaward be marked appropriately with the USAID identity. Activities financed by USAID should bear the USAID identity, including the USAID logo. The regulations further state that USAID implementing partners may request waivers from these requirements, in whole or in part, through the contracting officer. Presumptive exceptions to the requirements include situations in which the USAID identity would compromise the intrinsic independence or neutrality of a program, such as elections monitoring or ballots, and voter information literature and political party support.

The three Consortium members did not consistently mark publications and reports with the USAID logo. Specifically, NDI did not consistently mark update publications on Afghanistan elections, and IFES did not consistently mark its quarterly progress reports. In at least two cases, IFES and NDI agreed to publicize USAID's support; however, even in these cases, the materials were not marked in accordance with USAID's branding and marking requirements.

Two Consortium members (NDI and IFES) submitted requests for waivers, but the agreement officer's technical representative (AOTR) did not act on them because he considered that any such requests should come from the Consortium itself, not from its individual members; he noted that USAID's agreement is with the Consortium, not with the individual members. The AOTR did ask IRI to submit a marking and branding plan.

As a result, the Consortium missed opportunities to acknowledge USAID as a supporter of the civic education program. Therefore, participants in the university seminar program were not likely to know that USAID funded the program at a time when it is increasingly important to demonstrate the positive impact of USAID assistance in Afghanistan.

***Recommendation 9.*** *We recommend that USAID/Afghanistan (1) require the International Republican Institute, as the lead partner in the Consortium for Elections and Political Process Strengthening, to submit a Consortium marking and branding plan and (2) verify that the plan has been implemented.*

# EVALUATION OF MANAGEMENT COMMENTS

Based on our evaluation of USAID/Afghanistan's comments on our draft report, management decisions have been reached on Recommendations 1, 2, 4, 5, and 9. No management decisions have been reached on Recommendations 3, 6, 7, and 8. The following paragraphs provide our evaluation of mission comments on each recommendation.

For Recommendation 1, which is that USAID/Afghanistan undertake a technical evaluation of the effectiveness of voter education and civic education efforts it has supported, the mission agreed and is working with implementing partners to develop a national survey that includes questions that focus on voter awareness and participation. These questions will gauge the effectiveness of USAID-supported voter and civic education. In addition to the survey instrument, the mission will conduct an election program evaluation in June and July 2011. This evaluation will examine the effectiveness of USAID's support to the election process and will include a review of the civic and voter education initiatives. The mission noted that it will be challenging to solicit meaningful data on the effectiveness of civic and voter education initiatives during a non-election period. These actions will be completed by October 31, 2011. For these reasons, a management decision has been reached.

For Recommendation 2, which is that the mission prepare a more formal project design document for the follow-on program after the Support to the Electoral Process Program ends in June 2011 that explicitly identifies the critical assumptions underlying the program design, the mission concurred. It will incorporate national perspectives into the design of its future elections support programs by engaging with the GIRA and IEC counterparts. The mission also plans to invite independent technical elections specialists to conduct strategic reviews of the elections portfolio. These actions will be completed by September 30, 2011. Therefore, a management decision has been reached.

In regard to Recommendation 3, which is that the mission develop detailed plans for addressing the legal reforms, financial and constitutional arrangements for elections, and voter registration issues discussed in this finding in conjunction with the Government of Afghanistan, other local stakeholders, and international donors, the mission concurred. The mission has outlined a series of activities undertaken and others planned to address the legal reform, financial and constitutional arrangements for elections and voter registration. However, the mission did not provide a date to complete plans for addressing needed legal reforms, financial and constitutional arrangements for elections, and voter registration issues discussed in the finding because discussions on these issues are on-going. While we agree that activities are on-going plans need to be established to address the larger-team issues discussed in the report. Therefore, no management decision has been reached for this recommendation.

For Recommendation 4, which is that the mission complete all required contractor performance reviews under the Support to the Electoral Process contract, the mission agreed. The COTR and Alternate COTR will complete the contractor performance reviews in collaboration with the Contracting Officer using the Contractor Performance Assessment Reporting system. The contractor performance reviews for the first two project years will be completed by August 31, 2011. Year 3 reviews will be conducted after the end of the period of performance on

September 30, 2011. All actions will be completed by November 1, 2011. Therefore, a management decision has been reached.

For Recommendation 5, which is that the mission prepare an implementation plan for use of the \$1.4 million rural radio supplemental funding consistent with the goals of the program, or reprogram these funds for other mission programs, the mission concurred. The mission has directed IRI to prepare an implementation plan for using the funds, and IRI has submitted a concept paper that envisions using the funds—originally for pre-election voter education programs—for radio programs focusing on the performance of elected officials and discussion of political and social issues. Therefore, a management decision for recommendation 5 has been reached.

For Recommendation 6, which is that the mission determine the allowability of \$6,350,319 in security costs, the mission agreed and will conduct a review to determine the allowability of the questioned security costs. The mission will also request from IRI more detailed information on its security-related expenditures, specifying its efforts to contain and control costs when and where feasible. If costs are determined to be unallowable, the mission will issue a bill of collection to recover the unallowable costs. These actions will be completed by August 31, 2011. Until allowability of the costs is determined, a management decision has not been reached.

For Recommendation 7, which is that the mission establish procedures and criteria for determining reasonableness of security costs, the mission asked the Office of Inspector General to reconsider its recommendation. The mission interpreted the recommendation as requiring a market price survey that could take 12 to 15 months, and it wondered whether this would be worthwhile in light of recent developments affecting private security firms in Afghanistan. The mission noted that, once the Afghan Public Protection Force assumes responsibility for the security of USAID's partners, the partners will be expected to pay fixed prices for security services. Therefore, the mission considered that our recommendation was overtaken by events.

We still believe that Recommendation 7 should be implemented. Security costs are a significant part of the total cost of USAID/Afghanistan's assistance programs, and we believe that establishing procedures and criteria for determining the reasonableness of these costs would be useful to the mission. Our recommendation did not contemplate that the mission should undertake a market price survey, nor did it contemplate that the mission should focus exclusively on the price of security services. Rather, we expected that the mission would develop procedures and criteria to promote consistency in the way that security costs are reviewed. While we do not want to be overly prescriptive about how this should be done, it might be useful to establish a committee to review security costs, since involving the same people in reviews would likely promote consistency. It might also be useful to develop criteria for reviewing security costs, since this would also help promote consistency. A management decision can be reached when we and the mission agree on a firm plan of action, with timeframes, for implementing the Recommendation 7.

For Recommendation 8, which is that the mission follow-on program require members of the Consortium for Election and Political Process Strengthening to consolidate functions and facilities to the extent possible to reduce expenses, the mission partially concurred. The mission noted that a consolidation of functions and facilities of implementing partners' at the national level may prove less advisable. No management decision has been reached because the mission has not stated whether it will require the Consortium partners to consolidate

functions and facilities at the national or sub-national level should the mission select the Consortium for any follow-on implementation. Therefore, no management decision has been reached.

For Recommendation 9, which is that the mission require the Consortium to submit a consolidated branding and marking plan, the mission concurred. The mission has received a Consortium branding and marking plan. The mission will review the plan and verify its implementation through field visits during the remainder of the activity. This action will be completed by July 31, 2011. Based on mission receipt of the Consortium branding and marking plan, a management decision has been reached.

# SCOPE AND METHODOLOGY

## Scope

The Office of Inspector General's Afghanistan Country Office 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 objective of the audit was to determine whether the IEP and STEP programs were achieving their main goal of strengthened competitive, inclusive, and credible elections and political processes. The audit covered \$98.9 million in accrued expenditures by USAID/Afghanistan.

The audit was performed in Afghanistan from December 9, 2010, through March 14, 2011, and covered activities from the beginning of each program (June 15, 2008, for STEP and September 29, 2008, for IEP) through March 14, 2011. We conducted audit work at the Kabul offices of USAID/Afghanistan and the STEP and IEP implementers (i.e., IFES, IRI, and NDI), as well as at the IFES office in Herat.

We assessed the significant internal controls used by USAID/Afghanistan to monitor program activities, including the work statements and program descriptions included in the STEP contract and the IEP cooperative agreement, work plans and monitoring and evaluation plans, quarterly and monthly progress and financial reports, and meetings and other contacts between USAID/Afghanistan officials and the program implementers. We also reviewed the mission's Federal Managers' Financial Integrity Act report for fiscal year 2010 and prior audit reports to identify internal control and other issues that could be relevant to the current audit.

## Methodology

To answer the audit objective, we interviewed USAID/Afghanistan officials, program implementers, and program beneficiaries. We also analyzed relevant documentation including contracts and agreements, plans, reports, training agendas and participant lists, financial records, invoices, receipts, receiving reports, and inventory records.

In reviewing program accomplishments, we focused on 52 key outputs (36 under the STEP program and 16 under the IEP program) that we judgmentally selected in collaboration with USAID/Afghanistan as being the most important outputs and the ones most likely to influence higher-level results expected from the STEP and IEP programs. To determine whether key outputs were achieved, we reviewed reported results and verified them by comparing them with source documents (e.g., invoices, receipts, receiving reports, work products, and training sign-in sheets) or by observing goods and services provided by USAID. We also interviewed program beneficiaries and consulted other sources of information (e.g., local laws and regulations, official election results, public opinion polls, and election observation reports) to make judgments and reach conclusions about the quality of the outputs and whether the outputs influenced higher-level results. We did not reach any conclusions regarding any of the other outputs (i.e., those that we did not identify as key outputs) under the STEP and IEP programs.

# MANAGEMENT COMMENTS



## MEMORANDUM

**TO:** David Thomanek, Acting OIG/Afghanistan Director

**From:** Robert Hellyer, Senior Deputy Mission Director /s/

**DATE:** May 25, 2011

**SUBJECT:** Audit of USAID/Afghanistan's Support to The Electoral Process (STEP) and Support for Increased Electoral Participation in Afghanistan (IEP) Programs (Report Number F-306-11-XXX-P)

**REFERENCE:** Tim Cox/Earl Gast memo dated April 18, 2011

Thank you for providing the mission with the opportunity to review the subject draft audit report. We appreciate the professionalism and flexibility exhibited by the audit team while meeting with the implementing partners and traveling to areas outside of Kabul during the audit fieldwork.

Discussed below are the mission's comments on the findings and recommendations in the draft audit report.

**Recommendation 1:** *We recommend that USAID/Afghanistan undertake a technical evaluation of the effectiveness of voter education and civic education efforts it has supported.*

**Mission Comments:** USAID/Afghanistan concurs with this recommendation.

USAID/Afghanistan finds it very encouraging that the Independent Election Commission (IEC) developed more sophisticated messaging outreach and voter information product dissemination for the 2010 Parliamentary elections. USAID implementing partners are continually working with the IEC to sustain this voter education and public information capacity. The IEC also benefited greatly from USAID/Afghanistan-supported lessons learned workshops performed post-2009 and post-2010 elections, held in January 2011, to best determine future voter education messaging, voter outreach related activities and building linkages with civil society networks.

The OIG report cites The Asia Foundation (TAF) national survey results and a STEP/Counterpart International survey where voter awareness for 2010 ranged from 68 to 78% of the voting age population. It is not uncommon for voter participation and awareness rates to drop for mid-term or Parliamentary elections as opposed to a Presidential election or a first series of post-conflict/transitional elections. Actual participation rates are more difficult to determine in Afghanistan, largely due to the country's problematic voters list, insecurity in the East and South of the country on Election Day, high levels of localized fraud and the absence of reliable census of the country's population. Moreover, a 67% - 75% voter awareness rate would

be viewed positively in mature democratic systems but is even more impressive in a transitional democracy like Afghanistan.

### **Actions Taken/Planned:**

The mission is currently working with implementing partners on the development of national surveys, to be implemented in the May through July 2011 timeframe. Included in the survey instruments are questions focused on voter awareness and voter participation. The purpose of these questions will be to gauge the effectiveness of USAID supported voter and civic education programs.

The mission will perform an evaluation in the June to July 2011 time period to review USAID support to the Afghan elections process. The mission will include a review of civic and voter education initiatives within this evaluation. However, as previously discussed with OIG, it will be challenging to obtain meaningful data on the effectiveness of civic and voter education related initiatives in non-election periods.

**Target Completion Date:** (October 31, 2011)

Final action is expected to be completed by end of October 2011 upon receipt and review of the external evaluation results and review and analysis of national survey-related data.

Based on the above, the mission deems that a management decision has been reached on Recommendation 1.

**Recommendation 2:** *We recommend that USAID/Afghanistan prepare a more formal project design document for the follow-on program after the Support to the Electoral Process Program ends in June 2011 that explicitly identifies the critical assumptions underlying the program design.*

**Mission Comments:** USAID/Afghanistan concurs with this recommendation.

It should be noted that the period of performance for the IFES STEP program component was extended from December 12, 2010 through September 30, 2011.

With the conclusion of a highly intensive election events period (Presidential and Provincial Council Election in 2009 and Parliamentary Elections in 2010), the mission's electoral support activities will necessarily change. As a matter of course a future elections program will be designed within agency and mission practice that explicitly identifies the critical assumptions (operational, security, political, etc...) underlying the program design.

The mission will continue to implement priority US support to the elections sector that links with mission objectives to support the 2014 Afghanistan transition process. Electoral support will remain critical to the development of consolidated democratic authority by 2014. With the next Afghan presidential elections scheduled for 2014 this will figure prominently into planning efforts.

### **Actions Planned:**

The mission will work with GIRoA and IEC counterparts to incorporate national perspectives into the design of future elections support program(s). The mission will also invite outside technical



election specialists to conduct a strategic review of the elections portfolio. This review will help further identify critical assumptions and inform future project design efforts.

**Target Completion Date:** (September 30, 2011)

Final action is expected to be completed by September 30, 2011.

Based on the above, the mission deems that a management decision has been reached on Recommendation 2.

**Recommendation 3:** *We recommend that USAID/Afghanistan develop detailed plans for addressing the legal reforms, financial and constitutional arrangements for elections, and voter registration issues discussed in this finding in conjunction with the Government of Afghanistan, other local stakeholders, and international donors.*

**Mission Comments:** The mission concurs with this recommendation and notes that this is relevant in the face of Afghanistan's political fluidity, potential constitutional change and evolving legislative / executive relations. USAID is the lead donor agency providing technical assistance to improve future independent election administration and electoral legal framework design. Electoral legal reform has invoked considerable levels of international interest but for it to be successfully implemented it will need to be Afghan led. Any program design in this area will need to be performed with consideration to the politically sensitive nature of electoral reform.

#### **Actions Taken/Planned:**

The mission is working in coordination with IEC leadership and GIRoA counterparts on the development of program support that both builds capacity and increases the probability for improvements to Afghanistan's election administration and electoral legal framework. In December 2010, the mission extended an activity to enhance the capacity of Afghan stakeholders to identify elections process improvement or reform. This activity will support an Afghan led dialogue on technical and legal electoral reform.

At the request of the IEC, the IFES STEP program supported a January 2011 IEC Lessons Learned conference where IEC national, regional and provincial leadership worked to identify critical technical areas in need of improvement. These lessons learned will serve as a basis for improvement and reform of the existing elections technical and operational framework.

In March 2011, the mission facilitated the first meeting between leadership of the Ministry of Communications and Information Technology (MCIT) and the Independent Election Commission (IEC). This initiated the first high level discussions of the Government of Islamic Republic of Afghanistan (GIRoA) with the IEC on the future applicability of the National ID (NID) database to serve as an extract for a future voter registry.

During the current Afghan solar year 1390, the mission will help lead the discussion on the longer term financial sustainability of Afghanistan's elections. Election costs must be increasingly borne by the national Afghan budget. In the short term, the mission plans to continue providing support to Afghanistan's elections through implementing partners. In the interest of longer term financial sustainability, the mission will perform with GIRoA an assessment of the IEC to determine future core budget needs to sustain its yearly operations and elections events.

Since early 2009, the mission's ODG staff and US Embassy Kabul Political Office colleagues have continuously represented US mission interests in international donor coordination forums on elections. USAID staff ensure coordination with UN, EU, and other bilateral donor programming and advocate for effective cost-sharing of activities where and when feasible.

**Target Completion Date:** Since this is an ongoing process, establishing a completion date is not applicable.

The mission deems that a management decision has been reached and that appropriate actions are being taken to fully address Recommendation 3. The mission, therefore, requests closure of this recommendation.

**Recommendation 4:** *We recommend that USAID/Afghanistan complete all required contractor performance reviews under the Support to the Electoral Process contract in accordance with Federal Acquisitions Regulation and Agency for International Development Acquisitions Regulation requirements.*

**Mission Comments:** The mission concurs with this recommendation.

**Actions Taken:**

The Contracting Officer's Technical Representative (COTR) and the Alternate COTR will perform the contractor performance review in collaboration with the Contracting Officer using the Contractor Performance Assessment Reporting System (CPARS). Performance reviews for Years 1 and 2 are expected to be completed by August 31, 2011. Performance review for Year 3 will be conducted after the end of the period of performance on September 30, 2011.

**Target Completion Date:** (November 1, 2011)

Final performance review is expected to be completed by November 1, 2011.

Based on the above, the mission deems that a management decision has been reached on Recommendation 4.

**Recommendation 5:** *We recommend that USAID/Afghanistan prepare an implementation plan for use of the \$1.4 million rural radio supplemental funding consistent with the goals of the program, or reprogram these funds for other mission programs.*

**Mission Comments:** The mission concurs with this recommendation.

**Actions Taken/Planned:**

The mission and CEPPS-IRI are preparing a suitable implementation plan in line with the goals of the existing program concept. CEPPS-IRI submitted a revised implementation plan on May 5, 2011. The mission will encourage efforts to build post-election awareness that connects elected Members of Parliament to their respective constituents through radio and other media roundtable discussions.

**Target Completion Date:** (August 31, 2011)

Implementation of the revised activity will be completed by August 31, 2011.

Based on the above, the mission deems that a management decision has been reached on Recommendation 5.

**Recommendation 6:** *We recommend that USAID/Afghanistan determine the allowability of the \$6,350,319 incurred by the International Republican Institute for security expenses, and recover any costs determined to be unreasonable.*

**Mission Comments:** The mission concurs with this recommendation.

**Actions Planned:**

The mission will conduct a review to determine the allowability of CEPPS-IRI's security costs. The mission will request from CEPPS-IRI more detailed information on security-related expenditures and specification of any efforts made to contain and control security-related costs where and when possible. Costs determined to be unallowable, if any, will be billed to CEPPS-IRI and will be recovered accordingly through issuance of a bill for collection.

**Target Management Decision Date:** (August 31, 2011)

Management decision is expected to be made by August 31, 2011 upon the Agreement Officer's final determination on the allowability of the questioned security costs. Final action will be requested upon actual recovery of unallowable costs, if any.

**Recommendation 7.** *We recommend that USAID/Afghanistan establish procedures and criteria for determining the reasonableness of security costs charged by implementing partners.*

**Mission Comments:** The mission does not concur with this recommendation.

Afghanistan's security situation is fluid; as such, there is considerable variation in security costs incurred by implementing partners, depending on the operating theatre, visibility and potential vulnerability of the respective projects. While USAID/Afghanistan agrees that there is a need to establish procedures and criteria to ensure the reasonableness of security costs, investing time and effort on a formal market survey and developing policies and procedures based on the results of the survey, do not seem to be practical at this time.

The implementation of Presidential Decree (PD) 62 mandates the dissolution of Private Security Companies (PSC) and authorizes the creation of a bridging strategy which provides a transition of PSC-provided security services to the Afghanistan Public Protection Force (APPF). This transition is expected to be completed by March 2012. The objective of the APPF is to protect key infrastructure, facilities, construction projects, and personnel with a special focus on the protection from insurgency. It will also provide protection for those facilities for which donors, international agencies, and private sector organizations currently contract PSCs. The mission anticipates that the APPF should establish fixed prices, and that our implementing partners would be required to pay these fixed-price services. Finally, the procurement of services and the time to generate the results of a survey may take at least 12-15 months to complete.

Given this expected timeline and the planned transition to APPF in March 2012, USAID cannot now justify the expense or effort associated with this type of survey.

**Actions Planned:**

Should the mission obtain definitive information within the next six months that PD 62 would not be implemented, the mission would then initiate appropriate measures to address OIG's concerns and establish necessary guidance and procedures to assure the reasonableness of security costs.

Based on the above, the mission requests OIG's reconsideration of Recommendation 7.

**Recommendation 8.** *We recommend that USAID/Afghanistan's follow-on program require members of the Consortium for Election and Political Process Strengthening to consolidate functions and facilities to the extent possible to reduce expenses.*

**Mission Comments:** To the extent that the mission plans to use CEPPS for any future elections programs, the mission concurs with this recommendation and notes that any anticipated reduction in expenses would more likely be achieved at the sub-national levels where consolidation of offices and training provides a logical cost-sharing and cost-savings potential. Because of the politically-sensitive nature of the CEPPS activities, however, and the respective implementing partners' interaction with political leaders and other civil society activists, any consolidation of functions and facilities at the national level may prove less advisable.

**Actions Taken/Planned:**

With an increasingly challenged budgetary environment and presuming future CEPPS related elections programming, the mission will advise the CEPPS partners to look for opportunities to consolidate functions and facilities, to the extent possible, in order to reduce expenses. Further formal written guidance will be sent to the CEPPS leadership with the distribution of the program document (PD) for a follow-on CEPPS agreement.

**Target Completion Date:** (October 1, 2011)

To the extent that the mission plans to use the CEPPS mechanism for future elections related programming, this recommendation would be implemented with the initiation of any future CEPPS project.

Based on the above, the mission deems that a management decision has been reached on Recommendation 8.

**Recommendation 9.** *We recommend that USAID/Afghanistan (1) require the International Republican Institute, as the lead partner in the Consortium for Elections and Political Process Strengthening, to submit a Consortium marking and branding plan and (2) verify that the plan has been implemented.*

**Mission Comments:** The mission concurs with this recommendation.

**Actions Taken/Planned:**

On April 18, 2011, the mission formally requested CEPPS to deliver a collective branding and marking plan. All CEPPS partners have individually submitted branding and marking plans as of May 4, 2011. The mission will review the plans and verify implementation through field visits

during the remainder of the activity.

**Target Completion Date:** (July 31, 2011)

Final action is expected be completed by July 31, 2011 upon USAID's completion of the review and approval of the CEPPS branding and marking plan as well as verification of its implementation.

Based on the above, the mission deems that a management decision has been reached on Recommendation 9.

# PLANNED AND ACTUAL OUTPUTS FOR STEP

STEP Contract Tasks and Subtasks (Planned Outputs)	Actual Outputs (Verified by Auditors Except Where Noted)
<b>Task 1. Long-term capacity building of the IEC</b>	
1.1 Institutional assessment of the IEC	IFES performed institutional assessments in September 2008 and March 2010.
1.2 Institutional benchmarks for IEC	Benchmarks were identified in the institutional assessments prepared under subtask 1.1.
1.3 Needs assessment (1.3.1 technical and logistical and 1.3.2 equipment and commodities)	Needs assessment is an ongoing process. No needs assessment document is available.
1.4 Staff recruitment plan, retention strategy, and training programs	No recruitment plan or retention strategy was prepared.
1.5 Procurement	IFES reportedly procured information technology equipment valued at \$1.1 million for IEC. We examined receipts and receiving reports and performed commodity end-use checks on a sample of items procured by IFES and found no significant exceptions.
1.6 Logistical and programmatic support to subnational offices	Relatively little effort was devoted to this task; almost all of the effort related to training.
1.7 Development and implementation of a communications plan	No communications plan or other deliverable has been prepared, although IFES provided consultants to work with the external relations department.
1.8 Technical assistance on budget forecasting and management	Little has been done on this subtask; there is no product or deliverable available to review.
1.9 Technical assistance on provincial delimitation	An IFES consultant wrote a relevant report.
1.10 Review and production of training and outreach materials	IFES assisted with production of training and outreach materials (publications and cassette tapes), and reportedly procured printing and training services valued at \$4.4 million. We examined a sample of outreach materials and examined receipts and receiving reports for a sample of printing and outreach procurements. No significant exceptions were noted.
1.11 Technical assistance to IEC departments	Through a subcontractor, IFES conducted a national assessment and focus groups to test views of the electorate concerning elections. IFES also provided assistance to IEC department heads, the results of which are captured under other tasks.
1.12 Capacity-building support to the Election Official Association	Auditors did not verify (not a key output).
1.13 Logistical and programmatic support to the Election Education Center	IFES provided staff and equipment for the Election Education Center.

1.14 Election observation and study tours	IFES supported a study tour to Bosnia that formed a basis for a campaign financing monitoring project.
<b>Task 2. Election Administration Support</b>	
2.1 Timeline and benchmarks leading up to 2009 and 2010 elections	Timelines and benchmarks for the 2009 and 2010 elections were prepared.
2.2 Identify and purchase election commodities	According to IFES officials, UNDP purchased most election materials, although IFES provided minor support for IEC headquarters for the elections (not verified by auditors).
2.3 Promote dialogue between IEC and other ministries and directorates on election issues	The best example IFES officials can provide of promoting dialogue with other ministries and directorates is their work with the Ministry of Women's Affairs and the Ministry of Interior to increase the number of female searchers and other female election workers, to make women feel comfortable voting (not verified by auditors).
2.4 Technical assistance on the development of campaign regulations	An IFES adviser provided assistance on development of campaign regulations.
2.5 Translation services	(Auditors did not review or verify services, which were not a key output.)
2.6 Technical assistance on candidate nomination procedures	IFES officials say that an IFES adviser provided support to IEC on candidate nomination procedures. There was no deliverable per se. (Not verified by auditors.)
2.7 Technical assistance on vote-counting regulations and procedures	Little was done on this subtask; according to IFES officials, for both the 2009 and 2010 elections, UNDP took a strong lead on all election procedures while IFES played a limited supporting role (not verified by auditors).
2.8 Technical assistance on campaign finance regulations	An IFES consultant provided assistance in drafting the campaign finance regulations.
2.9 Logistical and programmatic support for candidate and voter education centers	IFES provided staff for call centers for the 2009 and 2010 elections.
2.10 Education campaigns for parties and candidates on campaign regulations	IFES produced fact sheets and other materials for candidates.
2.11 Electoral Complaints Commission and Provincial Electoral Complaints Commission	Training on adjudication of complaints was given to ECC and PECC staff in 2009 and 2010.
2.12 Media monitoring unit	IFES established and staffed the media monitoring unit.
2.13 Support to the media monitoring unit to provide equal access (buy airtime and verify)	IFES did not buy air time for candidate advertising but did buy air time for IEC public service announcements and other messages.
2.14 Update polling station procedures	IFES helped IEC update its polling station procedures and incorporate numerous antifraud measures.
2.15 Identify and train poll workers on election day procedures	IFES provided financial support for "training of trainers" provided by UNDP in 2009. In 2010, IFES paid a small stipend for the people who attended the training.
2.16 Voter education program	IFES and its civic education subcontractor reached more than a million people in both 2009 and 2010. Through another subcontractor, IFES supported mobile theaters that reached 40,240 people.

2.17 Outreach program for women voters and candidates.	STEP/IFES supported social movements to mobilize voters (e.g., the 5 million women campaign organized by the Afghan Women's Network).
<b>Task 3. Voter registration support</b>	
3.1 Voter registration logistical plan	IFES provided advice on voter registration but did not play any operational role.
3.2 Voter registration outreach materials	
3.3 Voter registration center procedures	
3.4 Finalization and display of the voter register	
3.5 Staff training on voter registration	
3.6 Creation of voter registration department and provision of voter registration adviser	
3.7 Maintenance and update of voter register	
<b>Task 4. Logistics and operational planning</b>	(Auditors did not review or verify this task or the related subtasks because they were not identified as key outputs contributing to higher-level results.)



# PLANNED AND ACTUAL OUTPUTS FOR IEP

Performance Indicator	2009 Target	2009 Actual	2010 Target	2010 Actual
<b>IRI</b>				
No. of election candidates and campaign workers trained	70 candidates 100 campaign workers	64	10	34
No. of individuals trained in issues caucusing or political campaigning	3,000	36	NA	0
No. of USAID-assisted civil society organizations promoting political participation	10	10	NA	5
No. of people reached through USAID voter education programs (gender disaggregated)	10,000 (1,000 female)	360,254 (104,139 female)	NA	51,489 (1,169 female)
No. of issues-based social movements promoting political participation	10	10	5	5
No. of people reached through USAID-assisted media programs	1.2 million	1.2 million	NA	NA
No. of polls conducted	2	2	NA	NA
No. of participants in campaign academy	500	500	215	215
<b>NDI</b>				
No. of political leadership strategic planning trainings	4	4	7	7
Political party assessment conducted	1	1	NA	NA
No. of persons trained thru political party training of trainers (disaggregated by gender)	2,452 males 951 females	3,404	NA	NA
No. of polling agents trained (gender disaggregated)	886 males 421 females	1,306	NA	NA
No. of candidates trained through the candidate orientation training (gender disaggregated)	NA	NA	1,501 males 208 females	1501 males 208 females
No. trained through candidate agent training (disaggregated by gender)	NA	NA	26,228 males 9,786 females	36,200
No. of political party activists trained, by region (disaggregated)	NA	NA	3,211 males 1,259 females	6,317
No. of female political candidates trained through women's candidate campaign schools	NA	NA	248	225
<b>IFES</b>				
Total number of people reached by USAID-assisted voter education	NA	8-10 million	2,743,692	12 million

<b>Performance Indicator</b>	<b>2009 Target</b>	<b>2009 Actual</b>	<b>2010 Target</b>	<b>2010 Actual</b>
Number of unique visits to electoral section of Web site	5,586	22,870	22,870	37,156
Number of local nationals whose knowledge of political finance has increased	NA	300	120	122
Number of journalists trained	NA	100	92	91
Number of universities hosting conversation clubs	NA	3	3	3
Number of students receiving training	NA	45	72	53
Women of influence trained	NA	246	100	272

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