



# OFFICE OF INSPECTOR GENERAL

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## AUDIT OF USAID/PAKISTAN'S PRE-SERVICE TEACHER EDUCATION PROGRAM

AUDIT REPORT NO. G-391-12-004-P  
MARCH 16, 2012

ISLAMABAD, PAKISTAN



*Office of Inspector General*

March 16, 2012

**MEMORANDUM**

**TO:** USAID/Pakistan Mission Director, Andrew B. Sisson

**FROM:** Office of Inspector General/Pakistan Director, Joseph Farinella /s/

**SUBJECT:** Audit of USAID/Pakistan's Pre-Service Teacher Education Program  
(Report No. G-391-12-004-P)

This memorandum transmits our final report on the subject audit. In finalizing the report, we carefully considered USAID/Pakistan's comments on the draft report and have included those comments in Appendix II.

The report contains two recommendations to help the mission improve various aspects of the program. USAID/Pakistan officials agreed with the two recommendations. On the basis of the information provided by the mission in response to the draft report, we determined that management decisions have been reached on the recommendations. The Audit Performance and Compliance Division will determine whether final action has been achieved once the mission completes planned corrective actions on the recommendations.

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

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## Abbreviations

The following abbreviations appear in this report:

ADE	associate degree in education
ADS	Automated Directives System
AED	Academy for Educational Development
AOR	agreement officer's representative
B.Ed.	bachelor of education
EDC	Education Development Center Inc.
FY	fiscal year
PMP	performance management plan
Pre-STEP	Pre-Service Teacher Education Program
USG	U.S. Government

# SUMMARY OF RESULTS

To improve teacher education in Pakistan, in September 2008 USAID/Pakistan awarded a cooperative agreement to Academy for Educational Development (AED) to implement the Pre-Service Teacher Education Program (Pre-STEP). Pre-STEP is managed by the USAID/Pakistan Office of Education. In April 2011, USAID/Pakistan canceled AED's cooperative agreement based on the Government of Pakistan's decision to terminate its memorandum of understanding with AED. To continue implementing Pre-STEP, in April 2011, USAID/Pakistan awarded a cooperative agreement to Education Development Center Inc. (EDC). As of December 31, 2011, USAID/Pakistan had obligated \$17 million and spent \$4.3 million on this agreement. Total Pre-STEP obligations were \$37 million, and expenditures were \$22 million through December 2011. Award details appear in Table 1.

**Table 1. Audited Activities**

Partner	Agreement Period	Award Type	Award Amount (\$ million)	Expenditures as of December 31, 2011 (\$ million)
AED	9/30/2008-4/4/2011	Cooperative agreement	75	17.7
EDC	4/5/2011-10/4/2013	Cooperative agreement	40	4.3

Pre-STEP focuses on developing standards for teacher education across all provinces and the Federally Administered Tribal Areas of Pakistan in collaboration with the Higher Education Commission and the Ministry of Education. The program's overall goal is to improve the quality of basic education through improved teacher education.

In collaboration with the Government of Pakistan, Pre-STEP plans to improve teacher education in three priority areas:

1. Improve national human resource policies by incorporating recruitment, certification, licensing, promotion, and salary revisions.
2. Develop teacher standards and new programs that replace existing Primary Teacher Certificate requirements. Upgrade existing 1-year and 4-year basic education curricula, purchase training and reference materials for teaching institutions, provide international technical assistance, and offer academic scholarships and research grants.
3. Develop, implement, and upgrade curricula in higher education institutions for current and new teachers at the national level.

The objective of this audit was to determine whether Pre-STEP is achieving its main goal of improving the quality of basic education through improved teacher education.

In its first 3 years, the program made progress toward achieving improved teacher education by developing and helping the Pakistani Government implement education policy reforms. The Higher Education Commission approved two new education degree programs based in part on

Pre-STEP recommendations. The new degree programs and curricula are for a 2-year associate degree in education (ADE) and a 4-year bachelor of education degree (B.Ed.). These programs, introduced with USAID's support, should ultimately affect teacher training colleges and universities throughout Pakistan and help improve the overall quality of education.

In part because of Pre-STEP's efforts, 16 Pakistan teaching institutions have adopted the new degree programs. Pre-STEP plans to increase the number of colleges and universities offering the new degrees over the next 2 years by supporting their implementation at target colleges and universities and expanding the number of students enrolled in the new degree programs.

Despite progress in developing and implementing policy reforms at the provincial and national levels, the program did not meet targets for 12 of 19 indicators. Some targets could not be met because the activities to be quantified (outputs), such as student scholarships and grants awarded, were postponed. Other program outputs, such as renovations at college and university facilities and the number of teachers enrolled in the new curricula, fell short of targets, as detailed in Appendix III.

A major contributing factor to these shortfalls occurred in the third year of the program, when the mission terminated its agreement with AED and awarded a new agreement to EDC. The new implementing organization required time to expand operations in Pakistan. During fiscal year (FY) 2011, EDC developed a new performance management plan (PMP) and listed targets for four program indicators for the period April through September 2011 (shown in Appendix IV).

Although the program has made progress, the audit identified two areas for improvement:

- Certain targets were not met (page 3). The program did not meet targets for 12 of 19 indicators. Although the current budget reflects a desire to achieve the unmet targets, the rate of spending during the first 3 years of implementation suggests that the budget and the goals may need adjustment.
- Performance management plans did not comply with Agency requirements (page 4). Plans submitted by both implementers were late and lacked several elements, and the mission had not given final approval to the EDC plan.

The report recommends that USAID/Pakistan:

1. Review program progress to date in line with expenditures and timelines to achieve the desired results for the remainder of the agreement, document the results of the review, and make adjustments to the program if necessary (page 4).
2. Update and finalize the program's performance management plan to ensure it is complete and meets Agency requirements (page 6).

Detailed findings follow. Appendix I presents the audit scope and methodology, and USAID/Pakistan's comments appear in Appendix II. Our evaluation of management comments is on page 7 of the report.

# AUDIT FINDINGS

## Certain Targets Were Not Met

USAID uses performance indicators to compare actual results with expected results and determine whether programs are progressing toward their objectives. Agency guidance, including Automated Directives System (ADS) Section 203.3.4.5, requires setting performance targets for each performance indicator that are ambitious but can be achieved. Performance targets are specific planned levels of results to be achieved within an explicit time frame and may be set for the end of the agreement period or for each year of the program.

Pre-STEP made progress toward some established targets during the first 3 years. According to AED's final report, the following are key achievements:

1. Submitted amended policies related to the new degree programs to six provincial and area governments.
2. Determined future human resource needs for the number of teachers required at education institutes in Khyber Pakhtunkhwa Province.
3. Launched the new degrees and curricula at 16 government-run higher education institutions.
4. Provided Ph.D. scholarships to eight faculty members.
5. Made reforms in the certification and promotion practices for elementary school teachers.

However, the audit found that the program did not meet targets for 12 of 19 indicators. For example, USAID funded 410 of 2,297 planned scholarships to students enrolled in the new teaching curriculum and distributed 10 of 36 planned research grants with an average value of \$9,000 to teaching institutions in FY 2011. Indicators, targets, and results are shown in Appendix III.

Program shortfalls occurred for several reasons, some within the mission's control and some not:

- The mission's technical office had many competing priorities and lacked time to provide adequate oversight. During the period under review, the mission assigned one agreement officer's representative (AOR) to manage Pre-STEP's \$75 million cooperative agreement. This AOR was assigned to manage three other projects whose average budget was \$9 million. This situation contributed to not achieving planned program targets.
- The program got off to a slow start in its first 2 years of implementation. According to mission officials, key personnel hired to manage the program did not have the necessary management skills. As a result, the mission requested that AED change the chief of party in 2009. AED also had an unexpected change with a significant partner in the second year of the award, causing further delays.

- In March 2011, USAID/Pakistan canceled AED's cooperative agreement based on the Government of Pakistan's decision not to work with AED anymore. To continue implementing Pre-STEP, in April 2011, USAID/Pakistan awarded a new agreement to EDC. Even though the mission awarded the new Pre-STEP cooperative agreement the day after terminating the AED agreement, the new implementing partner, EDC, needed time to hire additional staff, find new office space, develop work plans, and establish internal controls.

One result of the transition from AED to EDC was the postponement of some aspects of the program. Because the new implementing organization required time to expand its operations, the mission worked with EDC to develop a new PMP with only 4 of 19 program indicators for the period April through September 2011. EDC met the established targets for three indicators; information was not available on the fourth (shown in Appendix IV).

The transition from AED to EDC gave the mission an opportunity to review spending up to that point (shown in Table 2) and determine whether projected expenditures were in line with timelines for achieving desired results in the time remaining.

**Table 2. Spending Through December 2011**

Implementer	Number of Months	Amount Spent (\$ million)	Rounded Rate (\$000,000 per Month)
AED	30	17.7	600,000
EDC	9	4.3	500,000

As the table makes clear, the monthly rate of spending through December 2011 was far below the approximately \$2.6 million per month referenced in the budget that USAID/Pakistan prepared.

Given this rate of expenditures, the current budget could surpass the implementing partner's ability to spend funds efficiently and effectively and provide adequate oversight. Therefore, we make the following recommendation.

**Recommendation 1.** *We recommend that USAID/Pakistan review program progress to date in line with expenditures and timelines to achieve the desired results for the remainder of the agreement, document the results of the review, and make adjustments to the program if necessary.*

## **Performance Management Plans Did Not Comply With Agency Requirements**

According to ADS 203.3, performance management is the systematic process of monitoring the achievements of program operations; collecting and analyzing performance information to track progress toward planned results; using performance information and evaluations to influence decision making and resource allocation; and communicating results. The mission uses a PMP to measure progress toward the results identified in the planning stage. ADS 203.3.3 also states that once an award is executed, the project staff must complete a PMP, with relevant indicators and baseline data, within the first few months and before major project implementation actions get under way.

In addition, ADS 203.3.3.5 requires that a PMP include specific monitoring elements: (a) a schedule for data collection and baseline values and targets for each indicator, (b) a description of the source of the data and the method for data collection, (c) performance indicators disaggregated by gender, (d) a description of known data limitations for each indicator, (e) a description of data quality assessment procedures, (f) the estimated cost of collecting, analyzing, and reporting performance data, (g) a calendar of performance management tasks, and (h) identification of possible evaluation efforts. Furthermore, ADS 203.3.4.6 instructs missions to update PMPs regularly with new performance information as projects develop and evolve.

Contrary to ADS guidance and agreement deliverables, AED did not develop and maintain a PMP that complied with Agency requirements. For example, the PMP lacked the following monitoring requirements:

- Performance results disaggregated by gender
- A description of known data limitations of each performance indicator
- A description of data quality assessment procedures
- The estimated cost of collecting, analyzing, and reporting performance data
- A calendar of performance management tasks that the mission will conduct over the life of the project
- The identification of possible evaluation efforts that complement performance monitoring efforts

In addition, AED did not submit a final PMP until 17 months after the agreement was signed. According to the mission, the delay occurred in part because AED management had difficulty interpreting and complying with Agency directives. Because of the stalled PMP process and other matters—including troubles with reporting, coordination, and keeping activities on schedule—AED's chief of party was replaced. Soon after, the mission finalized and approved the PMP even though it did not fully comply with ADS guidelines.

The follow-on implementer, EDC, submitted a PMP to USAID/Pakistan on November 22, 2011, 2.5 months after it was due. USAID/Pakistan gave interim approval of the PMP, subject to mission modifications.

This interim PMP lacked several key elements, such as:

- Performance results disaggregated by gender
- The estimated cost of collecting, analyzing, and reporting performance data

The interim approved PMP was 2.5 months late because EDC was tasked with absorbing an existing agreement in a short period of time. Hiring personnel and securing office space also contributed to the delay in developing the PMP.



Without a final PMP, the implementing partner may not have a clear understanding of data collection procedures, program targets, and monitoring requirements. A final PMP including all required elements is needed. Therefore, we make the following recommendation.

***Recommendation 2.*** *We recommend that USAID/Pakistan update and finalize the program's performance management plan to ensure it is complete and meets Agency requirements.*

# EVALUATION OF MANAGEMENT COMMENTS

USAID/Pakistan agreed with the findings and two recommendations in the report. Concerning the report's finding that certain targets were not met, the mission stated that OIG may not have fully accounted for USAID's efforts to ensure that program activities continued without delay after the transition from AED to EDC. OIG fully recognizes delays caused by the termination of AED's cooperative agreement on pages 2 and 4 of the report. The mission also noted that a primary program objective is policy reform and that the target in this area was exceeded within the first 3 years. Again, OIG recognizes that policy reform is a major aspect of the program on pages 1 and 2 of the report, and the results achieved are shown in Appendix III—performance indicators 1 and 2.

Based on our evaluation of USAID/Pakistan's management comments, management decisions have been reached on the recommendations.

**Recommendation 1.** We recommend that USAID/Pakistan review program progress to date in line with expenditures and timelines to achieve the desired results for the remainder of the agreement, document the results of the review, and make adjustments to the program if necessary.

USAID/Pakistan agreed and reported that it is working with EDC to reprogram, within the parameters of the scope of work, for a more effective and efficient use of funds. The mission expected to complete the reprogramming exercise by April 30, 2012. Accordingly, a management decision has been reached on this recommendation.

**Recommendation 2.** We recommend that USAID/Pakistan update and finalize the program's performance management plan to ensure it is complete and meets Agency requirements.

USAID/Pakistan agreed and indicated that it plans to work with EDC to finalize the performance management plan by April 30, 2012. Accordingly, a management decision has been reached on this recommendation.

The Audit Performance and Compliance Division will make a determination of final action on completion of the planned corrective actions for the two recommendations. The mission's written comments on the draft report are included in their entirety as Appendix II.

# SCOPE AND METHODOLOGY

## Scope

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objective. We believe that the evidence obtained provides that reasonable basis.

The purpose of this audit was to determine whether Pre-STEP is achieving its main goal of improving the quality of basic education in Pakistan through improved teacher education. As of December 31, 2011, cumulative obligations and expenditures under Pre-STEP totaled approximately \$37 million and \$22 million, respectively. The audit team reviewed performance information for October 2008 through December 2011 and evaluated the major activities implemented under the program.

In planning and performing the audit, the audit team reviewed the control environment at the mission. We examined the mission's FY 2011 self-assessment of management controls, which the mission is required to perform to comply with the Federal Managers' Financial Integrity Act of 1982, to check whether the assessment cited any relevant weaknesses. We also reviewed applicable USAID policies and procedures pertaining to USAID/Pakistan's program including ADS Chapters 201, 203, and 216.

The audit team assessed relevant internal controls used by the mission to manage the program. These controls included maintaining regular contact with the implementer, approving key personnel decisions, performing site visits, assessing reported results, and reviewing project files and program reports. The audit team also reviewed the control environment at the implementing partner, including a review of the procurement, security, and accounting functions and the reporting of programmatic results.

The audit team performed fieldwork at the USAID/Pakistan mission, EDC's main program office in Islamabad, the provincial office in Karachi, and select higher education institutions in Pakistan from September 20, 2011, through January 25, 2012.

## Methodology

To answer the audit objective, we reviewed mission documentation used to manage and monitor the program: country operational plans, performance management plans, implementing partner agreements, performance measures, actual performance results, financial reports, and site visit reports. We also interviewed mission officials; staff at the current implementing partner; and program recipients including students, scholarship recipients, professors, and university administrators. We also compared plan targets with reported results.

The audit evaluated whether the indicators used by the program are sufficiently results-oriented to permit their use in answering the audit objective. Through discussions with USAID/Pakistan officials and implementing partners, the auditors gained an understanding of (1) how the

indicators are defined and computed, (2) the data sources utilized, and (3) the flow of data from the implementing partner's performance reports to its inclusion in quarterly and annual reports.

In assessing the status of the activities carried out during the program's first, second, and third years of operation, the auditors relied primarily on the implementer's quarterly progress reports from September 2008 through September 2011, supplemented by interviews conducted with USAID/Pakistan and implementing partner staff regarding implementation problems reflected in these reports. The audit team also reviewed the following sources of evidence: internal control documents, prior audits, and cooperative agreements.

To validate the results reported under the program, the auditors checked key reported results against supporting data maintained by the implementer. To test the accuracy of the data in this database and verify the number of reported beneficiaries, the auditors checked the data against supporting documentation. Similar but more limited testing was performed for certain other activities, such as scholarships and training.

# MANAGEMENT COMMENTS



**USAID** | **PAKISTAN**  
FROM THE AMERICAN PEOPLE

## MEMORANDUM

Date: March 5, 2012

To: Joseph Farinella  
Director OIG/Pakistan

From: Andrew Sisson /s/  
Mission Director

Subject: Management Comments on the Audit of USAID/Pakistan's Pre-Service Teacher Education Program (Pre-STEP)

Reference: Draft Report No. G-391-12-00X-P dated February 13, 2012

Thank you for providing the mission with the opportunity to review the subject draft audit report. Mission management appreciates the collegial manner in which the Office of Inspector General conducted the audit. The audit was instructive and timely as the Mission is in the process of scaling up the current program after the transition of implementers from Academy for Educational Development to Education Development Center. The Mission is using lessons learned from the first project, as well as participation in the audit process, to inform improved implementation and monitoring processes in the second project. Please find below our management comments on the recommendations included in the referenced audit report.

**Recommendation No. 1: We recommend that USAID/Pakistan review program progress to date in line with expenditures and timelines to achieve the desired results for the remainder of the agreement, document the results of the review, and make adjustments to the program if necessary.**

### **Management Comments:**

Mission management concurs with the recommendation. Mission is already monitoring the spend rate and program implementation pace through quarterly pipeline reviews. As a result of the pipeline review for the quarter ended October 2011, the Education Office through the Office of Acquisition and Assistance is working with the implementer, Education Development Center, to reprogram, within the parameters of the scope of work, for a more effective and efficient use of funds. The reprogramming exercise will be finalized by April 30, 2012. The Mission will continue close monitoring of program implementation through field visits, meetings with the implementer, regular pipeline reviews and quarterly progress reports.

The draft audit report references the delay in meeting certain targets such as the number of student scholarships and grants. In this regard, the Mission would like to note that the audit may not have fully accounted for USAID/Pakistan's efforts to ensure that program activities continue

without delay when the Government of Pakistan terminated its memorandum of understanding with the Academy for Educational Development. This Government of Pakistan's decision resulted in delay of several activities and slight changes in the program direction. In addition, all USAID/Pakistan programs are implemented in a complex environment where the host government has very limited capacity. For example, it took extra time for the program team to build capacity of public universities to write research proposals, before such proposals could be accepted for consideration.

More importantly, one of the Mission's primary objectives in Pakistan is to support Government of Pakistan institutions to develop and to implement policy reform for better service delivery; in the case of this program, the objective was to raise the quality of basic education in Pakistan through better prepared teachers. During the first three-years, the program exceeded its target considerably in the area of policy reform. The program target for these reforms was four; the program achieved 13 separate policy reforms. These reforms enabled the launch of new professional degree programs for teachers: a two-year Associate's Degree in Education (ADE); and a four-year Bachelor's of Education (B.Ed.) degree. In addition, this program also contributed positively to the introduction of significant reforms at the provincial level that make teacher recruitment and promotion better rationalized.

**Recommendation No. 2: We recommend that USAID/Pakistan update and finalize the program's performance management plan to ensure it is complete and meets agency requirements.**

**Management comment:**

Mission management concurs with the recommendation. The Education Office has been working with Education Development Center to revise the interim Performance Management Plan (PMP) for the Pre-Service Teacher Education Program in line with ADS 203 guidelines. The revised PMP will include targets disaggregated by gender and region. The document will be finalized by April 30, 2012.

**Academy for Educational Development Program Indicators, Targets, and Results  
September 30, 2008 – April 4, 2011 (Audited)**

<b>No.</b>	<b>Performance Indicator</b>	<b>FY Targets 2009 - 2011</b>	<b>FY Results 2009 - 2011</b>
<b>1</b>	Does your program support education system/policy reform?	Yes	Yes
<b>2</b>	Number of laws, policies, regulations, or guidelines developed or modified to improve equitable access to or the quality of education services	4	13
<b>3</b>	Number of provinces/areas with plans to meet teacher demand/needs based on evidence from teacher mapping	4	0
<b>4</b>	Number of host-country individuals receiving U.S. Government (USG)-funded scholarships to attend higher education institutions	2,297	410
<b>5</b>	Number of USG-funded scholarship and exchange programs conducted through higher education institutions	8	1
<b>6</b>	Number of host-country individuals completing USG-funded exchange programs conducted through higher education institutions	80	8
<b>7</b>	Number of textbooks and other teaching and learning materials provided with USG assistance	2,095	2,583
<b>8</b>	Number of host-country individuals trained as a result of USG investments involving higher education institutions	1,620	2,693
<b>9</b>	Number of host-country institutions with increased management or institutional capacity as result of USG investments involving higher education institutions	37	0
<b>10</b>	Number of higher education partnerships between U.S. and host-country higher education institutions that address regional, national, and/or local development needs	15	0
<b>11</b>	Number of institutions receiving Pre-STEP support to promote educational research for informed policy making and planning	36	10
<b>12</b>	Number of research studies completed through USG support	39	0
<b>13</b>	Number of institutions receiving support through USG funding for physical rehabilitation and construction work (for some universities) and material/equipment	50	4
<b>14</b>	Number of host-country training programs/events conducted or organized with USG assistance	155	130
<b>15</b>	Number of government colleges implementing the revised practicum program	25	0
<b>16</b>	Number of government colleges establishing links with universities of Pakistan	25	10
<b>17</b>	Sets of national subject-specific standards for teachers developed	12	12
<b>18</b>	Number of institutions piloting new ADE and B.Ed. (honors) programs	15	16
<b>19</b>	Number of trainee teachers enrolled in the new (ADE and B.Ed. honors) programs	1,200	577

**Education Development Center Program Indicators, Targets, and Results  
April 5 – September 30, 2011 (Audited)**

<b>No.</b>	<b>Performance Indicator</b>	<b>Targets 2011</b>	<b>Results 2011</b>
1	Education systems/policy reform.	Yes	Yes
2	Number of host-country higher education institutions implementing new teacher pre-service curriculum:		
	• Number of colleges offering ADE/B.Ed. teaching degree	11	10
	• Number of universities offering ADE/B.Ed. teaching degree	6	6
3	Number of faculty trained to support the rollout of the ADE and B.Ed. (e.g., number who have completed Pre-STEP-developed foundations modules, orientation workshops, curriculum development workshops, professional development institutes, or research workshops).	360	969
4	Number of host-country individuals with improved access to higher education with support from USG-supported higher education programming.	660	Not available



**U.S. Agency for International Development**  
**Office of Inspector General**  
1300 Pennsylvania Avenue, NW  
Washington, DC 20523  
Tel: 202-712-1150  
Fax: 202-216-3047  
**[www.usaid.gov/oig](http://www.usaid.gov/oig)**