

# OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

## Higher Education Programs: USAID/Egypt Could Better Use Information to Set Performance Indicator Targets and Gauge Results

Audit Report 8-263-23-002-P  
March 29, 2023

Audit



Middle East and Eastern Europe Regional Office



## OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

**DATE:** March 29, 2023

**TO:** USAID/Egypt, Mission Director, Leslie Reed

**FROM:** Middle East and Eastern Europe Regional Office Audit Director, David Thomanek /s/

**SUBJECT:** Higher Education Programs: USAID/Egypt Could Better Use Information to Set Performance Indicator Targets and Gauge Results

This memorandum transmits our final audit report. Our audit objectives were to determine to what extent USAID/Egypt's higher education program used information from (1) performance indicators to maximize workforce development of graduates and the strength of Egyptian tertiary education institutions and (2) an end-of-project evaluation to design a new scholarship activity. In finalizing the report, we considered your comments on the draft and included them in their entirety, excluding attachments, in Appendix C.

The report contains three recommendations to evaluate the effectiveness of one activity and improve USAID/Egypt's use of performance indicators. After reviewing information, you provided in response to the draft report, we consider one resolved but open pending completion of planned activities (recommendation 1), and two open and unresolved (recommendations 2 and 3). For recommendation 1, please provide evidence of final action to the Audit Performance and Compliance Division. Please work with us to resolve recommendations 2 and 3.

We appreciate the assistance you and your staff provided to us during this audit.

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## Introduction

According to the U.S. Department of State, the United States and Egypt share interests of Middle East peace and stability, economic opportunity, and regional security. Since 1978, the United States has provided Egypt with over \$30 billion in economic assistance in support of their (1) long-standing partnership or (2) shared interests. To accelerate economic growth and job creation, USAID/Egypt—through its Office of Education and Health (OEH)—implements scholarships, institutional collaboration, research, and career development activities to help tertiary education and work force development programs produce graduates with relevant knowledge and skills. In 2017, Egypt’s education system enrolled 24 million students. Of those, Egypt had 2.9 million enrolled in higher education.

Given the continued significance of funding and the importance of information from performance indicators and project evaluations to inform effective programming, we conducted this audit to determine to what extent USAID/Egypt’s higher education program used information from (1) performance indicators to maximize workforce development of graduates and the strength of Egyptian tertiary education institutions<sup>1</sup> and (2) an end-of-project evaluation to design a new scholarship activity.

To evaluate how OEH developed and used performance indicators over time, the audit covered performance indicators from USAID/Egypt’s higher education program from 2015 to 2020. We focused on 4 of 8 activities. We judgmentally selected these activities to cover four OEH focus areas—scholarships, institutional collaboration, research, and career development. To conduct our work, we reviewed documents and interviewed USAID/Egypt employees to discover how activity teams defined performance indicators, collected data related to performance indicators, set performance indicator targets to show whether activities were on track to achieve the activities’ objectives, and explained differences between performance indicator targets and results.

To evaluate how OEH used information from evaluations to design a new activity, we compared recommendations from the evaluation of one education activity with design documents for the follow-on activity to trace whether USAID/Egypt incorporated lessons learned. We conducted this audit in accordance with generally accepted government auditing standards. Appendix A provides more detail on our scope and methodology.

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<sup>1</sup> Public and private Egyptian universities and technical colleges.

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## Summary

**USAID/Egypt developed performance indicators to measure progress toward higher education development purposes, but had challenges in documenting targets, tracking performance, and explaining why some targets were not reached.**

Specifically, OEH developed performance indicators for all four activities reviewed that were relevant to the program's purposes and could be used to monitor progress. All the activities had their primary purpose as tertiary education and workforce development programs able to produce graduates with relevant knowledge and skills. The activities were to strengthen Egyptian universities and technical colleges to create a better developed and gender-balanced cadre of skilled professionals who can apply and impart new knowledge and skills in priority sectors.

However, OEH did not always document the rationale used to set target levels and did not track most of its performance indicators under one of the activities reviewed because OEH believed the nature of the award did not require targets for all indicators. Nevertheless, without clear documentation, OEH may not have information that the activity team may need to evaluate whether its actions impacted progress toward results in line with expectations. Without values of expected targets and data on results achieved, OEH and its implementing partner could not measure progress for some indicators. Finally, OEH did not always document the causes for differences between planned targets and actual results.

**USAID/Egypt incorporated end-of-activity evaluation recommendations into the design of its new scholarship activity.** Specifically, OEH conducted a performance evaluation on the reviewed activity when it ended. OEH then considered the recommendations from that evaluation and included lessons learned in the design of the follow-on activity.

**Recommendations.** We made three recommendations to evaluate the effectiveness of one activity and improve USAID/Egypt's use of performance indicators. USAID/Egypt agreed with one recommendation, partially agreed with one recommendation, and disagreed with one recommendation.

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## Background

### ***USAID and Egypt Partner to Improve Higher Education***

Egypt values education to develop academic competencies and professional skills. Its constitution even recognizes the right to quality education for all Egyptians. Even so, the World Economic Forum in its 2019 Global Competitiveness Report noted that Egypt ranked 99 out of 141 countries in both the Skills of Future Workforce and the Skills of Current Workforce categories. The country ranked still lower in some sub-categories, scoring 133rd in Skillset of Graduates and 123rd in Critical Thinking in Teaching.

As the government of Egypt has taken steps to improve education, the United States has helped. In 2011, then-Secretary of State John Kerry proposed an initiative to strengthen

institutions of higher education and develop lasting partnerships between the private sector, U.S. universities, and Egyptian institutions. Broadly, the purpose of the initiative was to strengthen Egypt's tertiary institutions and prepare Egypt's youth, particularly women, to effectively contribute to the country's economic growth and development. The initiative targeted strategic fields where Egypt has a need, such as agriculture, environment, climate change, business, water management, science, technology, engineering, math, and nursing. In support of the U.S. initiative, USAID/Egypt's higher education program comprises eight activities.

## **USAID Uses Performance Indicators to Monitor Progress**

Based on USAID policy in Automated Directives System (ADS) 201 and on the "Monitoring Toolkit: Performance Indicator Targets" supplementary ADS guidance, activity managers need performance indicators<sup>2</sup> that reflect higher development objectives. Additionally, they need performance indicator targets<sup>3</sup> to show whether their efforts progress as expected. When results differ from planned performance indicator target levels, managers should adjust expectations or change their implementation approach.<sup>4</sup> Performance indicators—when relevant to program purposes and used with realistic performance indicator targets used to gauge results—help answer to what extent USAID/Egypt's activities are progressing towards meeting objectives. Additionally, USAID/Egypt uses evaluations to learn about the effectiveness of activities and to inform future designs for similar activities.

Performance indicators can describe outputs, or outcomes. According to ADS 201, outputs are tangible, immediate, and intended products or consequences of an activity within USAID's control or influence; outputs are the direct result of inputs,<sup>5</sup> or the deliverables. Outcomes are any result higher than an output to which a given output contributes, but for which it might not be solely responsible. As an example of an output performance indicator, one education activity used "Number of individuals affiliated with higher education institutions receiving capacity development support with U.S. government assistance." That indicator measures a consequence within USAID's control. As an outcome indicator, the same activity used "Percent of U.S. government assisted organizations with improved performance." Other factors could contribute to an organization's improvement in addition to USAID's efforts.

USAID policies and best practices provide activity managers with guidance to create useful performance indicators. That guidance includes the following:

- Use Performance Indicator Reference Sheet (PIRS) to document the definition, purpose, and methodology of the indicator to ensure all parties that are collecting and using the indicator have the same understanding of its content.<sup>6</sup>

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<sup>2</sup> Performance indicators describe outputs and outcomes of strategies, projects, or activities based on a USAID/Egypt's Results Framework or project or activity logic model.

<sup>3</sup> A target is a specific, planned level of a result to be achieved within a specific timeframe with a given level of resources.

<sup>4</sup> ADS 201 supplement, "Monitoring Toolkit: Performance Indicator Targets."

<sup>5</sup> ADS 201 defines inputs as resources—such as funding, information, or people—used to create an output.

<sup>6</sup> ADS 201.3.5.6 Section D.

- Design performance indicators to ensure that progress toward expected results is sufficiently and rationally tracked.<sup>7</sup>
- Set targets and collect data for performance indicators.<sup>8</sup>
- Document the basis of performance indicator targets to aid in understanding deviations from targets in actual data and help ensure continuity of target setting over time. Good practices for setting output targets include considering who will receive the output, how much of the output is desired, the availability of resources to produce outputs, how quickly resources can be mobilized, and the process for converting resources into outputs. In setting outcome targets, it is good practice to consider how outputs are transformed into the desired outcome target.<sup>9</sup>
- Investigate significant differences between performance indicator targets and actual results.<sup>10</sup>

This audit was designed around the idea that when activity managers understand the relationships between the resources they invest and what they expect to produce, they can identify when and why results deviate from plans. As seen in Figure I below, activities should use performance indicator targets based on their plans to use processes and resources over time to meet beneficiary demand and gain results. Periodically during implementation, teams should use performance data to evaluate whether their effort, work, and time are achieving the results they planned. When there are differences, teams should adjust their targets, change their implementation plans, or modify activities.

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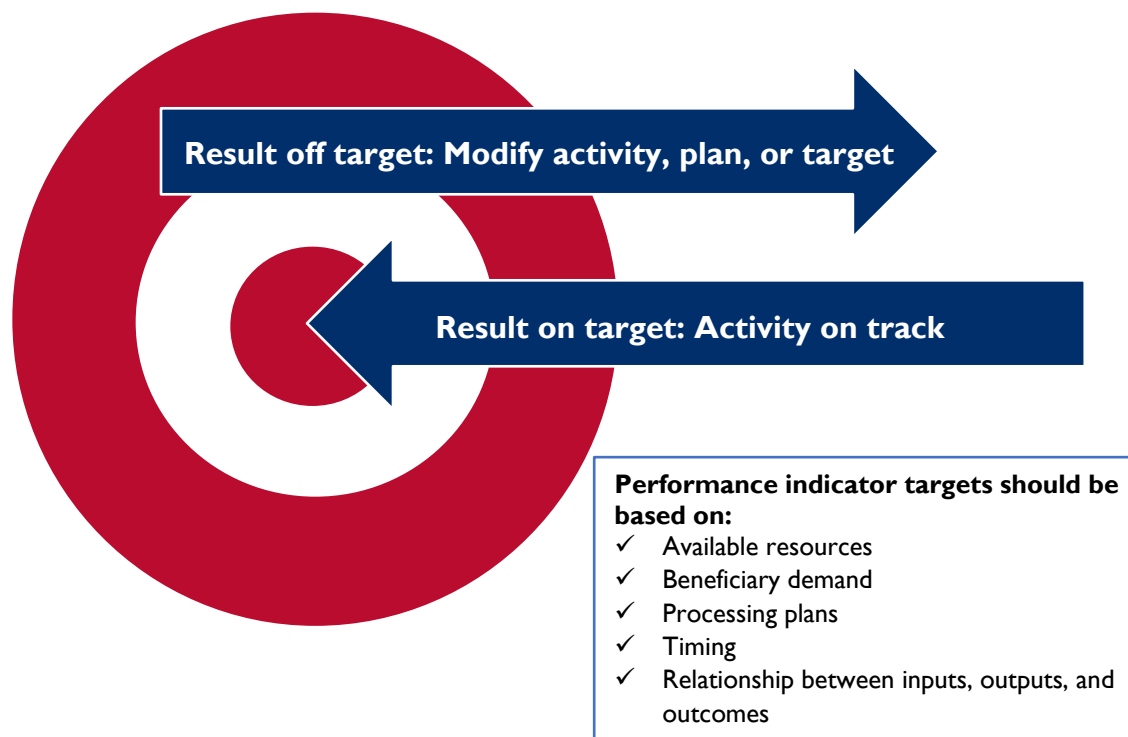
<sup>7</sup> ADS 201.3.5.6 Sections A, B, and F plus ADS 201.3.4.10.a (09/07/2016 version) for G2G activities like GSP started in 2017.

<sup>8</sup> ADS 201.3.5.6 Section F and ADS 201 supplement, “Monitoring Toolkit: Performance Indicator Targets.”

<sup>9</sup> ADS 201.3.5.6 Section F and ADS 201 supplement, “Monitoring Toolkit: Performance Indicator Targets.”

<sup>10</sup> Ibid.

**Figure 1. Using Performance Indicator Targets and Results to Influence Activities**



Source: OIG interpretation of ADS 201 and the “Monitoring Toolkit: Performance Indicator Targets.”

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## **USAID/Egypt Developed Performance Indicators to Measure Progress Toward Higher Education Development Purposes, but Had Challenges in Documenting Targets, Tracking Performance, and Explaining Why Some Targets Were Not Reached**

OEH developed performance indicators for all four activities reviewed that were relevant to the program’s purposes. However, OEH did not always document the rationale used to set target levels. Also, for one education activity, OEH did not track—set target and collect data—for most performance indicators or always document the causes for differences between planned targets and actual results on three other activities.

### **OEH Developed Performance Indicators Relevant to the Program’s Purposes**

For all four activities reviewed, OEH developed indicators—as required by ADS 201—to reflect progress on maximizing workforce development of graduates and strengthening Egyptian



tertiary education institutions. Among the 46 indicators reviewed, 44 aligned with the higher education programs purposes.<sup>11</sup> All the activities had their primary purpose as tertiary education and workforce development programs able to produce graduates with relevant knowledge and skills. They were to strengthen Egyptian universities and technical colleges to create a better developed and gender-balanced cadre of skilled professionals who can apply and impart new knowledge and skills in priority sectors. The alignment of performance indicators with program purposes can be seen across the four activities reviewed.

- One education activity's eighteen performance indicators included the number of individuals attending tertiary education institutions with United States government (USG) scholarship or financial assistance and the number of host country tertiary education institutions receiving capacity development support with USG assistance.
- A second education activity's eight performance indicators included the number of individuals affiliated with tertiary education institutions engaged in applied research projects/publications due to USG assistance and percentage of USG-assisted organizations with improved performance.
- A third education activity used four performance indicators that included the number of scientific studies published, or conference presentations given as a result of USG assistance for research projects and the number of tools, technologies, or practices introduced to the commercial sector.
- The fourth education activity's sixteen performance indicators included percentage of graduates from USG-supported tertiary education programs reporting themselves as employed within 1 year of graduation and the number of individuals affiliated with higher education institutions receiving capacity development support with USG assistance.

Appendix B lists all the performance indicators and OIG's assessment.

## **OEH Did Not Always Document Its Rationale to Support Performance Indicator Targets and Did Not Track Most of One Education Activity's Performance Indicators**

In all four activities reviewed, OEH did not fully document relationships between work activities and their performance indicator target expectations. Furthermore, OEH did not track as ADS required most of the performance indicators in one program we reviewed.

### ***OEH Did Not Always Document Rationale to Support Performance Indicator Targets***

OEH did not always document whether it considered factors—in keeping with best practices<sup>12</sup>—that can be useful when setting targets to show how and why work planned for an activity is expected to produce results. Some of these factors include demand for outputs,

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<sup>11</sup> The two indicators that did not reflect program purposes were input indicators that reflected progress toward reaching an activity output. They were (1) Number of newspaper advertisements and (2) Number of workshops to inform prospective beneficiary home institutions of the scholarship activity.

<sup>12</sup> ADS 201 supplement, "Performance Indicator Targets Monitoring Toolkit."

availability of resources, timeframes for bringing resources together, and the process by which resources are transformed into outputs.

“The Performance Indicator Toolkit: Performance Indicator Targets” makes a key point: “Setting targets requires understanding how and why an intervention is expected to produce results.” Without clear documentation, OEH may not have information that the activity team may need—such as assumptions used when developing targets, the way the intervention relates to the program’s theory of change,<sup>13</sup> or the planned availability of resources—to inform subsequent decisions.

Most performance indicators under the four activities we reviewed did not provide details about what factors were considered in determining what target levels were achievable.

- One education activity had performance indicator targets for 5 out of 18 indicators. Those targets were based on “extensive discussions” with USAID’s contractor who put them together, but the rationale was not documented. For example, although yearly targets were set for the “Number of and percentage to total enrolled scholars who successfully completed their program,” the reasoning was not provided that would permit someone to understand the context behind why the target could not be set higher or lower.
- A second education activity had eight performance indicators: four measured outcomes and four measured outputs. The activity did not explain the connection between outputs and outcomes on three of its four performance indicators that measured outcomes. Additionally, on the four performance indicators that measured outputs, this activity did not follow best practices to explain the relationship between inputs and outputs or analyze the cost of inputs. Furthermore, this activity relied on consideration of other projects and cited discussions on setting targets, but OEH did not document details on how experiences from other projects led to specific target levels on this activity.
- A third education activity set targets by drawing on experience with similar activities in another country, but the rationale was not explained. Overall, the activity did not identify the output indicators that would lead to accomplishing the outcomes in Egypt under the country’s specific context. In one case, an explanation for a target said it was based on “no historical data.” USAID justified the target simply as “reasonable” with no explanation as to what constitutes reasonable.
- A fourth education activity did not analyze the cost of inputs on 13 of its 15 output indicators and did not connect inputs to outputs on 10 of them. Overall, this activity relied on consideration results of other projects to set targets, but the activity did not document details on how experiences from other projects led to specific target levels on this activity.

An OEH manager stated that activity teams thought that the level of documentation prepared to justify performance indicator target levels was sufficient for the four activities. Because USAID/Egypt does not have mission-specific policy guidance, activity teams must individually decide how much detail they should document. USAID also does not have agency-wide policy on documenting why targets are set at a particular level. The ADS states that rationales for targets should be kept in a PIRS but does not list documentation requirements. Furthermore,

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<sup>13</sup> The “theory of change” describes how and why USAID expects to achieve high-level development results. It should include a clear articulation of the logic that a Mission believes will unfold to achieve results.

the *Rationale* section on the PIRS template—where teams document indicator descriptions and targets—undercuts the importance of documentation by labeling the section as “optional.” Nevertheless, documenting rationales is a good practice.<sup>14</sup> It could help OEH in understanding deviations from targets, maintaining consistency in target setting, and in evaluating whether \$109 million put into the activities produced expected results.

### ***OEH Did Not Track Most of the Indicators It Developed to Measure Performance of One Education Activity***

OEH tracked 5 out of 18 performance indicators for one education activity. OEH only set targets on these five indicators. These indicators enabled OEH to account for the number of individuals attending tertiary education with USG financial assistance, scholars who successfully completed their program, and tertiary education institutions that received capacity development. However, the other 13 performance indicators that OEH did not track would have provided additional information to manage the activity and measure performance.

The 13 performance indicators that were not tracked included indicators such as the number of scholarship recipients who were at risk of being unable to successfully complete the program, number of scholars in master’s program with a GPA of 3.0 or above, and number of scholars in post-doctoral program who demonstrate satisfactory performance. The information could have helped OEH, in collaboration with the awarded higher education institutions, find ways to ensure program participants can apply and impart the knowledge they gained from participating in the activity. Thus, OEH could use this information from performance indicators to maximize workforce development of graduates and strengthen Egyptian tertiary education institutions.

OEH staff said the five indicators—which aligned with payment milestones—were sufficient to track progress on the activity and to lower the activity’s financial risk because the activity’s implementing partner would only be paid for meeting verified milestones. Additionally, OEH staff said that tracking all the performance indicators was not necessary because most of the indicators were created only as part of an objective to increase the implementing partner’s capacity to monitor projects. Nonetheless, not requiring the implementing partner to set targets or collect data on all the performance indicators did not reinforce to the implementing partner that ADS 201 requires all performance indicators to have targets and to collect data toward those targets.<sup>15</sup> It also did not help the implementing partner in understanding how to monitor programs using a Monitoring, Evaluation, and Learning Plan to both meet milestones and gauge overall effectiveness while the program is implemented.

As OEH did not track data on the 13 performance indicators during the activity’s implementation period, it cannot draw conclusions about whether it over or under performed on those indicators. OEH does have an opportunity to inform on the impacts of the activity through an activity evaluation. The activity is anticipated to end in 2023, however, and ADS 201 requires at least one activity evaluation for funding of at least \$20 million.<sup>16</sup> An evaluation would

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<sup>14</sup> ADS 201 supplement, “Monitoring Toolkit: Performance Indicator Targets.”

<sup>15</sup> ADS 201.3.5.4.

<sup>16</sup> ADS 201.3.6.5.

provide OEH the opportunity to analyze the activity’s overall performance after the activity ends.

## OEH Did Not Always Document Significant Variances Between Performance Indicator Results and Targets

USAID project implementing guidance states that as results are achieved, it is important to see how close or far they are from the expected performance and why. Likewise, when projects end, USAID should explain “progress toward achievement of the project purpose and end-of-project targets for key indicators.”<sup>17</sup> Our review of differences between performance results and targets for three activities showed 43 occasions when the difference between a result and its performance indicator target exceeded plus/minus 10 percent. OIG used 10 percent as a threshold for analysis since that level triggers an explanation of variances in the Performance Plan and Report, which USAID uses to report progress on foreign-assistance results.<sup>18</sup>

Our review showed that of these 43 cases, OEH lacked documentation explaining the reasons for 13—or 30 percent—of the variances in accordance with best practices, as summarized in Table I.

**Table I. Number of Indicators Without Documented Explanation for Significant Differences Between Results and Targets**

Activity <sup>19</sup>	Indicators with Significant Differences	Documented Explanation	No Documented Explanation
<b>A</b> <sup>20</sup>	Not tested	Not tested	Not tested
<b>B</b>	7	6	1
<b>C</b>	11	2	9
<b>D</b>	25	22	3
<b>Total</b>	<b>43</b>	<b>30</b>	<b>13</b>

Source: OIG analysis of USAID performance indicator documentation.

OEH documented explanations for most differences between targets and actual performance on activity B in indicator tracking sheets and on the activity D in annual activity progress reports.

Most of the exceptions were with activity C. OEH had 11 cases in activity C where performance indicator results differed from target results by more than 10 percent. OEH explained these differences in USAID/Egypt’s Performance Indicator Tracking Tool in only two cases. It did not document the reasons for differences in nine cases, of which five had no explanation on the differences while four noted that the variance existed but did not explain the causes of the differences. In those cases, OEH’s written explanations stated:

<sup>17</sup> “Project Design and Implementation Process: An Additional Help Document for ADS Chapter 201.”

<sup>18</sup> Notwithstanding, organizational units may use more stringent requirements, if appropriate. ADS 201.3.5.6.F requires organizational units to assess progress of results against targets but does not provide a threshold difference to trigger an investigation.

<sup>19</sup> Activity A is a G2G Activity (Graduate Scholarships for Professionals). The other 3 activities are NGO/private sector.

<sup>20</sup> OIG did not compare targets to results under this program because OEH did not set targets for most of its performance indicators as described in the previous finding.

- Projects began later than expected due to uncontrollable factors. OEH did not identify the specific factors that forced the projects to begin later.
- Projects were not approved in 2020 by the program’s governing U.S.– Egypt Joint Board due to uncontrollable factors. OEH did not identify the specific factors that prevented approval.
- Grantees had difficulties documenting indicators.<sup>21</sup> OEH did not identify specific difficulties that should be overcome.
- Less project activity occurred than hoped because of difficulty making introductions with the commercial sector. OEH did not explain the difficulties encountered with the commercial sector but questioned whether the original targets were overoptimistic.

USAID/Egypt missed the opportunity to record where activity C may need to take corrective actions or why it may have achieved greater than anticipated results. Documentation of these differences could provide useful information for similar, future activities.

USAID/Egypt’s guidance on using its Performance Indicator Tracking Tool spreadsheet to collect and explain performance results data did not include guidance on the level of effort or depth of analysis required to explain why results differed from planned targets. Additionally, USAID/Egypt did not have a mission order on the subject for teams to follow.

## **USAID/Egypt Incorporated End-of-Activity Evaluation Recommendations Into the Design of Its New Education Activity**

Understanding what worked and what did not from other higher education activities can inform the design of future programs. Our review of 18 recommendations from an evaluation of an education activity showed that USAID/Egypt followed ADS policy guidance for performance monitoring to include lessons learned when OEH designed the follow-on activity.<sup>22</sup>

ADS 201 identifies evaluations—the systemic collection and analysis of information on program, project, or activity outcomes—as useful reviews to identify ways to improve development outcomes. More specifically, ADS 201 states that evaluations should be used to “improve the quality of strategic planning and the design of projects and activities.”

When the activity ended, OEH hired an independent contractor to evaluate the project’s performance.<sup>23</sup> OEH considered each of the 18 recommendations from the evaluation. It accepted or partially accepted 13 and used the recommendations to influence the design of the follow-on activity.

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<sup>21</sup> Difficulty in documentation was given as a reason in three consecutive years.

<sup>23</sup> In accordance with ADS 201.3.6.5, missions must conduct at least one evaluation per intermediate result (IR). “This evaluation can focus on any level within the IR: intervention, activity, set of activities, or the intermediate result as a whole.”

The follow-on activity began in March 2020 and is expected to end in February 2030. In response to recommendations, OEH added elements to the follow-on activity design including the following:

- Establish an advisory board to set policies and strategies to build relationships between universities and scholarship recipients.
- Develop a platform to connect scholars to alumni and mentors.
- Create a multi-phase process to target outreach and selection to the activity's intended demographic.

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## Conclusion

Effective project monitoring depends on understanding how and why activities should produce expected results and identifying causes when the results do not match expectations. OEH performance indicators aligned to the higher education purpose and provided the foundation to answer to what extent USAID/Egypt's activities are progressing towards meeting objectives. However, OEH did not track most of the performance indicators under one education activity, losing the opportunity to assess the projects' outputs and outcomes during implementation. An evaluation at the end of the activity could provide OEH with information on the activity's effectiveness, after-the-fact. Also, documenting the reasoning behind how performance indicator targets are set is important. Without this documentation, managers may lack useful information that would allow them to analyze important factors when assessing progress toward results and effectiveness. Finally, documenting the causes of differences between expected and actual results preserves the information as lessons learned for future use.

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## Recommendations

We recommend that USAID/Egypt's Office of Education and Health take the following actions:

1. Assess the Graduate Scholarships for Professionals activity to gauge its effectiveness in developing skilled professionals who can apply and impart the knowledge they gained from participating in the program—the primary purpose of the program.

We recommend that USAID/Egypt take the following actions:

2. Implement a mission order requiring activity teams to follow best practices when documenting the rationale they use to set performance indicator targets.
3. Implement a mission order requiring activity teams to document the reasons for significant differences between performance indicator targets and actual results achieved.

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## OIG Response to Agency Comments

We provided our draft report to USAID/Egypt on January 20, 2023. On February 23, 2023, we received the Agency's response, which is included as Appendix C of this report. The Agency also provided technical comments, which we considered and incorporated as appropriate.

The report included three recommendations. We consider one resolved but open pending completion of planned activities (recommendation 1), and two unresolved (recommendations 2, and 3) for the reasons below. We acknowledge management decisions on all but one recommendation. We do not acknowledge management decision on recommendation 2 because it is missing a clear target date. To resolve this, please provide a revised management decision within 30 days of the report date. We disagree with management decision on recommendation 3 as discussed below.

For recommendation 3, USAID/Egypt disagreed with the recommendation and did not provide an alternative course of action. USAID/Egypt cited that a mission order would duplicate existing policy and identified tools currently in place to document the variances between activity targets and results. Our review found 13 occasions when variances lacked documentation explaining the reasons for variance. Additional guidance, such as a mission order, can clarify expectations for documenting significant differences between performance indicator targets and actual results achieved. To resolve this recommendation, please provide a revised management decision within 30 days of the report date that outlines guidance for documenting the reasons for significant difference between performance indicator targets and actual results achieved.



## Appendix A. Scope and Methodology

We conducted our work from March 31, 2021, through January 2023, 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 based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this audit were to determine to what extent USAID/Egypt’s higher education program used information from (1) performance indicators to maximize workforce development of graduates and the strength of Egyptian tertiary education institutions and (2) an end-of-project evaluation to include lessons learned in a new scholarship activity. To answer the first audit objective, we assessed if USAID/Egypt (1) developed performance indicators that were relevant to the program’s development purpose, (2) documented rationale to support performance indicator targets, and (3) documented significant variances between performance indicator results and targets. To answer the second objective, we traced recommendations from an end-of-project evaluation into the design of a new activity.

In planning and performing the audit, we gained an understanding and assessed internal controls that were significant to the audit objectives. Specifically, we designed and conducted procedures related to four of the five components of internal control as defined by the U.S. Government Accountability Office. These included Control Environment, Risk Assessment, Control Activities, and Monitoring.

The audit scope covered performance indicators that USAID/Egypt higher education program used on selected activities from September 30, 2014, through December 31, 2020, for annual performance reporting as detailed in the table below.

**Table 2. Years of Available Performance Indicators for Audited Activities**

Activity	Start date	End date	Indicators for reporting period					
			2015	2016	2017	2018	2019	2020
A	01/30/17	08/15/23	-	-	Yes	Yes	Yes	Yes
B	02/20/19	02/19/24	-	-	-	-	Yes	Yes
C	11/02/14	10/31/24	Yes	Yes	Yes	Yes	Yes	Yes
D	09/20/17	09/19/25	-	-	-	Yes	Yes	Yes

Source: OIG analysis.

To cover all activity types in OEH’s portfolio of activities, we judgmentally selected four activities based on non-statistical factors—primarily to select activities managed by various OEH teams. Since we reviewed all performance indicators under these activities, we did not use any samples. Results of our audit cannot be projected to other higher education programs during the audit period. OEH completed an end-of-project evaluation on an education activity during the period covered by the audit scope. Since the follow-on activity was designed after the original activity finished, we reviewed the follow-on activity’s design documents to see how the original activity evaluation influenced the new design. Our fieldwork was in Cairo, Egypt.



We reviewed activity planning documents and interviewed USAID/Egypt employees including OEH managers, activity team members and representatives from the program office. Our review of activity planning documents included the following:

- To determine if the performance indicators were relevant to the project purposes:
  - We read performance indicator definitions in Performance Indicators Reference Sheets and categorized them as *input*, *output*, or *outcome* indicators based on ADS definitions.
  - We assessed whether USAID linked each performance indicator to the higher education program's expected purposes.
- To determine if annual performance indicator targets were supported by reasonable rationale, we identified where OEH documented their consideration of useful factors—outlined in USAID best practices—that could be used to justify targets. Those factors included the following:
  - The cost of inputs, the connection between input levels needed to produce related outputs, availability of resources, and the expected pace and timing of the intervention.
  - The results/lesson learned from similar implemented projects, previous phases of the audited activity, examining similar contexts, and/or reviewing historical trends.
  - Consultation/coordination with different stakeholders (for example, the implementing partners, Ministry of Higher Education, Supreme Council of Universities, other donors (as applicable)).
  - Consideration of both supply and demand sides of specific output performance indicator. For example, whether it considered the number of eligible beneficiaries willing to receive the output and how much of USAID and its partners resources are available.
- To determine if the OEH reacted to significant differences between targets and results, we calculated the differences between activity performance indicator annual results and their corresponding targets. We deemed differences of plus/minus 10 percent to be significant based on guidance in ADS 201 supplement, "Monitoring Toolkit: Performance Indicator Targets." Then, we searched activity documents for explanations on what caused the differences and whether OEH planned actions in response.
- To determine whether the OEH used lessons learned from an end-of-project evaluation to design a new scholarship activity, we traced OEH's responses to evaluation recommendations to design documents for the new activity.

We did not assess reliability of computer processed data. Computer-processed data did not materially affect findings, conclusions, or recommendations. Audit findings, conclusions, and recommendations were based on qualitative analyses of how OEH performance indicators were developed, the rational documented, and how performance indicator data was used to inform decision making.

## Appendix B. Relevance of Performance Indicators

The higher education program’s Project Approval Document (PAD) included the following purpose and sub-purposes:

*Purpose:* Tertiary education and workforce development programs able to produce graduates with relevant knowledge and skills

*Sub-purpose:* A better developed and gender-balanced cadre of skilled professionals who can apply and impart new knowledge and skills in priority sectors.

*Sub-purpose:* Egyptian universities and technical colleges strengthened.

We evaluated whether OEH’s performance indicators were relevant—as either outputs or outcomes—to the purpose and/or sub-purposes described in the PAD.

**Table 3. Indicators and Alignment With Program Purposes**

Indicator Number	Indicator Text	Relevant
Activity A		
1	Number of newspaper advertisements	No
2	Number of workshops to inform prospective beneficiary home institutions of scholarship activity	No
3	Number of institutions applying for activity A	Yes
4	Number of individual applicants to activity A	Yes
5	Number of awarded institutions	Yes
6	Number of successful candidates	Yes
7	Number of and percentage to total successful candidates who are accepted in their study/training program	Yes
8	Number of individuals attending tertiary education institutions with USG scholarship or financial assistance	Yes
9	Number of and percentage to total enrolled scholars in MA program with GPA 3 or above, or equivalent	Yes
10	Number of and percentage to total enrolled scholars in post-doctoral program who demonstrate satisfactory performance	Yes
11	Number of scholars at risk	Yes
12	Number of and percentage to total scholars who are highly satisfied or satisfied with the academic level of the institution they are enrolled in	Yes
13	Number of and percentage to total scholars’ who are highly satisfied with the support and follow-up they receive from the implementing partner	Yes
14	Number of and percentage to total enrolled scholars who successfully completed their program	Yes
15	Number of and percentage to total returned scholarship recipients’ who are highly satisfied or satisfied with the activity A	Yes
16	Number of and percentage to total returned scholars who resume their job in their home institution within 3 months from completing their scholarship program	Yes
17	Number of and percentage to total returned scholars have implemented their "Reintegration Plan"	Yes
18	Number of host country tertiary education institutions receiving capacity development support with USG assistance.	Yes
Activity B		
1	Number of innovative solutions addressing water challenges resulting in commercialization and/or licensing of intellectual property due to USG assistance	Yes
2	Percent of USG-assisted organizations with improved performance	Yes

Indicator Number	Indicator Text	Relevant
3	Number of new public/private partnerships formed	Yes
4	Number of host country higher education institutions receiving capacity development of USG assistance	Yes
5	Number of individuals affiliated with higher education institutions receiving capacity development support with USG assistance	Yes
6	Number of Individuals attending tertiary education institutions with USG scholarship or financial assistance	Yes
7	Number of individuals affiliated with tertiary education institutions engaged in applied research projects/publications due to USG assistance	Yes
8	Number of applied research projects funded by the public/private sector or international institutions	Yes
<b>Activity C</b>		
1	Number of U.S.-host country joint development research projects	Yes
2	Number of tools, technologies, or practices introduced to the commercial sector	Yes
3	Number of scientific studies published or conference presentations given as a result of USG assistance for research projects	Yes
4	Person hours of training completed in formal science or science-related training courses supported by the USG	Yes
<b>Activity D</b>		
1	Number of activities established in Egyptian public universities	Yes
2	Number of host country higher education institutions receiving capacity development of USG assistance	Yes
3	Number of individuals affiliated with higher education institutions receiving capacity development support with USG assistance	Yes
4	Number of staff recruited and appointed	Yes
5	Number of staff completing the instructional hours of the Facilitating Career Development training at AUC	Yes
6	Number of persons completing a USG-supported Career Development Center workforce development program of 16 hours or more by gender & disability	Yes
7	Number of youth trained in soft skills/life skills through USG assisted programs	Yes
8	Number of students/graduates (total) attending career development workshops	Yes
9	Number of students/graduates attending corporate information sessions	Yes
10	Number of students/graduates using the one-to-one career advising service	Yes
11	Number of students/graduates attending employment/recruitment events	Yes
12	Number of generated internship and employment opportunities	Yes
13	Number staff/faculty trained in labor market mapping and analytical skills	Yes
14	Number of staff/faculty trained in dealing with students with disability	Yes
15	Number of partnerships developed with industry, businesses, and non-governmental organizations	Yes
16	Percentage of graduates from USG-supported tertiary education programs reporting themselves as employed within 1 year of graduation	Yes

Source: OEH's performance indicator reference sheets for higher education activities.

# Appendix C. Agency Comments



## MEMORANDUM

**TO:** Middle East and Eastern Europe Regional Office Audit Director, David Thomanek /s/  
**FROM:** USAID/Egypt, Mission Director, Leslie Reed  
**DATE:** February 23, 2023

Leslie Reed

Digitally signed by Leslie Reed

Date: 2023.02.23 16:12:02

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**SUBJECT:** Management Comment(s) to Respond to the Draft Audit Report Produced by the Office of Inspector General (OIG) titled, Higher Education Programs: USAID/Egypt Could Better Use Information to Set Performance Indicator Targets and Gauge Results (Audit Report Number 8-263-23-00X-P/C/S)

USAID/Egypt thanks the Office of Inspector General (OIG) for the opportunity to state our positions on the recommendations from the subject draft report. In attachment, the Agency also provides supplementary technical comments.

We are pleased that the auditors found that USAID/Egypt's higher education programs were compliant with regulations for activity indicators and incorporated evaluation recommendations into new activity designs. As described below, USAID/Egypt agrees with OIG's Recommendation 1, partially agrees with Recommendation 2, and disagrees with Recommendation 3 of the OIG draft report. Following are detailed positions on each recommendation, plans for implementing them, and descriptions of ongoing practices and significant progress already made.

**Recommendation 1:** *We recommend that USAID/Egypt's Office of Education and Health take the following actions:*

*Assess the Graduate Scholarships for Professionals activity to gauge its effectiveness in developing skilled professionals who can apply and impart the knowledge they gained from participating in the program—the primary purpose of the program.*

- **USAID/Egypt Position:** The Mission **agrees** and is planning to perform an activity performance review of the Graduate Scholarships for Professionals activity to assess its effectiveness in developing skilled professionals who can apply and impart the knowledge they gained from participating in the program—the primary purpose of the program.
- **Target Completion Date:** The planned activity performance review will be conducted from March through July 2023. The process will include: a) Drafting a Statement of Work; b) Conducting Fieldwork (data collection and analysis); and, c) Report Writing.

**Recommendation 2:** We recommend that USAID/Egypt take the following actions:

*Implement a mission order requiring activity teams to follow best practices when documenting the rationale they use to set performance indicator targets.*

- **USAID/Egypt Position:** The Mission **partially agrees** with recommendation 2. USAID/Egypt will provide additional tools and extra support to activity teams to follow best practices when documenting the rationale used to set performance indicator targets. Agency best practices advise that Mission Orders are required when additional Mission-specific procedures are necessary to implement Automated Directives System (ADS) policy. Mission Orders are not recommended to duplicate existing policy. The Mission is already consistent with Agency guidelines and follows the policies and procedures outlined in ADS 201 for all Monitoring, Evaluation and Learning (MEL) activities. Instead of implementing a Mission Order, the Mission will engage teams and implementing partners (IPs) through its MEL contractor, the Learning Activity, to achieve the desired objectives.

From 2015-2022, the technical support contractor, Services to Improve Performance Management, Enhance Learning and Evaluation (SIMPLE), provided capacity building sessions focused on MEL for both the Mission staff and IPs. The topics presented included setting targets, developing activity MEL plans, and completing the Performance Indicator Reference Sheets (PIRS) as part of the MEL plans. SIMPLE also provided customized training sessions for IPs to develop their MEL plans. In September 2022, the Mission awarded a new MEL contract, the Learning Activity, to continue supporting the Mission in its MEL activities.

USAID/Egypt's Program Office (PROG) customarily uses several approaches to provide guidance to Mission technical teams and IPs on setting performance indicator targets. As explained during the audit exit meeting, during all post-award meetings for new activities, PROG provides an overview of USAID's standard requirements for MEL and guidance on setting performance indicator targets. This guidance includes explaining the different sections of the MEL plan, including the PIRS, where the rationale for performance indicator targets is documented. Furthermore, after the post-award meeting, PROG meets with the IPs to provide a more detailed MEL orientation session and go through the sections of the MEL plan before it is submitted for USAID review and approval. Finally, once the MEL plan is submitted to the A/COR, PROG has another opportunity to review and provide further feedback and guidance to the A/COR and IP before the document is approved by the A/COR.

For existing activities, IPs (in consultation with the A/COR) update their MEL plans on an annual basis. At that time, PROG reviews the updated MEL plan and provides additional guidance and recommendations to the A/COR before they approve the plan. Although the section for target rationale is optional in the PIRS, PROG routinely encourages A/CORs and IPs to include the information.

In response to the draft audit's recommendation, and building on existing practices, the Mission will promote as a best practice that A/CORs and IPs document the target rationale when they initially set the activity's performance indicator targets. The Mission will also ensure that the Learning Activity continues to support the A/CORs and IPs by providing the needed MEL capacity building and support to ensure compliance with the ADS. These sessions will include discussions about best practices when documenting the rationale for targets in the MEL plans.

- **Target Completion Date:** The technical support will take place throughout the life of the Learning Activity (2022-2027). Specifically, under the existing contract, the Learning Activity will offer customized sessions to IPs and A/CORs when developing their MEL plans. In addition, the Learning Activity will schedule several sessions in FY 2023 to provide MEL capacity building for Mission Staff and IPs. This will include one- to two-hour MEL sessions on topics including performance management that will discuss MEL plans using monitoring and evaluation data for learning.

**Recommendation 3:** *We recommend that USAID/Egypt take the following actions:*

*Implement a mission order requiring activity teams to document the reasons for significant differences between performance indicator targets and actual results achieved.*

- **USAID/Egypt Position:** The Mission **disagrees**. As stated above, agency best practices advise that Mission Orders are required when additional Mission-specific procedures are necessary to implement Automated Directives System (ADS) policy. Mission Orders are not recommended to duplicate existing policy or create new policy. The Mission (including the Office of Education and Health) currently has several tools/resources in place to document the variances between activity targets and results, including: the Performance Plan Report (PPR), Annual Portfolio Reviews and quarterly progress reports A/CORs receive from the IPs, and the Performance Indicator Tracking Table (PITT).

The achievement of targets function as flags for the A/CORs when tracking the activity progress. When a result deviates from a target, it presents an opportunity to investigate why the activity did not achieve the target or exceeded it. Indeed, the deviation might indicate the need to adjust the design, implementation, or target itself. Therefore, target deviation represents a learning opportunity for the Mission and the IPs to pause and reflect and doing so creates room for improvement as the Mission can make course corrections for the activity, where needed.

The PPR is submitted to the President, the Congress, and the American public, to describe progress the Agency is making toward the achievement of its long-term strategic goals and set forth performance targets for future years. PPR guidance requires deviation narratives if the indicator results vary +/- 10% from the targets. The ADS requires that Missions conduct at least one portfolio review per year. The portfolio review is an opportunity for the Mission to periodically examine all aspects of the Mission's strategy, projects, and/or activities. For non-PPR indicators, the Mission discusses significant variances between indicator targets and actual results during its Annual Portfolio Reviews. As shared with OIG during the audit, the Mission also uses tools such as the Performance Indicator Tracking Table (PITT), dashboards, and analysis sheets to assess the performance of each activity and analyze indicator results. Ahead of the portfolio review, the Mission uses the PITT for non-PPR indicators to analyze activity performance and indicator data, particularly for activities that over or under achieved targets.

- **Target Completion Date:** N/A

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## Appendix D. Major Contributors to This Report

Members of the audit team include:

- David Thomanek, Audit Director
- Ryan Werner, Assistant Director
- John Vernon, Lead Auditor
- Meray Adel, Auditor
- Diana Ghanem, Auditor
- Amr Moghazy, Auditor
- Alexandra Morgan, Auditor
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The audit team would also like to acknowledge contributions from Wangui Kiundi.



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