



**USAID**  
FROM THE AMERICAN PEOPLE

**OFFICE OF INSPECTOR GENERAL**

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**AUDIT OF USAID ASSISTANCE  
FOR THE BASIC EDUCATION  
PROGRAM IN YEMEN**

AUDIT REPORT NO. 6-279-08-003-P  
FEBRUARY 10, 2008

CAIRO, EGYPT



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FROM THE AMERICAN PEOPLE

*Office of Inspector General*

February 10, 2008

**MEMORANDUM**

**TO:** Director, USAID/Yemen, Mike E. Sarhan

**FROM:** Regional Inspector General/Cairo, Lloyd J. Miller /s/

**SUBJECT:** Audit of USAID Assistance for the Basic Education Program in Yemen  
(Report No. 6-279-08-003-P)

This memorandum transmits our final report on the subject audit. We have considered your comments on the draft report and incorporated them where appropriate. They are included in their entirety as appendix II.

The report includes five recommendations to USAID/Yemen: (1) to establish procedures to perform periodic assessments of the implementers' progress towards achieving program objectives, (2) to direct its cognizant technical officer to become substantially involved with the Basic Education program through the development and approval of a revised monitoring and evaluation plan, (3) to revise the Basic Education program monitoring and evaluation plans to include indicators that are measurable and achievable, (4) to require that the Basic Education program progress reports include a consistent set of indicators to measure performance, and (5) to develop a more cost-efficient implementing instrument for the continuation of the Basic Education program. Based on your comments and the documentation provided, management decisions and final actions have been completed for recommendation no. 1, recommendation no. 2, recommendation no. 3, and recommendation no. 4. A management decision has also been reached for recommendation no. 5. Determination of final action for recommendation no. 5 will be made by the Audit Performance and Compliance Division (M/CFO/APC) upon completion of the actions planned by the mission.

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

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# SUMMARY OF RESULTS

According to the 2006 United Nations Human Development Report, 42 percent of the people in Yemen live in poverty and nearly one in three is malnourished. Less than half of the adult population is literate, and education levels rank among the lowest in the world. In response, USAID/Yemen provides health, education, agriculture, and economic activities in remote and often dangerous tribal governorates, primarily in support of the U.S. Government's counterterrorism and security goals. Specifically, in July 2004, USAID/Yemen established the Yemen Basic Education Project.<sup>1</sup> The Regional Inspector General/Cairo performed this audit to determine if USAID-financed activities for the Basic Education program in Yemen achieved its intended results (see pages 3 and 4).

USAID-financed activities for the Basic Education program did not achieve its intended results to enhance access to quality primary education in the public sector and increase literacy and numeracy opportunities at the community level. A full measurement of the Basic Education program was not determined because USAID/Yemen did not assess the implementers' progress toward achieving program objectives in accordance with the terms of the cooperative agreement, and the Mission was not substantially involved with the monitoring and evaluation plans. As a result, the lack of adequate assessment jeopardized the achievement of results set forth in original planning for the components of the Basic Education program (see page 7). According to the implementers' progress reports to USAID/Yemen, only 8 of the 51 indicators had been completed or substantially completed during the period of review, from October 2005 to March 2007. The effect of results that were not achieved decreased the opportunities for the project's success (see pages 9 to 12).

USAID/Yemen's cooperative agreement arrangements with the American Institutes for Research and the Academy for Educational Development produced inefficiencies in management and costs to the mission. Mission officials raised concerns that multiple management layers and ineffective communication have contributed to slow or no achievement of intended results for the Basic Education program. According to the amended cooperative agreement, approximately \$2 million was budgeted for the overhead costs of the American Institutes for Research and another \$2 million was budgeted for the indirect cost charges of the Academy for Educational Development. As a result, of the \$13.5 million in total project costs, approximately \$4 million (or 30 percent) was set aside for overhead and indirect costs (see pages 13 and 14).

The program achieved some progress in building of more than 30 new classrooms and renovating more than 150 others. More than 1,600 student desks were refurbished, and more than 900 teachers and administrators received training. In addition, innovations such as summer camps provided life-skills and awareness training for many schoolchildren and community participants (see page 5).

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<sup>1</sup> The Yemen Basic Education Program was initially known as EQUIP1, implemented by the American Institutes for Research. This report refers to the project as the Basic Education program, the name currently used by the mission.

Nonetheless, the program has not achieved its intended results for the Basic Education program. As a result, this audit recommends that USAID/Yemen: (1) establish procedures to perform periodic assessments of the implementers' progress toward achieving program objectives (see page 8); (2) direct its cognizant technical officer to become substantially involved with the Basic Education program through the development and approval of a revised monitoring and evaluation plan (see page 8); (3) revise the Basic Education program monitoring and evaluation plan to include measurable and achievable indicators (see page 12); (4) require that the Basic Education program progress reports include a consistent set of indicators to measure performance (see page 12); and (5) develop a more cost-efficient implementing instrument for the continuation of the Basic Education program (see page 14).

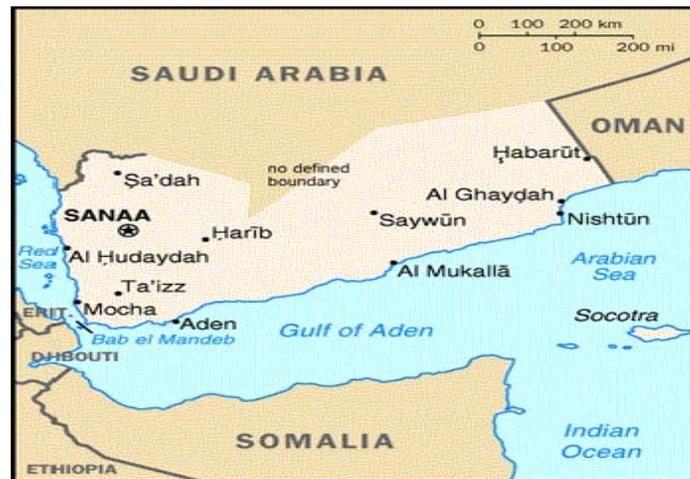
USAID/Yemen agreed with all of the report recommendations and outlined its actions to implement each recommendation (see pages 18 to 21).

# BACKGROUND

Yemen is one of the least developed countries in the world and has one of the highest population growth rates in the world. Primary health care reaches only about one in four Yemenis residing in rural areas. According to the 2006 United Nations Human Development Report, 42 percent of the people in Yemen live in poverty and nearly one in three is malnourished. Less than half the adult population is literate, and education levels rank among the lowest in the world. In addition, rapid depletion of oil and groundwater resources presents a growing future challenge.

USAID/Yemen provides health, basic education, agriculture, and economic activities in remote and often dangerous tribal governorates, primarily in support of the U.S. Government's counterterrorism and security goals. Jointly, the U.S. Government and the Government of Yemen seek the support of Yemeni tribes in the war on terrorism. U.S. Government development assistance seeks to reinforce diplomatic, military, law enforcement, counterterrorism, and intelligence cooperation by focusing on practical, visible, high-quality, and fast-impact services. These services include assistance for health, basic education, agriculture, and economic reform in five target governorates of Sa'ada, Al-Jawf, Amran, Marib, and Shabwa.

**Map of Yemen**



According to USAID/Yemen, the gap in educational services contributes to widespread social discontent, kidnappings, intertribal conflicts, and political instability. Lack of education services for women and girls in particular remains a contributing factor to poverty and poor community health conditions. The teaching of women and girls is important to improve maternal and infant health and nutrition, as well as to reduce birthrates and to bring about social change in women's positions in society.

In July 2004, USAID/Yemen awarded a \$10 million cooperative agreement to the American Institutes for Research to establish and organize the Basic Education program. A separate award under the agreement was made to the Academy for Educational Development to implement the project on the ground in Yemen. This award followed the June 2003 reopening of the USAID mission in Yemen after a 7-year

absence. The project's initial design coincided with a "fast-track" initiative to complement the U.S. Government's strategy in Yemen, a country considered an ally in the war on terrorism. The award document stated that "the primary intention of USAID/Yemen and Embassy/Sana'a is to rapidly and visibly increase basic education opportunities, enrollment, student retention, and education quality in the target areas."

USAID/Yemen's strategic objective, "Improved Basic Education, Especially for Women and Girls," stressed three intermediate results:

- (1) enhanced access to quality primary education in the public sector;
- (2) increased literacy and numeracy opportunities at the community level; and
- (3) improved public sector environment for education.

The Basic Education program was tasked to address these results in its design plan and implementation strategy. In addition, community mobilization and increased participation of girls and women were cross-cutting objectives integrated into each of these interventions. The Basic Education program was slated to end in July 2007. However, a 1-year extension to July 2008 was granted to allow more time for implementers to complete some work and initiate new activities within the literacy and public sector environment components. This extension increased the project funding by \$3.5 million to a total of \$13.5 million. The mission director noted that USAID/Yemen submitted a \$20 million proposal for the continuation of Yemen's education program beyond July 2008. This issue was the subject of a diplomatic discussion between President Bush and Yemen's President Saleh during meetings in Washington in May 2007. In a September 2007 press release, USAID announced Yemen's inclusion in the Presidential International Education Initiative, along with Ethiopia, Mali, Liberia, Ghana, and Honduras.

## **AUDIT OBJECTIVE**

The audit was conducted as part of the Office of Inspector General's audit plan for fiscal year 2007 to answer the following question.

- Have USAID-financed activities for the Basic Education program in Yemen achieved its intended results?

Appendix I contains a discussion of the audit's scope and methodology.

# AUDIT FINDINGS

USAID-financed activities for the Basic Education program in Yemen did not achieve its intended results to enhance access to quality primary education in the public sector and increase literacy and numeracy opportunities at the community level. From October 2005 to March 2007, the Basic Education program had completed or substantially completed only 8 of 51 indicators measuring performance, as shown in table 1.

**Table 1: Basic Education Results as Measured by Program Indicators**

Indicators completed	7
Indicators substantially completed	1
Indicators with little or no progress	43
<b>Total =</b>	<b>51</b>

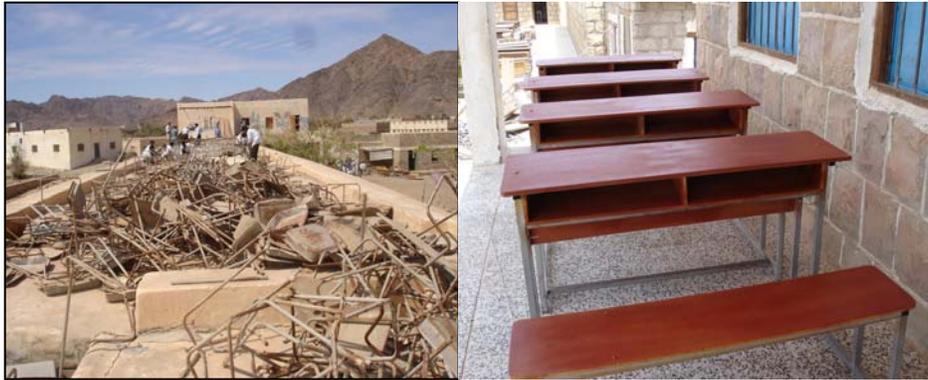
The impact of the lack of progress can be seen in the indicators partially completed or not completed. For example, in comparison to planned results, the Basic Education program:

- Improved 34 out of 77 (44 percent) basic education facilities.
- Repaired the furniture in 15 out of 77 (19 percent) schools.
- Renovated 14 out of 40 (35 percent) schools with latrines.
- Distributed 1,317 out of 3,385 (39 percent) training manuals.

Many basic education activities showed little or no progress. For example, the literacy component of the program had little or no progress for 14 of its 16 indicators. Other indicators with little or no progress included the number of schools renovated to add separate toilet facilities for girls, the number of multipurpose rooms built, and the use rates of multipurpose rooms (in days per year). In other cases, indicators measuring important aspects of progress could not be or were not measured, such as increase in female teachers recruited, trained, and working in targeted schools; proportion of students by gender retained until grades three, six, and nine; and percentage of students achieving minimal competency in Arabic and math.

According to the implementing partner, the Academy for Educational Development, and USAID staff, some progress had been achieved despite Yemen's difficult working environment. For example, summer camps in 2006 provided life-skills and awareness training for many schoolchildren and community participants. They also cited building more than 30 new classrooms, renovating more than 150 old classrooms, and repairing more than 1,600 student desks. Implementers reported similar outcomes for teachers and administrators, in which 919 educators were trained of the planned goal of 953.

According to the Ministry of Education, implementing partners, and USAID/Yemen, the program was well received by the targeted communities. It produced enthusiasm and interest in education among parents, teachers, and government officials. Prior to USAID's presence, many schools were barely functioning and in poor condition and there was general dissatisfaction with education efforts in rural areas. Parents and Ministry of Education officials expressed hopes that the program would continue to expand.



**Academy for Educational Development photographs of student desks before and after refurbishing at a school in Shabwa Governorate, Yemen. (March 2006)**

Despite the initial progress cited and the acceptance of the program by the rural communities, the Basic Education program did not achieve its intended results.

Although the mission had difficult challenges to program implementation, its own program management practices contributed to the lack of progress. For example, the implementers developed and used three different work plans<sup>2</sup> between October 2005 and March 2007 to guide their work in Yemen. Between the transitions from one work plan to another, the implementers dropped 36 indicators and added 19 indicators without evidence of mission involvement. In addition, at the outset, because of the need for fast implementation, the mission employed an inefficient contracting arrangement. To correct these issues and strengthen this important program, this audit report has identified the following areas for the mission to improve program implementation and achieve intended results.

- USAID/Yemen needs to assess the implementers' progress toward achieving program objectives in accordance with the terms of the cooperative agreement, and become substantially involved with the monitoring and evaluation plans.
- USAID/Yemen needs to revise the Basic Education program monitoring and evaluation plans to include measurable and achievable indicators.
- USAID/Yemen needs to require that the Basic Education program progress reports include a consistent set of indicators to measure performance.
- USAID/Yemen needs to develop a more cost-efficient implementing instrument for the continuation of the Basic Education program.

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<sup>2</sup> The implementer included the third work plan within a quarterly progress report.

## Progress Assessment and Substantial Involvement Are Needed

Summary: Although required to do so by both the USAID Automated Directives System and the cooperative agreement, USAID/Yemen did not assess the implementers' progress toward achieving program objectives and was not substantially involved with the monitoring and evaluation plans. Implementers used three different plans from September 2005, June 2006, and October 2006 to guide monitoring and evaluation. However, the mission did not assess the implementers' progress in completing planned indicators and did not ask why the implementers dropped and added indicators. Staff shortages and lack of familiarity with oversight duties and functions led to this lack of assessment and questioning. As a result, the lack of adequate assessment and lack of substantial involvement with the implementers' monitoring and evaluation plans jeopardized the achievement of planned results for the Basic Education program.

In July 2004, USAID/Yemen decided to use an associate cooperative agreement<sup>3</sup> implementing mechanism to “fast-track” practical, visible, and fast-impact services in basic education to complement the U.S. Government’s terrorism strategy in Yemen. To guide the monitoring and evaluation of project activities, the implementers designed three monitoring and evaluation plans from September 2005 through October 2006. Under this arrangement, the implementers developed the project design and the mission was substantially involved in the following:

- Approving annual work plans and all modifications.
- Approving monitoring and evaluation plans.
- Monitoring progress toward achievement of program objectives.

The first monitoring and evaluation plan of September 2005 incorporated the project’s initial design, addressed two of the mission’s intermediate results, and added 31 specific indicators for planned activities. A second monitoring and evaluation plan in June 2006 carried forward 41 indicators. Finally, after the original award was amended to reflect a 1-year extension, a third plan of October 2006 listed 21 indicators. Between the transition from one monitoring and evaluation plan to the next, the implementers dropped 36 indicators and added 19 indicators representing results of specific activities without documenting reasons for the changes.

The USAID/Yemen education staff did not question the reasons for the lack of reporting for changed indicators. Nor did mission staff approve these annual work plans and modifications, approve monitoring and evaluation plans, or assess the implementers’ progress in completing planned indicators.

Both USAID Automated Directives System (ADS) and the cooperative agreement provide guidance for monitoring and assessing progress. ADS 303.2(f), states that the cognizant technical officer is responsible for ensuring that USAID exercises prudent management of assistance awards and for making the achievement of program

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<sup>3</sup> This associate cooperative agreement is made under the auspices of the umbrella leadership cooperative agreement, GDG-A-00-03-00006-00, which supports basic education objectives.

objectives easier by monitoring and evaluating the recipient and its performance. In addition, regarding the monitoring for quality and timeliness, ADS 202.3.6.1 states that, “[u]ltimately, as part of assessing the effectiveness of activities in achieving results,...the strategic objective team should form an opinion about overall grantee performance and its implications.” Adjustments to an award are allowed when conditions warrant.

According to the associate award agreement and the cognizant technical officer designation authority for the agreement, the cognizant technical officer, along with the education team, was responsible for assessing implementers’ overall performance, exerting substantial involvement with approving monitoring and evaluation plans, and making written recommendations to the agreement officer when any changes to the program or description were necessary.

The initial monitoring and evaluation plan went into effect as the mission struggled to recruit qualified staff. The mission had no permanently assigned education program staff members until September 2005, when it hired its first staff member. In March 2006, the mission hired its second staff member. This second staff member did not become the cognizant technical officer until October 2006.

The mission did maintain contact with the associate implementer’s field office in Yemen. For example, the cognizant technical officer stated that he frequently asked for reporting data such as updated numbers for performance management reports and used several monitoring tools, including quarterly reports, field visits, and third-party input. Nevertheless, both of the new education staff members were unfamiliar with USAID oversight duties and the cognizant technical officer function in general. As a result, the lack of adequate assessment and lack of substantial involvement with monitoring and evaluation plans jeopardized the achievement of planned results for the Basic Education program. Therefore, the audit team made the following recommendations.

*Recommendation No. 1: We recommend that USAID/Yemen establish procedures to perform periodic assessments of the implementers’ progress toward achieving program objectives.*

*Recommendation No. 2: We recommend that USAID/Yemen direct its cognizant technical officer to become substantially involved with the Basic Education program through the development and approval of a revised monitoring and evaluation plan.*

## Indicators Need to Be Measurable, Achievable, and Consistent

Summary: Both USAID's Automated Directives System and the cooperative agreement required indicators to be measurable and achievable. From October 2005 until March 2007, the Basic Education program achieved results as intended for 8 of 51 indicators. Intended results were not achieved for the remaining 43 indicators. In some cases, indicators were neither measurable nor achievable. In addition, the Basic Education program did not report indicators in a consistent manner, dropping and adding indicators across three different monitoring and evaluation plans. Despite unusual hindrances unique to Yemen, USAID/Yemen needs to effectively measure the progress of the Basic Education program toward achieving its intended results. The effect of results not achieved decreased the opportunities for the success of the Basic Education program within its stated timeframes. In addition, insufficient reporting impaired the effectiveness of USAID/Yemen decision makers.

From October 2005 to March 2007, the implementers developed and used three monitoring and evaluation plans dated September 2005, June 2006, and October 2006, respectively. The implementers planned to achieve results measured by 51 indicators that were based on related activities (see appendix III).



**USAID Office of Inspector General photograph of female teachers attending a teaching assessment session in Amran Governorate, Yemen. (June 2007)**

Yemen's Basic Education program achieved intended results for 8 of 51 indicators. Of these eight indicators, refurbishing of student desks and teacher training achieved the most progress. During fiscal year 2006, the Basic Education program repaired more than 1,600 desks. Implementers reported similar outcomes for teachers and administrators; 919 educators were trained out of the planned goal of 953. The program built more than 30 new classrooms and provided life-skills and awareness training to schoolchildren and community participants at summer camps. However, the program did not achieve intended results for the remaining 43 indicators, as shown in table 2.

**Table 2: Causes for Indicator Targets Not Achieved**

Indicators not reported	9
Indicators not measurable	6
Indicators not achievable	8
Indicators with delayed or slowed progress	20
<b>Total =</b>	<b>43</b>

The implementers did not report data to USAID/Yemen for nine indicators. According to mission staff and the Academy for Educational Development's chief of party<sup>4</sup>, for some of these nine indicators, activity data were not being captured even though some work had been accomplished or was ongoing. For example, some instances of renovation of facilities had not been reported, as was the case with making toilets "girl friendly." A lack of data collection instruments to measure student competency in Arabic and math and the number of hours teachers spent in the classrooms led to no reporting in another two instances.

The implementers could not report data to USAID/Yemen for six indicators because the Ministry of Education could not be relied upon for accurate data input. For example, the Ministry of Education was unable to report the number of students by gender and age who were attending certain cluster schools. Because the ministry could not collect accurate data, the implementers did not measure the indicators, did not report progress, and subsequently excluded the indicators from the June 2006 and October 2006 monitoring and evaluation plans.

The implementers could not achieve targets for eight indicators. All of these eight indicators were excluded from the October 2006 monitoring and evaluation plan without reporting any progress achieved. The eight indicators were part of the literacy program, which achieved little progress. According to the Academy for Educational Development's chief of party, indicators such as determining the number of literacy programs established, the number of communities benefiting from nonformal education activities, and other literacy indicators depended upon active involvement of qualified interveners, which were not available from the staff of the Academy for Educational Development. In addition, the literacy program had no facilities in which to operate because multipurpose rooms were still under construction.

The implementers' progress for 20 indicators was slowed or delayed. For example, the implementers furnished and equipped 25 out of 77 (32 percent) basic education facilities and improved 34 out of 77 (44 percent) basic education facilities. Of these 20 indicators, 18 were dropped from subsequent monitoring plans.

In addition to the reasons cited for individual indicators, other cross-cutting issues hindered the mission from achieving its targets for the Basic Education program. For example, the implementers dropped 36 indicators between monitoring plans without providing reasons to the mission's cognizant technical officer and the mission's education team. In addition, according to the chief of party, the actual situation in Yemen reflected a difficult working environment that hindered the implementation of some aspects of the program. Hindrances cited by the implementers included the following:

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<sup>4</sup> The chief of party is head of the implementer's in-country office.

- Difficulty in hiring skilled technical staff.
- Lack of central government authority in rural areas. (Tribal leaders and sheikhs often exerted authority over the work that could and could not be done in the villages.)
- Work schedules of government officials (including short work days and long holidays).
- Lack of infrastructure.
- Security concerns. (The chief of party reported a shooting involving his staff.)<sup>5</sup>
- Lack of teacher-training facilities.
- Shifting guidance from USAID.
- Demands on the field office by the lead implementer.

In another instance, the Basic Education program implementers and other outside donors had difficulty on the local level with a government decentralization effort that placed the Ministry of Education in a position to oversee basic education activities within the governorates, districts, and local councils.

Despite the lack of consistency in the reporting of indicators—as indicated by 36 indicators being dropped from the monitoring and evaluation plans—a number of activities continued, such as the construction of multipurpose rooms. Eight such facilities were listed in the June 2006 monitoring and evaluation plan. However, none carried over to the October 2006 plan. USAID audit staff visited two such multipurpose buildings under construction during a site visit to the Amran Governorate.



**USAID Office of Inspector General photograph of a multipurpose room under construction in Amran, Yemen. (June 2007)**

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<sup>5</sup> Security issues exist in the five target areas. In addition to the firing of weapons by disgruntled tribesmen witnessed during an Academy for Educational Development site visit, ongoing armed clashes between the government and disenfranchised groups have hampered progress in Saada Governorate. The government and factional leaders there stopped fighting and accepted a ceasefire during the time of the USAID audit in June 2007. In July 2007, a suicide car bomber attacked and killed seven Spanish tourists in Mareb Governorate.

Another hindrance to achieving results was the Basic Education program literacy component, which included 16 indicators. The literacy component made little progress. The implementers had relied upon an initial design plan for adult literacy that was rejected by USAID/Yemen because its work components were deemed impractical. For example, for a life-skills activity, the associate proposed teaching rural Yemeni youth auto repair skills in areas very sparsely populated with young men, and where there were no realistic identified needs.

Despite such difficulties, USAID/Yemen needs to effectively measure the progress of the Basic Education program to include indicators that are measurable and achievable. Both USAID's Automated Directives System (ADS) and the cooperative agreement with the American Institutes for Research require measurable and achievable indicators. For example, paragraph (b) of ADS 203.3.2.1, "Keys to Effective Performance Management," stresses the use of performance information to assess progress toward the achievement of results and for making management decisions. Available performance information tools might include progress reports, periodic evaluations or assessments, and portfolio reviews. The mission's Basic Education program relied on the implementers' progress reports. However, these progress reports lacked data to effectively measure the results of the Basic Education program. In addition, the mission did not perform a planned midterm evaluation during fiscal year 2006. ADS 203.3.4.5, "Setting Performance Baselines and Targets," states that indicators "should include performance baselines and set performance targets that can optimistically but realistically be achieved within the stated timeframe and with the available resources." The cooperative agreement also required the American Institutes for Research to develop a comprehensive monitoring and evaluation plan to measure program progress and impact.

The U.S. Government Accountability Office's "Standards for Internal Control in the Federal Government" requires clear documentation of transactions and events. However, the Basic Education program quarterly reports did not accurately report or document indicators consistently in its three monitoring and evaluation plans. Without sufficient measurement and reporting, USAID/Yemen lacked reliable data. Detailed information is needed to make sound decisions about the effectiveness and future direction of the program. Therefore, the audit team made the following recommendations.

*Recommendation No. 3: We recommend that USAID/Yemen revise the Basic Education program monitoring and evaluation plans to include indicators that are measurable and achievable.*

*Recommendation No. 4: We recommend that USAID/Yemen require that the Basic Education program progress reports include a consistent set of indicators to measure performance.*

## More Cost-Efficient Implementing Instrument Is Needed

Summary: USAID/Yemen’s cooperative agreement arrangements with the American Institutes for Research and the Academy for Educational Development produced inefficiencies in management and costs. The mission and the chief of party for the implementer raised concerns that multiple management layers and ineffective communication had contributed to slow or no achievement of intended results for the Yemen Basic Education program. The initial reason for this administrative setup was a need for a fast-track initiative for the Basic Education program. Approximately \$2 million was budgeted for the overhead costs of the American Institutes for Research and another \$2 million was budgeted for the indirect cost charges of the Academy for Educational Development. As a result, of the \$13.5 million in total project costs, approximately \$4 million (or 30 percent) was set aside for overhead and indirect costs. In light of inherent fiduciary responsibilities for funds entrusted to it, USAID/Yemen should consider a more cost-efficient implementing instrument for its Basic Education program.

Mission officials and the Academy for Educational Development’s chief of party raised concerns about management-related issues of the project. The chief of party said that he felt left out of the lines of communication with the American Institutes for Research owing to multiple management layers and lines of approval authorities. He cited difficulty in putting ideas across and getting approval for some activities. Mission staff felt that ineffective communication between the two implementers may have contributed to the slow progress of the Basic Education program.

Cost inefficiencies were also seen in the cooperative agreement—specifically, separate U.S. home offices costs for the American Institutes for Research and the Academy for Educational Development, plus a field office for the Academy for Educational Development. According to the amended cooperative agreement between USAID/Yemen and the American Institutes for Research, approximately \$2 million was budgeted for the overhead costs of the American Institutes for Research and another \$2 million was budgeted for the indirect cost charges of the Academy for Educational Development. As shown in table 3, of the \$13.5 million in total project costs, approximately \$4 million (or 30 percent) was set aside for overhead and indirect costs.

**Table 3: Budgeted Overhead and Indirect Costs**

American Institutes for Research overhead costs	\$1,929,443
Academy for Educational Development indirect costs	\$2,068,414
<b>Total =</b>	<b>\$3,997,857</b>

The mission used two qualified implementers working in partnership on the Basic Education program even though it was highly possible that one could have performed the work with significantly lower administrative costs. This, in our opinion, amounts to inefficient spending of resources. The reason for this administrative setup was the initial

need for a fast-track initiative at the beginning of the program. As a result, in July 2004, USAID/Yemen awarded the cooperative agreement to the American Institutes for Research to establish and organize the Yemen Basic Education Project. At the same time, USAID/Yemen made an associate award under the agreement to the Academy for Educational Development to implement the project on the ground in Yemen. The project's initial design coincided with a "fast-track" initiative to complement the U.S. Government's strategy in Yemen. The intention of USAID/Yemen was to increase basic education opportunities and quality rapidly and visibly in target areas.

The mission director noted that USAID/Yemen submitted a \$20 million proposal for the continuation of Yemen's education program beyond July 2008. This issue was the subject of a diplomatic discussion between President Bush and Yemen's President Saleh during meetings in Washington in May 2007. In a September 2007 press release, USAID announced Yemen's inclusion in the Presidential International Education Initiative, along with Ethiopia, Mali, Liberia, Ghana, and Honduras. The mission director said that he was interested in considering a more cost-efficient implementing mechanism for the Basic Education program. USAID operating policies and procedures do not specifically require USAID missions to monitor the efficiency of program operations. However, this is inherent in the fiduciary duty of USAID for the funds entrusted to it. Therefore, the audit team made the following recommendation.

*Recommendation No. 5: We recommend that USAID/Yemen develop a more cost-efficient implementing instrument for the continuation of the Basic Education program.*

# EVALUATION OF MANAGEMENT COMMENTS

In its response to the draft report, USAID/Yemen agreed with all of the report recommendations and outlined its actions to implement each of the recommendations which strengthen measures to better manage the USAID-funded activities.

In regard to recommendation no. 1, the mission outlined procedures to perform periodic assessments of the implementers' progress, including weekly and monthly meetings; submitted a revised monitoring and evaluation plan; and submitted the most recent quarterly progress report with revised indicators.

In regard to recommendation no. 2, the mission outlined several actions of substantial involvement by the cognizant technical officer, including two staff members becoming certified as cognizant technical officers, training for the cognizant technical officers, and the development and approval of a revised monitoring and evaluation plan.

In regard to recommendation no. 3, the mission submitted a revised and fully approved monitoring and evaluation plan with indicators that were measurable and achievable. The mission explained that indicators and targets were revised to accurately represent the scope of the program, dropped targets were accounted for with justifications, and all new or revised targets included baseline data.

In regard to recommendation no. 4, the mission submitted the two most recent quarterly progress reports with a consistent set of indicators to measure performance. The mission does not anticipate further changes.

In regard to recommendation no. 5, the mission stated that it will implement the follow-on education program through a single implementer. It intends to complete such an agreement by the close of fiscal year 2008.

As a result of mission actions to implement each of the recommendations, management decisions and final actions have been completed for recommendation nos. 1, 2, 3, and 4. A management decision has been reached for recommendation no. 5. Determination of final action for recommendation no. 5 will be made by the Audit Performance and Compliance Division (M/CFO/APC) upon completion of the actions planned by the mission. USAID/Yemen's comments for the draft report are included in their entirety in appendix II.

# SCOPE AND METHODOLOGY

## Scope

The Regional Inspector General/Cairo conducted this audit in accordance with generally accepted government auditing standards. We designed this audit to determine whether USAID/Yemen's Basic Education program had achieved its intended results.

The audit covered the Basic Education program's performance indicators for fiscal year 2006 and the first two quarters of fiscal year 2007, as detailed in the September 2005, June 2006, and October 2006 monitoring and evaluation plans. From July 2004 to March 2007, USAID/Yemen disbursed about \$6.5 million of \$13.5 million that had been requested using a cooperative agreement. The project was led by the American Institutes for Research, with the Academy for Educational Development serving as the field implementer. We conducted our audit from June 2 to September 4, 2007, at the offices of USAID/Yemen; the office of the Academy for Educational Development in Sana'a, Yemen; and the office of the Regional Inspector General/Cairo. We also met with the American Institutes for Research's project director and visited the Ministry of Education offices of the Government of Yemen in the governorates of Sana'a and Amran.

The Basic Education program's first year of activity began in July 2004. We reviewed the data and written information from quarterly progress reports, monitoring and evaluation plans, project design plans, USAID/Yemen project files, and USAID/Egypt contracting files for fiscal year 2006 and the first two quarters of fiscal year 2007.

The audit focused on two intermediate results of the project: (1) enhanced access to quality primary education in the public sector and (2) increased literacy and numeracy opportunities at the community level. These intermediate results had 51 indicators, and the audit selected all 51 indicators to review and determine whether the Basic Education program's stated performance indicators had been achieved in accordance with its monitoring and evaluation plans. The audit included monitoring and evaluation plans encompassing the four quarters of fiscal year 2006 and the first two quarters of fiscal year 2007.

The audit scope included assessing the following significant management controls over the reporting of performance results:

- Collection of data—program officials collected data from implementers through monitoring and evaluation plans and quarterly progress reports.
- Verification of data—program officials verified data through field visits.
- Reporting of data—before the mission reported results in the Annual Report, the program office initiated discussion with the implementer.

Audit evidence included documentation such as award applications, detailed design plans, quarterly progress reports, and project files, as well as meetings and interviews with USAID employees, the implementers, and Government of Yemen officials. There were no prior audit findings affecting this audit.

## Methodology

We examined documents and information from USAID/Yemen which included annual reports for fiscal year 2005 and fiscal year 2006 along with the implementers' quarterly progress reports from October 2005 to March 2007. We examined initial project design plans submitted to USAID and various cooperative agreement award documents.

Based on reviews of reported outcomes from the quarterly progress reports, meetings with Academy for Educational Development project implementers, meetings with Yemen Ministry of Education officials, and discussions with USAID program officers, we made conclusions about the level of achievement for indicators. We held discussions with the Basic Education program team, the deputy mission director, and financial analyst. We visited the offices of the implementing partner, Academy for Educational Development, in Sana'a, Yemen. Our audit work included a visit to three renovated schools in Amran Governorate to assess the work being carried out and to solicit feedback from administrators and community participants. We examined project data, including monitoring and evaluation plans, quarterly progress reports, and various supporting documents, to determine if intended results were achieved for indicators during the scope period. It was not necessary to perform an audit step to test the reliability of computer-accessed data, as data were not generated by computer processing.

Our approach included the selection and review of all indicators, totaling 51 for the period from October 2005 to March 2007. We compared the reported results against the monitoring and evaluation plans submitted by the implementers in carrying out their work. Quantifiable or qualitative targets for each indicator in the monitoring and evaluation plans provided the measures we used for comparative purposes. A third intermediate result, improved public sector environment for education, was not reviewed because the Basic Education program did not perform work in this area during the period our audit covered. We interviewed the lead implementer's project director and the associate implementer's chief of party. We also observed operations, examined documentation of reported results, and verified reported results through followup interviews with implementers, mission education program staff, and Ministry of Education officials. We relied on our professional judgment to assess whether the Basic Education program had achieved its intended results. The mission was relatively new, had relatively inexperienced staff, and operated in a difficult security environment. Owing to these varied factors, we did not rely on one strict overall numerical scoring system or threshold in forming our audit opinion.

# MANAGEMENT COMMENTS



## Memorandum

**Date:** December 15, 2007

**To:** Lloyd Miller, Regional Inspector General/Cairo

**From:** Mikaela Meredith, Acting Mission Director /s/

**Subject:** Audit of USAID Assistance for the Basic Education Program in Yemen  
Audit Report No. 6-279-08-00X-P November 26, 2007 – Draft Report

Following is USAID/Yemen's response to the RIG education program audit report recommendations.

**Recommendation 1:** We recommend that the Director, USAID/Yemen, initiate actions to ensure that the mission performs an assessment of implementers' progress towards achieving program objectives.

### Mission Response:

In July 2007, the CTO and the Regional Contracting Office/Cairo (RCO) officially approved the revised M&E document submitted by AIR, the lead implementer of USAID/Yemen's Basic Education program, (*Refer to Attachment no. 1 Revised Monitoring and Evaluation Indicators*). The most recent quarterly report after the program audit (4<sup>th</sup> Quarter – July through September) included the table with the revised indicators, (*refer to Attachment no. 2 11<sup>th</sup> Quarterly Progress Report April 1- June 30, 2007*).

In weekly and monthly meetings with the implementing partners and the Mission Director, the CTO will regularly assess progress on these indicators using the most recent quarterly reports as a frame of reference. Simultaneously, the CTO will follow up to ensure that AIR continues to report on all indicators.

USAID does not anticipate changes (adding/dropping of indicators) to the M&E plan between now and the close of the Basic Education activities in July 2008, however, the CTO will continue to make sure that any BE project discussions relevant to indicators will include the USAID/Yemen Office of Education. In addition, the project office has

an excellent M&E employee on staff. This will assure all beneficiaries of the project that intermediate results are met.

**In view of the above, the Mission believes that the proactive measures taken associated with the relevant evidence address Recommendation 1 and constitute final action; therefore, we request closure of the recommendation upon final report issuance.**

**Recommendation 2:** We recommend that the Director, USAID/Yemen, initiate actions to ensure that the Cognizant Technical Officer becomes substantially involved with the monitoring and evaluation plans.

**Mission Response:**

As a result of the subject audit, the CTO has become fully aware of his roles/responsibilities relevant to oversight and monitoring duties and functions. The education team is fully staffed and two of its members have become CTO (i.e. officially certified).

The USAID Director will ensure that:

- The Mission is exploring options to increase M&E capacity in USAID/Yemen and AED. Those options include, but not limited to, bringing TDYers from USAID/W; whom will train and ensure the follow up of M&E. The CTO will be sent to attend M&E training.
- USAID/Yemen's M&E Officer will work with the CTO to provide a refresher M&E workshop to all technical officers in the mission in yearly basis.

The CTO was substantially involved in the assessment of current M&E plan, which was developed collaboratively with AIR and AED, and in the realignment of project indicators and targets. These actions resulted into:

- The targets and indicators reflect what the project is able to measure;
- The targets reflect what the project has been accomplishing;
- The implementing agency is clear as to how these indicators are to be reported upon in the quarterly reports; and
- Justifications were provided for all indicators which were either dropped or which required a change in how they were written.

While the M&E plan is brief, we strongly believe it is comprehensive and covers every aspect of the program. The revision of the M&E plan went through several steps:

1. USAID, AED, and AIR discussed at length each indicator;
2. AED put together a draft of indicators: ones to be carried over, ones which needed language revision and new ones;
3. USAID, AED, and AIR went through the draft indicators for a second time to refine language;

4. AED staff went through each indicator to verify that they are measurable. Also, AED justified each dropped indicators;
5. AED staff revised the work plan so that each activity for the final year of the project cross-references back to a measurable indicator;
6. AIR officially submitted the revision and justifications to USAID for review/final approval;
7. USAID approved and submitted revisions and justification to Agreement Officer (AO) in USAID/Cairo for final approval; and
8. AIR has subsequently submitted 11<sup>th</sup> quarterly report with the new M&E table.

**In view of the above, the Mission believes that those measures address Recommendation 2 and constitute final action, thus, we request closure of the recommendation upon final report issuance.**

**Recommendation 3:** We recommend that the Director, USAID/Yemen, ensure results that functioning monitoring and evaluation mechanisms include performance measuring components that are practical and achievable.

**Mission Response:**

The BE program's indicators and targets revisions were made in coordination with the project field office (AED) personnel, the AIR project manager who was visiting from Washington, and the USAID/Yemen Education Team (CTO and Senior Education Advisor). The BE program's indicators and targets were revised to accurately represent the scope of the program, (*Refer to Attachment no. 3a Revised Monitoring and Evaluation Indicators*).

All dropped targets were accounted for with justifications, (*Refer to Attachment 3b Table of Project Indicators Dropped from Previous M&E Plans July 2007*). All new or revised targets included baseline data. These targets were approved by the CTO as well as RCO/Cairo. This action is completed and the BE program will be reporting on these new/revised targets and indicators.

**In view of the above, the Mission believes that those measures/evidence address Recommendation 3 and constitute final action, thus, we request closure of the recommendation upon final report issuance.**

**Recommendation 4:** We recommend that the Director, USAID/Yemen, ensure that progress reports include a consistent set of indicators to measure performance.

**Mission Response:**

Since the RIG Education Program audit in June, the BE project has submitted two quarterly reports (11<sup>th</sup> and 12<sup>th</sup>), (*Refer to Attachment no. 4 11<sup>th</sup> Quarterly Progress Report April 1- June 30, 2007 and 12<sup>th</sup> Quarterly Progress Report July 1- September 30,*

2007). The Mission strongly believes that those reports clearly and consistently reflect the revised indicators.

**In view of the above, the Mission believes that final action has been taken and requests closure of the recommendation upon final report issuance.**

**Recommendation 5:** We recommend that the Director, USAID/Yemen, develop the most effective and cost-efficient implementing instrument for the Basic Education program.

**Mission Response:**

The Mission Director has made it clear that all additional funds for education will be spent in such a manner so as to avoid existence of a double layer of management as with the potential of the Leader and Associates mechanism.

At the education team's July monthly meeting with the Mission Director, the Mission Director requested the team to explore other options for program implementation including financing only AED. As a result of lengthy discussions with USAID/W and a great deal of research with our Agreement Officer in USAID/Cairo, the education team has engaged AED through the EQUIP2 mechanism to implement a follow-on education program to the current BE program. Since AED is already on the ground here in Yemen, they will remain on the ground while taking the technical lead through the mechanism.

We believe that by making that management decision; having AED as the only implementer involved in the delivery of the up-coming Basic Education Support and Training (BEST) program will not only reduce management costs, but also will allow for greater transparency in communication with AED's field and home offices. To substantiate, we are beginning to do future program planning and plan to complete a Country Assistance Agreement (CAA) by the close of FY 2008.

**In view of the above, the Mission believes that the management decision reached also constitute final action as well thus, requests closure of the Recommendation 5 upon final report issuance.**

Finally, USAID/Yemen would like to extend its appreciation to RIG/Cairo Audit Team for their assistance in strengthening measures to better manage the USAID funded activities.

### Achieved and Planned Results of USAID/Yemen's Basic Education Program

Indicator	Achieved	Planned
Intermediate Result: Enhanced access to quality primary education in the public sector		
1. Number of basic education facilities improved	34—delayed or slow progress	77
2. Number of desks repaired	1,660—completed	1,660
3. Number of basic education facilities furnished/equipped	25—delayed or slow progress	77
4. Number of schools made “girl friendly”	Not reported	Not defined
5. Number of new classrooms built	31—substantially completed	42
6. Number of old classrooms renovated	156—delayed or slow progress	438
7. Number of multipurpose rooms built and furnished	0—delayed or slow progress	8
8. Number of schools having latrines renovated	14—delayed or slow progress	40
9. Number of new latrines built	70—delayed or slow progress	255
10. Days per academic year multipurpose rooms used	Not achievable	1,408
11. Number of schools having surrounding walls built	6—delayed or slow progress	53
12. Number of schools executing campaigns/activities related to good hygiene practices	25—delayed or slow progress	77
13. Number of schools made handicapped accessible	14—delayed or slow progress	77
14. Standby Mobile Repair Team functioning effectively in repairing school furniture	1—completed	1
15. Number of schools having their repairable furniture repaired	15—delayed or slow progress	77
16. Quantity of classroom textbooks distributed	300—delayed or slow progress	90,000
17. Quantity of teacher material distributed (teacher manuals, teaching aides, training manuals)	1,317—delayed or slow progress	3,385
18. Number of teachers and administrators by gender trained	919—completed	953
19. Number of children enrolled in project schools	14,486—completed	14,486
20. Percent of students achieving minimal competency in Arabic and math	Not reported	0
21. Average number of hours/week teachers spend in classroom, by gender	Not reported	24

APPENDIX III

Indicator	Achieved	Planned
22. Proportion of teachers in targeted schools using elements of student-centered instruction in their classrooms	Not measurable	70%
23. Percent of master teachers by gender in schools functioning effectively	Not measurable	75%
24. Increase in female teachers recruited, trained, and working in targeted schools	Not measurable	20%
25. Number of cluster teacher trainers by gender meeting teacher training requirements	Not reported	50
26. Proportion of students by gender whose reading and numeracy skills improved	Not measurable	50%
27. Number of schools having parent groups/parent councils with female members	100—completed	99
28. Number of parents groups which introduced and adopted organized initiatives (active projects or engagements)	100—completed	99
29. Number of schools having active parents' groups	Not reported	80%
30. Number of parent councils that cosign for school equipment and materials	Completion delayed because prerequisite not completed	25
31. Proportion of school-age children (ages 6–14) by gender attending in target school clusters	Not measurable	5% male and 10% female
32. Increased enrollment and increased proportion of girls/session	Not measurable	5% and 10%
33. Proportion of students by gender (male and female) retained until grade three	Completion delayed because prerequisite not completed	10%
34. Proportion of students by gender retained until grade six	Completion delayed because prerequisite not completed	10%
35. Proportion of students by gender retained until grade nine	Completion delayed because prerequisite not completed	10%
Intermediate Result: Increased literacy and numeracy opportunities at the community level		
36. Number of literacy programs established	Not achievable	30
37. Number of communities benefiting from non-formal education outreach activities	Not achievable	80%
38. Number of types and quantities of supplementary literacy materials produced by the project	Not achievable	50

APPENDIX III

Indicator	Achieved	Planned
39. Number of literacy programs provided with literacy materials	Not reported	All targeted
40. Number of literacy facilities improved	Not achievable	One targeted per school
41. Number of life skills centers equipped, furnished, and provided with training materials	Not achievable	80% of targeted centers
42. Number of integrated educational and awareness materials distributed to training centers	Not reported	12,000
43. Number of adult literacy training manuals delivered to training centers	Not reported	24,000
44. Number of literacy teachers by gender receiving initial training	Not reported	50
45. Adult literacy manual adopted as national model	1—completed	1
46. Number of literacy teachers by gender receiving refresher training	Completion delayed because prerequisite not completed	50
47. Proportion of literacy teachers by gender meeting training requirements of learners	Completion delayed because prerequisite not completed	60%
48. Percentage of teachers demonstrating better literacy/numeracy instruction	Completion delayed because prerequisite not completed	50%
49. Number of communities informed about importance of combating illiteracy among adults, especially females	25—delayed or slow progress	77
50. Number of out of school youth and adults by gender attending literacy and numeracy training programs related to practical life skills and experiences	Not achievable	0/0
51. Number of out-of-school youth and adults by gender who can read and do basic mathematics	Not achievable	90%

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