



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

USAID Program Has Not Done Enough To Promote Civic Participation and Public Accountability in Pakistan

AUDIT REPORT G-391-17-001-P
September 27, 2017

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MEMORANDUM

DATE: September 27, 2017

TO: USAID/Pakistan Mission Director, Jerry Bisson

FROM: Office of Inspector General/Pakistan Acting Director, Andy Nguyen /s/

SUBJECT: USAID Program Has Not Done Enough To Promote Civic Participation and Public Accountability in Pakistan (G-391-17-001-P)

This memorandum transmits the final report on our audit of the Strengthening Citizen Voice and Public Accountability Program. Our audit objective was to determine whether USAID/Pakistan was implementing key components of the program to achieve program goals. In finalizing the report we considered your comments on the draft report and included them in their entirety, excluding attachments, in appendix B.

The report contains five recommendations to improve USAID/Pakistan's management of the subject program. After reviewing information you provided in response to the draft report, we acknowledge your management decisions and final action on all five recommendations.

We thank you and your staff for the assistance extended to us during this audit.

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INTRODUCTION

Under the Strengthening Citizen Voice and Public Accountability Program (referred to as the Citizens' Voice Program), USAID/Pakistan has committed \$45 million for activities to strengthen the country's democratic processes—providing citizens the tools they need to advocate for good governance and encouraging the Pakistani Government to be accountable to its citizens. Key components are activities to improve (1) policy advocacy and government oversight, (2) organizational development and training, and (3) public accountability between governmental institutions and citizens.

The Office of Inspector General (OIG) conducted this audit to determine whether USAID/Pakistan was implementing key components of the program to achieve its goals. Specifically, we assessed whether (1) USAID implemented Citizens' Voice in a way that promoted achievement of program goals and (2) key program components were fulfilled.

To conduct this audit, we reviewed 27 of 237 grants awarded, representing more than 23 percent of the \$10.4 million total. We selected the grants for review to cover all the provinces of Pakistan and seven grant cycles executed as of May 2015.¹ We also reviewed key documents and conducted interviews with mission and contractor officials and grantees. Details of our scope and methodology are in appendix A.

SUMMARY

We found USAID/Pakistan was not implementing the program in a way that would encourage effective interaction between citizens and government or comply fully with USAID directives for program design and implementation. The mission did not ensure that the contract awarded to the Trust for Democratic Education and Accountability (the Trust) matched the program's original design. Taking direction from USAID headquarters' interpretation of State Department guidance, the mission modified Citizens' Voice during the program design approval phase from a \$75 million, 5-year program focused on promoting civil society objectives to a \$45 million, 3-year program aimed at awarding as many small, short-term grants as possible. Yet it awarded the contract without adjusting the expected results or the number of target grants to reflect this significant change in approach. Moreover, the mission was not adequately monitoring the Trust's performance in achieving program goals or providing timely funding for all grant cycles. These deficiencies have limited the program's ability to make long-term improvements in governance and public accountability in Pakistan.

¹ A grant cycle refers to one round of grants announced. The request for applications carries information as to how many grants are to be awarded in a certain cycle. The request also provides information on related thematic areas, and applicants can only submit proposals in the prescribed thematic areas.

The Trust has awarded hundreds of grants to civil society organizations throughout Pakistan and had some success with short-term grant activities for component 1. However, two components—organizational development (component 2) and public accountability (component 3)—were unfulfilled because of a lack of mission monitoring and underperformance by the Trust. Regarding organizational development, a significant amount of training provided by the Trust focused on showing organizations how to comply with USAID regulations, rather than how to be effective civil society groups. In addition, although public accountability was a significant part of the Trust’s proposal and the largest component of the award, efforts to develop public-private partnerships were largely limited to getting two universities to offer courses on nonprofit organizational management, and the courses had low enrollment. Throughout the program’s implementation, the mission has not adequately monitored the Trust’s performance in achieving program goals. For example, while security conditions in Pakistan make it difficult for USAID employees to visit activity sites, the mission has not used the alternative mechanisms at its disposal, including the mission’s monitoring contractor.

We made five recommendations to improve USAID’s implementation of the Citizens’ Voice Program.

BACKGROUND

In Pakistan, citizen participation in government affairs is weak, and public views of government accountability are low. To increase Pakistanis’ engagement with their government and its responsiveness to them, USAID’s mission there designed the Strengthening Citizen Voice and Public Accountability Program. To implement it, in May 2011 USAID/Pakistan awarded a 3-year contract worth approximately \$45 million to the Trust for Democratic Education and Accountability, a Pakistani organization.² The program was one of the first awarded by USAID to a Pakistani organization under a direct contract mechanism, similar to those used for large, U.S.-based contractors. The program was extended to 5 years in March 2013 and approved for an additional 2 years in December 2015 (ending May 2018).

The contract called on the Trust to make grants to local organizations and citizens’ groups that would carry out activities under the three components, with the bulk of program resources allocated to improving public accountability. The three components are these:

Policy advocacy and government oversight. A theme of the program is that for citizens’ voices to be heard in public decision-making spheres, their inputs must be strategic, relevant, and based on evidence. Gathering evidence, formulating relevant analysis, and planning strategic advocacy require access to public information and systematic monitoring of government performance.

² The contract was awarded in Pakistani rupees.

Organizational development and training. Another premise is that for civic engagement to be effective, civil society groups need to be well-respected. Earning a reputation for integrity requires that civil society groups be transparent and accountable. They need to manage their internal operations professionally, consistent with international standards. The Citizens' Voice Program aims to enhance the organizational capacity of civil society actors through organizational development and targeted trainings.

Public accountability. The Citizens' Voice Program was created to support civil society initiatives to assess government performance and advocate for changes in law, policy, and government action. The program supports partnerships between the state and nonstate actors, facilitating effective working relationships to enhance government's ability to provide basic services and be responsive to citizens. The aim is to institutionalize these changes in public decision-making mechanisms, program planning and implementation, and oversight.

Examples of activities that could receive funding include:

Helping civil service organizations increase voter turnout.

Working with think tanks to improve public service programs.

Helping local governments and organizations improve their management systems to work more efficiently.

Promoting positive interactions between citizens and government officials.

Working with civil society organizations on reforms to the electoral process.

Training newly elected local government representatives on their civic responsibilities.

MISSION DID NOT IMPLEMENT THE PROGRAM TO PROMOTE ACHIEVEMENT OF LONG-TERM GOVERNANCE AND ACCOUNTABILITY GOALS

USAID policy emphasizes periodically determining if implementation is progressing according to design and if adjustments are needed.³ The policy states that project implementation should include adapting project activities, revising work plans, and modifying agreements as necessary to achieve expected results. However, the mission did not ensure that the contract awarded to the Trust matched the program's design. In particular, the mission shortened and reduced funding for the program without adjusting the results it was expected to achieve. Moreover, the mission did not adequately monitor the Trust's performance in achieving program goals, or provide timely funding

³ Automated Directives System (ADS) 200.3.5.4, "Project Design and Implementation." ADS chapter 200 was revised on September 17, 2016, but this directive was in effect at the time of our audit.

for all grant cycles. These deficiencies limited the program's ability to make long-term improvements in governance and public accountability in Pakistan.

MISSION SHORTENED AND REDUCED FUNDING FOR THE PROGRAM WITHOUT ADJUSTING EXPECTED RESULTS

In the program design approval phase, the mission reduced the program's funding and length without making any other changes. According to the activity approval document, the mission envisioned a \$75 million, 5-year project to further civil society objectives in Pakistan. In the activity description, the mission anticipated up to 1,000 program grants. After the mission director approved the program in June 2010, USAID's Office of Afghanistan and Pakistan Affairs (OAPA) reduced it by 40 percent to a \$45 million, 3-year program. Nonetheless, the mission awarded the contract with the same expected results and similar grant targets—between 800 and 1,000 grants to award, most of them under \$100,000—as the original program.

The mission changed the funding and length of the program based on OAPA's interpretation of guidance from the State Department's Special Representative for Afghanistan and Pakistan that projects should be shorter. However, the mission made the changes without assessing their impact on the program's expected results. According to mission staff, this was an oversight. They told us they recognized the discrepancy during program implementation but could not find a way to justify making programmatic changes more than a year into the program.

To prevent this, technical offices could do a final review of awards to verify that they agree with their designs. Yet, we did not find evidence that the mission's technical offices were routinely conducting such reviews. A final review of the Citizens' Voice Program by the technical office before making the award could have identified the discrepancy between the award and the program design.

The shortened timeframe made awarding the target number of grants unrealistic, so the Trust awarded many small (under \$25,000), short-term (4- to 6-month) grants. They may have increased voter awareness but had little effect on the long-term goals of strengthening citizens' voice through advocacy of good governance and increasing public accountability. According to mission and Trust officials, these objectives take time to achieve. Trust officials said they expressed their concern to the mission that grants were too short to address complex issues, such as tax reform.

MISSION DID NOT ADEQUATELY MONITOR PROGRAM'S PERFORMANCE IN ACHIEVING ITS GOALS

USAID policy states that monitoring an implementer's performance is a major task of the contracting officer's representative (COR).⁴ Yet USAID/Pakistan fell short on monitoring performance under the Citizens' Voice contract. CORs—two covered the

⁴ ADS 202.3.6, "Monitoring Quality and Timeliness of Key Outputs." USAID replaced ADS chapters 202 and 203 with revised chapters 200 and 201 effective September 7, 2016. However, this directive was in effect during our audit.

program from 2011 to 2015—documented only six visits to grantees. The CORs attended meetings at the Trust and approved themes for grant cycles as well as the grants themselves but did not make enough site visits to meet with grantees. In addition, USAID/Pakistan did not use its independent monitoring contractor to do oversight, for reasons that were not documented because of staff rotations and departures.⁵

As a new contractor implementing its first contract with USAID, the Trust had its own struggles with monitoring and evaluation. According to the Trust, it did not have sufficient staff for monitoring and evaluation for most of the program and did not have a monitoring and evaluation manager for more than 2 years. Trust officials said that because of delays in approval and the program's short duration, they could not attract a qualified candidate to serve as manager. The Trust reported on its implementation and monitoring challenges in its progress reports, demonstrating the need for additional oversight by the mission, but the mission did not increase its oversight.

The Trust improved monitoring and evaluation after the first year of the program. As of June 2015, according to program records, its staff documented 378 visits to grantees for monitoring, attending meetings, and participating in activities. Still, Trust staff could not visit all the grantees and relied on information they provided and uploaded to the Trust's grants information management system.

By depending on grantees' self-reported results, the mission runs the risk of making program implementation decisions based on inaccurate data. The mission has missed opportunities to assess whether the program is making progress in meeting its goals and if adjustments to program activities, work plans, or the contract are necessary.

MISSION DID NOT PROVIDE TIMELY FUNDING FOR ALL GRANT CYCLES, SLOWING PROGRAM IMPLEMENTATION

USAID policy states that missions must manage resources so that planned results are achieved in a cost-effective and timely manner, and must “prudently plan, monitor, and manage the financial aspects” of their programs, bearing in mind that “the financial position of a program and its activities is critically important to achieving desired results.”⁶ For Citizens' Voice, USAID approved 10 grant cycles as of May 2015, but only 7 cycles were executed. Every cycle announced has a specific range of thematic areas, and applicants can only submit proposals in the prescribed thematic areas. The grant cycles executed as of May 2015 are listed in appendix C.

The mission did not provide the Trust with uninterrupted funding for all of the grant cycles as planned. For example, in January 2013, the Trust asked the mission for \$6 million in funding. In April 2013, the mission informed the Trust that it would not provide funding for the full amount requested and obligated \$1.6 million. However, in December 2013, the mission deobligated the \$1.6 million without informing the Trust

⁵ USAID/Pakistan has an independent monitoring contractor (Management Systems International or MSI) that supports the mission with (1) monitoring, verification, and validation; (2) performance management; and (3) special studies.

⁶ ADS 202.3.7, “Managing USAID Program Resources and Requesting Funds,” effective September 1, 2008.

and used the funds for other programs. According to mission officials, the mission did not receive its fiscal year 2012 funds until January 2014. The program had some funds left from the previous year so it eventually was able to cover certain activities that had already been approved, but the funding for successive grant cycles was not available. Because of funding constraints, the mission also asked the Trust to reduce the amounts of grants awarded under cycles 4 and 5.

The mission's reasons for redirecting funds from the program to other programs and for reducing the amount of grants were not clear because the responsible technical staff had left the mission, and the COR did not leave adequate files documenting funding calculations or actions taken.

As a result of the lack of funding, the Trust had to slow program implementation and stop awarding new grants for a full year. The cessation put organizational development on hold, but the program continued to incur operating costs. The Trust reported that the lack of funding created an environment of mistrust and confusion among grant applicants, and the revisions to the grant cycles created a lot of rework for the program and grant applicants. The program lost momentum and missed opportunities to bolster citizen engagement.

KEY PROGRAM COMPONENTS FOR ORGANIZATIONAL DEVELOPMENT AND PUBLIC ACCOUNTABILITY WERE UNFULFILLED

The Trust was supposed to carry out activities under the three components in the manner intended by the contract. However, the Trust was new to USAID work and required extra oversight that the mission did not provide. As a result, the program has fulfilled key activities for only the first component, advocacy and government oversight. For example, by May 2015, the Trust had awarded 237 grants to civil society organizations throughout Pakistan, and the program claimed some success with short-term grant activities: advocacy for draft legislation in Khyber Pakhtunkhwa Province recognizing citizens' rights to information, and help with developing a provincial policy in Balochistan responding to the concerns, ideas, and suggestions of youth groups. However, the second and third components, organizational development and building public accountability, were unfulfilled.

ORGANIZATIONAL DEVELOPMENT LARGELY CONSISTED OF SHOWING GROUPS HOW TO COMPLY WITH USAID REQUIREMENTS

The second component of the program provided for organizational development. According to the contract, this component was to consume up to 20 percent of program resources, providing technical assistance and training to help grantees with civil society strengthening—for example, through training in policy, leadership, and governance.

However, the training the program provided focused mainly on operational basics and showing organizations how to comply with USAID requirements. Because, according to a mission official, many grantees were new and inexperienced, as of June 30, 2015, the Trust reported that 1,822 individuals had received on-the-job training in operations and management, and only 722 had received program-focused training. However, among the 722, the Trust included 187 grantees who got training in developing performance management plans, which are required to receive USAID funding. Thus, the number of individuals receiving training in civil society strengthening was considerably less (26 percent less) than the number reported for program-focused training.

The Trust said it reduced the organizational development to help grantees comply with USAID regulations because new grantees were weak in management and operations and needed help developing project management tools such as performance management and evaluation plans.

The Trust did not ask attendees for feedback, so it was unclear to what extent training improved grantees' capacity for civil society strengthening. The organizational development activities focused rather on preparing the Trust and grantees to adhere to USAID regulations and improving their ability to get grants in the future.

The mission did not adequately monitor the Trust's implementation of organizational development activities. In addition, while security conditions in Pakistan make it difficult for USAID employees to make site visits, the mission did not use alternative mechanisms it has at its disposal, including the mission's monitoring contractor. Further, the mission did not push the Trust to add more organizational development activities or evaluate the impact of its training sessions.

FEW PROGRAM ACTIVITIES FOCUSED ON IMPROVING PUBLIC ACCOUNTABILITY

Although public accountability was a significant part of the Trust's proposal and the largest component of the award, it was not implemented as expected. According to the award approval memo, the mission intended for the program to make up to 200 grants to government entities. These grants would improve interaction between citizens and government, especially government officials' receptiveness to citizens' suggestions. But the Trust did not pursue this approach; instead, it developed partnerships with two universities to offer courses on nonprofit organizational management and created opportunities for interaction between citizens and government through seminars, dialogues, and other mechanisms. The courses had low enrollment and may not continue.

The Trust's efforts at building public accountability were not enough to generate lasting improvements. According to the Trust, one of the major roadblocks in implementing the public accountability component was that there was little appetite among civil society organizations to interact with government institutions and those government officials were not very open to such initiatives either. Further, the COR left the program

in April 2015, and we did not find evidence of actions taken by the COR to determine why the third component could not be implemented, assess the impact of not implementing a large component of the program, or discuss with the contracting officer whether the contract should be amended to reduce the scope of work.

The mission's monitoring efforts were insufficient to ensure the Trust followed through on implementing component 3 as intended. Both parties missed opportunities to build on advocacy efforts with civil society groups. Component 3 activities were supposed to absorb the bulk of program resources—or up to 50 percent of the grants budget of \$18.7 million—but they had not yet done so.⁷ If conditions do not permit full implementation of this program component, the mission may consider amending the award and reprogramming funds to put them to better use.

CONCLUSION

USAID's actions have limited the Citizens' Voice Program's potential impact on improving civic participation and public accountability. In reflexively awarding the contract without trimming activities to reflect the Office of Afghanistan and Pakistan Affairs' interpretation of a shorter program and 40 percent less funding, USAID/Pakistan launched the program at a disadvantage. Further, by not closely monitoring implementation or providing continuous funding, the program did not fulfill two key components. Until USAID improves its contract management ability and makes changes to Citizens' Voice, grants will continue to target the easily doable rather than making long-term changes to civil society in Pakistan through improved policy advocacy and government oversight, organizational development and training, and public accountability.

RECOMMENDATIONS

While this program is to end in May 2018, we recommend that USAID/Pakistan take the following actions to help maximize the program's potential to achieve results:

1. Conduct an assessment of progress made on achieving the Strengthening Citizen Voice and Accountability Program's goals; determine if adjustments to program activities, work plans, or the contract are necessary; and if so implement any actions that can be done before the program ends.
2. Implement a final review process by technical offices before awards are made to verify that they agree with the program's design.

⁷ Grants budget from contract modification 14, dated March 3, 2014, converted from Pakistani rupees to U.S. dollars.

To implement key components, we recommend that USAID/Pakistan take the following actions:

3. Implement a plan to increase its monitoring of the Strengthening Citizen Voice and Accountability Program, including making visits to grantee activities as security conditions permit and using the mission's monitoring contractor.
4. Require the Trust for Democratic Education and Accountability to implement a plan to add more training in how to be effective civil society organizations, as well as a process to evaluate the impact of the training for ongoing and future grant cycles.
5. Review the budget for the Strengthening Citizen Voice and Accountability Program to determine if the award should be amended to reflect a reduction in scope for the public accountability component of the program (component 3), and if so, make the amendment accordingly.

OIG RESPONSE TO AGENCY COMMENTS

We provided USAID/Pakistan with our draft report on April 12, 2017, and we received its response on May 25, 2017. That response is included in its entirety, without attachments, in appendix B. The mission made management decisions and took final action on all five recommendations.

USAID/Pakistan's response noted that conclusions from the independent evaluation it engaged a contractor to conduct differed from the OIG's conclusions in this audit report. The referenced evaluation report was issued after the completion of our audit field tests and was, therefore, outside of the audit's scope. We disagree with the mission's implied conclusion that the evaluation, issued June 27, 2016, contradicts audit results. We make a key distinction and note a commonality below.

The evaluation reported on impact from the perspective of the grantees themselves, who undoubtedly have an interest in reporting success. Our audit objective was to take an independent look at whether key components were being implemented as intended to improve civil society in Pakistan, rather than focusing on the easily doable.

The mission's response indicated the effectiveness of grant-funded activities in components 1 and 3. In fact, we specifically acknowledged some success with short-term grant activities funded under component 1. Our findings did not rule out the existence of some impact under component 3; we only pointed out that far fewer programs than anticipated focused on component 3.

APPENDIX A. SCOPE AND METHODOLOGY

We conducted our work from July 2015 through April 2017 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 objective of the audit was to determine whether USAID/Pakistan implemented key components of its Strengthening Citizen Voice and Accountability Program to achieve program goals of strengthening citizen voice and public accountability.

On May 27, 2011, USAID/Pakistan awarded the Trust a \$45 million, 3-year contract to implement the program. The mission extended the contract on March 20, 2013, to 5 years at no additional cost. It further extended the program in December 2015 for 2 years until May 27, 2018. As of June 30, 2015, USAID/Pakistan had obligated \$30 million and disbursed \$17 million for program activities. The disbursed amount represents the amount tested during this performance audit.

The audit covered the period from the program's inception, May 27, 2011, through June 30, 2015. We conducted audit fieldwork from July 13, 2015, to January 12, 2016, at USAID/Pakistan and the Trust's office in Islamabad. We also met with grantees in Islamabad and, because of security constraints on travel; we conducted telephone interviews with grantees outside Islamabad during fieldwork. To obtain reasonable assurance, we judgmentally selected a sample of grants for testing that included grants from each grant cycle and province and represented 25 percent of the value of the grants awarded.

In planning and performing the audit, we assessed the significant internal controls the mission used to manage the program: reviewing and approving work plans and quarterly progress reports, monitoring performance results, conducting a program evaluation, and approving subawards. We also reviewed the mission's annual fiscal year 2014 assessment of internal controls required by the Federal Managers' Financial Integrity Act of 1982.

To answer the audit objective, we reviewed the contract and its modifications, the activity approval document, technical proposals and evaluations, work plans and progress reports, the performance monitoring and evaluation plan, a program review report, and the grants manual. To obtain an understanding of the program, its implementation, challenges, and mission oversight, we met with USAID/Pakistan officials: the directors and deputy directors for the Office of Stabilization and Governance, the contracting officer's representative, a financial analyst, an acquisition specialist, and program office officials. We also interviewed the Trust's chief of party, chief executive officer, program managers, grants managers, and a monitoring and evaluation manager to understand the Trust's controls, program activities, and constraints to

implementation. We reviewed the Trust policies and procedures and verified that grantees met eligibility requirements.

We evaluated the program's performance against the contract, work plans, and results in progress reports. We compared reported performance results with those obtained through review of source program documents, observations of ongoing program activities, and information gathered through interviews with grantees to verify the accuracy of those reported results. To confirm the occurrence of program activities, we reviewed subaward files and grantee reports, interviewed grantees, and observed grantee organizational development trainings.

We had planned to rely on computer-processed data reported by the Trust from its Grants Management Information System; however, some of the grantee files in our sample were not complete and we had to obtain the requested data from the Trust. We judgmentally selected 12 indicators for testing out of a universe of 26. The indicators were selected to include the 4 mission indicators used for external reporting and 8 of the 22 program indicators the Trust reported on to maximize coverage from each of the three program components. The program's performance monitoring and evaluation plan had 24 indicators, but two did not measure grantee achievements and were dropped. In our testing of reported results for selected indicators, we found that the source of the data used for reporting was Excel spreadsheets. We judgmentally tested data from the Excel spreadsheets that supported the reported results for seven of the indicators tested. We also found differences in indicator definitions for three indicators and determined that the reported data for two of those indicators cannot be relied on. However, because we reviewed these data with other available evidence, we believe the opinions, conclusions, and recommendations in the report are valid.

As part of the audit work conducted to obtain reasonable assurance, we judgmentally selected a sample of 27 grants out of a universe of 237 for review to include the largest grants and grants from each cycle, theme, and geographic province. We chose a judgmental sample due to the broad reach of the program across Pakistan and restrictions on the ability of the auditors to travel throughout the country. The sampled activities amounted to \$2.4 million or 25 percent of the total of \$10.4 million in grants awarded as of May 15, 2015. Since the testing and the grantee selections were based on judgmental samples, the results are limited to the items tested and cannot be projected to the entire audit universe.

APPENDIX B. MANAGEMENT COMMENTS



USAID | **PAKISTAN**
FROM THE AMERICAN PEOPLE

MEMORANDUM

| | |
|------------------|--|
| Date | May 18, 2017 |
| To | Nathan S. Lokos - Director/OIG Pakistan |
| From | John Groarke - Mission Director USAID/Pakistan /s/ |
| Subject | Management Decision on the Performance Audit of USAID/Pakistan's Strengthening Citizen Voice and Accountability Program |
| Reference | Draft Audit Report dated 4/12/2017 |

USAID/Pakistan is pleased to have worked with the Office of the Inspector General/Pakistan (OIG) team to examine the history and accomplishments of USAID/Pakistan's Strengthening Citizen Voice and Accountability Program, hereinafter, the Citizens' Voice Project (CVP). CVP started in May 2011 as a three-year, \$45 million contract with the Trust for Democratic Education and Accountability (TDEA). USAID/Pakistan extended the contract twice in two-year increments through May 2016 and May 2018. CVP's main objective is "to improve engagement between citizens and government on priority program-supported initiatives to advance good governance objectives." Objectives include: 1) strengthening citizen engagement in policy advocacy and state oversight; 2) enhancing grantee organizational capacity; and 3) creating linkages between state and non-state actors for increased accountability. CVP awards small grants to support innovative ideas and high-quality, competitive applications from eligible organizations.

While we greatly appreciate the efforts of the OIG to review and improve our programs, our review of CVP has led us to a conclusion different from the one in the OIG's audit report. An independent, in-depth evaluation of CVP in late 2015 concluded that the program has had significant impact. The evaluation relied on a randomly selected grant sample for all completed grants from 18 thematic areas that were awarded from the start of the CVP in 2011 to 2015. The evaluation report published on June 26, 2016, a copy of which is annexed as Attachment A, concluded the following regarding the effectiveness of grant-funded activities in achieving project objectives:

1. Regarding Objectives 1 and 3: strengthening citizen engagement in policy advocacy and creating productive linkages between state and non-state actors for increased accountability:

"Grants effectively facilitated engagement between citizens and the government. Ninety-four percent of respondents reported medium or high levels of citizen

engagement in grant-funded activities, and 86 percent reported medium or high levels of government engagement, especially in information campaigns and community-level meetings. The government engaged across the spectrum of grant themes but was most engaged in three areas, local governance systems, implementation of the Frontier Crimes Regulation (FCR), and legislative governance. Four key USAID priority areas, (education reforms, improving water rights, tax collection, and energy sector reforms), showed low to medium levels of government engagement. Grantees and beneficiaries valued linkages with the government above all other relationships, and for good reason: grantees with policy objectives frequently engaged with the government in order to achieve policy change. Seventy-four percent of respondents across respondent types believed grant-funded activities had improved governments' openness to citizens, including improving governments' responsiveness to citizens' needs at the district level (67 percent of respondents). Seventeen grantees with policy change objectives contributed to policy discussions through various initiatives, and four achieved specific policy changes." Refer to CVP Evaluation Report page 3.

2. Regarding Objective 3: enhancing grantee organizational capacity:

"Eighty-seven percent of the 40 grantees interviewed felt that project-supported capacity-building trainings were relevant to their organization's needs and had improved their organization's capacity and strengthened their administrative and functional systems. Specifically, grantees said CVP built their capacity in the following ways:

1. Improved understanding of grant activity proposal writing, documentation, and reporting;
2. Strengthened financial, human resources, procurement, and general administrative skills; and
3. Improved program management, communications, monitoring and evaluation (M&E), and management information systems (MIS) skills.

Respondents found training in the areas of finance, program management, and M&E particularly beneficial. Thirty-eight percent of respondents said that program management training was the most useful, 37 percent identified financial training, and 13 percent M&E." Refer to CVP_Evaluation report page 26.

USAID acknowledges that, like many civil society strengthening programs operating in difficult security and political environments, CVP has had successes along with challenges in creating an inclusive space for citizens and state actors to join together to engage in policy dialogue and program implementation. The engagement between civil society organizations and the state has evolved over time. As evidenced by the evaluation, CVP is achieving its objectives and is playing a key role in bridging the gap between citizens and the state. The project has awarded 286 grants across 100 districts in Pakistan, including Gilgit-Baltistan and Azad Jammu and Kashmir as of March 2017. To date, the project has announced 12 grant cycles in 17 cross-cutting thematic areas.

Please find below the Mission's management comments on the specific recommendations included in the draft audit report.

Recommendation No. 1: Conduct an assessment of progress made on achieving the Strengthening Citizen Voice and Accountability Program's goals; determine if adjustments to program activities, work plans, or the contract are necessary; and if so implement any actions that can be done before the program ends.

Management Comments

The Mission agrees with the recommendation to reassess whether program activities remain viable and to determine whether any adjustments to the program are necessary. In fact, USAID has already conducted such an assessment and made appropriate adjustments.

Management Systems International (MSI), through the USAID's Performance Management Support Contract (PERFORM), conducted an evaluation of CVP's performance from the commencement of the contract in 2011 through 2015. The evaluation determined that CVP is an effective program, finding explicitly that CVP grants improved engagement between government and citizens: 94% of respondents reported medium- to high-level citizen engagement in grant-funded activities; 86% reported medium- to high-level government engagement in areas such as information campaigns and community meetings; and 74% believed grant activities improved government's responsiveness to citizens' concerns. Regarding the organizational development support provided to partner organizations, 87% of the partners felt that project-supported capacity-building trainings were relevant to their organizational needs and improved their capacity, administrative and functional systems. Moreover, grant activities were found to be highly relevant to stakeholder and beneficiary interests, mostly due to grantees' consulting with local communities and relying on their local knowledge when selecting grant activities. Refer to CVP Evaluation report page 3.

The findings, recommendations and lessons learned from the evaluation were shared with CVP, as well as within the Mission, and were relied upon for adjusting CVP's activities in light of the upcoming 2018 General Elections. The Mission worked closely with the Election Commission of Pakistan (ECP), the United Kingdom's Department for International Development (DFID), the European Union (EU), and the Canadian High Commission (Canada), as well as with key implementing partners of electoral programs in an effort to create a common understanding of Pakistan's continued need for support on democratic accountability and electoral processes. As a result of these consultations, USAID, DFID, Canada, and the EU agreed to an over-arching comprehensive results framework addressing the demand- and supply-side needs of elections. This framework provides the basis for USAID's Pakistan Electoral and Democratic Support Program (PEDS), which aims to generate greater public trust and confidence in the ability of the civilian government to govern and contribute to a more stable and democratic Pakistan. CVP's current activities, authorized under the PEDS

project authorization document, focus on demand-side activities to: strengthen citizen capacity and participation with greater inclusion of women and civil society organizations in improving women's engagement in electoral processes; advance electoral reforms; and hold the election administration to account through domestic observation.

In April 2016, the CVP contract was modified in accordance with the PEDS strategy. A copy of Modification 17 to the contract is annexed as Attachment B. Modification 17 states that "up to 500 awards are anticipated over the life of the program" as opposed to 800 – 1,000, which were originally anticipated in 2011. In addition, the deliverables for year six and seven are:

Objective 1: Strengthening Citizen Engagement in Policy Advocacy and State Oversight

- A. Up to 100 grants executed specifically for women voter registration, voter information/education and public outreach
- B. Augment Component 3 activities (as defined in the annual work plan)

Objective 2: Enhancing Grantee Organizational Capacity

- A. Up to 120 pre-award assessments conducted
- B. Targeted organizational development training workshops conducted (as defined in the annual work plan)
- C. Targeted technical assistance services provided (as defined in the annual work plan)

Objective 3: Creating Linkages between State and Non-State Actors for Increased Accountability

- A. Up to 50 grants executed for preparations related to domestic observation of general elections.

In view of the above, the Mission reports that the required final action has already been taken and hence requests closure of this recommendation upon issuance of the final audit report.

Recommendation No. 2: Implement a final review process by technical offices before awards are made to verify that they agree with the program's design.

Management Response

Although this recommendation is beyond the scope of the CVP audit, USAID/Pakistan has already initiated such a review process. A cross-cutting review process consistent with this recommendation was implemented by the Agency through updates to the ADS 201 and 300 series. A Mission Order is currently being finalized to implement the updates to the design process in ADS 201. In addition, OAA/Washington requires missions to use mandatory templates for pre-award documents such as the independent government cost estimate and the individual acquisition plan. The updates to the design process combined with the use of mandatory procurement related templates allow for

greater harmonization between a program's design and final award. The Mission expects to finalize and issue the Mission Order by July 30, 2017.

In view of the above, the Mission requests OIG's acknowledgment that a management decision has been reached and the final action will be complete once the said Mission Order is issued.

Recommendation No. 3: Implement a plan to increase its monitoring of the Strengthening Citizen Voice and Accountability Program, including making visits to grantee activities as security conditions permit and using the mission's monitoring contractor.

Management Response

The Mission agrees with this recommendation and has increased its monitoring of CVP through the MSI PERFORM contract. From December 2015 through May 2016, MSI observed 97 planned events using a USAID-approved site visit report form. A copy of the final site visit report, including individual site visit forms, is annexed as Attachment C. USAID plans to continue using the third party monitoring mechanism through the remainder of the contract period. A copy of the Statement of Work (SOW) for the PERFORM contract is annexed as Attachment D.

In view of the above, the Mission reports that the required final action has already been taken and hence requests closure of this recommendation upon issuance of the final audit report.

Recommendation No. 4: Require the Trust for Democratic Education and Accountability to implement (a) a plan to add more programmatic organizational development activities and (b) a process to evaluate the impact of the training for ongoing and future grant cycles.

Management Response

The Mission agrees with the recommendation and is already in the process of implementing it. Throughout the project's duration, TDEA has been implementing its plan to strengthen organizational capacity consistent with the needs of its grantee organizations. As described above, eighty-seven percent of the 40 grantees interviewed during the MSI evaluation felt that project-supported capacity-building trainings were relevant to their organization's needs and had improved their organization's capacity and strengthened their administrative and functional systems.

Since its inception, CVP has worked with COMSATS Institute of Information Technology (COMSATS)⁸ and the Institute of Business Management (IoBM)⁹ to develop eleven modules in a Not-for-Profit Organizational (NPO) management course. The modules were developed by management and business professionals and were vetted by

⁸ COMSATS is a public research university in Pakistan. It is a multi-campus institute with its headquarters located in Islamabad.

⁹ The Institute of Business Management is a private university and business school in Karachi.

civil society practitioners before being incorporated into the NPO course. The modules developed were:

1. Organizational leadership
2. Strategic planning
3. Financial management
4. Procurement management
5. Human resource management
6. Project management
7. Resource mobilization
8. Monitoring and evaluation
9. Compliance with donor rules and regulations
10. Public outreach
11. Proposal writing

Five of the eleven modules were compulsory (strategic planning, financial management, human resource management, monitoring and evaluation and project management). Participants were given the opportunity to select two of the remaining six modules. A total of 26 faculty members from COMSATS and IoBM delivered the training. Course participants included senior management of CVP grant partner organizations, e.g. board members, CEOs, and senior staff. To date, through 24 NPO courses, 461 participants (377 men and 84 women) have been trained as part of 251 grant projects. The course contents matured over time and, based on feedback from partner organizations, including the availability of senior leadership of partner organizations, the course was subsequently reduced to focus on five modules, namely organizational leadership, strategic planning, financial management, procurement management, and human resource management.

In order to make this initiative sustainable, CVP worked with COMSATS and IoBM to develop sustainability action plans. As a result of the plans:

- IoBM offered the NPO modules to civil society organizations that were not partners of CVP and trained 25 participants.
- Based on the NPO course content, IoBM started a degree program in September 2016 entitled “Bachelor of Science (BS) in Social Entrepreneurship and Social Leadership” (<http://www.cbm.iobm.edu.pk/cbm-program/bs-social-entrepreneurship-leadership/>). The first year of the program is underway with 25 students.
- As of June 26, 2015, COMSATS included two of the NPO management modules in the elective list of their Master of Science (MS) degree program on Project Management (<http://ww3.comsats.edu.pk/ms/MSPM.aspx>).

Regarding the process to evaluate the impact of the training for ongoing and future grant cycles, pre-training and post-training tests are included in all CVP trainings. The analysis of results captures the improvement in knowledge against each module. Data regarding the change in knowledge through the training include the following:

- Participants in the leadership module have demonstrated an average knowledge increase of 31%;

- An average 40% improvement in knowledge was measured among participants in the financial management and human resource management modules;
- In the monitoring & evaluation module, participants demonstrated an average increase of 20% in knowledge; and
- In the project management module, participants have demonstrated an average knowledge increase of 33%.

In addition, at the close of each grant, CVP evaluates the post-award capacities of each grant partner. To date, Capacity Action Plans were developed for 133 moderate and high risk partner organizations, including agreement about 729 improvement points (on Financial Management, Human Resource Management, Internal Governance and Procurement); a total of 589 improvement action points have been completed successfully.

In view of the above, the Mission reports that the required final action has already been taken and hence requests closure of this recommendation upon issuance of the final audit report.

Recommendation No. 5: Review the budget for the Strengthening Citizens' Voice and Accountability Program to determine if the award should be amended to reflect a reduction in scope for the public accountability component of the program (component 3) and, if so, make the amendment accordingly.

Management Response

The Mission agrees with the recommendation. The Mission has conducted a review and determined that a reduction in scope of the public accountability component is unnecessary. As provided in Modification 17 of the CVP contract, recognizing the importance of Pakistan's 2018 parliamentary election, USAID added a full grant cycle on domestic election observation. This cycle focuses on providing technical assistance and training to civil society organizations to conduct independent oversight of electoral processes, beginning with the pre-electoral environment leading to Election Day, and concluding with the release of results and dispute resolution. This activity falls squarely within Objective 3.

“Objective 3: creating linkages between state and non-state actors for increased accountability. Up to 50 grants executed for preparations related to domestic observation of general elections”. Please see Modification 17 annexed as Attachment B.

In view of the above, the Mission reports that the required final action has already been taken and hence requests closure of this recommendation upon issuance of the final audit report.

APPENDIX C. GRANT CYCLES AND THEMES

| Cycle/Theme | No. Grants Awarded | Total Amount Awarded \$ | Average Length of Grants (Months) | Average Amount Per Grant \$ |
|--|--------------------|-------------------------|-----------------------------------|-----------------------------|
| Cycle 1 | 15 | \$ 1,166,531 | | |
| Citizen's Oversight of Municipal Services | 7 | 483,081 | 21 | 69,012 |
| Energy Sector Reforms | 4 | 273,899 | 15 | 68,475 |
| Improving Water Rights | 4 | 409,551 | 15 | 102,388 |
| Cycle 2 | 19 | 1,733,838 | | |
| Citizens' Voice for Effective Legislative Governance | 7 | 798,046 | 17 | 114,007 |
| Citizen's Voice and Public Accountability in Tax Collection Sector | 2 | 228,075 | 16 | 114,038 |
| Education Sector Reforms | 10 | 707,717 | 14 | 70,772 |
| Cycle 3 | 32 | 3,087,622 | | |
| Advocacy for Effective Implementation of the Frontier Crime Regulations | 3 | 392,581 | 16 | 130,860 |
| Citizen's Advocacy for Implementation of 18 th Amendment | 7 | 678,723 | 16 | 96,960 |
| Citizen's Engagement and Accountability for an Effective Local Government System | 6 | 752,279 | 15 | 125,380 |
| Citizen's Voice for Strengthening Transparency and Accountability Mechanisms | 8 | 692,887 | 15 | 86,611 |
| Energy Sector Reforms | 8 | 571,152 | 15 | 71,394 |
| Cycle 4 | 45 | 1,897,605 | | |
| Citizen's Awareness for Higher Female Voter Turnout | 25 | 571,607 | 6 | 22,864 |
| Citizen's Voice and Accountability for Youth Development | 9 | 554,361 | 9 | 61,596 |
| Citizen's Voice for Effective Grievance Redress Through the Office of Ombudsman | 6 | 443,834 | 13 | 73,972 |
| Citizen's Voice for Independent Free and Responsible Media | 5 | 327,803 | 12 | 65,561 |
| Cycle 5 | 42 | 662,563 | | |
| Citizens' Voice for Free, Fair and Peaceful Elections | 42 | 662,563 | 6 | 17,775 |
| Cycle 6 | 72 | 1,086,321 | | |
| Importance of Local Government System | 72 | 1,086,321 | 4 | 15,088 |
| Cycle 7 | 12 | 753,992 | | |
| Citizens' Voice for Strengthening Transparency and Accountability Mechanisms | 11 | 670,862 | 12 | 60,987 |
| Improving Governance: Reforming Provincial Public Services in Punjab | 1 | 83,130 | 12 | 83,130 |
| Total | 237 | \$10,388,472 | | \$43,833 |

Note: As of May 15, 2015, USAID had executed 7 out of 10 planned grant cycles.

APPENDIX D. MAJOR CONTRIBUTORS TO THIS REPORT

The following individuals made major contributions to this report: Nathan Lokos, country director; Van Nguyen, country director; Andy Nguyen, audit manager; Richard Moore, audit manager; Pamela Hamilton, auditor; Fawad Aslam, auditor; Leila Doulali, auditor; Nofil Ehsan, auditor; and Allison Tarmann, writer-editor.