



# OFFICE OF INSPECTOR GENERAL

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## AUDIT OF ASSISTANCE TO INTERNALLY DISPLACED PERSONS AND VULNERABLE GROUPS FINANCED BY USAID/COLOMBIA

AUDIT REPORT NO. 1-514-11-002-P  
JANUARY 26, 2011

SAN SALVADOR, EL SALVADOR



*Office of Inspector General*

January 26, 2011

**MEMORANDUM**

**TO:** USAID/Colombia Mission Director, S. Ken Yamashita

**FROM:** Regional Inspector General/San Salvador, Catherine Trujillo /s/

**SUBJECT:** Audit of Assistance to Internally Displaced Persons and Vulnerable Groups Financed by USAID/Colombia (Audit Report No. 1-514-11-002-P)

This memorandum transmits our final report on the subject audit. We have carefully considered your comments on the draft report in finalizing the audit report and have included your response in appendix II of the report.

The report contains five recommendations intended to improve the effectiveness and implementation of USAID/Colombia's assistance to internally displaced persons and vulnerable groups. Management decisions have been reached for all five recommendations. M/CFO/APC will record final action on these recommendations when planned actions have been completed.

I want to express my appreciation for the cooperation and courtesy extended to my staff during the audit.

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# SUMMARY OF RESULTS

Colombia's internal armed conflict including left-wing guerillas, paramilitaries, and government security forces has been waged for several decades. This conflict has left Colombia with a large number of internally displaced persons (IDPs) resulting in Colombia having the second or third largest displaced population in the world. As of mid-2009, more than 2.3 million IDPs were included in the Government of Colombia's (GOC) official registry and more than 240,000 had filed claims with the justice system as victims of major conflict crimes. The GOC, international organizations, and civil society remain concerned about continuing levels of displacement and how to effectively respond. USAID/Colombia's program to assist IDPs and other vulnerable groups<sup>1</sup> began in 2001. The program focuses on efforts to stabilize and reintegrate the victims of violence back into civil society, as well as to provide institutional strengthening.

Under the IDP program, USAID/Colombia awarded a 6-year agreement totaling approximately \$73 million to the Pan American Development Foundation (PADF) in 2005. In 2007, the mission awarded a 4-year agreement totaling almost \$43 million to the International Organization of Migration (IOM). These two agreements represent close to 87 percent of the IDP program and were the focus of this audit. As of August 31, 2010, PADF and IOM's combined obligations and expenditures came to about \$100 million and \$93 million respectively. Through the implementing partners PADF and IOM, the program provided coverage in 12 regions of Colombia with 12 regional offices (see figure 1 and figure 2 in appendix III). To reach the program goals, the partners are providing both direct and indirect assistance to IDPs and GOC officials and private sector and nongovernmental organizations responsible for assisting IDPs. Direct assistance includes food security programs as well as job training and job placement services. Indirect assistance includes facilitating access to existing health, education, and housing services provided by the state. The partners are also responsible for strengthening the national, departmental, and municipal entities that provide these services.

The objectives of the audit were to determine if USAID/Colombia's assistance to internally displaced persons and vulnerable groups was achieving its main goals which are to stabilize and reintegrate IDPs back into civil society, and if the reporting on the progress of its activities was providing stakeholders with complete and accurate information.

The audit found limited evidence that USAID/Colombia's IDP program was achieving the main goal of stabilizing and reintegrating IDPs back into civil society. Currently, USAID/Colombia has no performance measure established or used by USAID/Colombia to measure progress toward IDP stabilization. While the IDP program is providing support in income generation and access to housing, public education, and public health to various IDPs (the mission reported that 276,148 beneficiaries received at least one of

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<sup>1</sup> Other vulnerable groups include traditionally poor populations in IDP receptor communities, persons with disabilities, and those who are affected by violence or are particularly prone to suffer the effects of the conflict in USAID's target areas. The latter group includes ethnic minorities, women head of households, youth and children. This audit report will use the term internally displaced persons (IDPs) when referring to both displaced persons and other vulnerable groups.

these services in fiscal year 2009), there is limited evidence of progress toward the overall goal because USAID/Colombia does not have a clear achievable definition to determine when stabilization or improved quality of life has occurred (page 3).

A similar problem was noted with USAID/Colombia's institutional strengthening activities. Although USAID/Colombia tracks how many people have received institutional strengthening assistance, a qualitative measure that tracks the improvement in institutional capacity, or lack thereof, is not yet in place (page 4).

The audit also identified that the mission fell short of the fiscal year (FY) 2009 targets set for income generation indicators and does not appear to be on track to meet FY 2010 targets despite the importance of this service (page 5).

Finally, the audit determined that performance data reported in the mission's Performance Plan and Report (PPR) were materially incorrect for three indicators reviewed. Specifically, indicators were overreported for number of people benefiting from U.S. Government support (29 percent), licit jobs created (33 percent), and families with adequate housing (58 percent) (page 7).

The audit team recommends that USAID/Colombia:

- Define and develop its own indicator to determine progress achieved towards the main goal of stabilization or significant improvement in the quality of life of beneficiaries (page 4).
- In coordination with its implementing partners, work with the Constitutional Court and the Government of Colombia to develop a Government of Colombia definition of an intermediate level of stabilization of displaced and vulnerable persons (page 4).
- Develop a qualitative measure that captures improvements of the institutions receiving institutional strengthening and the impact (page 5).
- Reevaluate income generation efforts to refocus program indicators and activities on income stabilization and incorporate characteristics specific to displaced and vulnerable populations (page 7).
- Adjust its future performance plan and report to correct inaccuracies in any reported results in the FY 2009 Performance Plan and Report (page 9).

The audit's scope and methodology are described in appendix I.

USAID/Colombia agreed to implement the recommendations and has developed specific plans to address them. Management decisions have been reached on all five recommendations. Our evaluation of management comments is provided in the Evaluation of Management Comments section of this report (page 10), and USAID/Colombia's comments in their entirety are included in appendix II.

# AUDIT FINDINGS

## **USAID/Colombia Lacks an Indicator That Measures Progress Toward Stabilization**

The ultimate goal of the program for internally displaced persons (IDPs) and other vulnerable groups<sup>2</sup> is that displaced persons are successfully reintegrated into society. Successful reintegration is achieved by providing access to an integrated package of social services. Since true reintegration is difficult to achieve (displaced persons might never feel truly reintegrated after having fled their community and land) the overall goal of the USAID program is best described as stabilization or a significant improvement in quality of life. To assess progress toward this goal, USAID Automated Directives System (ADS) 203.3.4 indicates that performance indicators are used to observe progress. To be effective, indicators should allow missions to systematically monitor the achievements of program operations, collect and analyze performance information to track progress toward planned results, use performance information and evaluations to influence decisionmaking and resource allocation, and communicate results achieved.

Currently, USAID/Colombia has no performance measure established or used by USAID/Colombia to measure progress toward IDP stabilization or improved quality of life. While the IDP program is providing support in income generation and access to housing, public education, and public health to various IDPs (the mission reported that 276,148 beneficiaries received at least one of these services in fiscal year [FY] 2009), there is limited evidence of progress toward the overall goal because USAID/Colombia does not have a clear achievable definition to determine when stabilization or improved quality of life has occurred. While it is generally agreed that a displaced person needs access to the above services, the mission's FY 2009 Performance Plan and Report (PPR) noted that there is no process to determine when an IDP is reintegrated and "graduates" from the Government of Colombia (GOC) assistance program. Therefore, contingent on the availability of funds, these IDPs receiving services could be indefinite beneficiaries of the GOC program.

USAID/Colombia has not developed an appropriate indicator because USAID/Colombia, the Constitutional Court of Colombia and the GOC have yet to develop an actionable definition of reintegration. The GOC's attempt to develop a definition led to criteria consisting of 45 separate indicators that are required for reintegration. Most agree that this set of criteria, although desirable, is not practical given the realities on the ground and that an intermediate level showing significant improvement in the quality of life is needed in the meantime.

Both USAID/Colombia and implementing partner officials agree that USAID should develop an indicator that better tracks a significant improvement in the quality of life of IDPs and that an intermediate level of progress defined by the GOC and the Constitutional Court is needed. Realizing this, USAID is in the process of providing technical assistance to the Constitutional Court in assessing the GOC's progress toward reintegration of IDPs.

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<sup>2</sup> For the purposes of this report, the audit will use internally displaced persons (IDPs) when referring to both displaced persons and other vulnerable groups.

However, to be effective, the technical assistance should include work on a GOC definition of an intermediate level of progress. Technical assistance should include goals and deliverables that track the development of a definition of an intermediate level of progress.

Without a performance indicator that goes beyond provision of individual services, USAID/Colombia cannot determine whether it achieved the main goal of stabilization or significant improvement in the quality of life of IDPs. This makes it difficult for USAID/Colombia management to use performance information to influence decisionmaking on where to dedicate resources and to effectively communicate results achieved. For example, the audit was able to anecdotally determine that certain IDPs interviewed no longer considered themselves displaced. In some interviews, IDPs said they felt their situation had improved significantly and they felt stabilized. USAID/Colombia cannot communicate these higher level successes with its current program measures. To address these issues, this audit makes the following recommendations:

***Recommendation 1.*** We recommend that USAID/Colombia define and develop its own indicator to determine progress achieved towards the main goal of stabilization or significant improvement in the quality of life of beneficiaries.

***Recommendation 2.*** We recommend that USAID/Colombia, in coordination with its implementing partners, work with the Constitutional Court and the Government of Colombia to develop a Government of Colombia definition of an intermediate level of stabilization of displaced and vulnerable persons.

## **USAID/Colombia Lacks a Qualitative Measure for Institutional Strengthening**

According to USAID/Colombia, institutional strengthening of local and national public and private-sector entities is an important part of its IDP program. To illustrate, the International Organization of Migration (IOM) agreement says that an emphasis shall be given to institutional strengthening activities, supporting local grassroots organizations and GOC agencies to improve the delivery and impact of assistance to IDPs. The idea was to strengthen national, departmental, and municipal entities that are responsible for providing services to IDPs. According to ADS 203.3.4, performance indicators are used to observe progress and to measure actual results compared with expected results, and help answer how or whether a mission, office, or assistance objective team is progressing toward its objective(s). ADS 203.3.4.2 further states that when choosing performance indicators, the assistance objective teams should consider questions for each result and year of the assistance objective, such as, what will be different as a result of the USAID projects and activities, how will the mission be able to recognize the desired difference, and what will be different at the end of the current year.

USAID/Colombia lacks a qualitative measure to assess whether resources dedicated to institutional strengthening are indeed impacting the targeted sectors (i.e. the local and national public and private-sector entities). Instead, USAID/Colombia measures progress by tracking the number of beneficiaries that benefited from these activities.

This type of indicator measures only outputs.<sup>3</sup> The fact that USAID/Colombia provided assistance to an IDP to acquire the identification necessary to gain access to the health sector, does not directly imply that the local institutions responsible for assisting the population have been strengthened.

The mission reported that 59,940 IDPs benefited from institutional strengthening, surpassing its FY 2009 target. Some institutional strengthening activities outlined in implementing partner agreements were vague, whereas other activities had qualitative goals such as “maximize efficiency and effective use of existing GOC resources” and “improve the quality of services provided.” Counting the number of beneficiaries alone does not measure the progress against these goals.

USAID/Colombia has not developed and put in place a qualitative measure allowing one to determine if the institutional strengthening being carried out is having an impact. A qualitative measure such as a survey of IDPs would demonstrate if current institutional strengthening activities are having the desired effect. The audit team found that some results identified by the partners as institutional strengthening (such as number of IDPs receiving identification cards) would have been more accurately described as assistance in accessing government services. Mission personnel agreed that some of these activities did not clearly reflect institutional strengthening and that they would be addressing the issue with both partners in the next agreement extension. Furthermore, during interviews with local officials, potential institutional strengthening-related needs were identified such as conflict resolution training.

Without qualitative measures, the mission cannot determine the full impact of the program. The purpose of the institutional strengthening component is to increase the capacity of the GOC to provide services to IDPs. During interviews with IDPs the audit team was told that the ability of local civil servants in Cali to provide services did marginally improve. This is anecdotal and was not easily attributable to USAID’s assistance: a more systematic approach could provide better data of the impact of USAID assistance. For example, a study or survey of IDPs could capture information on improvements in institutions that benefited from institutional strengthening. However, no indicator or qualitative measure is currently in place to determine if the capacity of institutions has improved or not.

***Recommendation 3.*** *We recommend that USAID/Colombia develop a qualitative measure that captures improvements of the institutions receiving institutional strengthening and the impact.*

## **USAID/Colombia Is Not Meeting Its Stated Income Generation Goals**

One of the most important components of the IDP program is to assist beneficiaries with income generation. This includes employment generation as well as job training. Income generation is a key component of both the IOM and Pan American Development

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<sup>3</sup> ADS 200.6 defines an output as a tangible, immediate, and intended product or consequence of an activity within USAID control. Examples of outputs include people fed, personnel trained, better technologies developed, and new construction.



Foundation (PADF) agreements. In both partners' 2007 agreement modifications, the income generation component accounts for more than half (52 percent) of the program activities funding. This is a significant increase from the 36 percent designated in the 2005 agreement. In addition, the 2010 Operation Plan Summary Report for Colombia states "income generation and housing have been identified as the two most critical needs of the displaced population. Hence, USAID's investment in social service delivery will continue to be centered around these two components..." Income generation is a key aspect of stabilization to ensure long-term self-sufficiency. The current performance indicators in place for income generation are "licit jobs created" and "beneficiaries graduating from vocational training". The FY 2009 targets set for these indicators were 9,779 and 8,528, respectively.

Although the percentage of USAID/Colombia IDP program funding dedicated to income generation has increased from 36 to 52 percent, and income generation is clearly a program priority, the mission fell short of the FY 2009 targets set to measure progress in income generation (see table 1). In addition, based on data available for the first two quarters of FY 2010, USAID/Colombia does not appear to be on track to meet targets.

**Table 1. USAID/Colombia's FY 2009 and FY 2010 Income Generation Results**

Indicators	Target FY 2009	Actual FY 2009	Target FY 2010	Reported FY 2010	
				1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter
Licit Jobs Created	9,779	1,833	14,198	339	1,074
Beneficiaries Receiving Vocational Training	8,528	1,884	15,526	633	436

Even though the program did not define when stabilization or significant improvement in an IDP's quality of life occurs notwithstanding, the audit team found that of the services provided to the IDPs, almost all of the beneficiaries interviewed considered income generation to be the most important component in terms of stabilization. However, income assistance, as defined by the indicators in place, is reaching relatively few beneficiaries: of the 276,148 beneficiaries reported in FY 2009, only 1,833 received job assistance and 1,884 received vocational training.

Among other things, implementing partners indicated that targets were not met because certain types of income generation activities are not accounted for under the current definition of licit jobs created. For example, implementing partners are helping IDPs gain part-time employment, supporting small home-based businesses, and agricultural or seasonal work. These activities are not incorporated in the current indicators for income generation if they are not under a contractual agreement. The implementing partners are also promoting regional and local marketing events to stimulate contact between beneficiaries and markets, the results of which are not directly reflected in the current income generation indicators. In addition, the partners reported that many of these projects are executed in partnership with GOC entities which sometimes leads to project startup delays and therefore delays in service delivery and registration.

Most IDPs are rural inhabitants. Many are subsistence farmers who have been separated from their land and do not have sufficient skills to gain employment in urban

areas.<sup>4</sup> With this population the goal is stabilization. The current licit jobs created indicator under USAID/Colombia's IDP program is better suited for beneficiaries who have existing skill sets but require additional capital and/or further technical training to leverage those skills and increase income. According to an implementing partner's quarterly report, many displaced individuals are not qualified to get a full-time professional job. Given these realities, USAID/Colombia's determination of success with regards to income generation should include a wider range of activities. For example, individuals may not have a traditional 40-hour-per-week job, but they may be able to support themselves by producing and selling goods. Others have been returned to their place of origin and are able to sustain themselves by farming.

By not achieving the income generation targets, USAID/Colombia is not likely to reach its overall goal of stabilization of IDPs. This is because while a definition of stabilization or reintegration is not yet available, based on discussions with beneficiaries, local officials, USAID/Colombia, and expert opinion, a stable source of income is a key factor in determining if a displaced person has stabilized. By limiting the definition of income generation to vocational training and licit jobs created, USAID/Colombia may not be focusing on efforts that could be at least as beneficial as traditional employment.

***Recommendation 4.*** *We recommend that USAID/Colombia reevaluate income generation efforts to refocus program indicators and activities on income stabilization and incorporate characteristics specific to displaced and vulnerable populations.*

## **USAID/Colombia Reported Inaccurate Performance Data**

According to guidance issued by the Office of the Director of U.S. Foreign Assistance for preparing the FY 2009 PPR, missions were required to provide performance information against targets for indicators, as well as a narrative description of the program status. ADS 203.3.2.1 states that one of the principal steps in performance management is communicating results achieved or not achieved, to advance organizational learning and demonstrate the Agency's contribution to achieving the overall U.S. Government foreign assistance goal. The performance information reported in the annual PPR is not only one of the ways USAID communicates results, but it also helps meet statutory requirements and management needs in compliance with the Government Performance and Results Act of 1993.<sup>5</sup> In addition, because of the escalation of interest related to performance and performance management by the administration, Congress and public groups the performance information helps to:

- Define best practices and lessons learned from field activities
- Inform current and out-year budget decisions
- Respond to congressional and public inquiries
- Construct required special reports

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<sup>4</sup> According to indigenous leaders interviewed by the audit team, the situation is even more critical for indigenous communities that have been displaced. Return to their place of origin and way of life is of utmost importance to this population.

<sup>5</sup> Public Law 103-62

- Prepare speeches and testimonies for State and USAID principals
- Aggregate foreign assistance performance for State and USAID principals.

For that reason, it is important that missions comply with ADS 203.3.5.1, which states that data should be sufficiently precise to present a fair picture of performance and enable management decisionmaking at the appropriate levels.

In its FY 2009 PPR, the mission communicated its results on six indicators. Table 2 presents the four indicators that the audit team reviewed. On the basis of the indicator documentation and the guidance provided to the missions, the audit team judged USAID/Colombia's FY 2009 internal reporting data for the indicators reviewed to be generally accurate. The mission maintained generally adequate supporting documentation, usually developed by implementing partners, to justify each reported number. In addition, the mission had completed a data quality assessment of each data element within 3 years, as required by ADS 203.3.5.2.

**Table 2. USAID/Colombia's FY 2009 Performance Plan and Report Indicators**

Indicator	Reported in PPR		Internal Mission Data		Percentage Difference Achieved Mission and PPR
	Target	Achieved	Target	Achieved	
Number of people benefiting from U.S. Government-supported social services	292,232	357,209	252,293	276,148	29
Persons with access to health care	74,489	132,060	74,489	131,899	0.12
Licit jobs created	14,274	2,442	9,779	1,833	33
Families with adequate housing	3,786	1,420	2,382	899	58

However, the mission inaccurately reported the actual results achieved in the FY 2009 PPR for three of the four indicators reviewed. Specifically, the mission overstated the number of people benefiting from U.S. Government support by 29 percent, licit jobs created by 33 percent, and families with adequate housing by 58 percent.

The overreporting in the FY 2009 PPR was due to a data entry error. USAID/Colombia keeps track of the standard indicators internally on a quarterly basis, but transposition errors were made when this information was entered into the FY 2009 PPR. However, the mission itself did have accurate information on these indicators in an internal spreadsheet. USAID/Colombia is aware of the data entry errors and is seeking to determine when the PPR process allows for corrections.

Without more accurate reporting in the PPR, stakeholders may receive an incomplete understanding regarding the status of the program and the difficulties faced by the program. Overreporting of certain components of the program might lead to a different approach in planning future activities. The effect in this case is lessened by the fact that USAID/Colombia officials did have accurate information available on the program internally.

To address this problem, this audit makes the following recommendation:

**Recommendation 5.** *We recommend that USAID/Colombia adjust its future performance plan and report to correct inaccuracies in any reported results in the Fiscal Year 2009 Performance Plan and Report.*

# EVALUATION OF MANAGEMENT COMMENTS

In response to the draft report, USAID/Colombia agreed to implement and has developed specific plans to address all five recommendations.

Regarding Recommendation 1, the draft report audit recommended that USAID/Colombia define and develop its own indicator to determine progress achieved toward the main goal of stabilization or significant improvement in the quality of life of beneficiaries. The mission concurred with the recommendation and has already incorporated a new indicator into the fiscal year (FY) 2011 work plans of both program implementers. The indicator is: *numbers of families (and persons) who have received and benefited from an integrated package of essential stabilization assistance (to include income generation, housing, education, and health assistance and at least one type of complementary assistance such as psycho-social assistance)*. This will be used as a proxy indicator for the achievement of an adequate standard of living as an intermediate level of progress toward stabilization. On the basis of the mission's described actions a management decision has been reached on Recommendation 1.

Regarding Recommendation 2, the draft report audit recommended that USAID/Colombia, in coordination with its implementing partners, work with the Constitutional Court and the Government of Colombia (GOC) to develop a GOC definition of an intermediate level of stabilization of displaced and vulnerable persons. USAID/Colombia concurred with the recommendation. The mission, its implementing partner, the Court, and the GOC have developed and begun to implement a project to provide the venue for dialogue and an effective methodology for the development of more precise criteria, definitions, and metrics related to the stabilization of displaced and vulnerable populations. The project began in November 2010 and will be completed in December 2011. According to mission officials, the final result of this project will be an amicus brief on innovative ways to measure the GOC response in providing sustainable solutions to the vulnerable condition of the displaced population as related to four key areas: land, displacement prevention and protection, housing, and income generation. On the basis of the mission's described actions, a management decision has been reached on Recommendation 2.

Regarding Recommendation 3, the draft report audit recommended that USAID/Colombia develop a qualitative measure that captures improvements of the institutions receiving institutional strengthening and the impact. The mission concurred with the recommendation and has recently developed new indicators to measure institutional strengthening interventions at the local level. The new indicators have been incorporated into the FY 2011-12 work plans of the program's implementing mechanisms and will serve as proxy indicators of the qualitative increase in local government capacity to respond to displaced populations relocated in their municipalities. On the basis of the mission's described actions, a management decision has been reached on Recommendation 3.

Regarding Recommendation 4, the draft report audit recommended that USAID/Colombia reevaluate income generation efforts to refocus program indicators and activities on income stabilization and incorporate characteristics specific to displaced and vulnerable populations. USAID/Colombia concurred with the recommendation. USAID/Colombia has advised Internally Displaced Persons (IDP) implementers to augment income generation activities with a longer period of intervention (as recommended by a March 2010 assessment). In addition, the mission's new IDP program for the strategic period through 2014 is currently under design. As a result of the reevaluation of income generation efforts, the new program will emphasize stable income as a key component of achieving socioeconomic stabilization for IDPs. On the basis of the mission's described actions, a management decision has been reached on Recommendation 4.

Regarding Recommendation 5, the draft report audit recommended that USAID/Colombia adjust its future performance plan and report to correct inaccuracies in any reported results in the Fiscal Year 2009 Performance Plan and Report (PPR). The mission concurred with the recommendation. However, as USAID guidance provided in the FY 2009 PPR Guidance Document (page 4, section 7) states that making changes to previous years' data is not permitted, concerted effort was made to ensure that FY 2010 results were accurate, based on the internal information collected in USAID/Colombia. In addition, USAID/Colombia is currently reviewing its internal monitoring and evaluation system. Furthermore, to increase accuracy and efficiency of data collection and reporting and ensure data quality, the Office of Vulnerable Populations is developing a scope of work for a full-time staff position for a monitoring and evaluation specialist. This person should be in place by the third quarter of FY 2011. On the basis of the mission's described actions, a management decision has been reached on Recommendation 5.

# SCOPE AND METHODOLOGY

## Scope

The Regional Inspector General/San Salvador conducted this performance audit in accordance with generally accepted Government auditing standards<sup>6</sup>. 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 purpose of the audit was to determine whether (1) USAID/Colombia's assistance to internally displaced persons (IDPs) and vulnerable groups is achieving its main goals and (2) whether USAID/Colombia's reporting on its IDPs and vulnerable groups' activities provided stakeholders with complete and accurate information on the progress of the activities and the results achieved. Audit fieldwork was conducted at USAID/Colombia and implementing partners' offices in Bogotá, Cali, Medellín, and Cartagena from August 16 to 20, and September 6 to 18, 2010.

The audit covered the period October 1, 2008, through August 31, 2010, and focused on the implementation of assistance to IDP programs implemented by the International Organization for Migration (IOM) and the Pan American Development Foundation (PADF). In planning and performing this audit, we assessed the mission's controls related to its IDP activities. The management controls identified included the mission's Activity Approval Document, program progress reports, strategy documents, Program Assessment, and the fiscal year (FY) 2009 self-assessment of management controls as required by the Federal Managers' Financial Integrity Act of 1982<sup>7</sup>. We also reviewed the program results reported by both IOM and PADF for FYs 2009 and 2010.

## Methodology

To determine whether the IDP program is achieving its main goals, the audit team interviewed USAID/Colombia staff to gain an understanding of the program's history and status. Based on discussions with mission officials and review of IDP program materials, it was determined that the audit would focus on programs implemented by IOM and PADF as they are providing similar types of assistance and are receiving close to 87 percent of USAID/Colombia's IDP program funding. We judgmentally selected 7 of the 21 indicators that USAID/Colombia uses to determine progress as well as 4 of the 8 main indicators in the FY 2009 Performance Plan and Report<sup>8</sup> reported to stakeholders in Washington.

The audit team reviewed relevant agreements, modifications, program descriptions, progress reports, and mission operating plans. The audit reviewed the work accomplished as reported in the implementing partners' reports and compared actual

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<sup>6</sup> Government Auditing Standards, July 2007 Revision (GAO-07-731G)

<sup>7</sup> Public Law 97-255, as codified in 31 U.S.C. 3512

<sup>8</sup> The Performance Plan and Report reports to stakeholders on the mission's results achieved during the fiscal year (October 1, 2008, to September 30, 2009, for FY2009) using operational plan indicators.

accomplishments with the specific outputs as defined in the agreements, performance management plans, and monitoring and evaluation plans. We also conducted interviews with implementing partners and representatives from the Presidential Agency for Social Action and International Cooperation (Acción Social) and the Constitutional Court of Colombia. Site visit locations were judgmentally selected based on document review and discussions with USAID, the implementers, the Regional Security Office, and certain logistics requirements. These site visits were conducted in four cities (Bogotá, Cali, Medellín, and Cartagena) where we interviewed multiple IDP beneficiaries, IDP beneficiary leaders, and local officials involved in providing IDP services.

To determine whether the mission reported accurate and complete information, we interviewed mission and implementing partner personnel. We judgmentally selected four of the eight main results that best represented the specific outputs related to the IDP program as reported in the FY 2009 Performance Plan and Report and we reviewed the associated documentation. We also reviewed implementing partner documentation, such as training lists and employment surveys. In assessing the accuracy of reported results, we established a materiality threshold of 90 percent. If the reported results could be verified, and if the difference between reported and documented results was less than 10 percent, the reported results were judged to be accurate.

In addition, we reviewed applicable policies, procedures, and management controls related to the management for results, including Automated Directives System chapters 200 and 203. We also evaluated the mission's compliance with relevant program management controls and policies.



# MANAGEMENT COMMENTS



**MEMORANDUM**

**January 13, 2011**

**TO:** RIG/San Salvador, Catherine Trujillo

**FROM:** USAID/Mission Director, Ken Yamashita

**SUBJECT:** USAID/Colombia Response to RIG Audit of Assistance to Internally Displaced Persons and Vulnerable Groups - Financed by USAID/Colombia (Audit Report No.1-514-11-00x-P)

Please find attached USAID/Colombia's response to the RIG Audit of the USAID/Colombia Internally Displaced Persons and Vulnerable Persons Program.

Please let USAID/Colombia know if you need any clarifications or additional input.

**USAID Response to RIG Audit**  
**"Audit of Assistance to Internally Displaced Persons and**  
**Vulnerable Groups"**  
**January 12, 2011**

**Issue # 1: USAID/Colombia Lacks an Indicator That Measures Progress Toward Stabilization:**

*"There is currently no performance measure established or used by USAID/Colombia to measure progress toward IDP stabilization or improved quality of life. While the IDP program is providing support in income generation and access to housing, public education, and public health to various IDPs (the mission reported that 276,148 beneficiaries received at least one of these services in fiscal year [FY] 2009), there is limited evidence of progress toward the overall goal because USAID/Colombia does not have a clear achievable definition to determine when stabilization or improved quality of life has occurred. While it is generally agreed that a displaced person needs access to the above services, the mission's FY 2009 Performance Plan and Report (PPR) noted that there is no process to determine when an IDP is reintegrated and "graduates" from the Government of Colombia (GOC) assistance program. Therefore, contingent on the availability of funds, these IDPs receiving services could be indefinite beneficiaries of the GOC program.*

*USAID/Colombia has not developed an appropriate indicator because USAID/Colombia, the Constitutional Court of Colombia and the GOC have yet to develop an actionable definition of reintegration. The GOC's attempt to develop a definition led to criteria consisting of 45 separate indicators that are required for reintegration. Most agree that this set of criteria, although desirable, is not practical given the realities on the ground and that an intermediate level showing significant improvement in the quality of life is needed in the meantime.*

*Both USAID/Colombia and implementing partner officials agree that USAID should develop an indicator that better tracks a significant improvement in the quality of life of IDPs and that an intermediate level of progress defined by the GOC and the Constitutional Court is needed. Realizing this, USAID is in the process of providing technical assistance to the Constitutional Court in assessing the*

*GOC's progress toward reintegration of IDPs.*

*However, to be effective, the technical assistance should include work on a GOC definition of an intermediate level of progress. Technical assistance should include goals and deliverables that track the development of a definition of an intermediate level of progress." (pp.3-4)*

***Recommendation 1: We recommend that USAID/Colombia define and develop its own indicator to determine progress achieved towards the main goal of stabilization or significant improvement in the quality of life of beneficiaries.***

**Comment:**

USAID/Colombia concurs that it should develop its own indicator to determine progress achieved towards the main goal of stabilization or significant improvement in the quality of life of beneficiaries. In early 2010, the Mission's Internally Displaced Persons (IDP) Unit began discussing improvements to its Performance Monitoring Plans based on the findings and recommendations of the IDP Program and Future Strategy Assessment carried out between in January and February and finalized in March 2010. In the first quarter of the FY 2011, the IDP Unit worked with the Mission's new monitoring and evaluation contractor to develop a new indicator to measure achievement of intermediate socio-economic stabilization for its IDP program beneficiaries. The indicator will measure the effective delivery of an integrated package of essential and complementary assistance, including food security, health, education, housing, income generation, as well as psycho-social assistance to the target beneficiaries (IDP persons and families). This indicator has already been incorporated into the FY 2011 work plans of both program implementers.

The indicator is: *Numbers of Families (and Persons) who have received and benefited from an integrated package of essential stabilization assistance (to include: income generation, housing, education, and health assistance and at least one type of complementary assistance, such as psycho-social assistance). This will be used as a proxy indicator for the achievement of an adequate standard of living as an intermediate level of progress towards stabilization.*

Based on development and incorporation of this indicator into the current IDP program's FY 2011-12 work plans, USAID/Colombia requests that the RIG concur that appropriate management action has been taken on this recommendation and close this finding.

***Recommendation 2: We recommend that USAID/Colombia, in coordination with its implementing partners, work with the Constitutional Court and the Government of Colombia to develop a Government of Colombia definition of an intermediate level of stabilization of displaced and vulnerable persons.***

**Comment:**

USAID/Colombia concurs with the recommendation. The current indicators used by the Government of Colombia (GOC), originally developed in response to a Constitutional Court order, are highly complex, and have been described by various governmental and non-governmental officials as "user unfriendly." Although the indicators have been referenced and cited in GOC reports to the Constitutional Court, they do not appear to be used as a key metric by which either the Court or the GOC measures progress.

USAID/Colombia, in coordination with its implementing partner, is already working with the Constitutional Court and the GOC, on this issue. In early 2010, the Mission met with the Constitutional Court to discuss the need for a concrete dialogue between the Court and the GOC for the development of more specific and workable criteria to define and measure stabilization of displaced and vulnerable persons. As a result, USAID/Colombia, with its implementer, the Court and the GOC developed and began implementation of a project to provide the venue for this dialogue and an effective methodology for the development of more precise criteria, definitions, and metrics related to the stabilization of displaced and vulnerable populations. The project began in November 2010 and will be completed in December 2011. The project is providing a neutral, academic platform for discussion between national and international technical experts, the GOC and the Court. The expectation is to bridge the differences in opinions held by the Court and the GOC and facilitate a collaborative and effective response to the issue of stabilization/graduation metrics.

The final result of this project will be an amicus brief which will be submitted to the Court with technical input on innovative ways to measure the response of the GOC in providing sustainable solutions to the vulnerable condition of the displaced population as related to four key areas: land, displacement prevention and protection, housing and income generation.

Given the referenced work already underway with the Constitutional Court and the GOC, USAID/Colombia requests that the RIG concur that appropriate management action has been taken on this recommendation and close this finding.

**Issue # 2: USAID/Colombia Lacks a Qualitative Measure for Institutional Strengthening**

*"USAID/Colombia lacks a qualitative measure to assess whether resources dedicated to institutional strengthening are indeed impacting the targeted sectors (i.e. the local and national public and private-sector entities). Instead, USAID/Colombia measures progress by tracking the number of beneficiaries that benefited from these activities. This type of indicator measures only outputs." (p.4)*

***Recommendation 3: We recommend that USAID/Colombia develop a qualitative measure that captures improvements of the institutions receiving institutional strengthening and the impact.***

**Comment:**

USAID/Colombia concurs in the development of a qualitative measure that captures improvements of the institutions receiving institutional strengthening and the impact. The Mission has already acted upon this recommendation.

The IDP Unit, working closely with the Mission's new monitoring and evaluation contractor and implementing partners, recently developed new indicators to measure institutional strengthening interventions at the local level. These indicators have been incorporated into the FY 2011-2012 work plans of the program's implementing mechanisms. These indicators measure the various stages of development of the local Single Integrated Plans (PIU for its Spanish acronym) for local government assistance to the displaced population in the municipality. These will serve

as proxy indicators of the qualitative increase in local government capacity to respond to displaced populations relocated in their municipalities.

These indicators are:

Number of PIUs in formulation;  
Number of PIUs formulated;  
Number of PIUs made official through an administrative act;  
Number of PIU assistance projects funded and being implemented.

Based on the development of referenced indicators, USAID/Colombia requests that the RIG concur that appropriate management action has been taken on this recommendation and close this finding.

**Issue # 3 - USAID/Colombia is not meeting its stated income generation goals.**

*"...income (generation) assistance, as defined by the indicators in place, is reaching relatively few beneficiaries: of the 276,148 beneficiaries reported in FY 2009, only 1,833 received job assistance and 1,884 received vocational training.*

*Among other things, implementing partners indicated that targets were not met because certain types of income generation activities are not accounted for under the current definition of licit jobs created. For example, implementing partners are helping IDPs gain part-time employment, supporting small businesses, and agricultural or seasonal work. These activities are not incorporated in the current indicators for income generation if they are not under a contractual agreement."*

*"By not achieving the income generation targets, USAID/Colombia is not likely to reach its overall goal of stabilization of IDPs. This is because while a definition of stabilization or reintegration is not yet available, based on discussions with beneficiaries, local officials, USAID/Colombia, and expert opinion, a stable source of income is a key factor in determining if a displaced person has stabilized. By limiting the definition of income generation to vocational training and licit jobs created, USAID/Colombia may not be focusing on efforts that could be at least as beneficial as traditional employment."(pp. 6-7)*

***Recommendation 4: We recommend that USAID/Colombia reevaluate income generation efforts to refocus program indicators and activities on income stabilization and incorporate characteristics specific to displaced and vulnerable populations.***

**Comment:**

USAID/Colombia concurs with a reevaluation of the IDP Program income generation activities and has acted on this recommendation. The recent program assessment (March 2010) of the IDP Program provided recommendations and insights towards this reevaluation and redesign. Specific recommendations related to adjustments in the income generation strategy of the program were incorporated into a technical direction document that was provided to the current IDP implementing partners (IPs) in September 2010. This document was subsequently used by the IPs to modify the program descriptions of their awards for 2011-2012 activities and work plans. The awards are currently in the process of modification by the Office of Acquisitions and Assistance.

Specifically, USAID/Colombia advised IDP implementers to augment income generation activities with a longer period of intervention (as recommended by the March 2010 Assessment) and complementary assistance, such as psycho-social assistance that serves to strengthen the likelihood of success of income generation activities.

The Mission's new IDP program for the strategic period through 2014 is currently under design. As a result of the re-evaluation of income generation efforts, it will emphasize a stable income as a key component of achieving socio-economic stabilization for IDPs. The new design and subsequent solicitation will seek innovative approaches and proven methodologies for income generation interventions that can respond to the gender and conflict-specific issues of Colombia's displaced and other vulnerable populations.

Based on the Mission's reevaluation and subsequent adjustments to its income generation interventions, USAID/Colombia requests that the RIG concur that appropriate management action has been taken on this recommendation and close this finding.

**Issue # 4 - USAID/Colombia Reported Inaccurate Performance Data - :**

*"...the mission inaccurately reported the actual results achieved in the FY 2009 PPR for three of the four indicators reviewed. Specifically, the mission overstated the number of people benefiting from U.S. Government support by 29 percent, licit jobs created by 33 percent, and families with adequate housing by 58 percent.*

*The over reporting in the FY 2009 PPR was due to a data entry error. USAID/Colombia keeps track of the standard indicators internally on a quarterly basis, but transposition errors were made when this information was entered into the FY 2009 PPR. However, the mission itself did have accurate information on these indicators in an internal spreadsheet. USAID/Colombia is aware of the data entry errors and is seeking to determine when the PPR process allows for corrections."..... (pp.8-9).*

***Recommendation 5: We recommend that USAID/Colombia adjust its future performance plan and report to correct inaccuracies in any reported results in the Fiscal Year 2009 Performance Plan and Report.***

**Comment:**

The Mission concurs with the finding related to inaccurate reporting of results. However, the Mission was unable to correct the results data for its FY 2009 Performance Plan and Report through FACTS. The USAID guidance provided in the FY 2009 PPR Guidance Document (page 4, section 7) states that making changes to previous years' data is not permitted. The only data formats which were available for revision through FACTS were those required for FY 2010 reporting.

Despite the Mission's inability to correct the FY 2009 results, concerted effort was made to ensure that FY 2010 results were accurate, based on the internal information collected in USAID/Colombia. Results were taken directly from the internal spreadsheet mentioned in the audit findings.

In addition, USAID/Colombia is currently reviewing its internal system of Monitoring and Evaluation and has contracted Monitoring and Evaluation support for the Mission's technical offices. To increase accuracy and efficiency of data collection and reporting and assure data quality, the Office of Vulnerable Populations is developing



the Scope of Work for a full-time, staff position for a Monitoring and Evaluation specialist. This person should be in place by the third quarter of FY 2011.

Based on the referenced actions taken to improve PPR Reporting, USAID/Colombia requests that the RIG concur that appropriate management action has been taken on this recommendation and close this finding.

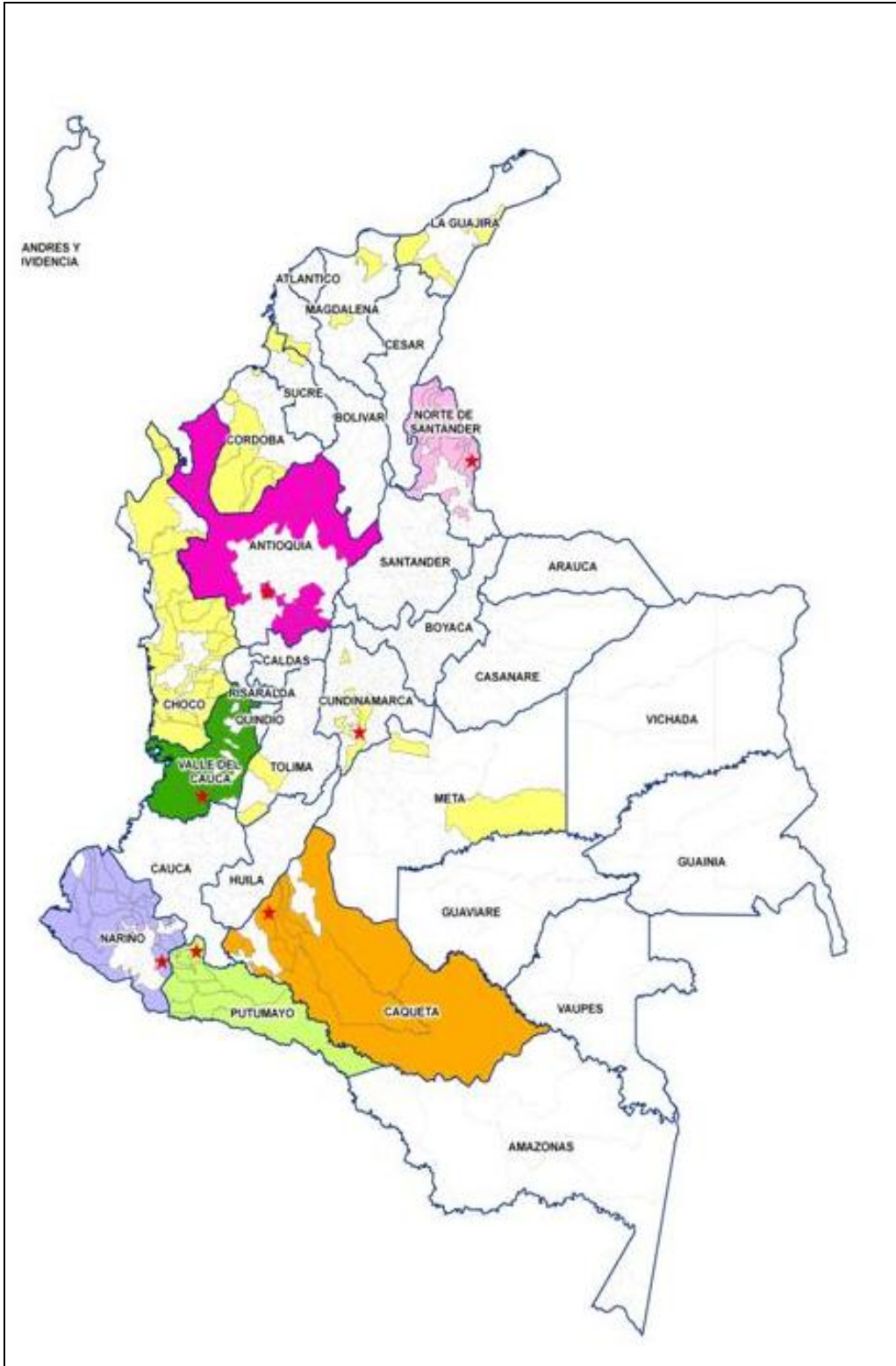


Figure 1: IOM IDP Program Coverage and Regional Offices (6 regional offices and IOM headquarters)

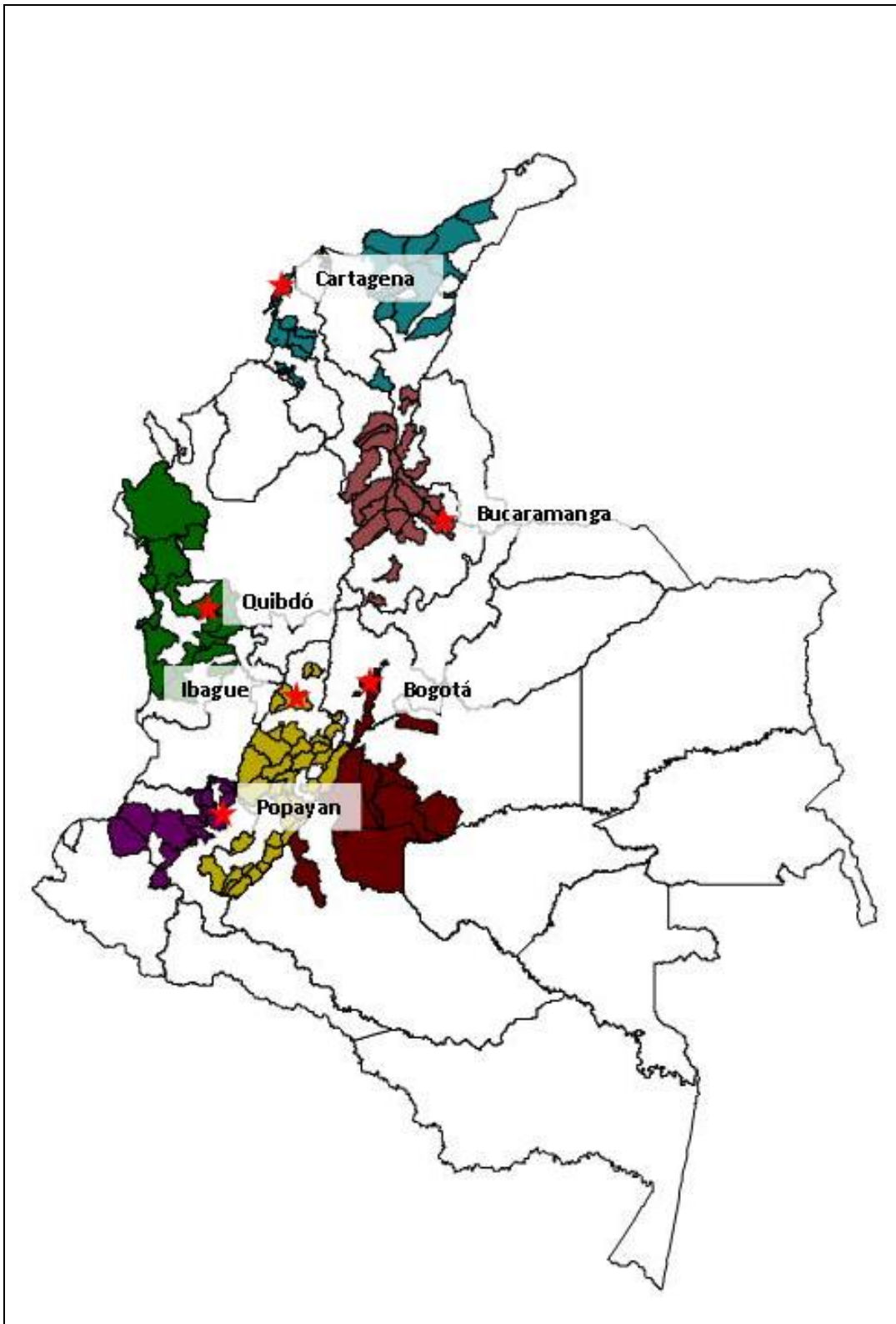


Figure 2: PADF IDP Program Coverage and Regional Offices

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