



## OFFICE OF INSPECTOR GENERAL

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# AUDIT OF USAID/GUATEMALA'S VIOLENCE PREVENTION PROJECT

AUDIT REPORT NO. 1-520-14-009-P  
MAY 15, 2014

SAN SALVADOR, EL SALVADOR



*Office of Inspector General*

May 15, 2014

**MEMORANDUM**

**TO:** USAID/Guatemala Mission Director, William Brands

**FROM:** Regional Inspector General/San Salvador, Jon Chasson /s/

**SUBJECT:** Audit of USAID/Guatemala's Violence Prevention Project  
(Report No.1-520-14-009-P)

This memorandum transmits our final report on the subject audit. In finalizing the audit report, we considered your comments on the draft report and included them in their entirety in Appendix II. This report includes 11 recommendations to help improve USAID/Guatemala implementation of its violence prevention project.

The mission agreed to take action on 9 of the 11 recommendations and disagreed with Recommendations 2 and 3. The mission made management decisions on all the recommendations and took final action on two. We acknowledge the mission's management decisions on all the recommendations. We do not agree with the mission's management decisions on Recommendations 2 and 3.

Please provide the Audit Performance and Compliance Division in the USAID Office of the Chief Financial Officer with the necessary documentation to achieve final action on the remaining seven recommendations.

Thank you and your staff for the cooperation and assistance extended to us during this audit.

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# SUMMARY OF RESULTS

Crime and violence in Guatemala have affected the lives of citizens significantly and impeded economic development. The United Nations Development Program's *Statistical report on violence in Guatemala*<sup>1</sup> highlights the economic costs: the decrease in long-term investment and provision of health services, loss of capital, increased legal costs, worker absenteeism, investment in private security, declines in productivity, lower earnings, and decreased public and private investments.

According to USAID, the current level of violence is one of the most serious threats to Guatemalan democracy. An effective, productive security sector that serves communities and prevents violence is fundamental to social harmony and for people to trust government institutions. Greater security and reduced violence also would contribute to economic progress.

To reduce the violence, USAID/Guatemala awarded RTI International a 4.5-year, \$26 million cooperative agreement on March 30, 2010, to implement the Violence Prevention Project. As of September 30, 2013, the mission had obligated \$20.6 million and disbursed \$15.1 million. The project's main goal is to reduce the levels of violence in targeted communities at risk. To achieve this goal, the project focused on achieving the following results:

- Reduce vulnerability of at-risk youth to gangs and criminal organizations.
- Improve trust between police and communities in target areas.
- Institutionalize crime prevention policies at the national level.

Under this agreement, RTI also is expected to raise \$26 million in "leveraged"<sup>2</sup> funds and resources from nonprofit and for-profit organizations, bringing the total investment to \$52 million.

The Regional Inspector General/San Salvador (RIG) conducted this audit to determine whether USAID/Guatemala's Violence Prevention Project is achieving its main goal of reducing the levels of violence in targeted communities at risk. The audit determined that the project completed numerous activities designed to reduce the violence and was on track to achieve most of its expected results. For example, through September 30, 2013, the project had:

- Provided educational and vocational scholarships to more than 26,000 youths.
- Helped 37 communities develop crime prevention plans.
- Trained more than 400 federal police officers from the Crime and Violence Prevention Unit in topics related to effective community policing.
- Provided technical assistance to 12 host-government institutions that helped them establish crime and violence prevention policies.

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<sup>1</sup> Arturo Matute Rodríguez and Iván García Santiago. *Statistical report on violence in Guatemala* (Guatemala City: United Nations Development Program, 2007).

<sup>2</sup> According to USAID Automated Directive System (ADS), leveraging means using the resources of public or private entities on at least a 1-to-1 ratio. Resources may include funds, in-kind contributions, and intellectual property.

- Developed a crime data observatory.

However, the project's actual impact on levels of violence will not be known until the mission completes an analysis of outcome indicators at the end. Additionally, as of September 30, 2013, (with only 12 months remaining for the project) RTI has leveraged only \$13.9 million (or 53 percent) of the expected \$26 million.

The audit found that:

- Indicators were designed or defined poorly (page 4). Indicators did not align with the mission's expected results and their definitions were vague, making it difficult to determine how results were counted.
- Leverage reporting was not accurate (page 6).
- RTI did not comply with agency and award requirements (page 7).
- Reporting on training activities was not accurate (page 10).
- The project lacked a security plan (page 11). Because the project works in several high-risk communities, security can be a problem.

To improve project management, we recommend that USAID/Guatemala:

1. Implement a monitoring and evaluation plan for the follow-on award that includes clearly defined performance indicators designed to measure the project's expected results (page 5).
2. Revise the performance indicators identified in the audit as poorly defined, and recalculate the project's result for them so they are reported accurately (page 6).
3. Implement a plan to (1) review the supporting documentation for leveraged funds submitted by RTI, and confirm in writing that reporting on leverage is accurate and meets USAID standards, (2) require RTI to reduce the leveraged resources reported by \$3.4 million, and (3) require it to follow the agreement rules regarding leverage (page 7).
4. Implement a plan to monitor and verify compliance with leverage requirements in any follow-on project (page 7).
5. Instruct RTI in writing to (1) align the project's remaining annual and final reports to the corresponding annual and project strategic plans at the activity level, and (2) verify that final reports disaggregate indicator data by gender, ethnicity, and age (page 90).
6. Implement a plan to collect baseline data for each performance indicator before the follow-on project starts (page 10).
7. Instruct RTI to include a comparison of actual expenditures with budget estimates, accompanying analysis, and explanation for any cost overruns or high unit costs in the project's remaining annual and final reports (page 10).

8. Include in the follow-on award the Mandatory Standard Provision entitled “Trafficking in Persons (October 2010)” (page 10).
9. Conduct and document counter-trafficking in persons training with all its implementers, subimplementers, and recipients (page 10).
10. Implement uniform guidance on how to calculate and report scholarship data in the Training Results and Information Network (TraiNet), and verify that all data entered into the system by the project are accurate according to ADS specifications (page 11).
11. Incorporate into its follow-on activities the requirement for the implementing partner to submit a security plan and budget for security-related personnel and equipment for USAID to review (page 11).

Detailed findings appear in the following section. The scope and methodology are described in Appendix I. Management comments are included in their entirety in Appendix II, and our evaluation of management comments is on page 12.

# AUDIT FINDINGS

## Indicators Did Not Meet Quality Standards

ADS 203.3.2 states that performance indicators are the “basis for observing progress and measuring actual results compared to expected results.” USAID TIPS No. 6, “Performance Monitoring and Evaluation,” defines performance indicators as measures that describe how well a project is achieving its objectives. They state what to measure to determine whether the objective has been achieved. Performance indicators define the data to be collected to measure progress, allowing results achieved to be compared with those planned.

When deciding on performance indicators and determining the extent to which they will be useful in making decisions, a factor to keep in mind is the “degree to which performance indicators and their related data accurately reflect the process or phenomenon they are being used to measure.”<sup>3</sup> ADS 203.3.11.1 notes that data should clearly and adequately represent the intended result. Additionally, ADS 203.3.6 states that when selecting performance indicators, “USAID Missions/Offices and Washington operating units should ensure that the selected indicators will lead to performance monitoring data that meet the quality standards of validity, integrity, precision, and reliability.”

The audit found that the mission did not properly design or define seven of the ten performance indicators used for measuring the project’s three expected results. The mission designed four indicators to measure outputs rather than outcomes, and the other three were not well defined.

**Poorly Designed Indicators.** The mission did not design the following indicators properly to measure progress toward the project’s expected results.

1. The expected result was to reduce the vulnerability of at-risk youth to gangs and criminal organizations. However, *Optimism about future employment opportunities among at-risk youth* does not track a reduction in at-risk youth engaged in gangs or criminal activity, but rather the participants’ views of future employment opportunities. The indicator, therefore, is not designed properly to capture the expected results.
2. The expected result was to increase civic responsibility in targeted communities. However, *Number of people who participated in the civic training and awareness activities implemented in targeted communities* simply measures the attendance at a civic training or activity. Thus, the indicator is tracking outputs (participation) and not outcomes (actual increase in civic responsibilities).
3. The expected result was to institutionalize a number of crime and violence prevention policies at the national level. However, *Number of Government of Guatemala institutions receiving technical assistance toward institutionalizing crime and violence prevention policy* tracks the number of government institutions that have received technical assistance. The indicator, therefore, is not designed properly to capture the expected results.

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<sup>3</sup> USAID TIPS No. 12, “Guidelines for Indicator and Data Quality.”

4. The project's expected result was to develop a number of national prevention policies. However, *Number of advocacy initiatives in support of the development of prevention policies* tracks the number of advocacy initiatives in support of them. The indicator is tracking outputs (number of advocacy initiatives) and not outcomes (approval of national prevention policies).

**Poorly Defined Indicators.** The mission did not define the following indicators properly or provide consistent methodologies on how to measure the indicator results.

1. For *Number of scholarships provided to youth to attend vocational or educational training institutes*, the mission reported 26,761 scholarships; however, it included all youth regardless of whether they completed the course. In addition, the mission did not define clearly what constituted a scholarship; it counted all courses whether they were a 2-hour class or 12-month course.
2. For *Number of youth who have participated in community-established sports/arts activities*, the mission reported that 15,320 youths participated in fiscal year (FY) 2013. This number represents all youths who participated during the year; it does not differentiate the number of youths who participate from year to year and those participating for the first time. Moreover, the indicator is not clear about what constitutes participation. For example, for some activities regular attendance was required, while others required only a single visit.
3. For *Number of people who participated in the civic training and awareness activities implemented in targeted communities*, the mission reported that 71,852 people participated, exceeding its target of 9,000 by 798 percent. This occurred because the types of trainings and activities counted were not well defined. For example, 4,000 people who attended parades for Mother's Day or Child's Day were counted even though those activities did not promote understanding of civic rights and obligations.
4. For *National civilian police officers of the Crime and Violence Prevention Unit trained in topics related to effective community policing*, the latest results reported—106—were only for FY 2013 because RTI decided not to include previous years' totals. This occurred because the mission counted only those officers who completed course work and obtained a degree. Before FY 2013, officers who completed course work but did not obtain a degree were not counted (316 officers who received at least 16 hours of training each in previous years were not counted). Thus, because RTI changed the indicator definition, the project is unable to report complete and accurate results.

Problems with the indicators occurred because mission staff did not examine the indicators carefully to confirm that they complied with all relevant USAID guidance. Furthermore, in some instances, staff assumed that various output indicators adequately reflected program outcomes.

However, to determine the impact of USAID's project, indicators need to be designed and defined to measure outcomes. Without clearly defined indicators that observe progress and measure actual results compared with expected results, the mission cannot track the project's progress toward its objectives, nor can it make informed decisions about how to make it more effective. Therefore, we make the following recommendations.

***Recommendation 1.*** We recommend that USAID/Guatemala implement a monitoring and evaluation plan for the follow-on award that includes clearly defined performance indicators designed to measure the project's expected results.

**Recommendation 2.** *We recommend that USAID/Guatemala revise the performance indicators identified in the audit as poorly defined and recalculate the project's results for these indicators so they are reported accurately and document the results.*

## **Leverage Reporting Was Not Accurate**

According to its agreement with USAID, RTI was expected to raise \$26 million in leveraged funds and resources from nonprofit and for-profit organizations, resulting in \$52 million for the project. The agreement states, "USAID will accept other than cash contributions if these are new resources such as property, equipment, products, technologies, infrastructure, services, and supplies." In-kind contributions are considered to be leveraged if they meet the guidelines found in Office of Management and Budget (OMB) Circular A-122, "Cost Principles for Non Profit Organizations," Circular A-21, "Cost Principles for Educational Institutions," ADS 303.3.10.2, and USAID Acquisitions Regulation 731.2 for profit-making entities.

Furthermore, the agreement stated that leveraged resources should demonstrate that in combination with the support sought from USAID, they will give the project a comparative advantage in meeting its goals and objectives. The cooperative agreement states that any leveraged resources secured would contribute directly to building national and local awareness of the causes of crime and promote crime prevention activities as a solution.

Additionally, if a recipient of a subgrant leverages funds or resources from other governments (except host governments) or from multilateral organizations,<sup>4</sup> the project could count the resources only as in-kind contributions and only up to the amount of the subgrant even if the amount of the resources was greater than the subgrant. Moreover, the agreement states that the project "will not rely upon high-cost public relations or media campaigns, but free media and alliance-supported public information."

As of September 30, 2013, RTI reported leveraged funds and resources totaling \$13.9 million. The audit examined the support for \$4.65 million of the total and found that \$3.4 million (73 percent) were not valid and should not have been reported as leveraged funds and resources.

**Programs Not Related to Crime or Violence.** RTI reported \$2.5 million in leveraged funds and resources reported by two organizations, Asociacion Propuesta Urbana and Fundación Para El Desarrollo de Guatemala (FUNDESA). However, these two organizations focused on activities that were not related to crime and violence. Asociacion Propuesta Urbana focused on five values: punctuality, cleanliness, order, respect/harmony, and work excellence; and FUNDESA focused on reducing poverty and strengthening the business sector in Guatemala. Because the projects were not related to violence, the amount of \$2.5 million RTI claimed is not valid.

In another instance, RTI reported \$361,485 in leveraged funds reported by the Centre for International Studies and Cooperation for emergency aid for victims of tropical storm Twelve E<sup>5</sup>

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<sup>4</sup> Although not defined in the agreement, in international relations multilateralism is defined as several countries working together on an issue. Organizations like the UN and the World Trade Organization are multilateral.

<sup>5</sup> Twelve E was a cyclone that hit large portions of Central America during October 2011. More than 12 inches (305 mm) of rain were recorded in Guatemala in 24 hours, causing extensive flooding and multiple landslides.

in the department of Chiquimula. These were disaster relief funds, rather than funds used to help build national and local awareness of the causes of crime and promote crime prevention activities as a solution.

**Excessive Leverage Claimed From Multilateral Sources.** In the cases of two subawards, the audit found that the project claimed the full amounts of funds donated by multilateral organizations as leverage. This did not comply with the agreement, which limited the amount received from multilateral organizations to the value of the subaward. Centro Para La Acción Legal en Derechos Humanos and Sistema de Orquestas de Guatemala claimed leverage of \$571,535 when they received funding from multilateral organizations, but the agreement limited the amount of leverage to \$253,339. Additionally, the funds partners reported that came from multilateral organizations could be counted only as in-kind contributions, not cash. The excessive amount of leverage reported for the two organizations totaled \$318,196.

**Old Resources.** RTI reported as leverage \$250,000 for the value of land of existing police stations, rather than land where new police stations would be built.

**Unsupported Resources.** RTI reported \$5,733 of leverage from Grupo Gestores for meeting room space, time donated by a psychologist, and participants' time spent at an event; these amounts were not appropriate and should not have been counted as leverage.

All of these problems occurred because USAID did not monitor the process properly and did not have procedures for reporting and verifying leveraged funds and resources.

RTI's overstatement of leverage resulted in inaccurate reporting and misleading information. Without accurate and reliable information, the mission cannot make informed decisions.

***Recommendation 3.** We recommend that USAID/Guatemala implement a plan to (1) review the supporting documentation for leveraged funds submitted by RTI International and confirm in writing that reporting on leverage is accurate and meets USAID standards, (2) require RTI International to reduce the leveraged resources reported by \$3.4 million, and (3) require it to follow the agreement rules regarding leverage.*

***Recommendation 4.** We recommend that USAID/Guatemala implement a plan to monitor and verify compliance with leverage requirements in any follow-on project.*

## **RTI International Did Not Comply With Agency and Award Requirements**

According to ADS 200.3.5.5, the mission must monitor the implementer's project achievements regularly and verify any progress toward completion. The agreement between USAID/Guatemala and RTI also includes numerous provisions designed to help monitor and confirm progress and address problems as they arose.

However, the mission's monitoring efforts fell short, as discussed below.

**Annual Reports Not Tied to Annual Work Plan.** According to the agreement, the annual reports should emphasize both the progress and problems encountered over the course of the

year as RTI seeks to carry out the activities and achieve the expected results laid out in that previous year's work plan.

Many aspects of the annual reports met the requirements outlined in the agreement, such as success stories and accomplishments. However, they did not discuss how much progress was made for each activity identified in the annual plan. Without this information, it is hard for the mission to monitor the project's progress regularly.

**Indicators Were Not Disaggregated.** Per the agreement, the mission should report data used to measure results by gender, ethnicity, and age. Although RTI reported data by gender, it did not report on ethnicity and age. Without this data, it is difficult to determine how the project affected these groups and which age groups and ethnicities were most at risk or received the most assistance.

**Baseline Data Were Not Collected.** According to the agreement, RTI was required to prepare a performance management plan that contained "the performance indicators the recipient proposes to use to objectively measure progress towards achieving each of the results described in the Program Description, with definition and unit of measure, as well as baselines and targets (annual and end of program)." Additionally, ADS 203.3.9 states that baseline data for each performance indicator should be determined before a project starts. Targets are then set for each indicator, and results are measured through the monitoring and evaluation plan.

Although RTI set targets for all indicators and established baselines for eight of the ten indicators, it did not determine baselines for the two outcome indicators—*Optimism about future employment opportunities among at-risk youth* and *Percent change in community's level of confidence in the National Civilian Police*—until FY 2013, the project's third year. This happened because RTI had trouble coming to a consensus with local governments about the locations it would cover. It also had trouble hiring qualified consultants to conduct the baseline survey; one was replaced for poor performance.

Without baseline data, especially for outcome indicators, it is impossible to tell what impact the project actually had on its target populations and communities.

**RTI Did Not Monitor Cash Flow.** Per the agreement, the project's quarterly reports were supposed to include "a comparison of actual expenditures with budget estimates, including analysis and explanation of cost overruns or high unit costs, and any other pertinent information." RTI did not provide any reports comparing budget estimates to actual expenditures, conducting analysis of overruns, or providing any explanations.

As a result, the mission could not determine whether RTI was implementing activities in a balanced manner.

**Subpartners Were Unaware of Human Trafficking Responsibilities.** According to the Agency-wide standard operating procedure "Counter-Trafficking in Persons and Contractor/Recipient Compliance," the Mandatory Standard Provision entitled "Trafficking in Persons (October 2010)" must be included in all assistance awards.

However, neither the cooperative agreement nor any of the award modifications for the Violence Prevention Project included the mandatory provision. This occurred because the two agreement officers in charge of the project overlooked the requirement.

Additionally, as outlined in its April 2013 *Counter-Trafficking in Persons Field Guide*, USAID commits to “training staff Agency-wide on combating human trafficking, as well as on the prohibitions on trafficking and procurement of commercial sex, and available disciplinary measures for documented violations” and “educating Agency contractors and recipients on how to recognize and respond to this crime and on the Agency’s right to terminate grants and contracts if contractors, grantees, or sub-recipients engage in prohibited conduct.”

Although USAID/Guatemala was training its staff on human trafficking, it did not provide training to partners. Instead, the mission distributed the field guide to all of its implementing partners and expected them to distribute the guide to their subpartners. However, RTI did not distribute the guide to any of its 40 subpartners or project recipients. This occurred because the mission’s instructions to implementing partners were vague, and the mission did not follow up or monitor RTI to verify that it incorporated the provisions and related responsibilities into the project’s activities.

This is a concern because one of RTI’s subpartners came across human trafficking in its work on the project. Because the subpartner did not know how to address the problem, the incident went unreported. If partners do not enforce the rules prohibiting human trafficking, it may continue to go unreported in Guatemala.

**Rapid Response Funds Used Incorrectly.** USAID/Guatemala created a rapid response fund totaling \$1.75 million for this project so it could respond to requests for new activities that are not planned or part of any already approved activities. Per the agreement, the agreement officer’s representative (AOR) needs to approve any use of the fund, and the activity has to directly support achieving the agreement’s objectives.

However, the audit found that \$95,000 of the \$1.04 million in rapid response funds approved by the mission did not directly support achieving the objectives. “Yo Asumo” was a \$95,000 publicity campaign aimed at challenging all Guatemalans to be punctual and courteous. While promoting these good values is a noble cause, it is not an activity that contributes directly to preventing crime and violence.

Because the AOR who approved the use no longer works for USAID/Guatemala, we could not determine why he made that decision; therefore, we are not making a recommendation related to this.

The problems discussed above occurred because the mission did not monitor the project properly and did not enforce compliance with award or agency requirements. Some of this can be attributed to high turnover during the course of the project: at RTI, four of the five key positions turned over in addition to numerous others, and at the mission, the AOR, development objective office chief, controller, agreement officer, and various other key positions turned over.

Unless the mission appropriately monitors RTI’s activities to confirm compliance with all agreement terms and agency requirements, the mission will have limited ability to identify expenditures that exceed budgets or accurately measure progress toward the desired result: a reduction in the level of violence in Guatemala. Therefore, we make the following recommendations.

***Recommendation 5.*** *We recommend that USAID/Guatemala instruct RTI International in writing to (1) align the project’s remaining annual and final reports to the*

corresponding annual and project strategic plans at the activity level, and (2) verify that final reports disaggregate indicator data by gender, ethnicity, and age.

**Recommendation 6.** We recommend that USAID/Guatemala implement a plan to collect baseline data for each performance indicator before the follow-on project starts.

**Recommendation 7.** We recommend that USAID/Guatemala instruct RTI International in writing to include a comparison of actual expenditures with budget estimates, accompanying analysis, and explanations for any cost overruns or high unit costs in the project's remaining annual and final reports.

**Recommendation 8.** We recommend that USAID/Guatemala, when drafting the follow-on award, include the Mandatory Standard Provision entitled "Trafficking in Persons (October 2010)."

**Recommendation 9.** We recommend that USAID/Guatemala conduct and document counter-trafficking in persons training with all its implementers, subimplementers, and recipients.

## **Reporting on Training Activities Was Not Accurate**

According to ADS 253.3.4.5, USAID missions must monitor and report on in-country training projects and participants in TraiNet. The directive specifies that any in-country training provided by the project or its subpartners should be reported if it lasts more than 16 hours or is considered critical. Furthermore, ADS 203.3.11.1 states that to be useful for performance monitoring and credible for reporting, data "should clearly and adequately represent the intended results."

However, the information recorded in TraiNet was not always accurate. For example, one of the subpartners for the project conducts various types of training for at-risk youth. Many of these last only 1 day, yet they are being entered into TraiNet. Of the 651 trained youths we tested in TraiNet, 215 were trained for only 6 hours.

Additionally, the project reported in FY 2013 that it provided 26,761 scholarships to at-risk youth. However, in TraiNet the project was reporting the same students as having received a scholarship every month because scholarships are paid monthly. For example, the same 43 students were reported each month for 10 months (the length of the school year), and at the end of the year the project reported 430 youths receiving scholarships—not just 43 over the course of a year.

Mission employees also entered the wrong dates in TraiNet. In some cases, the dates were the report dates from the subpartner and not the actual dates of the training. In other cases, the mission used the date employees entered the training information into the system rather than the dates of the trainings.

These problems occurred because of high turnover in the project's monitoring and evaluation team, and new employees were not taught how to use TraiNet. Additionally, USAID did not provide clear guidance on how to define or enter scholarship data into the system properly.

Without good guidance or training in TraiNet, the project risks reporting training data inaccurately. Therefore, we make the following recommendation.

**Recommendation 10.** *We recommend that USAID/Guatemala (1) implement uniform guidance on how to calculate and report scholarship data in the Training Results and Information Network, and (2) verify and document that all data entered into the system by the project is accurate per the Automated Directive System specifications.*

## **Project Lacked Security Plan**

According to the operational security supplement to ADS 303, “When implementing any USAID award, the implementing partner bears the ultimate responsibility for ensuring adequate steps are taken to safeguard the security and safety of its personnel and any USAID funded equipment/property/vehicles.” Furthermore, the supplement states that to achieve an adequate level of security, USAID implementing partners must see security as a top priority. It must be an integral component of project design and management.

Although the project’s staff worked in areas with the highest violent crime rates in Guatemala (the country averages 99.5 murders a week), the project did not have a security plan in place. Various RTI employees have been threatened and robbed, and so have at-risk youth involved in the project.

This occurred because the mission did not include this requirement in the award. Given the type and locations of work, both the mission and RTI agree that a security plan should be put in place. According to *Saving Lives Together*, a security plan should include a security analysis of the areas where contractors work, an outline of the security management responsibilities and strategies, and procedures for incident reporting and response analysis.<sup>6</sup>

Since future projects are expected to be implemented in high-risk regions, USAID/Guatemala should plan for similar security-related problems. All future activities should have a security plan and budget that consider the volatile environments in which contractors work and that are customized to minimize risks to contractors and participants. Therefore, we make the following recommendation.

**Recommendation 11.** *We recommend that USAID/Guatemala incorporate into its follow-on activities the requirement that the implementing partner submit a security plan and budget for security-related personnel and equipment to USAID for review.*

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<sup>6</sup>*Saving Lives Together*, published by the Inter-Agency Task Force originally in 2006, is a guide on improving security arrangements among nongovernmental organizations.

# EVALUATION OF MANAGEMENT COMMENTS

In its comments on the draft report, the mission agreed to take action on 9 of the 11 recommendations and disagreed with Recommendations 2 and 3. Having reviewed management comments, we acknowledge the mission's management decisions on all the recommendations. However, we disagree with the decisions on Recommendations 2 and 3 because the project's reporting of indicators and leverage is still inaccurate. Our evaluation of management comments follows.

**Recommendation 1.** The mission agreed to implement a comprehensive monitoring and evaluation plan for the follow-on award with impact indicators designed to measure the project's expected results. The mission plans to add two new impact indicators—*Citizen Security Index* and *Community Resilience Index*—that should help determine the follow-on project's actual impact on citizen and community security. The mission estimates it will implement the plan by December 31, 2014. Based on the mission's planned actions, we acknowledge its management decision on this recommendation.

**Recommendation 2.** The mission disagreed with the recommendation to revise and recalculate the indicators identified in the audit as poorly defined. Mission officials said they do not want to do this because the project is in its last stages. They also said an outside evaluation that Vanderbilt University did of the project's impact gave them significant comprehensive data.

While we acknowledge that the mission made a management decision, we disagree with it. Vanderbilt University's evaluation did not review RTI's indicator data that the audit team reviewed and found to be inaccurate. If the performance indicators identified in the audit are not revised and recalculated, the project will be reporting inaccurate data in its final report.

**Recommendation 3.** The mission disagreed with the recommendation. Mission officials said they reviewed the supporting documentation that RTI submitted for leveraged funds, and they determined that all of the activities cited in the report, like reducing poverty and strengthening the business sector in Guatemala, could eventually lead to a decrease in violence. Thus, the mission will not require RTI to reduce its reported leveraged resources by \$3.4 million.

We acknowledge that the mission has made a management decision, but we do not agree with it. The cooperative agreement requires the leveraged funds to meet the goals and objectives of the project: to reduce vulnerability of at-risk youth to gangs and criminal organizations, improve trust between police and communities in target areas, and institutionalize crime prevention policies at the national level. General efforts to encourage economic development and reduce poverty do not support these specific goals.

**Recommendation 4.** The mission agreed with the recommendation, but has decided not to include leverage as part of the follow-on award. The mission estimates that the follow-on award will be issued by December 31, 2014. Based on the mission's planned actions, we acknowledge its management decision on this recommendation.

**Recommendation 5.** The mission agreed and provided documentation showing that RTI was instructed to align the remaining annual and final reports with the annual and strategic plans at the activity level. RTI has agreed to this realignment. Accordingly, we acknowledge the mission's final action on this recommendation.

**Recommendation 6.** The mission agreed to implement a plan to collect baseline data for each performance indicator in the follow-on project before it starts instead of during the third year, which was the case for two of the indicators in the current program. The mission estimates collecting baseline data by December 31, 2014. Based on the mission's planned actions, we acknowledge its management decision on this recommendation.

**Recommendation 7.** The mission agreed and provided a copy of instructions to RTI to include in the remaining annual and final reports a comparison of actual expenditures to budget estimates and accompanying analysis. RTI agreed to comply with the recommendation. Accordingly, we acknowledge the mission's final action on this recommendation.

**Recommendation 8.** The mission agreed with the recommendation and plans to include the Mandatory Standard Provision, "Trafficking in Persons," in the follow-on award to be issued by December 31, 2014. Based on the mission's planned actions, we acknowledge its management decision on this recommendation.

**Recommendation 9.** The mission agreed to the recommendation and plans to provide the relevant counter-trafficking in persons training to all implementers once the Agency has developed appropriate training modules. Mission officials told the audit team that they expect completion of all training by December 31, 2014. Based on the mission's planned actions, we acknowledge its management decision on this recommendation.

**Recommendation 10.** The mission agreed to provide guidance to its implementing partners on how to report scholarship data in TraiNet and verify that the data are being entered accurately. The mission estimates completion of these corrective actions by December 31, 2014. Based on the mission's planned actions, we acknowledge its management decision on this recommendation.

**Recommendation 11.** The mission agreed to incorporate in the follow-on project's award the requirement to submit a security plan and budget for security-related personnel and equipment for review. The mission estimates completion of these corrective actions by December 31, 2014. Based on the mission's planned actions, we acknowledge its management decision on this recommendation.

# SCOPE AND METHODOLOGY

## Scope

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

The purpose of this audit was to determine whether USAID/Guatemala's Violence Prevention Project is achieving its main goal of reducing the levels of violence in targeted communities at risk.

In planning and performing the audit, the audit team assessed significant management controls the mission used to manage the project and make sure it provided adequate oversight. The team reviewed USAID/Guatemala's operational plan report; FY 2013 annual self-assessment of management controls (which the mission is required to perform to comply with the Federal Managers' Financial Integrity Act); environmental compliance, award and modification requirements; midterm performance evaluation, monitoring and evaluation plan; and other reports.

On March 30, 2010, USAID/Guatemala signed a \$26 million cooperative agreement with RTI that is set to end on September 30, 2014, to implement the Violence Prevention Project. As of September 30, 2013, cumulative obligations and expenditures totaled \$21 million and \$15.1 million, respectively.

The audit covered the first 3.5 years of the project. We reviewed applicable laws and regulations as well as USAID policies and procedures pertaining to the project, including ADS 200, 201, 202, 203, 204, 253, 302, 320, and 540, and supplemental guidance. The audit relied on the following sources of evidence: the award; interviews with USAID/Guatemala, RTI and its subpartners, various local government officials, and beneficiaries; and review of documentation maintained at the mission and at RTI's main office in Guatemala City. The audit team conducted fieldwork from October 28 through November 1, 2013, and conducted site visits to two of the four regions where activities were being implemented under the project from November 12 through 22, 2013.

## Methodology

To answer the audit objective, we conducted interviews and site visits. We evaluated the mission's management and oversight of the project, the performance of RTI, and the effectiveness of activities. We met with officials from USAID/Guatemala and the project's prime and subpartners. We also interviewed beneficiaries and officials from the Guatemalan Government.

Through these interviews and the review of project documentation, the audit team obtained an understanding of (1) the project's goals, (2) how performance indicators, targets, and baseline data were established to measure progress, (3) how the mission verifies the quality of the data that RTI reported, (4) how the mission monitors project activities, and (5) whether the mission is

aware of any allegations of fraud or other potential illegal acts or noncompliance with laws, regulations, and agreement terms.

In addition, we performed the following audit tests:

- Reviewed and tested the performance indicators, targets, and baselines to determine their appropriateness.
- Reviewed and tested the procedures the mission established to monitor and confirm the accuracy of the project's reported results.
- Documented and tested compliance with award requirements for leveraging funds, gender analysis, human trafficking, branding and marking, and environmental compliance.

To verify the status of activities completed, we examined documentation maintained at RTI's office in Guatemala City that supported the reported results. In addition, we judgmentally selected five partners that represented more than 50 percent of reported results to perform site visits. Sample selection was based on an analysis of factors including the number of objectives relevant to the site and its diversity of activities. We conducted field visits to validate reported results to the extent possible. Since the testing and site selections were based on judgmental samples, the results and conclusions related to the analysis were limited to the items and areas tested, and cannot be projected to the entire population. We believe our substantive testing was sufficient to support the audit's findings.

# MANAGEMENT COMMENTS



## MEMORANDUM

**TO:** Jon Chasson, Regional Inspector General/San Salvador

**FROM:** William Brands, Mission Director /s/

**SUBJECT:** Response to Audit of USAID/Guatemala's Violence Prevention Project (VPP)  
(Report No. 1-520-14-00X-P)

**DATE:** April 28, 2014

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On August 28, 2013, USAID/Guatemala received an audit notification from the Regional Inspector General (RIG) in San Salvador to conduct a performance evaluation of USAID/Guatemala's Violence Prevention Project (VPP), implemented by Research Triangle Institute International (RTI).

The audit notification mentioned that the objective of the audit was to determine if the project is "achieving its main goals of contributing directly to build a national and local awareness of the causes of crime, and promoting crime-prevention activities as a solution, utilizing a community-led approach and sustainable alliances to support crime prevention."

This memorandum transmits our response to all the recommendations included in the draft audit report for your review and comments.

**Recommendation 1.** *We recommend that USAID/Guatemala implement a monitoring and evaluation plan for the follow-on award that includes clearly defined performance indicators designed to measure the project's expected results.*

The Mission agrees with this recommendation for the follow-on award, entitled Community Strengthening Project (CSP), which includes a comprehensive Monitoring and Evaluation Plan that features two new impact indicators: the Citizen Security Index and the Community Resilience Index.

These indexes will provide USAID with a clear view as to the impact of the CSP on various aspects of citizen security, i.e., perception, victimization and behavioral changes. USAID expects to conduct a baseline data collection effort before implementation, as well as annual data collection for these indexes.

However, the Mission disagrees with the implication of the finding that USAID/Guatemala did not have an adequate monitoring and evaluation plan for the Violence Prevention Project. The Mission respectfully submits that comprehensive baseline data was collected for the Violence Prevention Project as well, through an outside impact evaluation implemented by Vanderbilt University (see Attachment Recommendation 1).

The CARSI Impact Evaluation for Guatemala was a comprehensive quantitative and qualitative study of the impact of the Violence Prevention Project through which VPP's communities were assigned randomly from among a pool of pre-selected communities which were divided into control and treatment groups by Vanderbilt. The study measured the project's impact on perception of crime victimization, perceptions of insecurity, youth vulnerability to crime and gang activity, gang fights, crime prevention measures, trust in the police, democratic values, interpersonal trust and satisfaction with democracy.

At the mid-term, the VPP intervention was determined to have resulted in:

- 18% fewer reported occurrences of robberies than would be expected without treatment
- 50% fewer reported occurrences of illegal drug sales than would be expected without treatment
- 50% fewer reported cases of extortion and blackmail than would be expected without treatment

In addition, the study concluded that in VPP treatment communities:

- Residents feel their communities are safer and feel secure walking alone at night
- Residents are less likely to avoid areas of the neighborhood because of fear of crime
- Youth gang involvement is perceived as less problematic
- Gang fights are perceived as less of a problem in the neighborhoods

Further, the study showed positive indirect effects related to good governance, including:

- More satisfaction with the functioning of democracy
- Improved perceptions of government security efforts and police performance

**Recommendation 2.** *We recommend that USAID/Guatemala revise the performance indicators identified in the audit as poorly defined and recalculate the project's results for these indicators so they are reported accurately and document the results.*

The Mission disagrees with this recommendation. USAID/Guatemala has developed a series of outcome and impact indicators that will allow the Mission to measure the effectiveness of the follow-on project (CSP). These indicators will focus on measuring Community Resiliency, Crime Victimization, Perceptions of Insecurity, and Citizen's behavioral responses to insecurity.

The Mission will focus the CSP on measuring these outcome/impact indicators. The Mission will also work with the future implementing partner to improve the process indicators identified in the Draft Audit Report in order to address the issues identified by the auditors. The Mission recommends that given the current late stages of the RTI-implemented Violence Prevention Project (VPP), the recommendation to revise the performance indicators for the VPP project,

which is in its final stages, be deleted.

In addition, given the extent of the Mission's outside evaluation of the RTI-implemented program, the Mission believes it has significant, comprehensive data on the performance of the RTI-implemented project.

The Mission requests closure of this recommendation.

**Recommendation 3.** *We recommend that USAID/Guatemala implement a plan to (1) review the supporting documentation for leveraged funds submitted by RTI and confirm in writing that reporting on leverage is accurate and meets USAID standards, (2) require RTI to reduce the leveraged resources reported by \$3.4 million, and (3) require RTI to follow the agreement rules regarding leverage.*

The Mission disagrees with the recommendation.

The Draft Audit Report identifies four issues on which this recommendation is based relating to leveraged funds:

**Issue Number 1: “Programs Not Related to Crime or Violence.”**

According to the Draft Audit Report,

“RTI reported \$2.5 million in leveraged funds and resources reported by two organizations, Asociación Propuesta Urbana and Fundación para el Desarrollo de Guatemala (FUNDESA). However, these two organizations focused on activities that were not related to crime and violence. Asociación Propuesta Urbana focused on five values: punctuality, cleanliness, order, respect/harmony and work excellence; and FUNDESA focused on reducing poverty and strengthening the business sector in Guatemala. Because the projects were not related to violence, the amount of \$2.5 million RTI claimed is not valid.

In another instance, RTI reported \$361,485 in leveraged funds reported by Centre for International Studies and Cooperation for emergency aid for victims of the tropical storm Twelve E5 in the department of Chiquimula. These were disaster relief funds, rather than funds used to help build national and local awareness of the causes of crime and promote crime prevention activities as a solution.” (Page 6 and 7)

USAID/Guatemala does not share the auditors' views on what constitutes activities related to violence prevention. There is plenty of empirical data and technical studies that contradict the report's assertions in this regard.

Violence is a multifaceted and multi-causal phenomenon. It entails, *inter alia*, physical and psychological aggression, discrimination and racism, sexual harassment and abuse, sexual violence, and bullying. USAID/Guatemala is providing herewith references on scientific

literature supporting the activities conducted by RTI sub-grantees, such as promoting civic education and citizen participation among youth, as well as providing assistance and emergency aid for victims during natural disasters, and how these actions contribute to the prevention of violence. This Memorandum provides supporting technical information for all items included in the audit report for this recommendation.

*Promoting values and civic education.*

Teaching values and promoting civic education targeting at-risk youth in high violence and crime neighborhoods has long been considered a viable prevention violence tool. The research literature on what works to keep kids out of trouble is ample and robust.<sup>7</sup> Several studies show conclusively that educating children and youth on democratic and civic values and how to become an active, positive participant in community activities is a viable prevention tool. Ball-Rokeach (1973) conducted extensive research on the relationship between values and attitudes and interpersonal violence, contrasting amorality as a contributing factor to adolescent violence.

Some of the activities supported financially by USAID/Guatemala's Violence Prevention Project (VPP) through its Rapid Response Fund (RRF), including the YO A+ campaign which was implemented in El Mezquital, a gang-ridden and violent neighborhood in the Villanueva municipality, as well as in the rough neighborhoods of Ciudad Peronia and El Amparo (also in Villanueva), provided opportunities for youth in those communities to come together in a neutral space and to participate in games as vehicles for teaching positive civic values. These activities effectively taught participating youth the virtues of becoming an active and positive member of their communities.

Similarly, studies show that anti-social and violent behavior reflects subcultural values that put a premium on destruction, fear, disorder and discord (Austin, 1980). The essence of the aforementioned activities was to develop positive values in at-risk youth, widely recognized by prevention experts and practitioners to be essential to constructive youth development.

*The Private Sector as a strategic partner in violence prevention.*

The Guatemalan Development Foundation (FUNDESA) is a private, non-profit organization, made up by the country's main private sector leaders. It works as a think-tank to promote the integral, sustainable and democratic development of Guatemala within a market economy and the rule of law. It organizes an annual forum called ENADE—*Encuentro Nacional de Empresarios*—that brings together the country's key business leaders to discuss, debate, and propose solutions to the country's most pressing problems.

The event gathers around three thousand social, political, economic and civil society actors to raise awareness on issues of enormous relevance to the country's development, including the

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<sup>7</sup> See, for example, Sandra Ball-Rokeach, "Values and Violence: A Test of the Subculture of Violence Thesis," *American Sociological Review*, Vol. 38, No. 6(Dec., 1973), pp.736-749, <http://www.jstor.org/discover/10.2307/2094135?uid=2129&uid=2&uid=70&uid=4&sid=21103928888623>; Roy L. Austin, "Adolescent Subcultures of Violence," *The Sociologist Quarterly*, 21 (Autum, 1980): pp. 545-561, <http://www.jstor.org/stable/4106138>. See additional references in Attachment Rec 3(2).

fight against poverty, the challenges on education and health, and the citizen security crisis currently affecting the nation.

In Guatemala, all of the aforementioned issues are intimately interrelated. Strategies seeking to resolve poverty, underdevelopment, illiteracy, disease, and insecurity are all intertwined. For national actors to effectively address violence and insecurity, important strides need to be taken on other fronts, including employment generation, greater investments in education and health, and implementing public policies to ensure a path toward human development. FUNDESA provides the country's premier platform for Guatemalans to come together to work towards achieving positive results on these various fronts.

USAID/Guatemala has funded ENADE for the last three years because it is important to have a place at the table when discussing these challenges. The Mission takes pride in the fact that many of its recommendations and suggestions are taken into account in the planning stages of this fora.

As a result of successful private sector engagement, USAID/Guatemala has successfully worked with private business in forging public-private partnerships to work jointly on many areas.<sup>8</sup>

*The links between violence and natural disasters.*<sup>9</sup>

According to the World Health Organization (WHO, 2005), “violence is an important issue facing communities affected by natural disasters.” The U.S. Center for Disease Control also indicates that the “increased stress associated with disruptions in families; challenges in meeting daily needs such as food, water, and shelter; as well as disruptions in health and law enforcement services [during natural disasters] can increase the possibility of violence. Strategies for preventing violence after disasters should focus on providing assistance to individuals in need and developing supportive networks for managing daily tasks” (CDC, 2013).

During the chaos that ensues natural disasters, some individuals see an opportunity to prey on those who are affected and vulnerable, perpetrating violent crime. This phenomenon has been extensively studied and well documented. A recent case took place in the United States in the aftermath of Hurricane Katrina, where survivors suffered muggings, identity theft, aggravated assault, sexual violence, and gang rape.

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<sup>8</sup> A good example of this is the public-private partnership forged with the private *Banco de los Trabajadores*—or BANTRAB—which has contributed funds in order to refurbish five police substations in Mixco and Villanueva municipalities. For more information on this, see, Carlos A. Rosales (2013), “Refurbished Police Stations Mean Happy Cops, Better Cops in Guatemala,” USAID’s Impact Blog, August 21, <http://blog.usaid.gov/2013/08/refurbished-police-stations-mean-happy-cops-better-cops-in-guatemala/>.

<sup>9</sup> For this section, please see, World Health Organization (2005), “Violence and Disasters,” [http://www.who.int/violence\\_injury\\_prevention/publications/violence/violence\\_disasters.pdf](http://www.who.int/violence_injury_prevention/publications/violence/violence_disasters.pdf); Centers for Disease Control and Prevention (2013), “Preventing Violence after a Natural Disaster,” <http://emergency.cdc.gov/disasters/violence.asp>; United Nations Population Fund (2012), “UNFPA analyses the link between gender-based violence and natural disasters,” <https://lac.unfpa.org/webdav/site/lac/shared/DOCUMENTS/2012/Boletines/junio%202012/ingles/4E.pdf>.

Thus, the World Health Organization (2005) stresses that “those assisting a community with reconstruction should take into account that the physical and social disruption caused by a natural disaster may increase the likelihood of family, sexual and other types of violence, and that previously-existing resources for victims of violence maybe damaged or no longer functioning.” The United Nations Population Fund (2012) also warns on the need to protect girls and women against gender-based violence in post disaster situations.

The department of Chiquimula, where VPP grantee the Center for International Studies and Cooperation (CECI) provided emergency aid for victims in the aftermath of Tropical Storm Twelve E5, already has one of the highest under reported levels of family violence and sexual violence in all VPP’s target municipalities. This assistance provided by CECI included providing victims with decent, temporary shelters and covering their basic necessities in order to keep families together and out of over-crowded emergency shelters that had been set up in schools and churches that were not damaged.

Therefore, USAID/Guatemala believes that the CECI effort was well-focused and sorely needed. Of particular concern for the CECI-funded VPP gender specialist was inherent risks to potential victims of gender-based violence in an already difficult part of the country. Thus, the Mission accepts the leverage reported as relevant and justified, as it benefitted residents of VPP-target areas in Chiquimula.

## **Issue Number 2: “Excessive Leverage Claimed from Multilateral Sources.”**

The Draft Audit Report contends that:

“In the cases of two sub-awards, the audit found that the project claimed the full amounts of funds donated by multilateral organizations as leverage. This did not comply with the agreement, which limited the amount received from multilateral organizations to that of the sub-award. Centro Para La Acción Legal en Derechos Humanos and Sistema de Orquestas de Guatemala claimed leverage of \$571,535 when they received funding from multilateral organizations and the agreement limited the amount of leverage to \$253,339. Additionally, the funds partners reported that came from multilateral organizations could be counted only as in-kind contributions, not cash. The excessive amount of leverage reported for the two organizations totaled \$318,196.” (Page 7)

However, the Centro Para La Acción Legal en Derechos Humanos—or CALDH—received funds from Guatemalan organizations such as Equipamientos Urbanos de Guatemala (EUGUA) (a private company), Defensoría Maya, Centro de Derechos de Mujeres (CDM), Cadena Radial FGER, as well as from Hivos and Diakonia, both of which are international organizations, but not multilateral entities.<sup>10</sup>

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<sup>10</sup> In Note 4 on page 6, the Draft Audit Report outlines that “although not defined in the [Cooperative] Agreement, in international relations ‘Multilateralism’ is defined as several countries working together on a given issue. Organizations like the United Nations or the World Trade Organization are considered to be

Similarly, the leverage reported by VPP for the Sistema de Orquestas de Guatemala (SOG) was strictly a SOG contribution. SOG's relationship with its counterpart in Venezuela, the Sistema de Orquestas de Venezuela, is that this is model used by SOG for replication in Guatemala.<sup>11</sup>

Therefore, the contributions made by both, CALDH and SOG, are valid and acceptable as leverage.

### **Issue Number 3: “Old Resources.”**

The Draft Audit Report claims that “RTI reported as leverage \$250,000 for the value of land of existing police stations, rather than land where new police stations would be built” (Page 7).

However, RTI-VPP has informed the Mission that the document reviewed by the RIG auditors during their visit to Guatemala was the Budget of the grant. Thus, since the leverage has not yet been reported, the leverage cannot be reduced in that amount.

### **Issue Number 4: “Unsupported Resources.”**

The Draft Audit Report states that:

“RTI reported \$5,733 of leverage from *Grupo Gestores* for meeting room space, time donated by a psychologist, and participants' time spent at an event; these amounts were not appropriate and should not have been counted as leverage. All of these problems occurred because USAID did not monitor the process properly and did not have procedures for reporting and verifying leveraged funds and resources. RTI's overstatement of leverage resulted in inaccurate reporting and misleading information. Without accurate and reliable information, the mission is not able to make informed decisions.” (Page 7)

However, leverage from *Grupos Gestores*, as well as from other VPP partners should be understood as it is defined in AAPD 04-16 (page 9):

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multilateral institutions.” However, both Hivos and Diakonia fall outside the above definition. Hivos is “an international development organization guided by humanist values,” see <http://www.hivos.org/about-hivos>. Diakonia “is an international development organization with Christian values that works together with local partners for sustainable change for the most vulnerable people in the world”, see, <http://www.diakonia.se/en/>. By definition, both are non-governmental organizations, not multilateral institutions.

<sup>11</sup>Thus, the Sistema Nacional de Orquestas y Coros Juveniles e Infantiles de Venezuela—known as *El Sistema*—is an institution established by the government of Venezuela to promote the “teaching and practice of music...as a vehicle for social organization and human development”, see <http://fundamusical.org.ve/category/el-sistema/que-es-el-sistema/>. It is not a multilateral institution.

“Resource leveraging may include financial contributions; third-party contributions; the value of donated services and property, including intellectual property; or may be anything of value that can be measured in some form that permits evaluations of the contributions’ impact on achieving desired results.”

VPP reported leverage that is related to a community providing meeting space, unpaid community volunteers who organize events, professionals that donate their time to activities approved in the project, and all other community resources that contribute to the VPP results, are counted as added value contributing to the sustainability and stakeholder investment which is essential for community organization.

These kinds of activities in the amount of \$5,733 are, therefore, eligible for leverage. Moreover, it is the concept of community organization and citizen participation against violence and crime that according to research, is essential for successful community prevention.

In addition, both, 22 CFR 226.23 Ch. II (4-1-10 Edition)<sup>12</sup>, and OMB A-122<sup>13</sup> provide sufficient argumentation for the validity of these amounts. Furthermore, RTI-VPP has thoroughly documented all of these activities with pictures, participant lists, as well as signatures and reports.

In light of the above, the Mission requests closure of Recommendation 3.

**Recommendation 4.** *We recommend that USAID/Guatemala implement a plan to monitor and verify compliance with leverage requirements in any follow-on project.*

USAID-Guatemala’s follow-on project on violence prevention entitled, Community Strengthening Project (CSP), will not include leverage requirements of any sort.

Therefore, the Mission requests closure of this recommendation.

**Recommendation 5.** *We recommend that USAID/Guatemala instruct RTI in writing to (1) Align the project’s remaining annual and final reports to the corresponding annual and project strategic plans at the activity level, and (2) verify that final reports disaggregate indicator data by gender, ethnicity, and age.*

Following up on this recommendation, on February 21 (see attachment Recommendation 5.1), USAID/Guatemala instructed the implementer in writing to comply with these two directives.

Attachment Recommendation 5.2 is a letter by RTI-VPP informing the Mission specific plans to comply with Numeral 1 of the recommendation. However on Numeral 2, RTI persuasively argues against the need to disaggregate indicators by ethnicity.

<sup>12</sup> Please see, <http://www.gpo.gov/fdsys/pkg/CFR-2010-title22-vol1/pdf/CFR-2010-title22-vol1-sec226-23.pdf>

<sup>13</sup> Please see, Appendix B to Part 230—Selected Items of Cost, in the Donations and Contributions section, numeral b. “Donated services received.”

While the Cooperative Agreement does stipulate that “indicators shall be disaggregated by sex, ethnicity and age,” it also goes on to clarify that this should be done “wherever significant differences exist between these categories” (Page A-6). Furthermore, the project’s Program Description indicates that “the project will reach out to youth of all faiths, and of none, to both girls and boys, all ethnic groups and in areas of greatest violence and crime—generally, the poorest, most vulnerable communities” (Cooperative Agreement Attachment B, Page B-4).

RTI did not consider ethnicity to be relevant for project implementation, and the Mission agrees with this assessment. RTI’s work is in line with the general descriptions as stated on page B-4 of the Cooperative Agreement, working literally with all ethnic groups, with no specific treatment or highlight of one group over another. VPP would report ethnicity if it was of significance as an indicator, but it is not; just as religious faiths are not. Participation to all project activities has been open to all ethnicities and all faiths.

Similarly, the Program Description does not specify age in the target population; therefore, no specific indicator exists. VPP targets children from ages 7 through young adults 24 years old, as the age range for scholarships. When this age range becomes an exception, it is reported. Specific reporting on ethnicity or age would have to serve a specific indicator related to performance and no such indicators were deemed necessary or exist at present.

Furthermore, when the implementer presented USAID/Guatemala its PMP, excluding the need to disaggregate indicators by age and ethnicity, the project’s AOTR at the time approved it. Please see Attachment Recommendation 5.3 to see further argumentation in this regard presented to the Mission by RTI.

The Mission requests that this recommendation be closed.

**Recommendation 6.** *We recommend that USAID/Guatemala implement a plan to collect baseline data for each performance indicator before the project starts for its follow-on project.*

The Mission agrees with the recommendation and will collect baseline data for its follow-on project through both, the Citizen Security and Community Resilience Indicators, as well as an impact evaluation it is commissioning through the DCHA/DRG Learning Team.

The Mission however respectfully submits that comprehensive baseline data was collected for the Violence Prevention Project as well through an outside impact evaluation implemented by Vanderbilt University (see Attachment Recommendation 1). The CARS Impact Evaluation for Guatemala was a comprehensive quantitative and qualitative study of the impact of the Violence Prevention Project through which VPP’s communities were assigned randomly from among a pool of pre-selected communities which were divided into control and treatment groups by Vanderbilt. The study measured the project’s impact on perception of crime victimization, perceptions of insecurity, youth vulnerability to crime and gang activity, gang fights, crime prevention measures, trust in the police, democratic values, interpersonal trust and satisfaction with democracy. At the mid-term point, the VPP intervention was determined to have resulted in fewer acts of violence.

Please see Response to Recommendation 1 of this Memorandum for more references on the results of the impact evaluation of VPP conducted recently by Vanderbilt University.

**Recommendation 7.** *We recommend that USAID/Guatemala instruct RTI in writing to include a comparison of actual expenditures with budget estimates, accompanying analysis, and explanations for any cost overruns or high unit costs in the project's remaining annual and final reports.*

Following up on this recommendation, on February 21 (see attachment Rec 7.1), USAID/Guatemala instructed the implementer in writing to comply with these two directives.

Attachment Recommendation 7.2 is a letter by RTI-VPP informing the Mission specific plans to comply with this recommendation.

**Recommendation 8.** *We recommend that USAID/Guatemala, when drafting the follow on award, include the Mandatory Standard Provision entitled "Trafficking in Persons (October 2010)."*

USAID-Guatemala's follow on award, entitled Community Strengthening Project (CSP), includes the Mandatory Standard provision on "Trafficking in Persons."

The Mission requests this recommendation be closed.

**Recommendation 9.** *We recommend that USAID/Guatemala conduct and document Counter-Trafficking in Persons training with all its implementers, sub implementers, and recipients.*

While the Mission agrees with this recommendation, it should be noted that although the Counter-Trafficking in Persons Field Guide was issued in April 2013, to date, no training modules for implementers have been designed by the Agency.

The C-TIP guide was sent to all implementers on September 23, 2013. Links to three documents were included in the letter sent, these were: 1) Counter-Trafficking in Persons Policy, the Guidance on the Implementation on Agency-Wide Counter-Trafficking in Persons Code of Conduct, and Counter-Trafficking in Persons Field Guide. Once training modules have been designed by the Agency, the Mission will ensure that pertinent training is provided to all implementers.

Since the Mission has already issued the C-TIP guide to all implementers, including RTI, we request closure of this recommendation.

**Recommendation 10.** *We recommend that USAID/Guatemala (1) implement uniform guidance on how to calculate and report scholarship data in the Training Results and Information Network, and (2) verify and document that all data entered into the system by the project is accurate per the Automated Directive System specifications.*

The Mission accepts this recommendation. USAID/Guatemala will provide guidance to its

implementing partners on how to report scholarship data in TraiNet, and we will verify that implementing partners are entering this data in TraiNet accurately.

If necessary, the Mission will re-train implementing partners in the use of this system.

**Recommendation 11.** *We recommend that USAID/Guatemala incorporate into its follow-on activities the requirement for the implementing partner to submit for USAID approval a security plan and budget for security-related personnel and equipment.*

USAID/Guatemala has been in contact with the Office of Security in Washington DC and received some guidance. We have received some contract language from Pakistan as an example that will be looked at by OAA in order to incorporate into the awards, as well as to develop a specific plan of action for the Mission.

USAID/Guatemala requests removing from Recommendation 11 the provision that the implementing partner should submit “for USAID approval a security plan and budget for security-related personnel and equipment.” We respectfully request that instead of approval, USAID could require partners to submit “for review” their security plan and budget. ADS 303sae states that “...every area/region presents its own specific and unique security challenges, so implementing partners must make their own determinations as to how to address such challenges” (Page 2).<sup>14</sup>

Moreover, “approval” of a plan by personnel without the proper training or background would not only fail to meet the “spirit” of the recommendation, it could also transfer more risk to USAID. This is part of the risk that an implementing partner must be aware of and concerned with when operating in Guatemala. USAID/Guatemala must ensure that we support and assist the implementing partner, but must not assume their liabilities, which should already be incorporated into the cost of doing business in this country.

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<sup>14</sup> Please see, <http://www.usaid.gov/sites/default/files/documents/1868/303sae.pdf>

**U.S. Agency for International Development**  
**Office of Inspector General**  
1300 Pennsylvania Avenue, NW  
Washington, DC20523  
Tel: 202-712-1150  
Fax: 202-216-3047  
<http://oig.usaid.gov>