



# OFFICE OF INSPECTOR GENERAL

---

## AUDIT OF USAID/GUATEMALA'S CLIMATE, NATURE, AND COMMUNITIES IN GUATEMALA PROGRAM

AUDIT REPORT NO. 1-520-16-005-P  
APRIL 15, 2016

SAN SALVADOR, EL SALVADOR



*Office of Inspector General*

April 15, 2016

**MEMORANDUM**

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

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

**SUBJECT:** Audit of USAID/Guatemala's Climate, Nature, and Communities in Guatemala Program (Report No. 1-520-16-005-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, excluding attachments, in Appendix II.

This report includes 12 recommendations to help improve USAID/Guatemala's implementation of the Climate, Nature, and Communities in Guatemala Program. After reviewing information provided in response to the draft report, we acknowledge management decisions on all 12 recommendations and final action on Recommendations 3, 5, 7 through 9, and 12. Please provide evidence of final action on the open recommendations to the Audit Performance and Compliance Division.

I want to thank you and your staff for the cooperation and assistance extended to us during this audit.

# CONTENTS

- Summary of Results** ..... 1
- Audit Findings**..... 4
  - Reported Results Were Not Accurate ..... 4
  - Program Did Not Develop Sustainability Plan as Required ..... 6
  - Rainforest Alliance Improperly Counted Sales by Businesses as  
New Private Resources..... 7
- Other Matters**..... 9
  - Rainforest Alliance Incorrectly Included Federal Funds in Cost-Sharing Amount..... 9
  - Rainforest Alliance Reported Inaccurate Training Data ..... 9
  - Participants in Training Outside Guatemala Did Not Undergo Required  
Background Checks ..... 10
- Evaluation of Management Comments** ..... 12
- Appendix I—Scope and Methodology** ..... 14
- Appendix II—Management Comments** ..... 16

# SUMMARY OF RESULTS

USAID launched its 2012-2015 Global Climate Change and Development Strategy to address concerns over controlling greenhouse gas emissions and combat climate change in several countries. In Guatemala, the strategy's main goal is to help mitigate and adapt to the "negative effects of climate change through an integrated approach based on competitive local enterprise, sustainable management of natural resources, and conservation of biodiversity."

To support these efforts, in February 2013 USAID/Guatemala awarded a 5-year, \$25 million cooperative agreement for the Climate, Nature, and Communities in Guatemala Program to Rainforest Alliance; the agreement also required Rainforest Alliance to contribute at least \$3.75 million as its share of the costs for activities. Based in New York, the nonprofit is implementing the agreement as part of a consortium with five other organizations.<sup>1</sup> The program's objectives are to help organizations and small and medium-sized enterprises (SMEs) become more competitive in the marketplace, improve local and national climate-change strategies, and strengthen local nongovernmental organizations so they can conserve the country's environment without U.S. Government assistance.

USAID/Guatemala is implementing the program in the shaded areas shown in the map below of Guatemala's departments. These areas—Alta and Baja Verapaz (orange); the Maya Biosphere Reserve in Petén (green); Sierra de la Minas Biosphere Reserve (yellow); and Western Highlands (gray)—are important because of their high degree of biodiversity.



Source: USAID/Guatemala's environmental project appraisal document, March 25, 2013.

As of February 2015, USAID/Guatemala had obligated \$13.3 million and disbursed \$10.5 million for the program.

The Regional Inspector General in San Salvador conducted this audit to determine whether the program was meeting its main goal of helping Guatemala develop a process to mitigate the negative effects of climate change through an integrated approach.

---

<sup>1</sup> The other members are the Fundacion Defensores de la Naturaleza, Nature Conservancy, Universidad del Valle de Guatemala, World Wildlife Fund, and Guatemalan Exporters Association.

The audit found that the program was making some progress. For example, Rainforest Alliance had granted subawards to 11 local organizations that were gaining valuable experience by assisting with the implementation of various aspects of the program. Furthermore, Rainforest Alliance had provided technical assistance to these organizations to improve their business management skills so they can better conserve Guatemala's environment after USAID's funding ends. The program also supported the Guatemalan Government's plans to implement its low-emissions development strategy and worked with four communities in Western Highlands to develop plans for mitigating climate change by reducing practices that harm the environment.

However, the audit found the following problems:

- The program's reported results were not accurate (page 4). We found errors or discrepancies related to data for 22 of the 43 indicators we tested. The discrepancies involved indicators and targets that did not relate clearly to expected results or did not accurately reflect the targets included in the agreement.
- The program did not develop a sustainability plan as required (page 6). Rainforest Alliance should have prepared a plan at the outset explaining how the organizations and businesses receiving program support would be self-sustaining and carry on program efforts after 5 years; yet, 2 years into implementation, no plan existed.
- Rainforest Alliance improperly counted sales by businesses as new private resources (page 7). Employees incorrectly included 70 percent of the sales generated by SMEs—the same SMEs the program is helping—when they reported that the program attracted \$14.6 million in new private resources.

In other matters related to training, we found that:

- Rainforest Alliance incorrectly included federal funds in the cost-sharing amount reported to the mission (page 9). Specifically, Rainforest Alliance included in its cost-sharing report funds provided by USAID's Office of U.S. Foreign Disaster Assistance for firefighting.
- Rainforest Alliance reported inaccurate training data (page 9). While 6 in-country training sessions that lasted more than 16 hours were reported in TraiNet (USAID's Web-based participant training management database), a spot-check of program training records revealed 13 unreported training sessions.
- Participants in training outside Guatemala did not undergo required background checks (page 10).

To address these concerns, we recommend that USAID/Guatemala:

1. Work with Rainforest Alliance to review and document whether the program's established indicators and targets need to be revised to align with expected results, and modify the performance monitoring plan (PMP) and agreement as needed (page 6).
2. Work with Rainforest Alliance to clearly define, develop, and implement data quality standards as stated in the data quality assessment completed in 2013, which also includes the method of data collection, frequency of data collection, and who is responsible for data collection (page 6).

3. Work with Rainforest Alliance to have its regional staff and consortium members trained on data quality standards for the program's indicators (page 6).
4. Work with Rainforest Alliance to develop a written sustainability plan as defined in the program agreement (page 7).
5. Include a sustainability analysis in the program's midterm evaluation (page 7).
6. Issue clear written guidance to Rainforest Alliance on how to report on new private resources that meet criteria, and revise the previously reported results based on the agreement (page 8).
7. Implement a process to verify and monitor the amounts reported by Rainforest Alliance as new private resources to make sure they are calculated and supported properly (page 8).
8. Work with Rainforest Alliance to establish and implement procedures to monitor, validate, and correctly report cost sharing in progress reports in accordance with USAID and U.S. federal regulations (page 9).
9. Work with Rainforest Alliance to (1) modify the standardized sign-in sheet to accurately report the duration of training sessions held by the program, (2) clarify the difference between training and technical assistance, (3) identify what training should be entered into TraiNet in the future, and (4) retrain regional staff on participant training matters to avoid misreporting (page 10).
10. Update Mission Order 253 to spell out responsibilities and procedures for verifying information that implementers enter into TraiNet to follow the requirements of Automated Directives System (ADS) 253 (page 10).
11. Review and update its training approval process in Mission Order 253 to prevent participants from attending training without undergoing background checks, and distribute the revised process to mission employees and implementers (page 11).
12. Submit to the embassy names of participants who attended the training session "Exchange of Experiences About Payment for Hydric Environmental Services" held in Olanchito, Honduras, to determine whether U.S. Government funds were used in violation of ADS 206.3.9 (page 11).

Detailed findings appear in the following section. Appendix I presents the scope and methodology. Management comments appear in their entirety minus attachments in Appendix II, and our evaluation of them begins on page 12.

# AUDIT FINDINGS

## Reported Results Were Not Accurate

According to ADS 203, “Assessing and Learning,” performance monitoring is the “ongoing and routine collection of performance indicator data to reveal whether desired results are being achieved and whether implementation is on track.” Indicators for performance monitoring should be selected so that data on them “meet the quality standards of validity, integrity, precision, and reliability,” validity meaning that data represent the intended result, and integrity referring to accuracy and consistency.

The program’s PMP elaborates on the requirements. It states that for each indicator, the monitoring and evaluation (M&E) system will describe “the method for data collection and analysis (including baseline), frequency of data collection, [and] who is responsible for data collection.”

Contrary to the guidance, some results were not valid or accurate, and the program’s M&E system did not make clear the method for collecting data or the party responsible. Testing of data on 43 of the program’s 86 indicators<sup>2</sup> revealed 22 data errors or discrepancies. In some cases, the data were inaccurate or lacked sufficient support; in others, indicators and targets did not relate clearly to expected results or did not accurately reflect the targets included in the agreement. Results reported as of September 30, 2014, illustrate these types of problems:

- **Inaccurate data.** Data on two indicators were inaccurate:
  - For the indicator *Hectares of certified organic or sustainably managed products increased*, the result reported was 162,356 hectares<sup>3</sup> of land newly devoted to timber and nontimber products such as cacao, honey, and orchids. However, a review of supporting documentation showed that Rainforest Alliance had counted the same hectares multiple times and therefore overstated the reported results. The M&E manager said USAID allows the same hectares to be counted multiple times if new products are added. However, this method was not clearly stated or explained in the reported results.
  - For the indicator *Hectares reforested or regenerated*, the result was 2,248. However, this number did not include hectares reforested or regenerated by consortium members. The M&E manager said he was not aware of this contribution and did not report it.
- **Insufficient support.** There was insufficient support for two indicators:
  - The result reported for *Community-based organizations and SMEs given technical assistance to improve business skills, help generate sales of timber and nontimber forest products, and identify buyers* was 97, but Rainforest Alliance could not adequately support that number: the documentation that it eventually provided contained

---

<sup>2</sup> Reported results for 28 indicators are not expected to be achieved until the end of the third year. This left 58 indicators with reported results, and we tested 74 percent of those.

<sup>3</sup> Hectares are the metric system measure of land area; this area is slightly more than 400,000 acres.

inaccuracies. For example, some of the organizations and businesses that we knew had received program support were missing from the documentation..

- For the indicator *Hectares covered under and institutions assisted in developing and implementing plans for protecting natural resources from fire*, consortium members reported on the plans developed and implemented but could not provide adequate support for the number of hectares, institutions, and stakeholders covered by or involved in making the plans.
- **Invalid data.** For the indicator *Part-time and permanent jobs generated through new sustainable, productive activities undertaken by program-assisted community-based organizations and SMEs*, the result reported was 30,149. However, the report did not differentiate between permanent and part-time jobs, and included in the figure 23,936 “jobs” that may have lasted no more than a day. Furthermore, since Rainforest Alliance had not recorded jobs at the community-based organizations and SMEs before program assistance, the result did not represent the number of jobs created by the program.
- **Discrepant targets.** The target in the agreement for the indicator *Number of hectares added to the area certified by an independent party as being managed in a way that protects biodiversity* was 300,000.<sup>4</sup> However, the PMP target was only 194,083.
- **Target without an indicator.** One way the program sought to increase *Hectares reforested or regenerated* was through government incentive programs. Yet the PMP did not have an indicator to track and monitor progress on this activity.

According to USAID/Guatemala’s staff, some of these data problems related to the indicators that USAID/Washington requires them to use to monitor progress; they said many are not clear and are open to interpretation. Furthermore, both the mission and Rainforest Alliance have had turnover in the past 2 years: the mission has had four agreement officer’s representatives (AORs), and Rainforest Alliance has had two M&E managers. Hence, neither organization was able to provide consistent management and monitoring of data collection efforts.

In addition, Rainforest Alliance’s role in data gathering was not clear. According to the PMP, Rainforest Alliance is responsible for gathering data from consortium members to use in reporting results. However, the organization did not have a standard method or template for its members to use when reporting on indicators. As a result, consortium members had their own methods of gathering and reporting data.

The primary reason these data quality problems persisted was that USAID/Guatemala and Rainforest Alliance did not verify data, even after concerns were brought to their attention. During the program’s first year, the mission hired a contractor to conduct an initial data quality assessment. The contractor’s January 2014 report stated that there was evidence of confusion and inconsistencies in the way in which Rainforest Alliance, its consortium members, and regional staff understood indicators and measured results. After the assessment, the contractor started working with the organization for most of the year to address the inconsistencies and help standardize processes. However, these efforts were not sufficient to address all identified problems. For their part, mission employees said competing priorities from other programs

---

<sup>4</sup> The project agreement requires Forest Stewardship Council certification to ensure that supplying communities benefit from the way forests are managed.



prevented them from addressing the data quality problems. As a result, at the time of the audit neither USAID/Guatemala nor Rainforest Alliance had addressed the problems highlighted in the assessment.

The lack of effective M&E, combined with ineffective indicators, fluctuating targets, and inaccurate data, reduces the mission's ability to determine whether the program is effective or needs changes. We therefore make the following recommendations.

***Recommendation 1.*** We recommend that USAID/Guatemala work with Rainforest Alliance to review and document whether the program's established indicators and targets need to be revised to align with expected results, and modify the performance management plan and agreement as needed.

***Recommendation 2.*** We recommend that USAID/Guatemala work with Rainforest Alliance to prepare a data quality assessment and clearly define, develop, and implement data quality standards as stated in the data quality assessment completed in 2014 and include in the assessment the method and frequency of data collection, and who is responsible for it.

***Recommendation 3.*** We recommend that USAID/Guatemala work with Rainforest Alliance to have its regional staff and consortium members trained on data quality standards for the program's indicators.

## **Program Did Not Develop Sustainability Plan as Required**

ADS 200.3.1, "Operational Principles," describes the importance of integrating sustainability from the start of activities and the need to collaborate with entities such as the host government. It also states that planning for sustainability "cannot be an afterthought."

In addition, the agreement states that Rainforest Alliance must create a sustainability plan focused on (1) transferring responsibility for the execution of actions, leadership, and funding to national and local partners, (2) helping local partners get additional funds, and (3) creating new consortiums of local partners.

Despite this requirement, after 2 years of operations, Rainforest Alliance had not developed a comprehensive plan outlining how the program will be sustainable after USAID's assistance ends in 2018. Moreover, it had not resolved numerous sustainability challenges—e.g., the issue of poor land management. This problem contributes to deforestation and impedes the program's activities to mitigate greenhouse gas emissions. Guatemalan Government officials said they are concerned that funding and resources will not be available to maintain these activities after the program ends.

Because neither the mission nor Rainforest Alliance made sustainability a priority, neither took effective action to develop and implement the comprehensive sustainability plan described in the agreement. Officials for both agreed that sustainability is important and said they planned to implement recommendations in the program's midterm evaluation, scheduled for later in the year, to maximize sustainability. However, the midterm was expected to evaluate indicators and did not include a sustainability analysis. Furthermore, integrating sustainability should be a priority from the start of the program, not a process that starts at the midpoint.

Without a sustainability plan, the funds used to help the Guatemalan Government and other partners manage the country's natural resources to mitigate the harmful effects of climate change could be wasted. Rainforest Alliance and its consortium members have been working with many of these organizations and enterprises for more than 10 years, and many still need outside assistance to be sustainable and improve their capacity. We therefore make the following recommendations.

**Recommendation 4.** *We recommend that USAID/Guatemala work with Rainforest Alliance to develop a written sustainability plan as defined under the agreement of the program.*

**Recommendation 5.** *We recommend that USAID/Guatemala include a sustainability analysis in the midterm evaluation of the Climate, Nature, and Communities in Guatemala Program.*

## **Rainforest Alliance Improperly Counted Sales by Businesses as New Private Resources**

As part of the agreement, Rainforest Alliance agreed to generate \$17.96 million in leveraged resources, which are defined as “new private resources—whether money, technologies, or expertise—brought by the private sector and other non-traditional USAID partners.” The purpose of obtaining leveraged resources is to “enhance results and increase the reach, efficiency, effectiveness and sustainable impact” of the program.<sup>5</sup>

The agreement also states that leveraged resources could “consist of anything of value that can be measured: financial contributions; third party contributions; donated services or property; and/or intellectual property.” Furthermore, the implementer must be able to demonstrate how it got these resources.<sup>6</sup>

As of December 31, 2014, Rainforest Alliance reported that it had generated \$14.6 million in new private resources. However, we found that the organization based this amount on 70 percent of the assisted SMEs’ total sales. Furthermore, Rainforest Alliance could not prove how it used the sales of these SMEs to enhance the results or increase the reach, efficiency, effectiveness, and sustainable impact of the program.

Rainforest Alliance officials said they misunderstood the definition of leveraged resources, and thought they had approval from the mission to report sales as a leveraged resource. However, they could not give us any proof to support that.

Mission staff agreed that Rainforest Alliance should not have included sales from SMEs that the program is supporting as new private resources. However, since leveraged resources are not USAID funds, reviewing how Rainforest Alliance’s calculated leveraged resources was not a

---

<sup>5</sup> U.S. Agency for International Development, *FY2013 Global Development Alliance (GDA) Annual Program Statement (APS)*.

<sup>6</sup> *Acquisition & Assistance Policy Directive 04-16: Public-Private Alliance Guidelines & Collaboration Agreement*.

priority for the mission, and therefore the staff did not review how it came up with the \$14.6 million.

Without new resources from the private sector and other nontraditional USAID partners, the mission and Rainforest Alliance minimize the program's potential impact. Therefore, we make the following recommendations.

***Recommendation 6.*** *We recommend that USAID/Guatemala (1) issue clear written guidance to Rainforest Alliance on how to report on new private resources that meets criteria, and (2) revise the previously reported results based on the agreement.*

***Recommendation 7.*** *We recommend that USAID/Guatemala develop and implement a process to verify and monitor the amounts reported by Rainforest Alliance as new private resources to make sure it is properly calculated and supported.*

# OTHER MATTERS

## **Rainforest Alliance Incorrectly Included Federal Funds in Cost-Sharing Amount**

The agreement requires Rainforest Alliance to contribute at least \$3.75 million as cost sharing. When reporting on the amount contributed, the organization must comply with the Code of Federal Regulations (22 CFR 226. 23), which states that all contributions, including cash and third-party in-kind, are acceptable as cost sharing as long as they are “not paid by the Federal Government under another agreement.” For agreements like this, ADS 303.2.f holds the AOR responsible for reviewing the recipient’s financial reports to monitor progress toward the required contribution.

Rainforest Alliance reported contributing \$1.79 million as of December 31, 2014. However, that amount included \$26,708 that one of the subawardees—ProPeten<sup>7</sup>—received under a different agreement from USAID’s Office of U.S. Foreign Disaster Assistance for firefighting.

This reporting error occurred because Rainforest Alliance officials did not review ProPeten’s documentation to determine whether the reported cost sharing complied with requirements. The mission did not recognize this error in reporting because it was not required to monitor subawardees; therefore, the program’s AOR relied on Rainforest Alliance to make sure its subawardees complied with the laws.

Including the firefighting funds as part of cost sharing has resulted in overstating the actual cost share amount by \$26,708. Lack of monitoring by the implementer and the mission can lead to reporting inaccurate information and prevent them from complying with the agreement. Therefore, we make the following recommendation.

***Recommendation 8.** We recommend that USAID/Guatemala work with Rainforest Alliance to implement procedures to monitor, validate, and correctly report cost sharing in progress reports in accordance with USAID and U.S. federal regulations.*

## **Rainforest Alliance Reported Inaccurate Training Data**

ADS 253.3.4.5.b states that information on any in-country training that lasts at least 2 days or 16 hours must be entered into TraiNet—USAID’s Web-based participant training management database.

The agreement makes Rainforest Alliance responsible for entering training information into TraiNet quarterly. Furthermore, USAID/Guatemala’s Mission Order 253, “Training for Development/Visa Compliance for Exchange Visitors,” designates the training officer as responsible for making sure the implementer includes all training participants’ data in TraiNet. The training officer also should advise the implementer on all training matters.

---

<sup>7</sup> ProPeten received a subaward to assist with the program’s reforestation, training, and market development activities in certain sectors of Guatemala.

Rainforest Alliance conducted numerous training events but did not enter the relevant data into TraiNet correctly. For example, TraiNet records showed that Rainforest Alliance had completed six in-country training sessions that lasted 16 hours/2 days or more. However, through a spot-check of training records, auditors identified 13 additional training sessions that should have been entered into TraiNet.

Underreporting resulted from several factors:

- The mission's training officer did not make sure all training data entered were complete.
- In many instances, Rainforest Alliance used one sign-in sheet for training sessions that ran for several days, despite the mission's instructions to use a new sheet each day. As a result, the organization did not accurately capture how many participants attended the full training or the number of hours for each session.
- The organization's regional office staff did not collect and report training information to headquarters consistently so it could be compiled accurately for submission to USAID, nor did they maintain documentation for the training, as required. In some cases, staff did not understand the difference between formal training and technical assistance, and therefore categorized some events incorrectly

The data errors persisted because USAID/Guatemala's mission order does not specify who should verify the data. The training officer is required only to "advise" on training matters and make sure Rainforest Alliance enters information into TraiNet quarterly; he or she is not required to verify that the data are complete or accurate.

Inaccurate training data make it difficult for the mission to assess whether training is contributing to the program's goal. Therefore, we make the following recommendations.

***Recommendation 9.*** We recommend that USAID/Guatemala work with Rainforest Alliance to (1) modify the standardized sign-in sheet to accurately report the duration of training sessions held by the program, (2) clearly define the difference between training and technical assistance, (3) identify what training should be entered into USAID's Web-based participant training management system database in the future, and (4) retrain regional staff on participant training matters to avoid misreporting.

***Recommendation 10.*** We recommend that USAID/Guatemala update Mission Order 253 to spell out implementers' responsibilities and procedures for verifying information entered into USAID's Web-based participant training management database to follow the requirements of Automated Directives System 253.

## **Participants in Training Outside Guatemala Did Not Undergo Background Checks**

ADS 206.3.9 states that those seeking to participate in any USAID-sponsored training paid for with USAID funds must first go through an embassy background check, and the AOR is responsible for obtaining results to ensure that no criminals receive training. Furthermore, Mission Order 253 states that a security risk assessment and fraud inquiry (review) must be conducted for all those being considered for training in the United States or a foreign country.

The implementer should complete a name-check request form, and the mission's training officer should start the review at least 12 weeks before the participants leave for training.

Yet for the numerous training sessions held outside Guatemala during the first 2 years of the program, we could not confirm that all participants received clearance ahead of time. For example, in March 2014 Rainforest Alliance conducted training in Honduras for local and national government officials, subawardees, and consortium members, but the AOR did not ask for the review.

The AOR did not obtain the embassy's review because he was new to USAID and may not have been aware of the review process; we could not confirm this because he no longer worked for the Agency. Neither the alternate AOR nor any other USAID/Guatemala staff, including the mission's training officer, received notice of the travel request, and therefore could not be sure that the review took place.

In addition, guidance is inconsistent. ADS and the mission order do not explain who is responsible for the name check. ADS states that the AOR needs to initiate it, but the mission order states that the training officer should.

As a result of new personnel and conflicting guidance, USAID/Guatemala approved the use of U.S. Government funds for a training session without verifying that participants had been screened for criminal activities. Therefore, we make the following recommendations.

***Recommendation 11.*** We recommend that USAID/Guatemala review and update its training approval process in Mission Order 253 to prevent participants from attending training without undergoing background checks, and distribute the revised process to mission personnel and implementers.

***Recommendation 12.*** We recommend that USAID/Guatemala submit to the embassy the names of participants who attended the training session "Exchange of Experiences About Payment for Hydric Environmental Services" held in Olanchito, Honduras, to determine whether U.S. Government funds were used in violation of Automated Directives System 206.3.9.

# EVALUATION OF MANAGEMENT COMMENTS

The mission agreed with 10 of the report's recommendations and agreed to take corrective action on all 12. We acknowledge management decisions on 12 recommendations and final action on Recommendations 3, 5, 7 through 9, and 12. Our evaluation of management comments follows.

**Recommendation 1.** The mission agreed and decided to work with Rainforest Alliance to review indicators, targets, data collection protocols, and other factors for alignment with expected results and for effectiveness and accuracy. It expected to revise the PMP by December 31, 2016. We acknowledge the mission's management decision.

**Recommendation 2.** The mission agreed and decided to conduct a second data quality assessment during the first quarter of fiscal year 2017. The mission also stated that the method, frequency of data collection, and person responsible would be specified in the revised PMP. The mission anticipated completing the second data quality assessment and revising the PMP by December 31, 2016. We acknowledge the mission's management decision.

**Recommendation 3.** The mission neither agreed nor disagreed, but detailed its efforts to work with Rainforest Alliance to conduct training for its regional staff and consortium members on data quality standards for the program's indicators. For example, the mission reported that Rainforest Alliance has regularly scheduled trainings at the end of each fiscal year with regional staff and consortium members to reinforce reporting tools and procedures. The mission provided support showing the implementer had held additional trainings covering topics such as working with indicator databases and drafting indicator reports. Further, the mission stated that data quality standards are reinforced through meetings, teleconferences, and e-mails. On the basis of these actions completed by the mission, we acknowledge the mission's management decision and final action.

**Recommendation 4.** The mission agreed and decided to work with Rainforest Alliance to develop a written sustainability plan. The mission anticipated completing the plan by December 31, 2016. We acknowledge the mission's management decision.

**Recommendation 5.** The mission agreed that sustainability is a critical component of activity planning and implementation. To address the recommendation the mission asked the contractor conducting the current midterm evaluation to include a separate paragraph addressing sustainability. The contractor agreed to do so. On the basis of these actions and documentation provided by the mission, we acknowledge the mission's management decision and final action.

**Recommendation 6.** The mission agreed and decided to provide written guidance to Rainforest Alliance on how to report leveraged resources properly. The mission stated it would also determine, by December 31, 2016, whether the previously reported results should be revised. We acknowledge the mission's management decision.

**Recommendation 7.** The mission agreed and decided to implement a process for verifying and monitoring the amounts reported by Rainforest Alliance as private resources. The mission

provided documentation supporting the steps it took to strengthen the reporting and tracking of private resources raised by the Rainforest Alliance. We acknowledge the mission's management decision and final action.

**Recommendation 8.** The mission agreed and described what Rainforest Alliance did at its direction to implement procedures to monitor, validate, and correctly report cost sharing. The mission provided documentation showing that Rainforest trained its subawardees on cost sharing and noted that the AOR had confirmed Rainforest Alliance's compliance with reporting standards by reviewing its financial reports. . On the basis of these actions completed by the mission, we acknowledge the mission's management decision and final action.

**Recommendation 9.** The mission agreed and implemented this recommendation. It worked with Rainforest Alliance by (1) modifying its sign-in sheet to report the duration of training sessions accurately, (2) communicating to its partner the difference between training and technical assistance, and (3) identifying what training should be entered into USAID's Web-based system. In addition, the mission training officer trained Rainforest Alliance and partners on conducting and reporting on training. On the basis of the completed actions and documentation provided by the mission, we acknowledge the mission's management decision and final action.

**Recommendation 10.** The mission agreed and decided to update Mission Order 253 to include responsibilities and procedures for verifying information entered into USAID's Web-based participant training management database. The mission expected to update Mission Order 253 by December 31, 2016. We acknowledge the mission's management decision.

**Recommendation 11.** The mission agreed and decided to amend Mission Order 253 to update its training approval process to prevent participants from attending training without undergoing the embassy review process. The mission expected to update and reissue Mission Order 253 to mission personnel and implementers by December 31, 2016. We acknowledge the mission's management decision.

**Recommendation 12.** The mission agreed and decided to submit to the embassy the names of participants who attended the training session "Exchange of Experiences About Payment for Hydric Environmental Services" held in Olanchito, Honduras. It submitted them on May 29, 2015. The mission noted that the embassy completed the name check and cleared all names of any criminal activity. Based on these completed actions and documentation provided by the mission, we acknowledge the mission's management decision and final action.



# SCOPE AND METHODOLOGY

## Scope

The Regional Inspector General in San Salvador conducted this audit in accordance with generally accepted government auditing standards. They 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 program was achieving its main goal of helping Guatemala develop a process to mitigate the negative effects of climate change through an integrated approach.

To implement the program, USAID/Guatemala signed a \$25 million cooperative agreement with Rainforest Alliance on February 8, 2013, that ends on February 7, 2018. As of February 2015, cumulative obligations and disbursements totaled \$13.3 million and \$10.5 million, respectively. The disbursed amount represents the amount tested during this performance audit.

The audit covered program activities from inception through December 31, 2014, and 14 grant activities worth approximately \$4.5 million. Auditors conducted fieldwork from February 9 through May 20, 2015, in Guatemala City, Maya Biosphere Reserve, Sierra de las Minas Biosphere Reserve, and Western Highlands.

As part of the audit, the audit team assessed the significant internal controls the mission used to monitor the program. The audit team determined whether the mission (1) conducted and documented site visits to evaluate progress and monitor quality, (2) reviewed and approved required deliverables, (3) reviewed and tested indicator targets and results, and (4) performed data quality assessments and portfolio reviews.

## Methodology

To answer the audit objective, we evaluated the mission's management and oversight of the program, the performance of Rainforest Alliance and consortium members, as well as the effectiveness and sustainability of the activities. We met with various USAID/Guatemala officials, including the AOR. We held numerous meetings with Rainforest Alliance and consortium staff, including the chief of party, M&E personnel, and financial employees; subcontractors; and subawardees. We visited three of the four geographical areas where the program took place: Maya Biosphere Reserve, Sierra de las Minas Biosphere Reserve, and Western Highlands. There we met with consortium members, community-based organizations, regional staff, and SMEs.

To answer the audit objective, we relied on computer-processed data in quarterly and annual progress reports prepared by the implementing partners. We assessed the reliability of the data by judgmentally selecting accomplishments in these reports and determining whether there was sufficient documentation supporting them. In addition to tracing the selected results to supporting documentation, we conducted interviews and site visits to gather support to answer the audit objective. These tests and interviews led us to conclude the data are sufficiently

reliable to be used in answering the audit objective; however, we noted some reported results were not reliable, as discussed on page 5.

To gain an understanding of the program, the audit team reviewed the mission's cooperative agreement with Rainforest Alliance, its modifications, and the PMP. During fieldwork, we verified reported progress and compared it with actual achievements. We reviewed program work plans, progress reports, environmental documents, and training records, as well as the branding and marking plan.

The audit team met with 8 of the 11 subawardees and 4 of the 5 consortium members. We used a judgmental sample rather than a statistical sample for site visits. The sample selection was based on an analysis of factors such as travel time to, grant amount, and expected results from selected sites. The final itinerary was refined through discussions with USAID/Guatemala and Rainforest Alliance. During site visits, we validated the use of funds and the existence of sites and activities; verified controls over commodities; and documented aspects of monitoring, reporting, and compliance with environmental requirements.

# MANAGEMENT COMMENTS



## MEMORANDUM

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

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

**SUBJECT:** Response to Audit of USAID/Guatemala's Climate, Nature and Communities in Guatemala (CNCG) Program

**DATE:** February 29, 2016

On October 23, 2014, USAID/Guatemala received an audit notification from the Regional Inspector General (RIG) in San Salvador to conduct a performance evaluation of USAID/Guatemala's Climate, Nature and Communities in Guatemala (CNCG) Program.

The audit notification mentioned that the objective of the audit was to determine if the program is "achieving its goal of assisting Guatemala in the development of a process to mitigate the negative effects of climate change through an integrated approach."

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

**Recommendation 1.** *We recommend that USAID/Guatemala work with Rainforest Alliance to review and document if the program's established indicators and targets need to be revised to align with expected results, and modify the Performance Management Plan and award as needed.*

The Mission agrees with this recommendation and is finalizing an in-depth review of CNCG's Performance Management Plan (PMP).

Over the past several months, the Mission has worked with Rainforest Alliance to review indicators, targets, data collection protocols, and other factors. Once finalized, the revised PMP will clearly define how Rainforest Alliance is applying indicators, data sources and collection protocols, calculation methods where appropriate, and specific regions to which indicators apply. Further, indicators and targets will be analyzed for effectiveness and accuracy, within the confines of those indicators required by Washington.

The Mission agrees with **Recommendation 1** and the expected completion date is December 31, 2016.

**Recommendation 2.** *We recommend that USAID/Guatemala work with Rainforest Alliance to prepare a data quality assessment and clearly define, develop, and implement data quality standards as stated in the data quality assessment completed in 2014 and include in the assessment the method and frequency of data collection, and who is responsible for it.*

The Mission agrees with this recommendation and already has plans to conduct a second data quality assessment (DQA).

As noted in ADS Chapter 203.3.11.2, the Government Performance and Results Modernization Act (GPRAMA) requires that a data quality assessment must occur for indicators, which are reported externally, at some time within the three years before submission. CNCG's initial DQA was completed in 2014, and there are plans to begin the second DQA during the first quarter of Fiscal Year 2017. Please note that information on the method and frequency of data collection, and who is responsible for it is being incorporated into the revised Performance Management Plan (PMP). As stated above, the revised PMP will clearly define how Rainforest Alliance is applying indicators, data sources and collection protocols, calculation methods where appropriate, and specific regions to which indicators apply.

It is also important to clarify the summary and recommendations from the 2014 DQA. The summary noted that, "in general, the DQA for the CNCG indicators identified systematic processes and appropriate checks and balances to generate information that adequately meets the five data quality standards." The summary continued stating "the weak point in this system appears to be an uncertainty about particular procedures at the point of origin, among the field technical personnel," and recommended the creation of a "specific manual on data collection and reporting for these individuals that is written in a language and form that matches the specific conditions in which they are operating," and that "technical assistance be made available to the CNCG project to resolve quality issues identified for individual indicators." The audit recommendation implies that there are no data quality standards in place, and this is not the case. To resolve concerns regarding procedures at the point of origin Rainforest Alliance has created and disseminated among partners several tools and trainings to facilitate accurate and consistent reporting. Rainforest Alliance also provides regular reinforcement and technical assistance to regional staff and consortium members through meetings, teleconferences, emails, and other formats.

The Mission agrees with **Recommendation 2** and the expected completion date is December 31, 2016.

**Recommendation 3.** *We recommend that USAID/Guatemala work with Rainforest Alliance to have its regional staff and consortium members trained on data quality standards for the program's indicators.*

Rainforest Alliance has regularly scheduled trainings with regional staff and consortium members before the end of each fiscal year (to date, these meetings were in July 2014 and June

2015), and an additional training was held for each regional office in December 2015 to reinforce reporting tools and procedures. The topics of the December 2015 training included a review of reporting tools and templates, indicator databases, managing information and drafting indicator reports (See Attachment 01 - Recommendation 3 - Sharepoint Training for a copy of the agenda and materials from one of the regional trainings).

In addition to trainings described above, additional trainings were held to reinforce use of Rainforest Alliance's indicator database, Sharepoint, and other topics as needed (see Attachment 02 - Recommendation 3 - M&E Training for materials related to the Sharepoint training). Beyond trainings, data quality standards are consistently reinforced with regional staff and consortium members through meetings, teleconferences, emails, and other formats. Therefore, it is unnecessary to convene training in addition to regularly scheduled interventions.

Based on completion of the recommendation as detailed above, the Mission requests **Recommendation 3** be closed.

**Recommendation 4.** *We recommend that USAID/Guatemala work with Rainforest Alliance to develop a written sustainability plan as defined under the agreement of the program.*

The Mission agrees with this recommendation and is in discussions with Rainforest Alliance to ensure the long-term sustainability of program interventions. Components of the sustainability plan will likely include the development of consortia among local non-governmental organizations (NGOs) participating under Objective 4 and continued participation of these NGOs throughout CNCG activities.

Through CNCG Objective 4, Rainforest Alliance is providing individualized capacity-building to each of the local organizations participating in the program. This objective is dedicated to strengthening local NGOs so that they may contribute to Guatemala's national environmental management goals. CNCG's support is targeted to overcome the challenges these NGOs face to achieving long-term sustainability, including weak strategic planning, inconsistent or incomplete operational manuals and policies, and limited capacities in financial and administrative management. At the outset of the program, each organization received an institutional diagnosis of their capacity along six functional lines: strategic management, governance, financial sustainability, human resource management, external relations, and the quality of products and services. Based on this assessment, individualized strengthening plans were developed for each organization, and subsequent support has targeted deficiencies. Further, participating NGOs have received hands-on practice through direct involvement in CNCG activities. This support is developing a strong corps of local NGOs that will sustain program achievements long after CNCG has ended.

Further, CNCG's support in developing market linkages for sustainably produced timber and non-timber forest products should not be understated. Developing ties to high value markets in the United States and Europe is a proven method for increasing community incomes and maintaining natural resource management gains. CNCG's support to the institutionalization of key national and local policies will help solidify project achievements, and increase Government of Guatemala ownership over these achievements.

In summary, many components of sustainability are already present throughout project activities. The Mission will work closely with Rainforest Alliance over the next several months to develop a written sustainability plan that cohesively links and outlines core elements of sustainability.

The Mission agrees with **Recommendation 4** and the expected completion date is December 31, 2016.

**Recommendation 5.** *We recommend that USAID/Guatemala include a sustainability analysis in the midterm evaluation of the Climate, Nature and Communities in Guatemala program.*

While the Mission agrees that sustainability is a critical component of activity planning and implementation, the Mission is unable to include a separate sustainability analysis within CNCG's midterm evaluation as the evaluation is substantially complete.

CNCG's performance evaluation has a defined, three-phase structure that seeks to: 1) help assess the implementing partner's performance in terms of achieving results and outcomes; 2) make recommendations to USAID/Guatemala for mid-course corrections and/or future designs; and 3) evaluate CNCG's success in contributing to USAID/Guatemala's Country Development Cooperation Strategy (CDCS) Development Objective 3: Management of Natural Resources to Mitigate Impacts of Global Climate Change. A baseline evaluation was conducted in 2013, and the midterm and final evaluations will compare changes from baseline data to high-level results and outcomes. The mid-term evaluation is underway now. The baseline, midterm, and final evaluations will evaluate the same questions using the same protocols to measure pre-and-post project scenarios. Specific questions include:

- To what extent did USAID-supported interventions (income generation, institutional and environmental governance strengthening) contribute to ensure sustainability of biologically significant areas in Guatemala?
- To what extent did USAID's support for sustainable forestry management effectively maintain and/or improve forest cover?
- To what extent did USAID's adaptation intervention increase the capacity of communities (institutions, municipalities) to respond to climate change impacts and reduce overall vulnerability to climate change? In what aspects has behavior related with adaptation changed in targeted communities?
- To what extent were local targeted NGOs strengthened by USAID interventions in order to be able to directly receive funds from USAID or other donors?
- To what extent did gender integration in project design and implementation result in improved project outcomes and/or gender equity in targeted communities?

By nature, these questions assess the sustainability of CNCG program interventions (income generation as well as institutional and environmental governance strengthening) through their impact on biologically significant areas, forest cover, capacity to respond to climate change impacts, and other factors. The performance evaluation is gathering a wealth of data on social,

economic, and environmental indicators that will inform future interventions. Since planned questions intrinsically address sustainability, we can request that the contractor include a separate paragraph addressing sustainability based on the information gathered.

Further, the Mission disagrees with the Audit's example that "Rainforest Alliance has not addressed the issue of poor land management, which contributes to deforestation and impedes the program's efforts to mitigate greenhouse gas emissions." Although this broad statement does not reference a specific region, CNCG addresses different categories of land management throughout the various regions in which it operates. For example, USAID's investment in the community forest concessions within the Maya Biosphere Reserve has resulted in consistently low deforestation rates.<sup>8</sup> Evaluations have found that the model Rainforest Alliance employs for sustainable forest management certification and development and sale of timber and non-timber forest products has been effective in the conservation of forests, while providing communities with long-term opportunities for income/employment generation.<sup>9</sup>

Environmental projects, by nature, require a long-term approach to achieve high-level, lasting results. The most important impacts of conservation projects usually occur some time after the immediate intervention, thus ongoing support is crucial to measure and solidify gains. The significant gains achieved by Rainforest Alliance's, and more broadly USAID's, ongoing investments could not be brought about rapidly or without continued attention. Consistent support has allowed for sustained benefits and the incorporation of lessons learned.

Based on the above explanation, the Mission requests **Recommendation 5** be closed.

**Recommendation 6.** *We recommend that USAID/Guatemala (1) issue clear written guidance to Rainforest Alliance on how to report on new private resources that meets criteria, and (2) revise previously reported results based on this agreement.*

The Mission agrees with this recommendation and has taken extensive action to address it.

On July 7, 2015, the Mission's Contracting and Agreement Officer sent official communication to Rainforest Alliance (see Attachment 03 - Recommendation 6 - Leverage Letter sent to Rainforest Alliance), providing guidance on what can or cannot be considered leverage, the form in which leverage can take, sample leverage scenarios, and a link to official USAID leverage guidance (Acquisition and Assistance Policy Directive 04-16). Further, the Contracting and Agreement Officer determined that Rainforest Alliance shall not include "working capital" and "sales" from SMEs as leverage, as they are not truly new, non-public resources, but rather a result of business operations. Finally, a Leverage Report Template was attached as a tool to help track leverage contributions (see Attachment 04 - Recommendation 6 - Leverage Template sent to Rainforest Alliance). As of the date of the official letter, Rainforest Alliance has not reported 70 percent of SMEs' total sales as leverage. Amounts reported by Rainforest Alliance as new

<sup>8</sup> Hodgdon, B., Hughell, D., Ramos, V.H., & McNab, R.B. (2015). Deforestation Trends in the Maya Biosphere Reserve, Guatemala: 2000-2013. Retrieved from

<sup>9</sup> USAID/Guatemala Final Performance Evaluation for Four Economic Growth Office Projects: Final Report. (October 25, 2012).

private resources are reviewed by the Agreement Officer's Representative (AOR) through regular reporting channels. Discussions between the Mission's Contracting and Agreement Officer and Rainforest Alliance are ongoing as to whether the leverage determination is retroactive.

The Mission agrees with **Recommendation 6** and the expected completion date is December 31, 2016.

**Recommendation 7.** *We recommend that USAID/Guatemala develop and implement a process to verify and monitor the amounts reported by Rainforest Alliance as new private resources to make sure it is properly calculated and supported.*

The Mission has already addressed this recommendation, as described in the response to Recommendation 6 above. The Mission has already issued clear guidance on how to report on private sector resources, what can or cannot be considered private sector resources, the form in which leverage can take, sample leverage scenarios, and a link to official USAID leverage guidance (Acquisition and Assistance Policy Directive 04-16). Amounts reported by Rainforest Alliance as new private resources are reviewed by the Agreement Officer's Representative (AOR) through regular reporting channels. Once a decision is made regarding whether leverage is retroactive, previously reported results will be corrected as necessary.

Based on the above explanation, the Mission requests **Recommendation 7** be closed.

**Recommendation 8.** *We recommend that USAID/Guatemala work with Rainforest Alliance to implement procedures to monitor, validate, and correctly report cost-sharing in progress reports in accordance with USAID and U.S. federal regulations.*

The Mission agrees with this recommendation and has taken proactive action to address it.

Rainforest Alliance took immediate action to address misreported cost-share with subawardee ProPetén. On March 2, 2015, Rainforest Alliance wrote ProPetén, noting that \$26,707.97 had been misreported as cost-share, because funds originated from a different agreement with USAID's Office of U.S. Foreign Disaster Assistance (OFDA). The communication also directed ProPetén to its subaward with Rainforest Alliance, where cost-share is defined as funds that do not originate from the United States Government. Finally, in this same communication Rainforest Alliance directed ProPetén to remove this cost-share from its next financial report and to always include the full name of the funding source, to facilitate review and compliance (see Attachment 05 - Recommendation 8 - ProPetén Email for a copy of this email communication). **This communication was shared with the auditors on March 3, 2015.** To substantiate this process, ProPetén's March 2015 cost-share report shows a reversal of the \$26,707.97 from OFDA/LAC, and in ProPetén's December 2015 cumulative cost-share report OFDA/LAC has been removed as a funding source (see Attachment 06 - Recommendation 8 - ProPetén Report for a copy of both reports). The AOR has confirmed this case and broader compliance with cost-share compliance through review of Rainforest Alliance's financial reports.

Further, in subsequent trainings on USAID rules and regulations, Rainforest Alliance has



included a dedicated section on cost-share. Specific topics in this session include requirements and examples of cost-share, and whether or not it is auditable. (see Attachment 07 - Recommendation 8 - Cost-share Slide for a copy of the cost-share slide). Therefore, procedures are in place to verify and monitor amounts reported by Rainforest Alliance (and by extension, subawardees) as new private resources.

Based on the comprehensive actions detailed above, the Mission requests **Recommendation 8** be closed.

**Recommendation 9.** *We recommend that USAID/Guatemala work with Rainforest Alliance to (1) modify the standardized sign-in sheet to accurately report the duration of training sessions held by the program, (2) clearly define the difference between training and technical assistance, (3) identify what training should be entered into USAID's Web-based participant training management system database in the future, and (4) retrain regional staff on participant training matters to avoid misreporting.*

The Mission agrees with this recommendation and has already taken extensive action to address issues outlined.

In March 2015, Rainforest Alliance modified its sign-in sheet to accurately report the duration of training sessions held by the program (see Attachment 08 - Recommendation 9 - Sign-in Sheet for a copy of the sign-in sheet). The revised sign-in sheet includes the number of hours and a new sign-in sheet is used for each day of a multi-day training. This ensures that the program accurately captures how many participants attend the full training and the number of hours of each session. The revised sign-in sheet was distributed to partners along with instructions for use in March 2015.

In March 2015, Rainforest Alliance also circulated a communication among partners clearly detailing the difference between training, technical assistance, meetings, and exchanges (see Attachment 09 - Recommendation 9 - Email for a copy of the email). This was complemented by in-person meetings, teleconferences and training sessions to ensure comprehension of terminology, requirements, and uptake among partners.

On June 11, 2015, the Mission Training Officer held a virtual training for Rainforest Alliance and partners on critical topics related to training. Specific topics included:

- Definition of training;
- Description of TraiNet;
- Step-by-step process for entering information related to in-country events;
- Step-by-step process for entering information related to international events (including requesting a name check);
- Distribution of namecheck request, information for processing international trainees, and in-country attendance forms.

This training was followed by an email to partners with the following attachments: 1) the template detailing information for processing U.S.-based and third country trainees; 2) the

namecheck template in excel format, detailing data required for processing (surname, given name, date of birth, place of birth, nationality, gender and national identification); and 3) Spanish-language definitions for trainings and TraiNet, and step-by-step instructions for local and international trainings (see Attachment 10 - Recommendation 9 - TraiNet Training Invite for a copy of the virtual training invite, Attachment 11 - Recommendation 9 - TraiNet Attendees for a sign-in sheet for virtual training participants, Attachment 12 - Recommendation 9 - TraiNet Training Follow-up for the follow-up email, and Attachment 13 - Recommendation 9 - Follow-up Attachments and Attachment 14 - Recommendation 9 - Follow-up Attachments 2 for the attachments).

Based on the thorough actions detailed above, the Mission requests **Recommendation 9** be closed.

**Recommendation 10.** *We recommend that USAID/Guatemala update Mission Order 253 to include specific responsibilities and procedures for conducting the verification of information entered into USAID's Web-based participant training management system database by implementers to follow the requirements of Automated Directives System 253.*

The Mission agrees with this recommendation and is amending Mission Order 253 to more clearly define specific responsibilities and procedures for verifying that data entered into TraiNet is complete, accurate, and representative of all training sessions.

Mission Order 253 is in the process of revision, and once approved will be distributed to all Mission personnel and implementers.

The Mission agrees with **Recommendation 10** and the expected completion date is December 31, 2016.

**Recommendation 11.** *We recommend that USAID/Guatemala review and update its training approval process in Mission Order 253 to prevent participants from attending training without undergoing the embassy review process, and distribute the revised process to mission personnel and implementers.*

The Mission agrees with this recommendation and is amending Mission Order 253 to emphasize the requirements related to U.S.-based and third country trainings. The revised Mission Order will highlight specific data, forms, and lead-time required to undergo the embassy security risk and fraud inquiry, among other topics. Although Mission Order 253 currently contains this language, the amended version will emphasize the requirement for training participants to successfully undergo the embassy review process prior to attending U.S.-based or third country trainings. It will also highlight A/CORs role in the process. Proposed participants who do not successfully complete this process will not be allowed to participate in U.S.-based or third-country trainings.

Mission Order 253 is in the process of revision, and once approved will be distributed to Mission personnel and implementers.

The Mission agrees with **Recommendation 11** and the expected completion date is December 31, 2016.

**Recommendation 12.** *We recommend that USAID/Guatemala submit to the embassy the names of participants who attended the training session “Exchange of Experiences About Payment for Hydric Environmental Services” held in Olanchito, Honduras, for the embassy review process to determine whether U.S. Government funds were used in violation of Automated Directives System 206.3.9.*

The Mission agrees with this recommendation, and has since submitted to the embassy for review the names of the participants who attended the training session “Exchange of Experiences About Payment for Hydric Environmental Services” held in Olanchito, Honduras. The name check for participants who attended the Honduras training was completed on May 29, 2015, and all names were cleared of any criminal activity (see Attachment 15 - Recommendation 12 – Name Check for substantiating documentation).

Based on the steps outlined above, the Mission requests **Recommendation 12** be closed.

**U.S. Agency for International Development  
Office of Inspector General**

1300 Pennsylvania Avenue, NW  
Washington, DC 20523

Tel: 202-712-1150

Fax: 202-216-3047

<http://oig.usaid.gov>

Audit Task No. 11101215