



USAID
FROM THE AMERICAN PEOPLE

OFFICE OF INSPECTOR GENERAL

**AUDIT OF
USAID/NICARAGUA'S
EDUCATION ACTIVITIES**

AUDIT REPORT NO. 1-524-09-002-P
NOVEMBER 19, 2008

SAN SALVADOR, EL SALVADOR



USAID
FROM THE AMERICAN PEOPLE
Office of Inspector General

November 19, 2008

MEMORANDUM

TO: USAID/Nicaragua Mission Director, Alexander Dickie IV

FROM: Regional Inspector General/San Salvador, Timothy E. Cox /s/

SUBJECT: Audit of USAID/Nicaragua's Education Activities (Audit Report No. 1-524-09-002)

This memorandum transmits our final report on the subject audit. In finalizing the report, we carefully considered USAID/Nicaragua's comments on the draft report and we have included the mission's comments in appendix II.

The report includes six recommendations for mission action. Management decisions for the recommendations can be recorded when USAID/Nicaragua and we have agreed on a plan of action with target dates for implementing each recommendation.

We appreciate the assistance of your staff during the audit, and we hope that this report will help the mission manage its education program.

CONTENTS

Summary of Results	1
Background	3
Audit Objectives.....	7
Audit Findings	8
Did USAID/Nicaragua’s education activities achieve planned results? ...	8
A Strategy for Evaluating the Effectiveness of the Active Learning Model and New Curriculum is Needed.....	11
Opportunities Exist to Widen the Reform Agenda at the Ministry of Education.....	13
Excelencia Schools Lack Sufficient Materials to Effectively Implement the Active Teaching and Learning Methodology.....	14
The Alliances Project Should Focus on Significant, Sustainable Results... ..	16
Did USAID/Nicaragua’s reporting on its education activities provide stakeholders with complete and accurate information on the progress of the activities and results achieved?	18
Performance Management Plan Should Be Updated....	18
Data Reporting Needs to Be Strengthened.....	20
Appendix I – Scope and Methodology	23
Appendix II – Management Comments	25

SUMMARY OF RESULTS

Despite recent gains in such educational indicators as student enrollment and completion rates, Nicaragua's primary education system still faces serious challenges with respect to access and quality of education. Net primary enrollment rates are near 90 percent but many public primary schools lack the means to provide students with the basic cognitive skills they need to succeed. USAID has provided sustained assistance for basic education in Nicaragua since the early 1990s and now assists about 27 percent of all public primary schools in Nicaragua (pages 3-7).

As part of its FY 2008 annual plan, the Regional Inspector General/San Salvador (RIG/San Salvador) conducted an audit of USAID/Nicaragua's basic education activities designed to answer the following questions (page 7):

- Did USAID/Nicaragua's education activities achieve planned results?
- Did USAID/Nicaragua's reporting on its education activities provide stakeholders with complete and accurate information on the progress of the activities and the results achieved?

With respect to the first question, it was difficult to determine whether USAID/Nicaragua's education activities achieved planned results. Performance targets were not established for 7 of the 16 indicators in its performance management plan (PMP), and actual results were not obtained or reported on for 9 of the 16 indicators. Yet, for indicators for which information was available and USAID-financed activities significantly influenced the reported results, performance targets were generally met. USAID/Nicaragua's basic education activities have achieved substantial scale and the Minister of Education recently announced that a USAID-supported active teaching and learning model and a USAID-financed primary curriculum will be implemented nationwide over the next 3 years (page 8).

Some opportunities exist for strengthening the program's results and impact. Specifically, a strategy is needed to evaluate the impact of the active teaching and learning model and the primary curriculum (page 11), the reform agenda within the Ministry of Education needs to be expanded (page 13), schools lack sufficient materials to implement the active teaching and learning model (page 14), and some private sector alliances may not lead to significant, sustainable results (page 16).

With respect to the second question, USAID/Nicaragua's reporting on the program was balanced but not always accurate (page 18). USAID/Nicaragua needs to update its PMP (page 18) and needs to develop and implement a system to reasonably ensure the accuracy of reported results (page 20).

The report recommends that USAID/Nicaragua:

- Develop a plan for testing the impact of the active teaching and learning model and the new curriculum (page 12)

- Develop a strategy to build on current successes and widen reform efforts in the Ministry of Education (page 14)
- Reach an agreement with the Ministry of Education and its partners to provide (a) sufficient materials to implement the active teaching and learning model and (b) instructions to mentor schools for distributing the materials (page 15)
- Update its PMP to include performance targets and actual results for current performance indicators and delete performance indicators that are no longer considered relevant (page 19)
- Include reporting on its PMP indicators in the next operating plan results report (page 19)
- Develop and implement a system to reasonably ensure that reported information is accurate (page 22)

In commenting on the draft report, USAID/Nicaragua took issue with what it interpreted as a mixed message on whether the program achieved planned results. It disagreed with most of the report recommendations, and it also drew attention to confusion within USAID over how PMPs relate to the new planning, budgeting, and reporting system centered around operational plans.

RIG/San Salvador does not agree that the report presents a mixed message on whether the program achieved planned results. The report says that, where information was available and where USAID-financed activities significantly influenced results, planned results generally were met. For higher level results, the relationship between USAID-financed activities and reported results was less direct. Still, the report concludes that the program is positioned to achieve potentially transformational results through nationwide implementation of a USAID-developed active teaching and learning methodology and a USAID-developed primary curriculum. It appears that many of USAID/Nicaragua's disagreements with the draft report recommendations are due to misunderstandings over what is being recommended or the periods to which the recommendations apply. In this final report, RIG/San Salvador has tried to provide clearer explanations of the recommendations where needed. Also, RIG/San Salvador deleted one recommendation that appeared in the draft report because information provided by the mission indicates that it is no longer applicable.

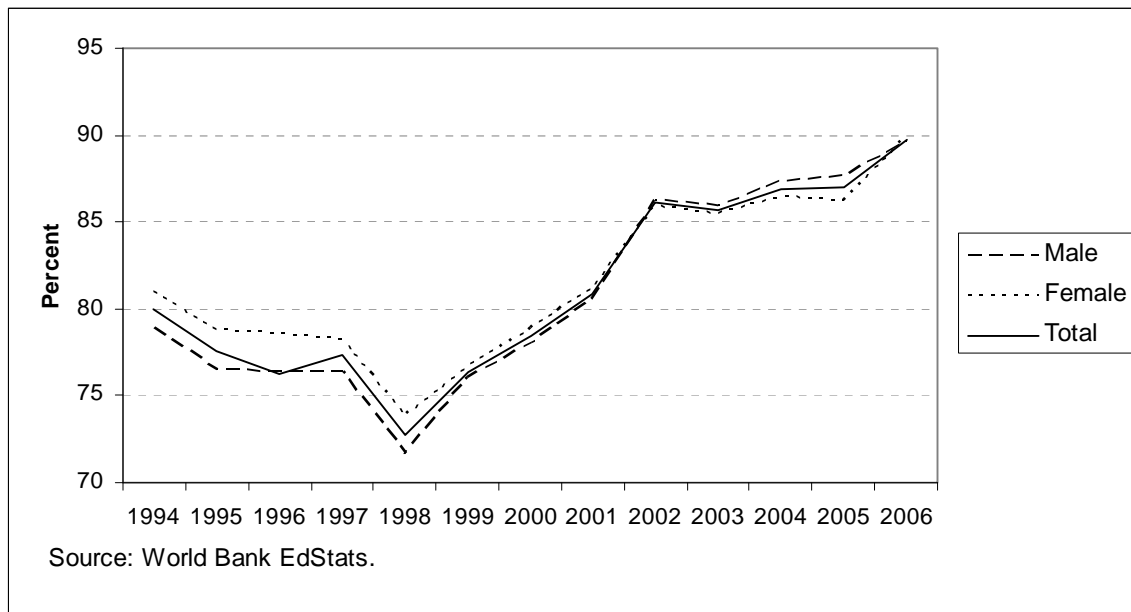
A more detailed evaluation of USAID/Nicaragua's comments on the draft report is presented after each finding in the report, and the comments themselves are reproduced in appendix II.

BACKGROUND

Nicaragua, the second-poorest country in the Western Hemisphere, must build human capital to improve its long-term prospects for human development and economic growth. However, despite positive trends in student enrollment and completion rates, Nicaragua's primary education system continues to face serious challenges with respect to access and quality.

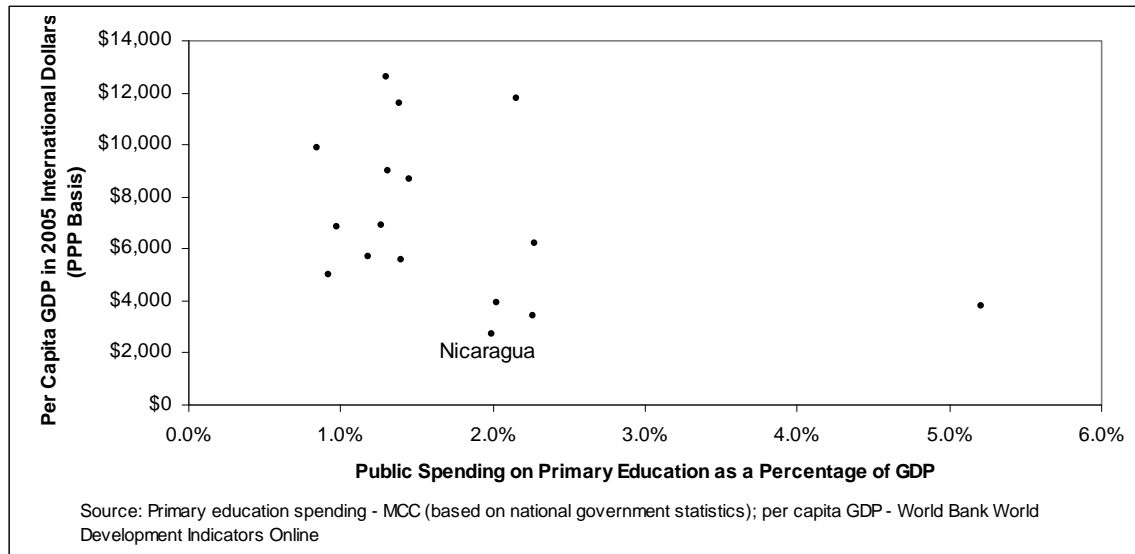
In Nicaragua, primary education is compulsory and by law is targeted to children aged 6 to 12. In 2007, the Ministry of Education reported an enrollment of 952,964 students in the country's 8,580 primary schools. As shown in figure 1, net primary enrollment, or the percentage of children of official primary school age actually enrolled in primary school, has increased significantly since 1998. By 2006, nearly 90 percent of students aged 6 to 12 were enrolled in primary school.

Figure 1. Nicaragua: Net Primary Enrollment, 1994–2006



The elimination of all public school fees in 2007 by Nicaragua's current administration removed a barrier to enrollment but also eliminated a source of resources, leaving the Ministry of Education with the full responsibility for funding the public education system. While not particularly low in comparison to other Latin American countries (figure 2), Nicaragua's spending on primary education as a percentage of gross domestic product (GDP) is below the median for low-income countries. (Public spending on primary education as a percentage of GDP is the only indicator in the Millennium Challenge Corporation's "investing in people" category that Nicaragua does not meet.) There are also indications that resources are allocated suboptimally within the education sector: According to Nicaraguan law, 6 percent of the national budget must be spent on university education. As a result, spending per university student is nearly eight times spending per primary student.

Figure 2. Public Spending on Primary Education as a Percentage of GDP for 18 Latin American and Caribbean Countries, 2005

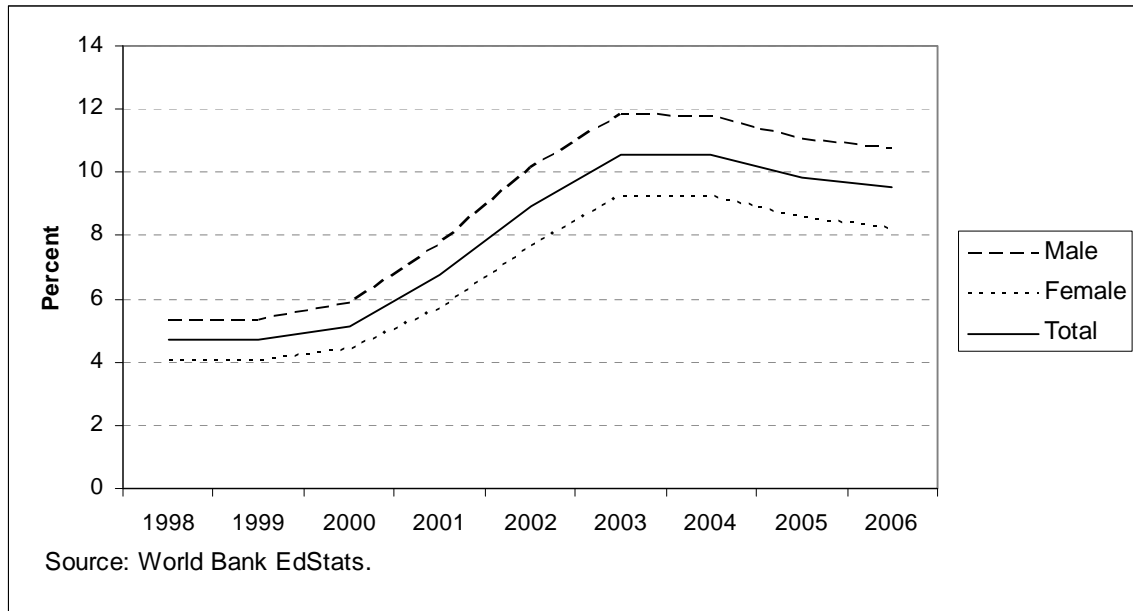


While Nicaragua’s public spending on primary education as a percentage of GDP is on par with other Latin American countries, many public schools struggle to provide their students and teachers with materials, supplies, and even physical infrastructure. Public school teacher salaries are among the lowest in Central America and are insufficient to cover the basic goods and services in the “family basket” defined by the Government of Nicaragua.

Although students enroll in primary school at fairly high rates, most do not receive a quality education. The application of national standardized tests in 2002 showed that only 14 percent of children in the third grade were proficient in math, while 8 percent were proficient in Spanish. In the sixth grade, 1 percent were proficient in math and 5 percent were proficient in Spanish. Preliminary test results from 2006 show little change in these scores. Compared with students from 16 countries throughout Latin America and the Caribbean, third- and sixth- grade Nicaraguan students performed significantly lower than average in standardized tests of both math and reading comprehension, although it should be noted that they consistently outperformed students from the Dominican Republic and Guatemala, both countries with higher per capita incomes than Nicaragua.

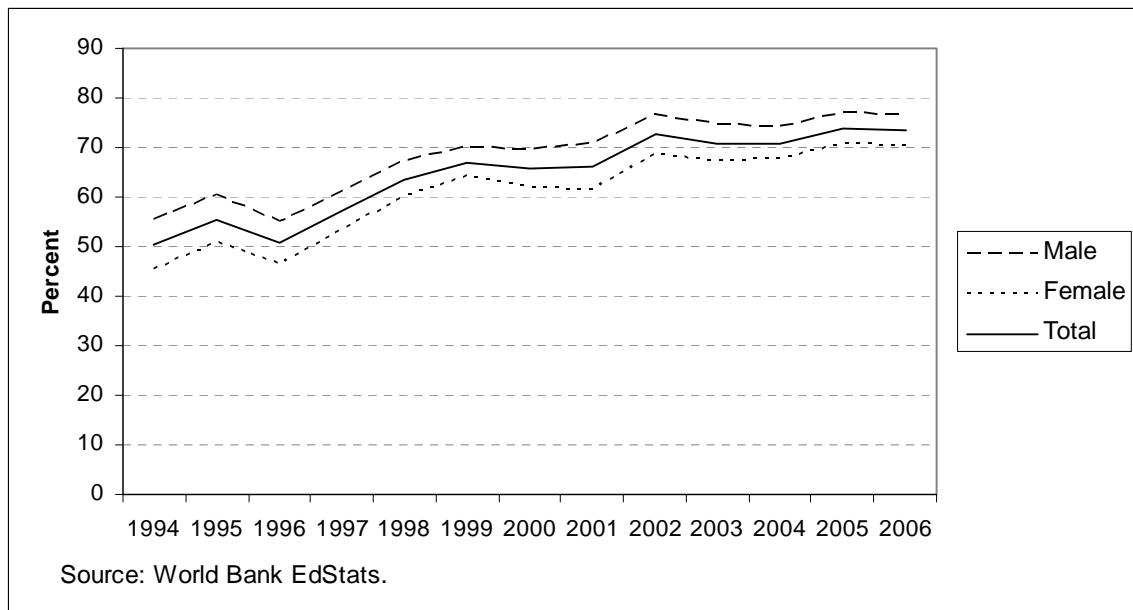
Grade repetition is a serious issue in Nicaragua, reflecting low educational quality. Each year, tens of thousands of students repeat grades, absorbing scarce resources within the primary education system. As shown in figure 3, recent years have seen a moderate decline in primary school repetition rates, but the rate of grade repetition is still close to 10 percent.

Figure 3. Nicaragua: Primary School Repetition Rates, 1998-2006



Considering the challenges facing students in Nicaragua, many ultimately decide to leave school before completing their primary education. Although, as shown in figure 4, the gross primary school completion rate¹ has been steadily trending upward, this rate had only reached slightly over 70 percent by 2006.

Figure 4. Nicaragua: Gross Primary Completion Rates, 1994-2006



¹ The gross primary completion rate is defined as the total number of students completing primary school, regardless of age, expressed as a percentage of the population at the theoretical age for completing primary school.

Average educational attainment is only 5.6 years of schooling. In rural areas, this average drops to 2.4 years. At the time of the country's 2005 census, roughly 22 percent of the adult population (15 years or older) was considered illiterate.

USAID/Nicaragua has provided sustained support for quality basic education since the early 1990s. The program currently reaches more than 2,300 primary schools in 97 percent of Nicaragua's municipalities. USAID/Nicaragua provides support for primary education through six agreements:

- A 4-year, \$15 million project managed by American Institute for Research and overseen by the Academy for Educational Development, the "Excelencia" project, began in fiscal year (FY) 2005 as a complement to two predecessor projects. The Excelencia project is designed to improve access to quality basic education in primary schools throughout Nicaragua through the promotion of an active teaching, skills-based learning pedagogical model that encourages increased parental involvement. The project is also validating a new primary curriculum designed under the Excelencia and the Nicaraguan Social Sector Reform Support Program (PRONICASS) projects.
- A 4-year, \$4 million project, Management Science for Health's PRONICASS project, began in FY 2005 and focuses on improving the health, education, and welfare of the Nicaraguan population by supporting the Government of Nicaragua's efforts to improve the quality and delivery of social services nationwide.
- A 3.5-year, \$2 million project, Research Triangle Institute (RTI) International's "Alliances" project, began in FY 2006 and is designed to pursue, negotiate, and manage strategic alliances with the private sector and not-for-profit groups that are interested in providing resources for the improvement of basic education, primary health care, and nutrition services. For every dollar provided by USAID/Nicaragua, its alliance partners provide a minimum of \$2.
- A 3-year, \$8.3 million continuation of a regional project, the "Center for Excellence in Teacher Training" project, is designed to better teachers' knowledge and pedagogical skills in order to improve the quality of reading instruction in the first through third early primary grades. Implementation began in FY 2003, and the program is managed through the Universidad Pedagógica Nacional de Honduras in association with the Escuela Normal Ricardo Morales Aviles in Nicaragua.
- A 3-year, \$1 million project, the Fabretto Children's Foundation's project, ended in FY 2008. The project assisted vulnerable preschool and primary school children in the rural municipality of San José de Cusmapa to improve their health status and access to primary school education.
- A 2-year, \$500,000 project managed by RTI, the "Early Grade Reading Assessment" project, was signed in FY 2007 and will assess the extent to which early grade primary school children in different school settings learn to read with an acceptable degree of comprehension and fluency and will raise the visibility of education quality, the importance of standards, and USAID basic education programming.

As of March 31, 2008, USAID/Nicaragua had obligated \$16 million and disbursed \$8 million for its basic education activities.

AUDIT OBJECTIVES

As part of its FY 2008 annual plan, RIG/San Salvador carried out an audit of USAID/Nicaragua's basic education activities. The audit was designed to answer the following questions.

- Did USAID/Nicaragua's education activities achieve planned results?
- Did USAID/Nicaragua's reporting on its education activities provide stakeholders with complete and accurate information on the progress of the activities and the results achieved?

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

AUDIT FINDINGS

Did USAID/Nicaragua’s education activities achieve planned results?

It was difficult to determine whether USAID/Nicaragua’s education activities achieved planned results because USAID/Nicaragua did not establish performance targets for 7 of the 16 indicators in its performance management plan (PMP) and did not obtain or report on actual results for 9 of the 16 indicators.² However, where information was available and USAID-financed activities significantly influenced the reported results, most performance targets were met. Moreover, USAID/Nicaragua’s basic education program is poised to achieve national-level, potentially transformational results: USAID/Nicaragua and its partners have achieved substantial national coverage for an active teaching and learning model, and the Minister of Education has announced a decision to implement this model and a USAID-developed primary curriculum nationwide over the next 3 years.

Table 1 shows the targeted and actual results for the seven PMP indicators and four operational plan indicators for which USAID/Nicaragua reported results. The first two indicators, describing public spending on primary education, help describe the context in which USAID/Nicaragua’s basic education program operates, even though USAID-financed activities do not significantly influence the results. The third and fourth indicators, dealing with primary school enrollment and completion, are influenced by USAID’s activities, although the relationship is an indirect one. The performance targets for these indicators were generally met, with the exception of the FY 2007 target for primary enrollment. A more direct link between USAID-financed activities and the reported results can be drawn for the remaining indicators. For all but one of these indicators (the number of schools applying active teaching and learning methods), performance targets were met or exceeded.

Table 1. Basic Education Indicators and Results for 2006 and 2007

Indicator	2006 Target	2006 Actual	2007 Target	2007 Actual
PMP Indicators³				
Public expenditures on education as a percentage of gross domestic product (context indicator)	N/A	1.7%	N/A	2.2%
Public expenditures on primary education as a percentage of national budget (context indicator)	N/A	7.0%	N/A	9.0%
Net enrollment rate for primary education	88.0%	91.9%	88.5%	86.5%
Primary education completion rate	40%	62.3%	41%	66.0%

² In its FY 2007 operational plan results report, USAID/Nicaragua reported on another four indicators that were not included in the PMP. These indicators focused on outputs rather than on higher level results.

³ USAID/Nicaragua informally revised the targets for several PMP indicators in January 2006 but did not update the targets in the PMP. The targets shown in the table represent the targets outlined in the latest version of the PMP, dated January 2005.

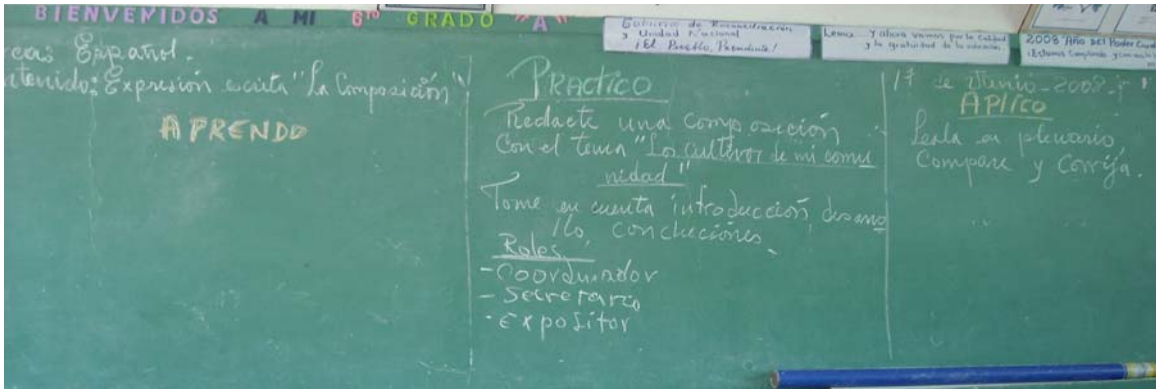
Indicator	2006 Target	2006 Actual	2007 Target	2007 Actual
Number of primary school learners completing primary education in programs sponsored by USAID	N/A	22,979	N/A	38,020
Number of schools applying active teaching and learning methods	2,100	1,120	2,400	1,762
Number of schools supported by USAID programs with parents' councils functioning	1,800	4,378	2,100	2,555
Operational Plan Indicators⁴				
Number of administrators and officials trained	N/A	1,709	614	1,901
Number of learners enrolled in U.S. Government-supported primary schools or equivalent non-school-based settings	N/A	1,380,856	314,430	351,692
Number of teachers/educators trained with U.S. Government support	N/A	4,996	1,254	4,234
Number of textbooks and other teaching and learning materials provided with U.S. Government assistance	N/A	138,140	11,245	60,920

USAID's efforts, building on predecessor programs that got under way in the early 1990s, have achieved substantial national coverage for an active teaching and learning model and may be poised to achieve transformational results through nationwide implementation of the model and a new primary curriculum developed with USAID assistance:

- During the audit, the Minister of Education announced a decision to implement a new primary curriculum developed with USAID/Nicaragua's assistance. The curriculum is expected to be implemented countrywide from 2009 through 2011.
- The Excelencia project estimates that its March 2008 coverage of 2,307 schools represents 27 percent of Nicaragua's primary schools and that 44 percent of primary school students benefit from program activities. The *aprendo, practico, aplico* (I learn, I practice, I apply) active teaching and learning methodology promoted under the program has been validated by school administrators and teachers and is expected to be implemented nationwide as part of the Ministry of Education's educational management model. Teachers and school administrators told the auditors that they have seen gains in student motivation and academic achievement through the application of this methodology. Because of this, despite some additional effort required to prepare for classes, teachers have expressed enthusiasm for the methodology. Higher levels of parental involvement in the school and in the classroom have also been reported.
- The Nicaraguan Social Sector Reform Support Program (PRONICASS) has focused on planning exercises (municipal human development plans, educational plans for local development, school development plans, annual operational plans for the Ministry of Education and the municipalities, and a 10-year educational plan) to support the development of a more decentralized and participative management

⁴ Operational plan results for 2006 are cumulative from FY 2003. Results for 2007 represent results for that year only.

system within the Ministry of Education. PRONICASS also helped develop the new primary curriculum before handing off this task to the Excelencia project in 2006. PRONICASS staff members have developed a high degree of credibility and access within the Ministry of Education.



Sixth-grade students near Cinco Pinos, Nicaragua develop reading comprehension skills using the *aprendo, practico, aplico* active teaching methodology. Photo taken by a RIG/San Salvador auditor on June 18, 2008.

- Through the Alliances project, USAID/Nicaragua and Research Triangle Institute have mobilized \$2.4 million in private sector resources to assist the primary education system. Given the severe shortage of public resources for primary education, demonstration of a vehicle for mobilizing private sector resources is a significant accomplishment.



A teacher in El Tuma – La Dalia, Nicaragua, helps a student at a white board provided through a private sector alliance established with the assistance of the Alliances project. Photo taken by a RIG/San Salvador auditor on June 10, 2008.

- Teachers trained through the Centers of Excellence for Teacher Training (CETT) program report that students learn to read earlier when CETT teaching techniques are applied. (Tests administered by a Guatemalan university found significant differences between CETT and non-CETT schools in first-grade reading proficiency, although no significant differences were found in grades two and three.)

While USAID/Nicaragua’s basic education program has made progress in several important areas, management actions by USAID/Nicaragua are needed to help resolve several issues. These issues are discussed in the following sections.

A Strategy for Evaluating the Effectiveness of the Active Learning Model and New Curriculum Is Needed

Summary: Impact evaluations help quantify the effects of different types of interventions on educational outcomes. They provide valuable information for current and future program managers who need to allocate resources where they will do the most good. No decisions have yet been made on how to evaluate the impact of a USAID-supported active teaching and learning model or a new USAID-financed primary school curriculum, mainly because the decision to implement the model and the curriculum nationwide was announced very recently. A rigorous evaluation approach is needed to measure the effects of these interventions on educational outcomes.

Developing countries and donors spend hundreds of millions of dollars each year to improve education, but there is surprisingly little reliable evidence concerning the effectiveness of alternative educational interventions. That is, there is a widely shared desire to improve education, but relatively little guidance on how to choose among the many possible interventions that have a plausible relationship with educational outcomes. Rigorous impact evaluations can help provide this information, and some authorities, including the Office of Management and Budget, advocate the use of randomized evaluations as being particularly well suited to measuring the impact of education and other programs.⁵ These recommendations are consistent with Section IV.E of USAID’s policy paper “Program Focus Within Basic Education,” which states that USAID missions “should encourage host countries to adopt appropriate methods for assessing student learning, and to make routine and systematic use of the results in educational decision-making.”

Under the current Excelencia project and two predecessor projects dating back to the early 1990s, USAID has supported development of an active teaching and learning model that is now used in about 2,040 of 8,580 public primary schools. A series of evaluations conducted under a predecessor project indicated that the model produced markedly higher student retention and completion rates. For example, in 2004, the fifth-grade completion rate in model schools, for students beginning school in 2000, was 72 percent versus 50 percent for other schools. These results can be taken as indirect evidence of improved educational quality, since it stands to reason that students stay in

⁵ In educational settings, opportunities to conduct randomized evaluations arise because it is often impractical to simultaneously implement an innovation or intervention in every school in a country. If the schools that receive the intervention in a given year are selected randomly, and a sufficient number of schools are sampled, many possible sources of bias are eliminated and it is possible to rigorously measure differences in educational outcomes (usually, cognitive skills measured by standardized tests) between treatment and control groups.

school longer when parents and students see better results. Given that this model is about to be implemented nationwide in Nicaragua, though, it would be desirable to quantify the effect of the model on cognitive skills by administering standardized tests to students in schools that use the active teaching and learning model as well as to students in a control group.

Under the PRONICASS and Excelencia projects, USAID financed the development and validation of a new primary school curriculum beginning in 2004. Given the Minister of Education's recent decision to implement the new curriculum nationwide over the next 3 years, it would be prudent to test the new curriculum to see if it produces better educational outcomes than the current curriculum.

No decisions have yet been made on how to evaluate the impact of the active learning model and new curriculum to be implemented nationwide. In November 2007, the Excelencia project administered math and reading comprehension tests to third-grade students in 62 schools, 16 of which had not participated in any Excelencia activities. The audit team did not see a detailed analysis of the results, but the tests do not appear to reveal obvious differences in student performance.

USAID/Nicaragua officials noted that both the active teaching and learning model and the new curriculum have been piloted in many different settings over many years. However, interventions that have a plausible relationship with educational outcomes do not always have a demonstrable effect on outcomes as measured by test scores, and given the extremely limited resources available to improve access and educational quality in Nicaragua, there is a need to direct resources to interventions that will have the greatest positive effects.

The main reason why no decisions on evaluation approaches have been made is that the Minister only recently decided to implement the model and the new curriculum nationwide. The decision was announced in June 2008, at the beginning of the audit.

Without a careful evaluation approach, it will be difficult to measure the impact of the active teaching and learning model or the new curriculum or compare their impact to that of other possible interventions.

Recommendation No. 1: We recommend that USAID/Nicaragua, in conjunction with its partners, develop a plan for testing the impact of the active teaching and learning model and the new curriculum. As part of this plan, the possibility of conducting randomized trials should be considered.

Evaluation of Management Comments – In its comments on the draft report, USAID/Nicaragua disagreed with recommendation no. 1 on the basis that the mission cannot assume responsibility for any actions beyond the end of the current program in September 2009. To clarify the intention of the recommendation, it should be reiterated that nationwide implementation of the *aprendo, practico, aplico* active teaching and learning model, together with nationwide implementation of the new primary curriculum developed with USAID support, will have a potentially transformational effect on primary education quality in Nicaragua. There is fairly substantial anecdotal evidence of the positive effects of these two innovations, but neither has been rigorously validated by examining its effects on test scores for a large sample of students while controlling for other factors that might influence scores. Given the great expense involved in national

implementation of the new educational model and new curriculum, and given the potentially far-reaching effects they will have on the quality of primary education in Nicaragua, rigorous testing is needed. Ideally, this would be accomplished during the current program, but if not, it is critically important that it be accomplished during the follow-on basic education program. It would be ideal if USAID resources were available to accomplish testing, but if not, USAID/Nicaragua needs to use its influence with the Government of Nicaragua and other donors to bring other resources to bear.

To put this specific issue in a larger context, USAID has been challenged in recent years to refocus its efforts on transformational development and achieving results at scale. Accomplishing higher level, transformational results will often mean that USAID must leverage its own resources by influencing the actions of host governments and other donors. Fortunately, in Nicaragua, USAID has enormous influence, which it has acquired as a result of the expertise demonstrated by its cognizant technical officer and its partners, as well as successes achieved under its current and past basic education programs. There is very little doubt that USAID/Nicaragua can undertake, or influence its partners to undertake, rigorous testing of the active teaching and learning model and the new curriculum if it thinks it is important to do so.

Opportunities Exist to Widen the Reform Agenda at the Ministry of Education

Summary: USAID policy supports a systemic reform perspective for improving basic education. If some necessary reforms are not addressed, whether due to a lack of resources, a lack of political will, or some other cause, then the impact of the reforms that are undertaken will be blunted. To date, USAID-financed institutional reform efforts in the Ministry of Education have focused on planning processes, but other reform needs have not been addressed. This situation has arisen because USAID and PRONICASS staff do not want to get too far out in front of the Ministry of Education, which is hosting PRONICASS. However, unless wider reforms are undertaken, it is doubtful that USAID's education program will produce the types of transformational results it has the potential to achieve.

USAID policy and regional and USAID/Nicaragua's country plan both describe systemic policy reform as a key to improving the performance of educational systems. USAID's policy paper "Program Focus Within Basic Education" discusses the importance of policy reform and a systemic reform perspective, and USAID/Nicaragua's 2003 country plan in support of USAID's regional strategy envisioned a "broad-based revision of systems which fail to protect adequately against corruption and inefficient management." The country plan also indicated that USAID would help the Ministry of Education "ensure that resources are having the greatest effective impact for quality education."

Efforts by PRONICASS to help strengthen administration and management have focused on developing a participative, decentralized educational planning system, a relatively uncontroversial reform, while other more difficult but important reforms are still pending. According to the Millennium Challenge Corporation's FY 2008 scorecard, Nicaragua's level of public spending on primary education is below the median level for low-income countries. The allocation of resources needs to be improved as well: While average educational attainment is only 5.6 years, public spending per university student is nearly eight times spending per primary student. However, because the Ministry of

Education does not prepare financial statements, it is difficult to assess either the level or allocation of education spending. Moreover, the Ministry of Education does not publish statistics on the performance of the educational system, such as enrollment, repetition, and completion rates.

The Ministry of Education decided that PRONICASS should focus on planning tasks. While PRONICASS can influence the reform agenda, it certainly is not in a position to dictate the agenda. Indeed, it would be easy to undermine the credibility that PRONICASS has developed within the Ministry of Education through heavy-handed attempts at policy “dialogue.”

In terms of sequencing, better planning processes are logically one of the first reforms undertaken, and ROIG/San Salvador does not take issue with the decision to focus first on planning issues. However, widening reform efforts is of particular importance now that USAID is poised to achieve potentially transformational change through implementation of an active teaching and learning model and a new primary curriculum countrywide. Unless reform efforts are widened, it is hard to be confident that the current generation of children will have the types of educational opportunities that will build a basis for stronger long-term economic growth and human development.

Recommendation No. 2: We recommend that USAID/Nicaragua, in conjunction with its partners, develop a strategy to build on PRONICASS’ successes and widen reform efforts in the Ministry of Education.

Evaluation of Management Comments – In commenting on the draft audit report, USAID/Nicaragua stated that it would consider recommendation no. 2 when it develops its new strategy, but it did not commit itself to implement the recommendation or provide a timeframe for doing so. Achieving the potentially transformational results discussed previously will require that all the necessary and sufficient preconditions in the Ministry of Education be present, which in turn will require sustained effort by USAID/Nicaragua and its partners.

Excelencia Schools Lack Sufficient Materials to Effectively Implement the Active Teaching and Learning Methodology

Summary: The success of the Excelencia project’s *aprendo, practico, aplico* active teaching and learning methodology depends on the integration of each of its essential elements, including the issuance of teacher manuals, student workbooks, and instructional materials. These and other materials are distributed to the project’s mentor schools and then divided among a number of satellite schools. However, both mentor and satellite schools report that they do not receive enough materials to effectively implement the active teaching methodology. As more schools join the project’s network, it becomes increasingly difficult to provide enough materials to meet the needs of each school. Furthermore, mentor schools are not given clear guidance on how to allocate these materials between themselves and the other schools in their networks. Without sufficient materials, teachers cannot fully implement the active teaching and learning methodology promoted by the Excelencia project.

According to the Excelencia project's 2003 concept paper, the success of the *aprendo, practico, aplico* active teaching and learning methodology depends on the integration of each of its essential elements. Among these essential elements are teacher manuals, student workbooks, and other instructional materials.

To implement its *aprendo, practico, aplico* model, the Excelencia project provides teacher guides, instructional materials, and classroom supplies to each of the schools in its network. These materials are delivered to the project's 286 mentor schools. The mentor schools' administrators must then decide how to allocate the materials among the mentor school and its satellite schools. However, during visits to 14 Excelencia schools, the audit team noted an inequitable distribution of materials. For example, the administrator of one mentor school stated that 50 percent of the materials received remained with the mentor school while the other 50 percent were divided among six satellite schools. A teacher from a satellite school in a different mentor school network stated that his school had received no materials from its mentor school.

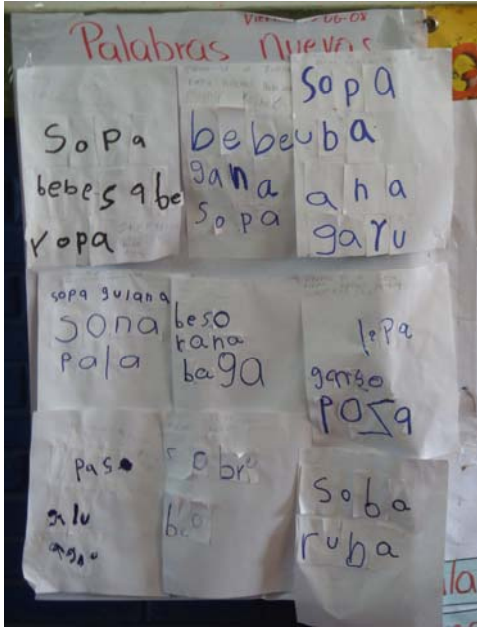
Despite receiving materials from the Excelencia project, administrators and teachers from each mentor and satellite school visited reported that they lack sufficient materials to effectively implement the *aprendo, practico, aplico* methodology. In 2006, a team evaluating the validation process of the USAID-supported curriculum noted that students in Excelencia schools did not have an adequate supply of materials. For example, the evaluation team found instances where three or four students shared the same workbook.

As more schools enter the Excelencia network and adopt the *aprendo, practico, aplico* active teaching and learning methodology, materials must be provided to a growing number of schools. However, as the project has expanded, the distribution of materials has not met the needs of the schools. Furthermore, there is no clear guidance on how materials received by mentor schools should be allocated among the satellite schools.

Instructional materials and supplies play an important role in the *aprendo, practico, aplico* methodology. When sufficient materials are not provided, teachers cannot effectively implement the active teaching and learning methodology. As a result, the impact of the *aprendo, practico, aplico* methodology and of the Excelencia project is lessened.

Recommendation No. 3: We recommend that USAID/Nicaragua reach an agreement with the Ministry of Education and its partners to (a) provide sufficient materials to implement the active teaching and learning model and (b) provide instructions to mentor schools for distributing the materials.

Evaluation of Management Comments – USAID/Nicaragua disagreed with the first part of recommendation no. 3 on the basis that it does not have the resources required for more materials. The mission stated that this need will be met by the World Bank, which has committed itself to providing \$14 million to finance materials to implement the new USAID-developed primary curriculum. USAID/Nicaragua worked collaboratively with the World Bank to reach this decision. If the World Bank funding will cover materials required for the active teaching learning model, then the action described by the mission will be sufficient to implement this part of the recommendation. The mission agreed with the second part of the recommendation.



Instructional materials and supplies are needed to implement the *aprendo, practico, aplico* active teaching and learning methodology. In the left-hand photo above, a display of words formed from cut-out letters hangs in a first-grade classroom. The right-hand photo shows materials stocked in a first-grade classroom's math resource center. Photos taken by a RIG/San Salvador auditor on June 10 and 17, 2008.

The Alliances Project Should Focus on Significant, Sustainable Results

Summary: As a development agency, USAID assists programs that will produce significant, sustainable results. However, for 3 of the 12 private sector alliances related to education, there was little evidence indicating that the alliances produced significant or sustainable results. In visits to several schools throughout Nicaragua, some teachers and school administrators reported that they had neither requested nor expected to receive assistance, and the assistance received did not address the needs of their schools. Although the Alliances project established the types of alliances it would like to form, no guidance was designed that could assist the partners to build sustained relationships with local schools. Therefore, it is difficult to reconcile some of the alliances supported with the project's objective of providing more and better education in primary schools.

USAID focuses its assistance on programs that produce sustainable results. USAID's "Strategy for Sustainable Development" defines development as sustainable when it permanently enhances the capacity of a country to improve its quality of life. Assistance provided under this strategy should address the needs of local populations, as they themselves have defined them. According to this strategy, support for sustainable development is to be employed in each of USAID's endeavors.

In field visits to schools receiving assistance through 3 of 12 Alliance basic education projects, the audit team noted several examples where the assistance provided did not produce significant, sustainable educational results. Several teachers and school

administrators noted that they had neither requested nor expected to receive the assistance and that the assistance received did not address the needs of their schools.

One alliance partner's assistance to a rural, multigrade school near San Juan del Sur consisted of delivering school supplies (e.g., pencils and paper) on a one-time basis. While praiseworthy as an act of charitable giving, this assistance did not produce significant, sustainable results.

Another alliance provided computers, books, and materials to several schools in rural areas of Nicaragua. In visits to three of the five schools receiving assistance, the school's administration stated that students were not given access to the computers. Instead, in two of the schools, the computers were used for administrative tasks, and the third school does not have electricity. The Nicaraguan history and cultural books provided by the alliance partner were placed in the schools' libraries to be used as reference materials for the teachers; however, one school, which received the books in August 2006, still had not removed the protective plastic wrapping.

A third alliance provided training and other assistance to schools with children with disabilities. The director of one beneficiary school stated that it only became involved in the project when the alliance partner called the school to inform the director that a multiday training on strategies for teaching children with learning disabilities was to be held in a nearby restaurant. The director, two students, and one parent attended the training, but the partner has provided no followup or further assistance to help with the implementation of the strategies in the school.

The Alliances project was designed to mobilize private sector and not-for-profit resources to improve basic education in Nicaragua, and it did so successfully. Some alliance partners may want to contribute resources for education even though they do not have the project development or management skills and experience needed to independently develop and manage education projects. In these cases, the Research Triangle Institute (RTI) may want to pair an alliance partner with another partner that has complementary skills and experience, or RTI staff may provide project design and management skills themselves.

The short-term assistance provided through the three alliances discussed above mobilized private sector and not-for-profit resources that have reached 1,654 schools. Although only six schools were visited during the audit, in five of these schools, there was little evidence to link this assistance to significant, sustainable results. The lack of evidence of sustainable results in five of the six schools visited is an indication that similar problems may exist in other schools.

Evaluation of Management Comments – USAID/Nicaragua's comments on the draft audit report stated that all of the subgrants under this activity have now been awarded. Accordingly, RIG/San Salvador has deleted a recommendation that appeared in the draft audit report, which asked the mission to put procedures in place to reasonably ensure that private sector alliances achieve significant, sustainable results.

Did USAID/Nicaragua’s reporting on its education activities provide stakeholders with complete and accurate information on the progress of the activities and the results achieved?

USAID/Nicaragua’s reporting provided stakeholders with a balanced view of the challenges facing the educational system and the impact of the program’s activities; however, this reporting did not always accurately reflect the progress of its activities and the results achieved. USAID/Nicaragua reports to its stakeholders primarily through the standardized reports, such as the operational plan, required by the Agency.

In its FY 2007 operational plan results report, USAID/Nicaragua broadly described the state of the primary education system, the progress of its activities, and the results achieved. The report notes that, despite the progress made in recent years, the educational system in Nicaragua continues to face challenges in the areas of access, student retention, illiteracy, quality, and lack of resources. The report also described how, through the mission’s activities, some of these larger issues are being addressed. In addition to determining the completeness and accuracy of USAID/Nicaragua’s reporting, the audit team contacted some of USAID’s internal stakeholders. These stakeholders expressed satisfaction with the mission’s reporting.

While USAID/Nicaragua has provided stakeholders with a complete view of the progress of its activities and results achieved, this reporting did not always reflect the actual progress of activities and results achieved. As discussed in the following sections, USAID/Nicaragua needs to update its performance management plan. Also, at both the mission and implementing partner levels, inaccuracies in data reporting led USAID/Nicaragua to give stakeholders information that did not accurately reflect actual performance.

Performance Management Plan Should Be Updated

Summary: Rigorous performance measurement is an important part of USAID’s system of managing for results. While USAID/Nicaragua prepared a PMP for its education program, the PMP was not updated, and the mission did not accumulate information on actual results or report on most of the PMP indicators. This occurred because of confusion over the reporting policies to be followed: for example, when the new operational plan (OP) process was introduced in 2007, mission staff were unsure whether they should report on the new OP indicators, the PMP indicators, or both. As a result, the available information on actual results was not as comprehensive or as rigorous as was originally envisioned in the PMP.

Developing meaningful performance indicators, systematically gathering performance information, and communicating information on results achieved or not achieved are important elements of USAID’s system of performance management for achieving better results. USAID’s Automated Directives System (ADS) 203.3.3 requires that a PMP be prepared for each strategic objective. The PMP must include performance indicators and targets for each strategic objective and intermediate result in the mission strategic plan. Missions should update PMPs regularly with new performance information as programs develop and evolve.

USAID/Nicaragua prepared a PMP that covered its education program, but the PMP has not been updated since 2005. No performance targets were established for 7 of the 16 performance indicators for the education program, and the PMP was not updated with actual results as they became available. Also, three targets were not updated after they were exceeded in FY 2006. Therefore, they lost their relevance as targets for performance in subsequent years. (For example, see the targets for “net enrollment rate” and “primary education completion rate” in table 1.)

In its most recent portfolio review, dated January 2008, the mission reported on six of the PMP performance indicators.⁶ However, no performance targets were included for two of the indicators, and the performance targets for the other four indicators differed from the targets established in the PMP.

In its operational plan results report submitted in November 2007, the mission reported on six performance indicators that were applicable to the education program, but five of these were common indicators developed by the Department of State’s foreign assistance bureau. Only 1 of the 16 indicators defined in the PMP—which were the indicators that the mission had identified as the most important ones for evaluating progress and impact—was included.

These problems occurred because of confusion over the performance measurement policies and procedures to be applied to the program. One source of confusion arose with implementation of the new operational plan reporting process in FY 2007, which required reporting on a new set of standard performance indicators. In general, the operational plan indicators focused on outputs, while many of the PMP indicators focused on higher level results. To some degree, it was unclear to mission staff whether they should use the new operational plan indicators, the PMP indicators, or both. In response to a previous audit recommendation,⁷ USAID/Nicaragua designated a mission monitoring and evaluation officer, and during the audit a consultant was working to strengthen the mission’s performance measurement policies and procedures.

As a result, the available information on the performance of the education program was not as comprehensive or rigorous as it should have been, making it more difficult for mission management and stakeholders to make judgments or decisions concerning the education program’s performance.

Recommendation No. 4: We recommend that USAID/Nicaragua update its performance management plan to include performance targets and actual results for the education program’s current performance indicators and delete any performance indicators that are no longer considered relevant.

Recommendation No. 5: We recommend that USAID/Nicaragua include reporting on its performance management plan indicators in the next operating plan results report.

⁶ Table 1 shows reporting on seven PMP indicators. The portfolio review covered six indicators and the mission’s operational plan covered one indicator.

⁷ See recommendation no. 1 in the Office of Inspector General’s *Audit of USAID/Nicaragua’s Economic Growth Program* (Audit Report No. 1-524-08-001-P dated October 3, 2007).

Evaluation of Management Comments – USAID/Nicaragua agreed with recommendation no. 4 and stated that it would finalize the PMP after the FY 2008 operational plan results report is submitted.

However, the mission disagreed with recommendation no. 5 on the basis that it is already tracking 11 indicators for the operational plan. The audit team’s view is that the PMP and the operational plan are complementary. The PMP includes the performance indicators that a mission considers most appropriate for measuring the success of its programs, usually focusing on higher level indicators that measure achievement of intermediate results or strategic objectives. The operational plan, on the other hand, requires reporting on lower level standard indicators that facilitate aggregation of results reported by all USAID missions. However, the operational plan permits missions to add custom indicators: that is, the same indicators that the mission itself uses to manage for results. It is important to present information that missions themselves deem appropriate to stakeholders who use the operational report to make decisions about the success of USAID programs and the level at which they should be funded. Otherwise, decisions by stakeholders, which affect the success of mission programs, may be based on lower level output information that does not reflect important achievements of mission programs. RIG/San Salvador would like to ask the mission to reconsider whether a closer alignment of PMP indicators and operational plan indicators would not be desirable.

Data Reporting Needs to Be Strengthened

Summary: Data reported by USAID and its implementing partners should accurately reflect a program’s performance and enable management to make appropriate decisions. However, some data reported by USAID/Nicaragua and/or its implementing partners did not accurately reflect the basic education program’s performance. Data reported by implementing partners are not verified by USAID/Nicaragua. Therefore, some inaccuracies in reporting went unnoticed by USAID/Nicaragua. These inaccuracies were due to some of the basic education program’s implementing partners relying on second-hand information for the reporting of results, not maintaining an “audit trail” between reported information and source documents, or relaxing their data verification procedures. When data are not verified, there is a risk that inaccurate information will be used to inform or make decisions about a program or its progress.

ADS 203.5.1 requires that performance data meet the five data quality standards of validity, integrity, precision, reliability, and timeliness. Behind these standards is the idea that data should accurately reflect the program’s performance and enable management to make appropriate decisions based on the reported data.

However, some data reported by USAID/Nicaragua and/or its implementing partners did not accurately reflect actual performance.

USAID/Nicaragua Reporting on CETT – In its FY 2007 results report, USAID/Nicaragua stated that the CETT program trained 601 teachers and administrators, thereby benefiting more than 16,000 students in first through third grades. However, according to CETT’s reported results for 2007, 561 teachers and administrators were trained, benefiting 14,886 students.

In addition, in its FY 2007 operational plan, USAID/Nicaragua reported that 700 administrators and officials were trained from the inception of the CETT project in 2004 through 2006. However, supporting documentation maintained by the CETT project indicates that only 355 administrators were trained during that period.

USAID/Nicaragua performed data quality assessments for five program performance indicators for the CETT project. However, it did not verify any of the actual results reported by its partner.

Reporting by Research Triangle Institute on Alliances Project – RTI has put a lot of time and effort into tracking and reporting on the status of its alliances through a “project tracker” spreadsheet, which includes a great deal of valuable information. Nevertheless, RTI underreported the number of private sector alliances in both 2006 and 2007 and overreported the cumulative amount of funds leveraged by private sector alliances and the number of teachers/educators trained in 2007, as shown in table 2.

Table 2. Reporting by Research Triangle Institute

Indicator	2006 Reported	2006 Audited	2007 Reported	2007 Audited
Number of private sector alliances established (cumulative)	4	7	18	27
Amount of funds leveraged from the private sector in US\$ (cumulative)	331,461	333,304	2,441,380	1,721,269
Amount of in-kind resources leveraged from the private sector in US\$ (cumulative)	30,000	30,000	692,464	702,464
Number of alliances-supported multigrade and regular schools	0	0	498	503
Number of teachers/educators trained with U.S. Government support	0	0	788	628

RTI did not maintain an “audit trail” showing the source of reported information. Therefore, it was not always clear how the information was aggregated, making it difficult to trace reported information back to supporting documentation. Other reporting issues were caused by RTI management turnover in early 2007 and some cases where results information was drawn from secondary sources that later turned out to be inaccurate, such as e-mails, instead of from source documents.

Reporting by the Academy for Educational Development on Excelencia Project – Five of the 10 results verified for the Excelencia project were underreported or overreported, as shown in table 3.

Table 3. Reporting by the Academy for Educational Development

Indicator	2006 Reported	2006 Audited	2007 Reported	2007 Audited
Number of students finishing elementary school (students who finish sixth grade)	29,007	29,007	39,599	39,599
Number of schools applying the active teaching and learning methodology	1,120	1,120	1,762	1,762
Number of administrators and officials	4,038	5,388	1,753	2,245

Indicator	2006 Reported	2006 Audited	2007 Reported	2007 Audited
trained				
Number of learners enrolled in U.S. Government-supported primary schools or equivalent non-school-based settings	233,857	233,857	334,909	343,414
Number of teachers/educators trained with U.S. Government support	15,487	7,161	3,781	7,030

The Academy for Educational Development (AED) misreported some results because (1) a cutoff date 1 month before the end of each quarter was used to allow sufficient time to verify available data, (2) some people trained were not reported until their personal and school identification numbers could be verified, a process that sometimes took weeks or months and contributed to underreporting, and (3) some results were reported without following AED's verification procedures, leading to overreporting in some cases.

When data are not verified, a risk exists that decisions made about the progress of the program will be based on inaccurate information. As shown in the tables above, in several instances the data reported by implementing partners have not accurately reflected the project's results.

Recommendation No. 6: We recommend that USAID/Nicaragua, in conjunction with its partners, develop and implement a system to reasonably ensure that reported information is accurate.

Evaluation of Management Comments – USAID/Nicaragua disagreed with this recommendation on the basis that a system to reasonably ensure the accuracy of reported information was already in place. However, the mission did outline some steps to be taken by both its partners and mission staff to improve the accuracy of reporting. In light of the error rates reported in the above audit finding, RIG/San Salvador cannot agree that a system to reasonably ensure the accuracy of reported information was already in place. However, the steps outlined by the mission represent important improvements. In particular, verifying reported information on a sample basis will be an important control to help ensure that reported information is accurate.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/San Salvador conducted this performance 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 based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The purpose of the audit was to determine (1) whether activities under USAID/Nicaragua's education activities achieved planned results and assess their impact and (2) whether reporting provided stakeholders with complete and accurate information on the progress of the activities and the results achieved.

In planning and performing the audit, we assessed the mission's controls related to its education activities. The management controls identified included the mission performance monitoring plan, mission data quality assessments, cognizant technical officer (CTO) site visits, program progress reports, day-to-day interaction between mission staff and program implementers, and the mission's annual self-assessment of management controls as required by the Federal Managers Financial Integrity Act of 1982.

The audit covered the education activities under the mission's third strategic objective, "Healthier and Better Educated People." The audit was conducted in Nicaragua from June 2 to 25, 2008. Our audit focused on education activities performed during fiscal years (FYs) 2006 and 2007.

Methodology

To answer the audit objectives, we met with CTOs and implementing partners. We reviewed relevant documentation produced by USAID/Nicaragua such as the mission performance monitoring plan, the operating plan, award documents, correspondence, and field visit reports. We also reviewed contractor-prepared documentation such as monitoring and evaluation plans, annual work plans, and quarterly progress reports.

To assess whether results were achieved, we focused on the six performance indicators included in the mission's FY 2005 performance management plan as well as on five indicators included in the mission's operating plan results report for FY 2007. We interviewed implementing partners and a sample of beneficiaries of the schools assisted by USAID programs. We also reviewed progress reports and visited 28 out of 4,129 field activities (27 schools and one municipal government). In selecting field activities for visits, we judgmentally selected sites excluding the Atlantic coast region sites (owing to the lack of roads within the region, it is difficult to access the program's sites), trying to cover the most geographical areas possible within the 8 days we allocated for field visits.

For the Excelencia project we visited 14 out of 2,307 schools assisted, for the Alliances project we visited 6 out of 1,654 schools assisted, for PRONICASS we visited 4 out of 73 sites, and for CETT we visited 4 out of 95 schools where CETT-trained teachers work.

To determine whether accurate and complete information was reported, we interviewed mission and implementing partner personnel and reviewed documentation to determine how results are collected for the selected indicators. We validated the reported results for FY 2006 and FY 2007 by tracing mission-reported results back to the records maintained at the offices of the implementing partners.

MANAGEMENT COMMENTS

Wednesday, October 29, 2008

To: Tim Cox, RIG/EI Salvador
From: Carol Horning, Deputy Mission Director USAID/Nicaragua /s/
Subject: USAID/Nicaragua Response to IG Report on Education Program

USAID/Nicaragua appreciates the work and dedication of the RIG staff in carrying out this audit, and applauds the fact that they went to many of Nicaragua's most remote locations to do their work.

The Mission regrets, however, that the report conveys a mixed message on whether or not USAID/Nicaragua's education activities achieved planned results. The emphasis on PMP targets and data as the principal source of performance data rather than the F-mandated system of Operational Plan indicators creates an unbalanced representation of an extremely successful program that, as the IG also notes, will potentially to obtain national level, transformational results.

USAID as an agency experienced a clash of systems in the 2006/2007 period. Through 2005, USAID used the PMP system of planning and reporting, and beginning in 2006, switched to a system characterized by two major program exercises and a more complicated set of data requirements. The new reporting requirements included the use of all relevant indicators from a set of 647 standard indicators in the new Operational Plan. USAID/Nicaragua set targets for and reported on more than 130 indicators in the Operational Plan, including 11 indicators for education. The DQAs alone required 160 staff hours to complete.

The Agency's revival of PMPs dates from March 2007, coming after a full year of focusing on the new system and its requirements. There is not sufficient time or human resources and financial resources to run full PMP and OP Indicator systems. Dirk Dijkerman, COO/F, used the recent October 3rd Foreign Assistance Bulletin to convey the message that PMPs are still required, thus there is still confusion in USAID Missions about this.

The language of the IG report implies that the auditors could not tell whether education activities achieved planned results. All subsequent positive comments on performance are thus marginalized. It would be more accurate to say that the activities produced planned results, as noted by review of portfolio reviews, project reports, annual reports, OP reports, and so on, and that there is an Agency-wide gap in reporting PMP results that should be resolved. USAID/Nicaragua urges the IG to address this serious concern at the Washington level and rework the introduction to the audit.

Recommendation No. 1: *We recommend that USAID/Nicaragua, in conjunction with its partners, develop a plan for testing the impact of the active teaching and learning model*

and the new curriculum. As part of this plan, the possibility of conducting randomized trials should be considered.

Response:

USAID/Nicaragua does not concur with this recommendation. The current program will end in September 2009; consequently USAID/Nicaragua cannot assume the responsibility of more extensive results testing beyond the current scope of the program.

The World Bank, however, is developing a strategy for student assessment under its education loan. The Mission will share its experience with the testing methodologies used under Excellencia with the Bank.

Recommendation No. 2: *We recommend that USAID/Nicaragua, in conjunction with its partners, develop a strategy to build on PRONICASS' successes and widen reform efforts in the Ministry of Education.*

Response:

USAID/Nicaragua disagrees with the timing of this recommendation. The education program will end in September 2009, and there is no time to do this now. The Mission will consider this when it develops its 2010 strategy.

Recommendation No. 3: *We recommend that USAID/Nicaragua reach an agreement with the Ministry of Education and its partners to (a) provide sufficient materials to implement the active teaching and learning model and (b) provide instructions to mentor schools for distributing the materials.*

USAID/Nicaragua disagrees with part (a) of the recommendation but agrees with point (b).

The education program is ending in September 2009 and the level of funding for education has been substantially reduced, therefore USAID does not have the resources to provide more materials. This need will be met by the World Bank, which is providing \$14 million to pay for the materials needed by the GON to implement its new curriculum. USAID worked collaboratively with the World Bank to achieve this decision.

USAID/Nicaragua can commit, however, to revisiting the plans for distribution of these materials held by mentor schools for the last year of the project and prioritize schools that are greatly deprived.

USAID/Nicaragua suggests that the recommendation be revised to say:

We recommend that USAID/Nicaragua and its partners develop a guide for the mentor schools for distributing materials to neighboring or satellite schools.

Recommendation No. 4: *We recommend that USAID/Nicaragua, in conjunction with its partner, put in place procedures to reasonably ensure that private sector alliances achieve significant, sustainable results.*⁸

USAID/Nicaragua disagrees with this recommendation.

The regional program was conceived as providing sub-grants for relatively small activities to cover “just in time” purchases of materials and/or equipment. Only later did it evolve to fewer and larger grants that were more directly tied to the Excellencia model school program. The program did what it was designed to do, and that did not entail creating long-standing relationships between sub-grantees and schools. The Mission welcomed the longer-term relationships when they happened, but did not require them as a condition of the sub-grants.

Second, all of the sub-grants under this activity have been awarded, so there is no possibility of adjusting the sub-grant criteria for future awards.

In regard to the observations about use of materials in the sub-grants, the Mission has reviewed oversight practices with Alliances, and as a result, Alliances developed a field visit tool which it will use to better monitor progress against stated sub-grantee objectives and to address problems found in the use of supplies/equipment provided under the activity.

Recommendation No. 5: *We recommend that USAID/Nicaragua update its PMP to include performance targets and actual results for the education program’s current performance indicators and delete any performance indicators that are no longer considered relevant.*

Response: USAID/Nicaragua agrees with this recommendation. The Mission has completed an abbreviated draft PMP that covers 2008-2009 and incorporates the Operational Plan indicators used by the Mission. This PMP will be finalized after the FY08 Performance Report has been submitted.

Recommendation No. 6: *We recommend that USAID/Nicaragua include reporting on its PMP performance indicators in the next operating plan results report.*

Response: USAID/Nicaragua does not agree with this recommendation as it is already tracking 11 indicators for education in the Operational Plan.

Recommendation No. 7: *We recommend that USAID/Nicaragua, in conjunction with its partners, develop and implement a system to reasonably ensure that reported information is accurate.*

Response:

USAID/Nicaragua disagrees with this recommendation because a system to reasonably ensure that reported information is accurate is already in place. This system includes

⁸ [Recommendation No. 4 was deleted from this final audit report, causing the remaining recommendations referenced in the mission’s comments to be renumbered.]

Data Quality Assessments (DQAs), backed up by site visits dedicated to confirming the information reported by the partners in their quarterly report.

In addition, the Mission has already taken action to improve the quality of data gathering in its projects. The CETT and EXCELENCIA Projects have developed data bases that record each indicator from its primary source (each school or each training event) up to the aggregated form. They track individual trainees by personal ID numbers, and log their specific training sessions. [This accounts for some of the difference in figures noted in the audit – i.e., adding up all participants vs. adding up all trainees.] Similarly RTI will develop and maintain a tracking system for the ALLIANCES project showing where reported information is drawn from to report out leverage, number of teachers trained, and number of schools supported. RTI will also use the number code for schools to ensure completeness rather than the names of schools because many schools have the same names which causes confusion and leads to possible undercounting.

For all three projects, USAID/Nicaragua will commit to monitoring the data provided by the partners in its site visits, as laid out in the Site Visit Mission Order.

U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Ave., NW
Washington, DC 20523
Tel: (202) 712-1150
Fax: (202) 216-3047
www.usaid.gov/oig