



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/EAST AFRICA'S CONFLICT MITIGATION ACTIVITIES

AUDIT REPORT NO. 4-623-10-004-P
MARCH 30, 2010

PRETORIA, SOUTH AFRICA



Office of Inspector General

March 30, 2010

MEMORANDUM

TO: USAID East Africa Mission Director, Lawrence Meserve

FROM: Regional Inspector General/Pretoria, Nathan S. Lokos /s/

SUBJECT: Audit of USAID/East Africa's Conflict Mitigation Activities (Report No. 4-623-10-004-P)

This memorandum transmits our final report on the subject audit. We have considered management comments on the draft report and have incorporated them into the final report, as appropriate. They have been included in their entirety in appendix II.

The report includes three recommendations to strengthen the mission's conflict mitigation activities. Based on management's comments, we consider that corrective action plans to develop customized impact indicators and strengthen monitoring and evaluation of conflict mitigation activities have been formulated. Therefore, management decisions have been reached on recommendation nos. 2 and 3. Please provide the Office of Audit, Performance, and Compliance Division (M/CFO/APC) with the necessary documentation to achieve final action on those two recommendations.

Based on management's comments, we modified recommendation no. 1 to acknowledge USAID/East Africa's inability to engage the Ethiopian government directly. As a result, recommendation no. 1 remains without a management decision. We ask that you provide us with written notice within 30 days regarding any additional information related to actions planned or taken to implement recommendation no. 1.

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

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SUMMARY OF RESULTS

The main goal of USAID/East Africa's conflict mitigation activities is to enhance the capacity to manage cross-border conflict in East Africa. To accomplish this task, the mission signed agreements with two implementing partners. The first is a limited scope grant agreement totaling approximately \$4.3 million with the Inter-Governmental Authority on Development to implement its Conflict Early Warning and Response Mechanism. This agreement commenced September 30, 2006, and the expected completion date is September 30, 2010. The second is a cooperative agreement totaling approximately \$9.9 million with PACT, Inc., to implement Peace in East and Central Africa II. This agreement commenced October 1, 2007, and expires September 30, 2010. USAID/East Africa's obligations and expenditures for conflict mitigation activities for fiscal year (FY) 2009 were reported as approximately \$5.0 million and \$3.5 million, respectively (pages 2–3).

The audit concluded that USAID/East Africa has achieved limited progress in accomplishing its main goal of enhancing the capacity to manage conflict in East Africa. This conclusion was based on the fact that while the mission had achieved five of its eight key FY 2009 results, it fell significantly short of achieving the remaining three results (page 4).

The three results that the mission fell short of achieving involved U.S. Government-supported activities and events designed to mitigate cross-border, pastoralist conflict between groups living in border regions in the East African countries of Kenya, Ethiopia, Somalia, Sudan, and Uganda (see appendix V for a map of the countries involved). These results were well below their anticipated levels, primarily because the Ethiopian Government passed the Civil Society Organization law in 2009, which effectively prohibited international nongovernmental organizations from engaging in capacity-building activities in Ethiopia (pages 5–6).

In addition, the audit identified two other issues affecting the mission's ability to accomplish its main goal. The first concerned challenges involving the mission's system for measuring long-term outcomes and assistance objectives from its conflict mitigation activities (pages 6–8). The second concerned opportunities for strengthening the mission's system for monitoring and evaluating such activities (pages 8–9).

This audit makes three recommendations to strengthen USAID/East Africa's conflict mitigation activities. The first recommends that the mission coordinate with USAID/Ethiopia to engage the Ethiopian Government to permit its implementing partner to conduct conflict mitigation activities in Ethiopia (page 6). The second recommends that the mission, in conjunction with its implementing partners, develop and implement specific indicators to better measure long-term outcomes and assistance objectives from its conflict mitigation activities (page 8). The third recommends that the mission develop and implement a plan to improve its monitoring and evaluation system (page 9). The first recommendation, which was modified to reflect management's comments, remains without a management decision. Management decisions were reached on the second and third recommendations (page 11).

BACKGROUND

The Horn of Africa is characterized by ungoverned spaces that present opportunities for violent conflicts, particularly over natural resources such as land, water, and livestock. The large ungoverned spaces spanning parts of five countries in the Horn, including Somalia, are fertile ground for violent extremism in the entire region. Stability in Africa's border regions is a central U.S. foreign policy priority in the context of both the fight against terrorism and economic integration.

To address these threats, USAID/East Africa has supported the development of conflict mitigation and reconciliation strategies that build political will and institutional capacity to respond to and prevent violence in border regions in Eastern Africa. Building on prior achievements, resources have been used to implement the Inter-Governmental Authority on Development 2007–2011 strategy for conflict early warning and response. This authority is a regional grouping of seven African nations—Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan, and Uganda—that have agreed to combat drought, famine, desertification, and related humanitarian emergencies in the Horn of Africa.

To further these efforts, on September 30, 2006, USAID/East Africa signed a limited scope grant agreement with the Inter-Governmental Authority on Development to support implementation of its Conflict Early Warning and Response Mechanism (CEWARN). The agreement totals \$4.3 million and is scheduled to end on September 30, 2010. CEWARN's mission is to establish and operate a system that (1) provides early warning and consultations and fosters cooperation to enhance the peaceful settlement of disputes and (2) responds to potential or actual violent conflicts in the Inter-Governmental Authority on Development region.¹ Appendix IV has a detailed diagram of the CEWARN structure.

USAID/East Africa also supports the 3-year regional cross-border conflict mitigation program, Peace in East and Central Africa II (PEACE II). PEACE II was launched in fiscal year (FY) 2008 with the aim of (1) strengthening cross-border security through local community security initiatives and (2) accelerating conflict mitigation and peace building policy development among Inter-Governmental Authority on Development member states. On October 1, 2007, USAID/East Africa signed a \$9.9 million cooperative agreement for this activity with PACT, Inc. (PACT), which expires on September 30, 2010. The aim of this program is to:

- Strengthen cross-border security through local community security initiatives.
- Contribute to local cross-border peace committees' ability to prevent, mitigate, and respond to cross-border conflict in focus areas.

Local peace committees are an essential element of the CEWARN structure. Peace committees are composed of local leaders, tribal elders, clergy, and other stakeholders at the community level. PACT's role is to strengthen cross-border ties between committees by awarding subgrants for small development projects. These projects are

¹ Of the seven African Inter-Governmental Authority on Development member states, the following five have established CEWARN units: Djibouti, Ethiopia, Kenya, Sudan, and Uganda.

also referred to as “peace dividends.” For example, in July 2009, one such subgrant for \$30,656 was awarded to the Kolbo, Somalia, and Hulugho, Kenya, Cross Border Working Group. This group is composed of the Africa Rescue Committee of Somalia and the Ijara Peace and Development Committee of Kenya. The funds were used to construct a health dispensary that members of the local communities from each side of the Somalia/Kenya border could utilize. Strengthening linkages between the opposing sides should prove helpful in preventing or mitigating future conflicts that may erupt between the two communities.

In connection with USAID/East Africa’s activities, “clusters” refer to border areas in which conflict takes place and in which conflict mitigation activities are targeted. The Karamoja cluster encompasses the northwestern Kenya border with Uganda, Sudan, and Ethiopia. The Somali cluster encompasses the northeastern Kenya border with Ethiopia and Somalia. Kenya and Ethiopia are part of both clusters. USAID/East Africa’s conflict mitigation activities, however, target cross-border conflicts that arise throughout the region and may not always involve either country, such as conflict on the Uganda/Sudan border. See appendix V for a map displaying the countries and clusters in which USAID/East Africa’s conflict mitigation activities take place.

USAID/East Africa’s obligations and expenditures for conflict mitigation activities for FY 2009 were reported as \$5.0 million and \$3.5 million, respectively.

AUDIT OBJECTIVE

As part of its FY 2010 audit plan, the Regional Inspector General/Pretoria performed this audit to answer the following question:

- Are USAID/East Africa’s conflict mitigation activities achieving their main goal of enhancing the ability to manage cross-border conflict in East Africa?

Appendix I contains a discussion of the audit’s scope and methodology.

AUDIT FINDINGS

USAID/East Africa has made limited progress toward achieving its main goal of enhancing African capacity to manage cross-border conflict. It has surpassed or nearly achieved its fiscal year (FY) 2009 results in several important areas,² such as the following:

- Having people from “at-risk” groups participate in USAID-sponsored civic and/or social activities specifically conducted to benefit members of such groups
- Having two or more conflicting parties participate in U.S. Government-assisted reconciliation activities
- Sponsoring events geared toward strengthening understanding and mitigating conflict between groups
- Establishing or strengthening peace-building structures that engage conflict-affected citizens in peace and/or reconciliation processes
- Conducting U.S. Government-supported conflict resolution/mitigation skills training programs

In addition, the audit noted anecdotal evidence that suggests progress in conflict management. For example, in July 2009, Peace in East and Central Africa II (PEACE II) partners in the town of Belet Hawa, Somalia, reported that members of an Al Shabaab³ militia arrested two teenagers, a boy and a girl, for allegedly exhibiting non-Islamic behavior. These teens were then marched to a public place in the middle of Belet Hawa town to be flogged in accordance with common practice. The boy was flogged 90 times, but when it came to flogging the girl, a commotion started. Members of the Al Shabaab militia opened fire, killing two young girls and injuring ten others.

At this point, relations between the community and the Al Shabaab militia were very tense. In fact, in most places in Somalia this incident would have escalated into violent conflict between the armed group and the community. Instead, PEACE II's partner and subgrant recipient, the Gedo Peace Consortium (including civil society leaders, a religious leader, and a cultural leader), played a key role in shuttling between the angry community and the armed group to ask the armed group for an apology. They also informed the militia that the community was questioning their authority and legitimacy. Delegitimizing terrorism and encouraging moderates to oppose extremism are part of the U.S. Government's counterterrorism efforts. This type of mediation was reportedly only possible given the foundation that the Gedo Peace Consortium had created, with the support of USAID's PEACE II project, in terms of norms, processes, and procedures for intervening nonviolently in conflict.

While the above information indicates that progress is being made, the mission's conflict mitigation activities have fallen significantly behind in achieving results in three key areas, as discussed below.

² The mission and its implementing partners identified eight results that they deemed most significant in evaluating progress. The five results listed are among those eight key results.

³ Al Shabaab has been identified by the U.S. Department of State as a militant terrorist organization with links to Al Qaeda.

Targets Were Not Achieved For Some Key Intermediate Results

Summary: Three key intermediate results were significantly below their FY 2009 anticipated levels. These results involved U.S. Government-supported activities and events designed to mitigate conflict between groups living in border regions. These results were below their targeted levels because the Ethiopian government passed the Civil Society Organization law in 2009. This law effectively prohibited international nongovernmental organizations from engaging in capacity-building activities in Ethiopia. USAID/East Africa's conflict mitigation activities will not accomplish their objective without the support of local African governments. Since significant conflict occurs on the Ethiopian borders with neighboring countries including Kenya and Somalia, the Ethiopian Civil Society Organization law is a hindrance to USAID/East Africa's conflict mitigation objective of enhancing African capacity to manage conflict.

The mission fell significantly short of achieving its anticipated FY 2009 results in the following important areas:⁴

1. U.S. Government-supported activities that demonstrate the positive impact of a peace process through demonstrating tangible, practical benefits. The annual target was 32; the actual reported result was 19, for an achievement of 59 percent.
2. Reconciliation activities conducted and completed with the participation of two or more conflicting parties (workshops, peace dialogues, round table discussions). The annual target was 160; the reported result was 85, for an achievement of 53 percent.
3. U.S. Government-assisted facilitated events geared toward strengthening understanding and mitigating conflict between groups. The annual target was 300; the reported result was 133, for an achievement of 44 percent.

When the targets for these key results were set in October 2008, it was assumed that PEACE II would work in seven additional peace corridors on the Kenya/Ethiopian and the Ethiopian/Somali borders. Peace corridors are areas along border regions in which cross-border pastoralist⁵ conflict takes place, and which the mission and partners have targeted for activities. In March 2009, USAID/East Africa and its implementing partner, PACT, Inc. (PACT) decided, in conjunction with advice from USAID/Ethiopia, that work in Ethiopia would not be possible given political developments there. Earlier in 2009, the Ethiopian government enacted the Civil Society Organization law. This law stipulated that only nongovernment organizations that received less than 10 percent of their funding from foreign donors would be allowed to participate in capacity-building activities.⁶ According to mission and PACT officials, this stipulation prohibits PACT from engaging in capacity-building activities in the Somali cluster of Ethiopia, since its funding from non-Ethiopian donors exceeds this 10 percent threshold. Few PEACE II activities

⁴ These are the remaining three key results that the mission identified as most significant in evaluating progress.

⁵ Pastoralist refers to livestock and range management.

⁶ Charities and Societies Proclamation Number 621/2009 of Ethiopia (January 6, 2009).

took place on the Kenya/Ethiopian and Ethiopian/Somali borders in the Somali cluster, and hence, the targets for FY 2009 were not achieved.⁷

Mission and implementing partner officials agree that support from local governments is critical to achieving conflict mitigation objectives. PACT's PEACE II activities are not taking place as expected on the Ethiopian/Kenyan or Ethiopia/Somali borders in the Somali cluster. In the words of one USAID/East Africa official, this leaves "a gap" in this area. Peace committees, which are a vital component of the Conflict Early Warning and Response Mechanism (CEWARN), operating in Kenya and Somalia will be challenged to forge relationships with their counterparts in Ethiopia without the resources of USAID. These relationships are a key factor in mitigating conflict between these cross-border communities.

The audit noted that USAID/Ethiopia was able to obtain a waiver for an implementing partner that also engaged in capacity-building activities in Ethiopia. While USAID/East Africa cannot engage the Ethiopian government directly, USAID/Ethiopia, a bilateral mission, can do so on behalf of USAID/East Africa. Given that significant conflict takes place on the Ethiopian/Kenyan and Ethiopian/Somali borders and that a waiver from the Ethiopian Civil Society Organization law is a possibility, this audit makes the following recommendation:

Recommendation No. 1: We recommend that USAID/East Africa coordinate with USAID/Ethiopia to develop and implement a plan with milestones to engage the Ethiopian Government so that the mission's implementing partner can conduct its conflict mitigation activities in Ethiopia.

Measuring Outcomes is a Challenge

Summary: USAID/East Africa's March 31, 2009, performance management plan defines a number of outputs, with annual targets and dates, to be accomplished over the course of its conflict mitigation activities. These outputs and activities were defined by the Department of State's Foreign Assistance Bureau. However, missing from the performance management plan are measurements of long-term outcomes and assistance objectives. USAID's Automated Directives System 203.3.8.3, *Performance Report Indicators*, states that, in addition to the Department of State's Foreign Assistance Bureau's required indicators, operating units may need to define "custom" indicators in their performance management plans to add depth and substance and to reflect more specifically what the mission is trying to achieve in view of its particular country situation. These indicators are missing because mission officials have prioritized the Department of State's Foreign Assistance Bureau's required indicators over any mission-specific custom indicators. Without means for measuring outcomes and assistance objectives, it is difficult to determine what impact USAID/East Africa's conflict mitigation activities are having or what value the U.S. Government received in return for its investment of resources.

USAID/East Africa has identified a number of performance indicators and activities in its March 31, 2009, performance management plan for its goal of advancing African

⁷ Subsequently, the mission and PACT shifted resources and activities to address conflict primarily on the Uganda/Kenya border in the Karamoja cluster. The mission intends to adjust its targets for FY 2010 accordingly, and the actual results from this shift in resources should be manifested in the reported results for FY 2010.

capacity to manage conflict in the East African region. However, the performance management plan is missing links between these activities and long-term assistance objectives or outcomes. For example, one such indicator is “Number of reconciliation activities conducted and completed with the participation of two or more conflicting parties (work shops, peace dialogues and round table discussions).” Eighty-five such reconciliation activities were reported by the mission's implementing partners during FY 2009. Implementing partners employed field monitors to monitor conditions in the areas in which these 85 reconciliation activities took place. But there is nothing in the performance management plan to formally assess the field monitors' reporting or measure the outcomes that such reconciliation activities produced. For example, were there fewer conflicts in these areas in which these 85 reconciliation activities took place? Instead, the mission relies on anecdotes from the field monitors and other sources to evaluate outcomes from activities.

Mission officials point out that most of the indicators in the performance management plan were required to be reported on by the Office of the Director of U.S. Foreign Assistance (F Bureau) of the Department of State. Under conflict mitigation, these indicators include information such as number of activities held and number of people who attended the activities. Mission officials acknowledge that these required indicators do not adequately measure outcomes. They are measurements of activities and outputs,⁸ but not outcomes or assistance objectives.⁹ Nevertheless, the mission and its implementing partners have prioritized reporting on these output indicators

Automated Directives System (ADS) 203.3.8.3, *Performance Report Indicators*, also recognizes that the indicators defined by the State Department's Foreign Assistance Bureau are primarily output indicators. This ADS section also acknowledges that operating units may also need to define their own indicators in the performance management plan to add depth and substance and to reflect more specifically what each unit is trying to achieve in view of its particular country situation. These are known as “custom” indicators, and the ADS encourages operating units to use them. Mission officials noted that, nevertheless, their priority has been to develop and report on the F Bureau's indicators over custom indicators because the former are required.

Although it was not required by either USAID/East Africa or its agreement with USAID, one of the mission's implementing partners, the Inter-Governmental Authority on Development's CEWARN, is collecting such outcome performance data. Its ability to do so is itself an accomplishment of the mission's conflict mitigation activities. Such data have not been incorporated into the mission's formal system for evaluating activities because the data characteristics illustrated above have not yet been defined. These data could be integrated into the mission's system for monitoring and evaluating activities, provided the data meet USAID data quality guidelines.

⁸ Per Automated Directives System (ADS) 200.6.B, an output is a tangible, immediate, and intended product or consequence of an activity within USAID's control. Examples of outputs include people fed, personnel trained, better technologies developed, and new construction.

⁹ ADS 200.6.B defines “assistance objective” as the most ambitious result that a USAID mission or office, along with its partners, can materially affect, and for which it is willing to be held accountable. This section also defines “outcome” as a higher level or end result at the Assistance Objective level. An outcome is expected to have a positive impact on and lead to change in the development situation.

Without such custom, outcome-oriented indicators, mission officials cannot adequately measure outcomes from its conflict mitigation activities, nor can they adequately assess the impact their activities are having, such as whether there are fewer conflicts as a result of their efforts. While there are inherent challenges in measuring outcomes for any type of capacity-building activity, given the circumstances described above, this audit makes the following recommendation.

Recommendation No. 2: We recommend that USAID/East Africa, in conjunction with its implementing partners, develop and implement customized indicators to better measure and evaluate outcomes from its conflict mitigation activities.

The Mission Needs to Strengthen Its Monitoring and Evaluation System

Summary: USAID's ADS requires missions to conduct adequate oversight. For example, ADS 303.2, *Primary Responsibilities*, states that technical representatives should review and analyze reports, verify timely performance, monitor reporting requirements, and maintain contact, including site visits, which allow for a more effective review of the project. The audit found evidence that the mission could strengthen its monitoring and evaluation system. For example, an implementing partner did not understand the need for maintaining adequate supporting documentation for results reporting. This implementing partner was also found to have reported information that slightly understated achievements. Reasons for the mission's inability to conduct better monitoring include a limited staff for covering wide areas in which activities occur and travel restrictions imposed by the local U.S. Embassy. Data reported by implementing partners that are not periodically verified increase the risk of unreliability. Valid, reliable data are necessary for sound management. Also, failure to monitor activities performed by implementing partners and subgrantees increases the risk of waste, fraud, and abuse, including the risk of inadvertently financing terrorist organizations. Terrorist organizations such as Al Shabaab, as mentioned above, operate in Somalia.

USAID guidance states that technical representatives should review and analyze reports, verify timely performance, monitor reporting requirements, and maintain contact, including site visits.¹⁰ Site visits are an important part of effective award management because they usually allow a more effective review of the project.¹¹

The mission needs to strengthen its performance management system in several areas. For example, in some cases, mission officials rely almost exclusively on reports provided by their implementing partners to assess the effectiveness of their conflict mitigation activities. Although conflict mitigation activities take place in Somalia as well as on the Kenya/Somali border, USAID/East Africa officials have not visited Somalia or the Kenya/Somali border since FY 2006 due to travel restrictions imposed by the U.S. Embassy in Nairobi caused by security concerns. The inability of mission officials to travel to Somalia and the Kenya/Somali border to monitor and evaluate activities is a significant internal control weakness, increasing the risk of waste, fraud, and abuse. To address such risks, USAID has issued guidance concerning monitoring in high-threat environments, which suggests alternate monitoring techniques such as requiring

¹⁰ ADS 303.2.f.

¹¹ ADS 303.17.b.

photographic evidence or utilizing local or third-party monitoring.¹²

Another example involves a performance indicator titled “Linkages created with other indigenous organizations created or strengthened to ensure sustainability.”¹³ This indicator is unique to CEWARN and is valuable, because by creating such links with other indigenous partners such as the African Union, successes and accomplishments would be better sustained. The FY 2009 target was 33, while the actual result reported was 10, for an achievement of only 30 percent. However, CEWARN personnel are relatively inexperienced in data collection and did not understand the need for appropriate supporting documentation. These officials explained that they had formed linkages with 30 such organizations but could document only 10. Just prior to this audit, a USAID/East Africa mission official travelled to the CEWARN office and explained that only items that could be documented could be reported under its results. According to CEWARN officials, this was the first visit from USAID/East Africa staff for the purpose of assessing data quality since the award had been made in September 2006. Although the mission stated that three trips had been made to Ethiopia between March 2007 and September 2009 to review data quality, had these visits been made on a more regular basis CEWARN officials might have been able to properly document the 30 claimed linkages.

Valid, reliable data are necessary for sound management. Relying on implementing partner data that are not verified either through site visits or other means increases the risk that USAID officials will not have the information needed to make the best management decisions. In addition, failure to monitor activities performed by implementing partners and subgrantees increases the risk of waste, fraud, and abuse, including the risk of inadvertently financing terrorist organizations, such as Al Shabaab, which operate in Somalia. In light of these circumstances, this audit makes the following recommendation.

Recommendation No. 3: We recommend that USAID/East Africa develop and implement a plan with milestones to strengthen monitoring and evaluation of its conflict mitigation activities.

¹² USAID General Notice 1260, “Monitoring in a High Threat Environment,” dated December 15, 2010.

¹³ Although this indicator is not in the mission’s performance management plan, the implementing partner defined this indicator and reports on it to the mission.



Photograph of the outside banner displayed at the Ethiopia-Kenya Somali Cluster Cross-Border Peace Meeting held at Moyale Town, Ethiopia, taken by a RIG/Pretoria auditor on November 3, 2009

EVALUATION OF MANAGEMENT COMMENTS

In its response to the draft report on USAID/East Africa conflict mitigation and reconciliation strategies, the mission concurred with two of the three recommendations. The mission's comments and audit team's evaluation of those comments are summarized below.

Regarding recommendation no. 1, the draft audit report recommended that USAID/East Africa develop and implement a plan with milestones to engage the Ethiopian Government in order that the mission's implementing partner can conduct its conflict mitigation activities in Ethiopia. The mission did not agree with this recommendation. Although mission management concurred that some key intermediate results were not achieved because of external factors such as the Ethiopian Civil Society Organization law, management stated that the mission can engage the Ethiopian government only through the bilateral mission, USAID/Ethiopia. USAID/East Africa, however, indicated that it was reluctant to approach USAID/Ethiopia on this matter during an election year in Ethiopia, given the political sensitivities involved. As noted in both the mission's comments and the draft audit report, mission resources have been shifted to another border region and targets adjusted accordingly for fiscal year 2010.

While USAID/East Africa can engage the Ethiopian Government only through USAID/Ethiopia, Ethiopia's shared borders with Kenya, Uganda, Somalia, and Sudan make it the fulcrum for regional conflict mitigation efforts. Consequently, conflict mitigation activities within Ethiopia must continue if the program is to be truly effective. Therefore, the report now recommends that USAID/East Africa coordinate with USAID/Ethiopia to develop and implement a plan with milestones to engage the Ethiopian Government so that the mission's implementing partner can conduct its conflict mitigation activities in Ethiopia.

For recommendation no. 2, pertaining to the development and implementation of customized indicators to better evaluate conflict mitigation activities, the mission stated that it will work with PACT to determine, by May 1, 2010, whether the customized impact indicators previously developed are appropriate or need adjustment. For the Conflict Early Warning and Response Mechanism (CEWARN), the mission acknowledged that this implementing partner requires additional support to augment its monitoring and evaluating capacity. The mission stated that a consultant will be hired by June 30, 2010, to assist CEWARN, and the mission will work with CEWARN over the next 4 to 6 months to assess whether cost-effective impact indicators are feasible. Based on the mission's response, a management decision has been reached on this recommendation.

In response to recommendation no. 3, regarding a plan to enhance monitoring and evaluation of its conflict mitigation activities, the mission stated that it will (1) provide, by September 2010, the necessary training to CEWARN to improve its monitoring and evaluation capabilities; (2) concurrently expect conflict mitigation staff to review the performance management plan and make any appropriate updates; and (3) host a performance management training course in May 2010. Based on the mission's response, a management decision has been reached on this recommendation.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Pretoria (RIG/Pretoria) conducted this audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, based on our audit objective. We believe that the evidence obtained provides that reasonable basis. Our audit objective was to determine whether USAID/East Africa's conflict mitigation activities were achieving their main goals. In addition, assessment of the program's impact was an integral part of the objective. Audit fieldwork was conducted at USAID/East Africa from October 26 to November 16, 2009. The audit covered the fiscal year ending September 30, 2009.

In planning and performing the audit, the audit team made inquiries relating to the respondents' knowledge of actual or suspected fraud in the mission's conflict mitigation activities. We assessed management controls over the collection, summarization, and reporting of conflict mitigation activity data. We also assessed the effectiveness of management controls. Specifically, we obtained an understanding of the following:

- The Regional Conflict Management and Governance Office's Performance Management Plan, last updated March 31, 2009
- The USAID/East Africa Regional Operational Plan for fiscal year (FY) 2009
- The USAID/East Africa Regional Strategic Plan for FY 2009
- Implementing partner agreements
- Performance measures and results for FY 2009
- Field monitors' reports prepared by the implementing partners and subgrantees
- The mission's Financial Managers' Financial Integrity Act review for FY 2009

RIG/Pretoria also conducted interviews with key officials of USAID/East Africa, USAID/Ethiopia, and the implementing partners. RIG/Pretoria conducted the audit at USAID/East Africa in Nairobi, Kenya, and at USAID/Ethiopia in Addis Ababa, Ethiopia. RIG/Pretoria also conducted the audit at the offices of implementing partners in Nairobi, Kenya, and Addis Ababa, Ethiopia; and at public meeting facilities in Ethiopia and Kenya.

Methodology

To answer the objective, RIG/Pretoria interviewed USAID/East Africa mission and implementing partner officials to gain an understanding of the mission's conflict mitigation activities, as well as to identify the key performance indicators used to measure the contribution of those activities toward meeting targets. We also interviewed officials from USAID/Ethiopia to gain an understanding of the Ethiopian Government's Civil Society Organization laws and how they impacted USAID/East Africa's conflict mitigation activities.

Next, RIG/Pretoria examined the results and associated targets reported to USAID/East Africa by the implementing partners, as noted in table 1. RIG/Pretoria used judgmental sampling to test these items because this methodology was more efficient than statistical sampling, given the resources available for the audit. Consequently, the results of these tests cannot be statistically projected to the untested items in the population.

Table 1. USAID/East Africa’s Conflict Mitigation Performance Indicators, Populations, and Number of Items Tested

Performance Indicator	FY 2009 Reported Result (populations)	Number of items tested
Number of U.S. Government-supported activities that demonstrate the positive impact of a peace process through demonstrating tangible, practical benefits	19	19
Number of reconciliation activities conducted and completed with the participation of two or more conflicting parties (workshops, peace dialogues, round table discussions)	85	13
Number of U.S. Government-assisted facilitated events geared toward strengthening understanding and mitigating conflict between groups	133	16
Number of people from “at-risk” groups who have participated in USAID-sponsored civic and/or social activities specifically conducted to benefit members of such groups	23,403	3,200 (approx.)
Number of people participating in U.S. Government-assisted reconciliation activities conducted and completed with the participation of two or more conflicting parties	19,698	315
Number of people attending facilitated events geared toward strengthening understanding and mitigating conflict between groups	1,688	350
Number of peace-building structures established or strengthened with U.S. Government assistance that engage conflict-affected citizens in peace and/or reconciliation processes	74	74
Number of people trained in conflict mitigation/resolution skills with U.S. Government assistance	71	71

We then interviewed the implementing partners' monitoring and evaluation specialists to determine how these results were obtained. As part of this process, we gained an understanding of the data that are annually reported to the mission. We developed procedures to test the data's validity and reliability. We also conducted site visits to Moyale, Ethiopia, and Garissa, Kenya, to verify that activities occurred.

Finally, we reviewed documents as part of our audit procedures. These included excerpts from the USAID/East Africa's Regional Conflict Management and Governance Office's March 31, 2009, performance management plan, agreements with implementing partners, and subgrants. We also utilized the Government Accountability Office's *Standards for Internal Control in the Federal Government*; USAID's Acquisition and Assistance Policy Directive 04-14 Certification Regarding Terrorist Financing Implementing Executive Order 13224 (Revision 2); and USAID's Automated Directives System Chapters 200, 203, and 303 to develop criteria for findings under the audit objective.

MANAGEMENT COMMENTS

TO: Regional Inspector General/Pretoria, Nathan S. Lokos

FROM: Lawrence Meserve, USAID/East Africa Regional Mission Director /s/

DATE: March 12, 2010

SUBJECT: Audit of USAID/East Africa's Conflict Mitigation Activities

USAID/East Africa (USAID/EA) appreciates the attention given to examining its Conflict Mitigation Activities as outlined in Audit REPORT NO. 4-623-10-XXX-P dated February, 2010. The report has identified areas for improvement in which we will seek to make progress.

USAID/EA concurs with the audit report's findings that "USAID/East Africa has made limited progress toward achieving its main goal of enhancing African capacity to manage cross-border conflict. It has surpassed or nearly achieved its fiscal year (FY) 2009 results in several important areas...". USAID/EA also concurs that some targets were not achieved for some key intermediate results primarily due to external factors, and that the program is nevertheless advancing its overall goal and intended impact.

I. Mission's Response to Audit Recommendations:

Recommendation No. 1: We recommend that USAID/East Africa develop and implement a plan with milestones to engage the Ethiopian Government in order that the mission's implementing partner can conduct its conflict mitigation activities in Ethiopia.

USAID/EA does not agree with this recommendation.

The Regional Mission does not have the latitude to deal directly with the Ethiopian government and would need to re-engage the bilateral Mission and officials from CEWARN and IGAD offices to determine whether it is feasible to pursue programs in Ethiopia through the regional program. Since this is an election year in Ethiopia, the Regional Mission is not predisposed to asking the bilateral mission to seek a waiver from the Government of Ethiopia on the highly sensitive issue of NGOs in a highly sensitive geographical area. Even more importantly, the resources initially planned for work along the Ethiopia border have been moved to be used in another geographic program cluster effective May 2009. Moving forward on the Ethiopia side of the border would involve a

new allocation of funds before any planning can be done. With respect to performance, however, the Regional Mission has already agreed to a revised set of performance targets reflecting the decision to drop the Ethiopian border area and move into the Karamoja cluster. The revised targets were updated in FACTS in November 2009.

USAID/East Africa therefore considers that this recommendation has been overtaken by a reprogramming decision which will remain in place for the foreseeable future.

Recommendation No. 2: We recommend that USAID/East Africa, in conjunction with its implementing partners, develop and implement customized indicators to better measure and evaluate outcomes from its conflict mitigation activities.

USAID/EA agrees with this recommendation.

Given the complexities of conflict mitigation activities and lack of flexibility with the standard indicators, it would be helpful and appropriate to develop customized or impact indicators that better reflect the true impact of the Regional Mission's conflict mitigation programs. To this end, customized (impact) indicators for the regional PEACE II conflict mitigation project were developed by Pact through a baseline assessment during the first quarter of the first year of implementation. The Mission will work with Pact to determine if these impact indicators are appropriate or need to be adjusted by May 1, 2010. Results from these indicators will be reported for the first time at the end of FY 2010.

USAID/EA recognizes the need to further build the monitoring and evaluation capacity of the primary African regional partner in conflict mitigation, IGAD/CEWARN, and is currently identifying an appropriate specialist who will provide consulting services to develop their monitoring and evaluation (M&E) system. As part of this consultancy, the specialist will also ensure CEWARN has a clear understanding of both standard and custom indicators and of how to produce necessary supporting documentation, as this was noted in the audit report as an apparent weakness. The consultant will be hired by the end of the third quarter of FY 2010. As the Regional Mission works with CEWARN to develop impact indicators over the next four to six months, we will assess whether such indicators are meaningful and can legitimately and cost effectively be tracked to be included in the Mission's PMP.

Recommendation No. 3: We recommend that USAID/East Africa develop and implement a plan with milestones to strengthen monitoring and evaluation of its conflict mitigation activities.

USAID/EA agrees with this recommendation.

As noted above in Recommendation No. 2, USAID/EA will support CEWARN in developing an M&E system that includes USAID/EA indicators by the end of the third quarter. As part of this process, USAID/EA will provide the necessary training to ensure that CEWARN's staff fully understands what is being measured in each indicator and how to provide supporting documentation for the indicators. This will be achieved through regular TDYs to CEWARN scheduled for FY 2010.

The Regional Mission agrees that more can always be done to strengthen its monitoring and evaluation systems; the draft report does not, however, acknowledge many of the

critical tools and resources currently in place to ensure accountability and results for conflict mitigation programs, such as commissioned evaluations, partner meetings, field visits to non-restricted areas, approved Performance Management Plan (PMP) and collecting photographic documentation of results from inaccessible areas.

As Pact and CEWARN develop their own custom impact indicators, and the Mission assesses whether such indicators are appropriate (as detailed in our response to Recommendation No. 2, above), RCMG staff will be expected to revisit their PMPs, including the provisions for evaluations, and to update each document as appropriate.

The Regional Mission will continue to follow its monitoring and evaluation systems and endeavor to find ways to strengthen our performance management. In addition, USAID/EA will host the Performance Management training course in May 2010, and will ensure that all appropriate USAID/EA staff take the course in order to sharpen their skills in performance management including M&E. We would appreciate any additional specific suggestions you have on improving our internal systems.

II. Statements in the Report which need clarification:

1. ***“As noted above, travel restrictions have been placed on mission officials by the US Embassy Regional Security Office in Nairobi. As described in the Strategy Statement prepared by USAID’s Regional Economic Development Services Office 2006-2010 (under which conflict mitigation falls), insecurity in the region limits program oversight. Further, activities take place in five different countries (Kenya, Somalia, Ethiopia, Uganda and Sudan), increasingly the challenges of a limited mission staff in performing site visits to monitor activities. Nevertheless, RIG/Pretoria auditors were able to conduct two site visits for the purpose of verifying activities. The auditors visited a reconciliation activity that took place in the town of Moyale, Ethiopia, on the Ethiopian/Kenyan border and another activity in Garissa, Kenya near the restricted travel zone. Thus, such visits may be limited but are still possible.”***

The Regional Mission differs with the statement that “... ***such visits may be limited but are still possible***” since it may inadvertently imply that visits within restricted zones are possible. Please note that the two site visits conducted by RIG/Pretoria were not within the restricted travel zones and a USAID/EA/RCMG staff member traveled to these sites with the RIG/Pretoria auditor. Visits within the restricted zones are not possible. RCMG staff has also monitored conflict programs in situ in Garissa and other locations in the implementation area, but outside the restricted travel zone, during the audited reporting period.

2. ***“Just prior to this audit, a USAID/East Africa mission official travelled to the CEWARN office and explained that only items that could be documented could be reported under their results. According to CEWARN officials, this was the first visit from USAID/East Africa staff since the award had been made in September 2006. Had this visit occurred earlier in the year or had visits been made on a more regular basis, CEWARN officials might have had time to properly document the 30 claimed linkages.”***

We wish to clarify that USAID/East Africa has completed approximately 36 TDYs (26 of them to Addis Ababa) since the grant was signed in 2006 to monitor the CEWARN/IGAD program in different capacities. In addition, whereas the Senior Policy Advisor made her first trip to CEWARN in October 2009, this was not the first time the issue of Data Quality was discussed with CEWARN. In particular, the Regional Mission's Program Management Assistant for RCMG made three trips to Ethiopia between March 2007 and October 2009 to specifically review data with CEWARN and the issue of indicators and data quality has been discussed in partner meetings where CEWARN staff was present.

3. *“Valid, reliable data is necessary for sound management. Relying on implementing partner data which is not verified, either through site visits or other means, increases the risk that USAID officials will not have the information needed to make the best management decisions. In addition, failure to monitor activities performed by implementing partners and sub-grantees increases the risk of waste, fraud and abuse, including the risk of inadvertently financing terrorist organizations such as Al Shabaab...”*

The Regional Mission agrees that failure to monitor activities performed by implementing partners and sub-grantees increases the risk of waste, fraud and abuse, including the risk of inadvertently financing terrorist organizations. USAID/EA therefore regularly takes all necessary steps to ensure USG resources are being monitored in accordance with applicable law and regulation, including applicable terrorist financing restrictions, to decrease the risk of waste, fraud and abuse. This includes ensuring that all recipient organizations receiving USG financed sub-grants are required to file a Certification Regarding Terrorists Financing that requires referencing relevant terrorist watch lists to ensure material support or resources are not unintentionally given to individuals or entities associated with terrorist groups.

4. *“However, missing from the Performance Management Plan are measurements of long-term outcomes and assistance objectives. USAID’s Automated Directives System 203.3.8.3, Performance Report Indicators, states that, in addition to the Department of State’s Foreign Assistance Bureau’s required indicators, operating units may need to define their own “custom” indicators in their Performance Management Plans, which are designed to add depth and substance and to reflect more specifically what the mission is trying to achieve in view of its particular country situation. These indicators are missing because mission officials have prioritized the Department of State’s Foreign Assistance Bureau’s required indicators over any mission-specific custom indicators. Without means for measuring outcomes and assistance objectives, it is difficult to determine what impact USAID/East Africa’s conflict mitigation activities are having or what value the US Government received in return for its investment of resources.”*

USAID/East Africa spent five years working with USAID/Washington to develop an acceptable list of conflict indicators. Many of the indicators currently being tracked were validated through the original East Africa program. In the PMP, we are required to prioritize reporting against standard indicators and we have asked our partners to prioritize these indicators in their reports. There are no “standard” impact indicators

for this sector. As noted above, we are working diligently with our PEACE II partner to determine whether we can adopt an impact indicator that can be tracked consistently at a reasonable cost. We are sensitive to the need to know whether or not we are having impact and believe the steps we are taking will provide information that will prove valuable for USAID/East Africa and others working in this program area. Nevertheless, reporting any kind of results in conflict prone areas can be difficult, and reporting impact on conflict mitigation is sometimes impossible. We need to carefully consider proposed indicators before committing to any that might be inappropriate or unsustainable. We take your recommendations seriously and assure you that we will continue to take great pride in advancing practical performance management possibilities in this critical strategic area.

Finally, we would like to take this opportunity to express our appreciation for the time and effort that your team put into understanding the Regional Mission's conflict program. Your insights and concerns are laudable and I can assure you that we will tighten up our monitoring in light of your report. We hope that you will consider our additional clarifying information as you finalize this report.

Yours sincerely,

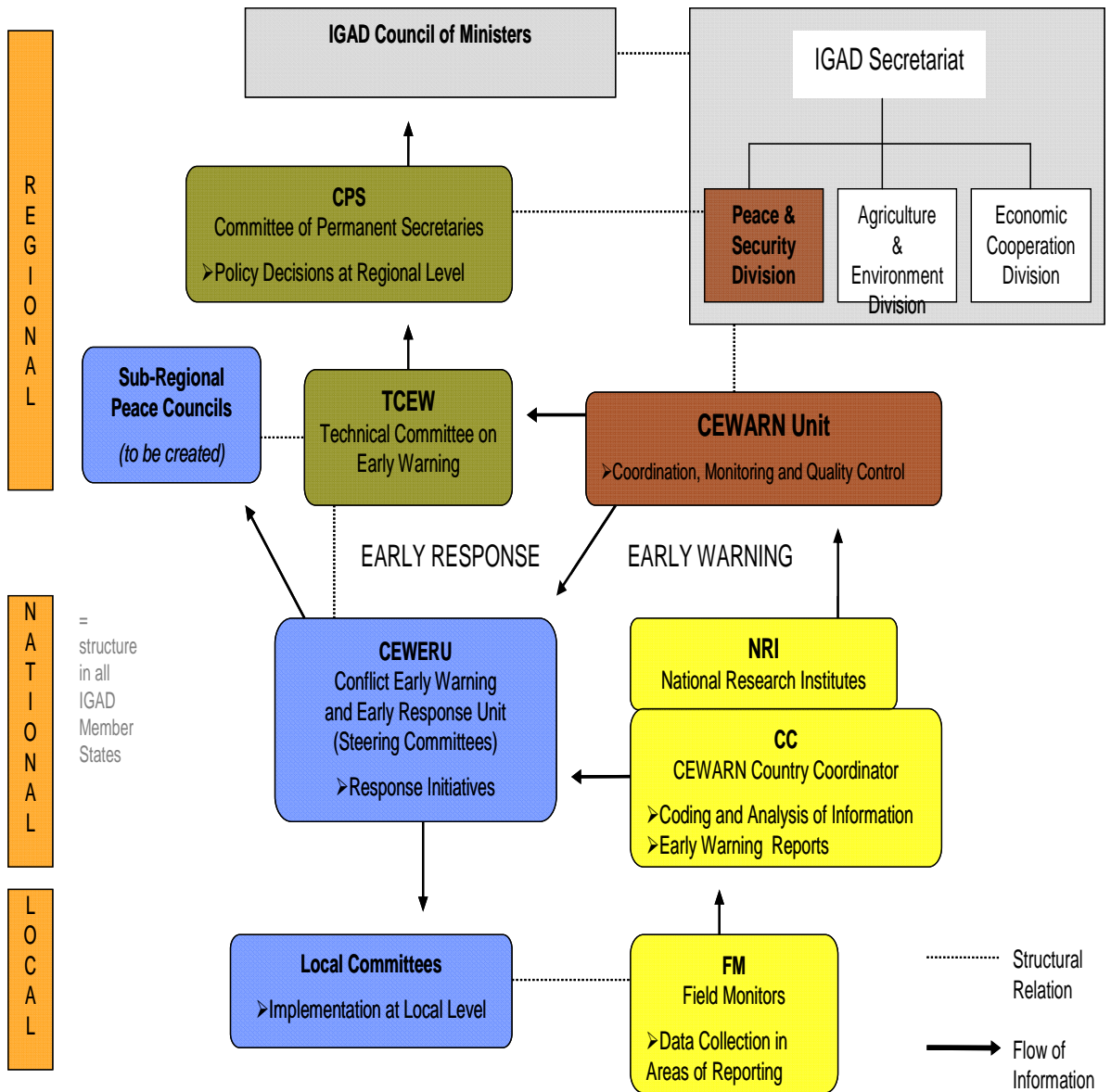
Lawrence Meserve /s/
USAID/EA Regional Mission Director

**USAID East Africa's Conflict Mitigation
Selected Performance Targets and Results Reported**

	Performance Indicator	FY 2009 Target	FY 2009 Reported Result	Percentage of Target
1	Number of U.S. Government-supported activities that demonstrate the positive impact of a peace process through demonstrating tangible, practical benefits	32	19	59
2	Number of reconciliation activities conducted and completed with the participation of two or more conflicting parties (workshops, peace dialogues, round table discussions)	160	85	53
3	Number of U.S. Government-assisted facilitated events geared toward strengthening understanding and mitigating conflict between groups	300	133	44
4	Number of people from "at-risk" groups who have participated in USAID-sponsored civic and/or social activities specifically conducted to benefit members of such groups	14,000 ¹⁴	23,403	167
5	Number of people participating in U.S. Government-assisted reconciliation activities conducted and completed with the participation of two or more conflicting parties	7,910	19,698	249
6	Number of people attending facilitated events geared toward strengthening understanding and mitigating conflict between groups	1,800	1,688	94
7	Number of peace-building structures established or strengthened with U.S. Government assistance that engage conflict-affected citizens in peace and/or reconciliation processes	81	74	91
8	Number of men and women who participated in U.S. Government-supported conflict resolution/mitigation skills training programs	70	71	101

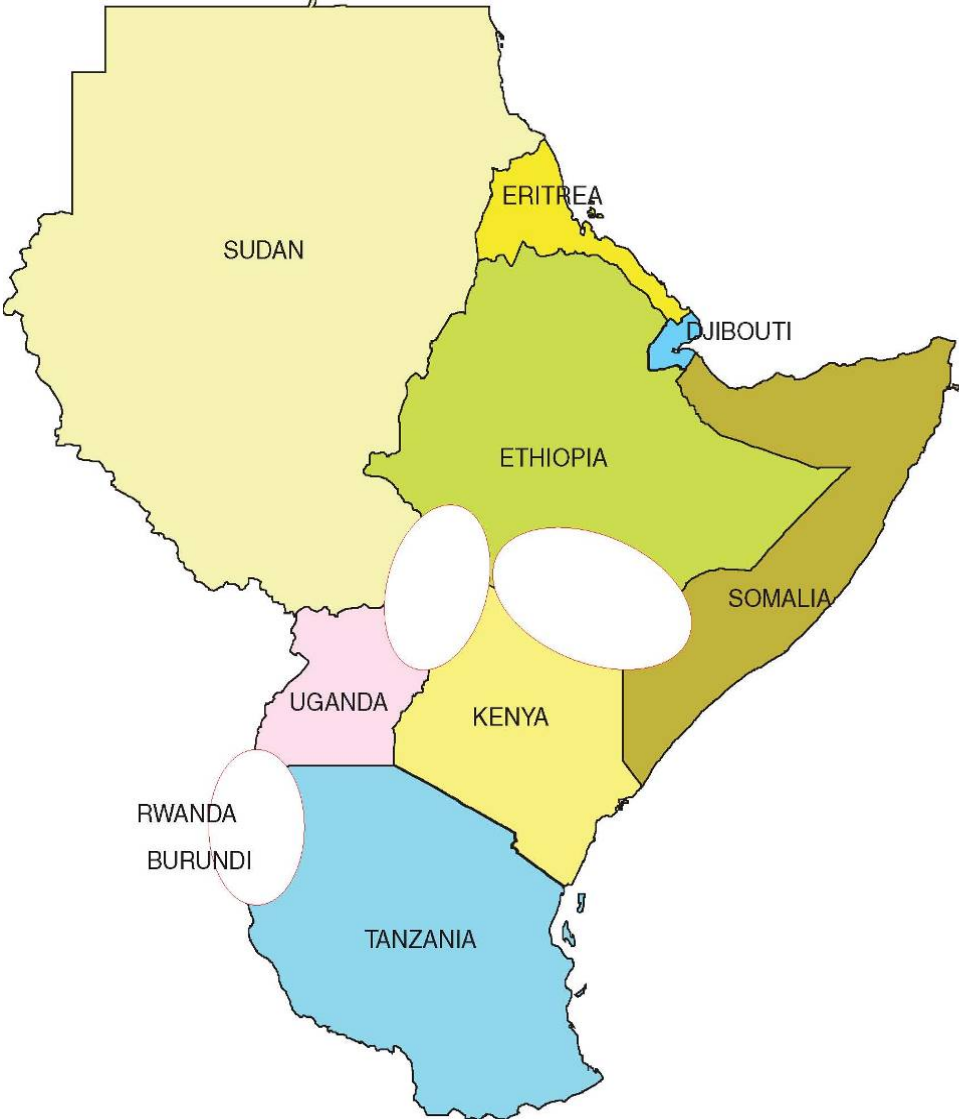
¹⁴ These indicators include "rapid response" activities held in response to unanticipated conflicts. Estimating the number of individuals attending rapid response activities is very difficult because a rapid response can reach anywhere from 5 to 15,000 people; as a result, the fiscal year 2009 targets were low. Nevertheless, even the non-rapid response activities included in these indicators reached significantly more individuals than initially anticipated.

Organizational Structure of the Conflict Early Warning and Response Unit



Source: Inter-Governmental Authority on Development

Map of Cross Border Zones of USAID/East Africa’s Conflict Mitigation Activities



Source: USAID/East Africa

- Karamoja Cluster is the white oval encompassing Sudan, Ethiopia, Kenya and Uganda
- Somali Cluster is the white oval encompassing Ethiopia, Somalia and Kenya
- Great Lakes is the white oval encompassing Uganda, Tanzania, Rwanda, and Burundi, and is the site for future activities.

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