OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/WEST AFRICA'S PEACE THROUGH DEVELOPMENT II PROGRAM

AUDIT REPORT NO. 7-625-14-001-P
March 28, 2014

DAKAR, SENEGAL

Office of Inspector General

March 28, 2014

MEMORANDUM

TO: USAID/West Africa Mission Director, Alexandre Deprez

FROM: Regional Inspector General/Dakar, Abdoulaye Gueye /s/

SUBJECT: Audit of USAID/West Africa's Peace Through Development II Program (Report No. 7-625-14-001-P)

This memorandum transmits our final report on the subject audit. We have considered your comments on the draft report and included them, without attachments, in Appendix II.

The final report contains 12 recommendations to help USAID/West Africa improve its Peace through Development II Program. In its comments on the draft report, USAID/West Africa agreed with all 12 recommendations. Based on our evaluation of management comments, we acknowledge that the mission made a management decision on all recommendations and has taken final action on Recommendations 2, 3, 9, and 12.

Please coordinate final action for Recommendations 1, 4, 5, 6, 7, 8, 10, and 11 with the Office of Audit Performance and Compliance Division. Thank you for the cooperation and assistance extended to the audit team during this audit.

U.S. Agency for International Development
American Embassy Dakar
Route des Almadies
Dakar, Senegal
http://oig.usaid.gov

CONTENTS

Abbreviations

The following abbreviations appear in this report:

ALT	Association Lead Tchad
ADS	Automated Directives System
FDC	Fondation pour le Développement Communautaire
HR	human resources
IRD	International Relief and Development
M&E	monitoring and evaluation
OIG	Office of Inspector General
PDEV	Peace through Development II Program
PMP	performance management plan
WFP	World Food Programme

SUMMARY OF RESULTS

Africa's Sahel is a vast band of semiarid grasslands stretching across the continent, separating the Sahara Desert in the north from the tropical lands in the south. About 50 million people inhabit the Sahel in some of the poorest, most unstable countries in the world. Many are frustrated by the lack of economic opportunities, weak and corrupt governments, and natural resource degradation. Therefore, they are vulnerable to violent extremism and the influence of terrorist groups. Youth are especially vulnerable if they are unemployed, uneducated, and do not have any job prospects.

Burkina Faso, Chad, Mauritania, and Niger are four countries in the Sahel that are at risk. While violent or extreme ideology is not widespread in these nations, the chances of it taking hold are likely to increase if living standards and governments do not improve.

To address these concerns, the U.S. Departments of Defense and State, and USAID have formed the Trans-Sahara Counterterrorism Partnership to improve country and regional capabilities in the Sahel and the nearby Maghreb[1] to defeat terrorist organizations. Contributing to the goals of this partnership, USAID's West Africa Regional Mission launched the Peace through Development II Program (PDEV)[2] to help make communities less vulnerable to violent extremism in Burkina Faso, Chad, Mauritania, and Niger. The mission signed a 5-year, $61.7 million cooperative agreement with International Relief and Development (IRD) on November 14, 2011, to implement the program in those countries, but Mauritania was later dropped from the scope.

USAID views PDEV as a "new, high-profile assistance program"[3] that will guide future efforts for countering violent extremism in the Sahel. PDEV is implemented by IRD in collaboration with Search for Common Ground, Salam Institute for Peace and Justice, Equal Access International, and local partners. According to USAID, the program supports targeted communities in their struggle against violent extremist organizations and ideology through activities that strengthen social cohesion, improve the outlook for youth, and promote moderate behavior. PDEV established four objectives to achieve these goals.

1. "Empower Youth." Young people are vulnerable to being recruited by extremist groups. Mission and IRD officials said if they are more hopeful about their current and future situations, the chances of them getting involved with extremist groups and ideologies decreases. Thus PDEV aims to make youth less vulnerable by giving them vocational and entrepreneurial skills, civic education, and leadership training to increase the amount of time they take part in making decisions in their communities.

2. "Increase Moderate Voices." Mission and IRD officials said radio programs about peace and tolerance, social media, civic education, and conflict resolution activities can improve people's attitudes and behavior. Through this kind of programming, PDEV tries to give people more moderate, hopeful, and less violent opinions/interpretations of their circumstances.

[1] The Maghreb is a region in northwest Africa. In this program, it covers Algeria, Morocco, and Tunisia.
[2] This program is a follow-on to one carried out by Academy for Educational Development/Family Health International.
[3] Request for Application, June 21, 2011.

3. “Increase Civil Society’s Capacity.” Civil society organizations address and/or advocate for issues that governments are not tackling sufficiently. PDEV supports helping these organizations improve their ability to address issues that, if not addressed, may persuade at-risk populations to support or take part in violent extremist activities.

4. “Strengthen Local Government.” Activities that strengthen local government—especially those that increase community and youth participation—promote unity. Communities that can influence priorities of local government may discourage at-risk populations from turning to violence.

The program employs a community-led, participatory approach and uses community grants to implement a broad range of activities including small-scale construction projects. The grants fund activities to strengthen social cohesiveness. They also fund activities to improve quality of life such as vocational training for youth and other at-risk groups and building wells and radio towers. By providing these groups with employable skills and improving their general well-being, they may be less likely to turn to violence.

The audit focused primarily on activities from the start of the program in November 2011 until March 31, 2013. During that period, USAID/West Africa had obligated $25.7 million and disbursed $10.4 million for PDEV activities. In the 3 months that followed, the mission disbursed an additional $4.2 million.

The objective of the audit was to determine whether USAID/West Africa’s PDEV activities were on track to help make at-risk communities less vulnerable to violent extremism. The audit determined that the program was not because of significant problems that occurred in the first year. As of the end of March 2013, more than $10.4 million had been spent with few results. Two of the program’s four objectives had not been implemented as required, and the remaining two had limited results.

Discrepancies between the planned versus actual performance results underscore this problem. Only 26 percent of the activities in IRD’s work plan for the first year were implemented by the year’s end, and the program did not make any progress on 10 of 22 planned outputs.[4] Halfway through the second year, only 60 percent of the activities planned were implemented, and the program made less than 20 percent of its annual targets for 17 of 22 planned outputs. In fact, nine had no results at all.[5] (Appendix III has a breakdown of the results.)

In addition to not completing activities and making progress on outputs as planned during the first two years (page 5), the following problems further demonstrate why the program was not on track to achieve its goals.

- IRD’s budget was unrealistic, and the program had cost overruns (page 7). The program spent 69 to 442 percent more than what was budgeted primarily for operating cost in the first year. With only 3 months left in the second year, the program had already exceeded its annual budget for nearly all line items relating to operating expenses by 18 to 364 percent. Despite these overruns, IRD spent only 6 percent of its budget for program interventions

[4] The quality of IRD’s data is questioned later in the report.

[5] The program’s work plan outlines the activities it is to complete during the year to achieve the desired outcome. The performance indicators list the outputs that are expected as a result of those activities. Several may be required to achieve an output; for example, to distribute school supplies (an output), the program may have numerous activities leading up to the actual distribution.

and 28 percent for subawards in the first year, and 20 percent and 56 percent, respectively, in the first 9 months of the second.

- Two of three local partners discontinued their partnerships with IRD (page 12). They did so within the first year because they were dissatisfied. By losing these partners, many of the activities the local partners were responsible for were not implemented.

- Most of the data tested were either not supported adequately or reported correctly (page 14). Without reliable data, it is difficult to accurately assess IRD's performance and determine whether the program is achieving its intended objectives.

- IRD did not apply internal controls, policies, and procedures (page 15). During the first year, there were control weaknesses in human resources (HR), planning and budgeting, procurement, travel, inventory, oversight, and IRD's organizational structure.

- Start-up activities were not completed on time (page 17). The program in Burkina Faso started 1 year late and IRD spent a year finalizing in which communities it would work in. Additionally, the baseline study, the performance management plan (PMP), and monitoring and evaluation (M&E) plan were finalized much later than planned. Field offices were set up 5 months to 1 year late and were not all operational.

- Imams[6] did not train other imams, as required (page 19). Salam Institute, one of the subpartners, trained 24 imams to reinforce plurality, tolerance, and nonviolence in Chad. They were then supposed to train 480 other imams. Four months after the initial training, however, they had not done so.

The problems that occurred during the first year were predominately due to IRD's inability to staff and start the program properly, put the necessary management and control systems in place, and train employees. While some things were out of IRD's control, such as an extended interagency process that led to delays in the startup in Burkina Faso, ultimately the organization's lack of attention and resources set the program up to fail in the first year

To address the problems noted above, the audit recommends that USAID/West Africa:

1. Implement a corrective action plan that describes the initiatives to be implemented to improve performance; the milestones and timelines; the monitoring process; and the remedial actions that will be taken if the program is not making progress as planned (page 7).

2. Implement a plan to increase activity managers' monitoring of the program to measure and verify progress against performance milestones (page 7).

3. Require IRD to select local partners in Chad and Niger to carry out activities for the third and fourth objectives (page 7).

4. Conduct a review of IRD's systems of budgetary control and liquidity management for the program (page 12).

[6] A Muslim religious leader or chief.

5. Consult with activity managers to confirm that cost estimates for particular items (like rent and equipment) included in the realigned budget reflect current market costs in each country and, to the extent possible, verify with them that each country's budget properly reflects expected costs for activities planned (page 12).

6. Ask IRD to provide financial reports on a quarterly basis that analyze line-item expenditures against the budget, and highlight and discuss any significant variations (page 12).

7. Require IRD to formalize its relationships with local partners through contracts or written agreements and comply with the terms of the subagreements (page 13).

8. Require IRD to implement a plan to provide adequate oversight, support, and training to local partners (page 14).

9. Work with IRD to fill vacant M&E positions with qualified staff (page15).

10. Conduct a thorough follow-on data quality assessment of PDEV activities during the first quarter of the 2014 calendar year once the program's M&E system has been fully implemented and tested (page 15).

11. Confirm with IRD that the specified training from an internal auditors' report has been provided and that the program has a plan to address these training needs regularly (page 17).

12. Require IRD to clarify and document responsibilities and procedures for activities that follow Salam Institute training workshops and curriculum development activities, clearly setting out the roles and responsibilities of all stakeholders, including the institute, and allocating appropriate financial resources toward these efforts (page 19).

Detailed findings appear in the following section. Appendix I contains information on the scope and methodology. Mission comments, without attachments, are included in Appendix II, and our evaluation of them is on page 20.

AUDIT FINDINGS

Program Was Not Progressing as Planned

According to its work plans, IRD was to implement a total of 143 activities in the first year and 177 activities for first 6 months of the second (October 2012 to March 2013) in Burkina Faso, Chad, and Niger. However, only 26 percent of the first year's activities and 60 percent of the second year's activities were implemented as planned (Table 1).

Table 1. Results of First- and Second-Year Work Plans (Unaudited)

	November 2011 to September 2012			October 2012 to March 2013		
Country	Number of activities planned	Number of activities implemented	Percentage implemented	Number of activities planned for first 6 months	Number implemented in first 6 months	Percentage of activities implemented
Burkina Faso*	--	--	--	49	15	31
Chad	72	14	19	69	45	65
Niger	71	23	32	59	46	78
Total	**143**	**37**	**26**	**177**	**106**	**60**

* Activities were not implemented in Burkina Faso until the second year, as explained on page 17.

IRD was supposed to implement the following activities under each of the four objectives.

Objective 1. These youth-focused activities included literacy and leadership training, vocational training for people considered most at-risk, providing school supplies, and "community mapping"—getting feedback from local people about what their communities need. The program made some progress in leadership training and providing school supplies, but was significantly behind on vocational and literacy training and community mapping, as discussed below.

- **Vocational Training.** Preparations for vocational training for those most at risk of violent extremism in Chad and Niger was supposed to start in the first year; this involved doing a market assessment, finding potential trainers, and submitting the grant proposals to USAID for approval. The training had a budget of $640,000 and was supposed to begin in September 2012 in Niger and February 2013 in Chad.

  However, it did not take place. As of April 2013, only 38 (3 percent) of 1,150 youth targeted to receive vocational training in all three countries in the second year had gotten it.

- **Literacy Training.** Despite having a target of 2,770[7] people trained for the second year, no literacy training had occurred as of March 2013. This activity was not even listed in that year's work plan.

[7] This is the revised target, which USAID had not yet approved. According to IRD's fiscal year 2013 Quarter 2 progress report, the previous target for the activity for the second year was 27,270.

- **Community Mapping.** The mapping process was supposed to start in March 2012 in Niger and Chad, but did not start until May 2013, more than 1 year later than planned.

Objective 2. Activities geared to encouraging moderate behavior focused on the following: building the capacity of radio stations; increasing access to quality, credible information through public information campaigns; producing and broadcasting radio programs; training religious leaders and Quranic school teachers in civic education; and facilitating inter/intra faith activities.

As of March 2013, PDEV had already exceeded its annual targets for training media outlet staff, producing and broadcasting radio programs, and training religious leaders, but lagged behind in the other activities. The program assisted only 3 of 32 radio stations targeted, did not complete any of the 12 public information campaigns, and did not facilitate any of the 6 inter/intra faith activities planned for the year.

Objective 3. Results in increasing civil society's capacity in Chad and Niger were limited and nonexistent in Burkina Faso as of March 2013. Activities included training civil society organizations to better address community issues and increasing citizen participation and advocacy by establishing community action committees—PDEV's main mechanism for working with a community to identify what made it vulnerable to violent extremism and to propose activities (to be funded through grants) to address those vulnerabilities.

The committees were supposed to be formed in April 2012 in Chad and Niger; instead, they were formed 3 months late in Niger (June 2012) and 9 months late in Chad (December 2012). Of the 50 committees that the program was supposed to set up in the second year, only 19 (or 38 percent) were formed as of March 2013, and none of the targeted 300 committee members had been trained. Additionally, at that time only 36 (or 14 percent) of the 250 civil society staff members targeted for the year had received the designated training.

Objective 4. There were no results for strengthening local government in the first year and limited results halfway into the second. Activities planned for the second year included training 250 local government officials to address community issues using an open, participatory process; conducting 12 workshops among municipalities to identify, develop, and share information about the best ways to encourage participatory, accountable, and open decision-making; assisting with 200 community events to discuss development priorities; and completing 50 community development projects.[8] However, as of March 2013, the only results reported were for seven community development projects.

Two significant components of the program that contribute to all of the objectives are small-scale construction activities and community grants. Both were scheduled to start in July 2012 according to the original program design, but implementation in Burkina Faso was delayed until the second year (discussed on page 17).

As of June 2013, construction activities had not started in any of the three countries, which combined had a budget of $2.7 million for such activities in the first 18 months of the program. No grant activities were implemented in the first year, and they had a budget of $673,000 for all three countries. Activities did not begin in Niger and Chad until November and December 2012—5 to 6 months later than planned.

[8] Targets listed for each activity are from the second year's second-quarter progress report, Annex D.

The program's start-up was slow and poorly implemented, which affected IRD's ability to carry out activities on time. High turnover also was a factor, and it was unclear why there had been so much. In the first 18 months, PDEV had three different chiefs of party,[9] two deputy chiefs of party, three directors of finance and administration, and two country directors for Chad and Niger. Since then, IRD lost another chief of party and country director for Chad. By October 2012, turnover of local hired staff reached 31 percent in Niger and 51 percent in Chad.

Grant activities were delayed because PDEV's managers did not train staff on how to use the grant manual or how to link grant activities to the risk factors for violent extremism. As a result, the processes outlined in the manual were not followed, and staff sometimes submitted grants for activities that fell outside the scope of the program.

Consequently, the program was not on track to achieve its goals. As of March 31, 2013, more than $10.4 million had been spent with few results to show. PDEV's overall effectiveness to counter violent extremism was decreased, evidenced by the discrepancies between IRD's planned versus actual outputs. The program did not make any progress on 10 of 22 planned outputs in the first year. Halfway through the second, it had achieved less than 20 percent of its annual targets for 17 of 22 planned outputs; 9 had no results at all. (Appendix III has a breakdown of results.)

In response to IRD's poor performance in the first year, USAID officials sent a notification letter in November 2012 to the organization's president and chief executive officer to voice their concerns. Three months later they met with him and also with PDEV's chief of party to review performance and corrective actions taken. USAID sent a second notification letter in March 2013 recognizing that progress had been made but more was needed.

To improve program performance, we make the following recommendations.

> ***Recommendation 1.*** *We recommend that USAID/West Africa implement a corrective action plan that describes the initiatives to be implemented to improve performance, the milestones and timelines, the monitoring process, and the remedial actions that will be taken if the program is not making progress as planned.*
>
> ***Recommendation 2.*** *We recommend that USAID/West Africa implement a plan to increase activity managers' monitoring of the program to measure and verify progress against performance milestones.*
>
> ***Recommendation 3.*** *We recommend that USAID/West Africa require International Relief and Development to select local partners in Chad and Niger to carry out activities for the third and fourth objectives.*

Implementer's Budget Was Unrealistic, and Program Had Cost Overruns

USAID's request for applications for PDEV specified a budget of approximately $61.9 million for work in four countries over 5 years. The request suggested geographic areas to target but left it up to the applicant to define the scope and budget breakdown.

---

[9] This includes the original chief of party who was named in the agreement but backed out before the program began.

In its application, IRD proposed to target 101 geographic zones and submitted a 5-year budget for its activities. (Tables 3 and 4 on the next pages show IRD's first- and second-year annual budgets.) IRD was awarded the agreement because USAID determined its application was most responsive to the intended objectives of the program and also presented the greatest overall value.

USAID's Automated Directives System (ADS) 303.3.12.a states that when negotiating the award, the agreement officer must review the proposed award budget and perform a cost analysis. When performing the cost analysis, the officer reviews cost breakdowns and analyzes data to determine their necessity, reasonableness, and allowability. This helps the agreement officer determine whether the prospective recipient has a good understanding of the financial aspects of the program and can perform the grant activities with the amount requested.

According to the cost realism checklist template—a mandatory reference to ADS 300—mission employees involved in procurement should perform a cost realism analysis because the applicant may submit unrealistically low offers to win the award. The budget must be as realistic as possible to be sure adequate funding is available for the program to succeed.

Despite the importance of such analyses, USAID did not perform them sufficiently before approving the award. Moreover, PDEV had significant problems with unrealistic budgeting and cost overruns.

Unrealistic Budget. IRD had budget problems in part because of unrealistic expectations about the program's scope, operating expenses, and staffing needs.

In June 2012, 7 months after the program began, IRD officials told USAID that implementing activities in all 101 zones would spread resources too thin. So IRD and USAID decided to divide the zones into "core" and "noncore"; core zones would receive the full range of activities, and noncore zones would receive only radio broadcasts. IRD settled on 45 core and 56 noncore zones, which one USAID official said was still not realistic given the available resources per zone and the program's ambitious targets.

IRD also was unrealistic about some of the operating expenses for Burkina Faso, Chad, and Niger.

- IRD proposed that all field offices would be colocated and cost-shared with local partners. But as of July 2013, only 3 of the 11 offices established at the time were.

- IRD budgeted $1,500 per month for office rent in the capital of Burkina Faso, but was actually paying $3,700 per month.

- IRD budgeted $400 per month for Internet for the main offices in Burkina Faso and Chad, but was paying $3,000 and $8,000 per month respectively. Some USAID and PDEV officials in Burkina Faso said IRD was overpaying for Internet.[10]

- Although $10,000 was budgeted to equip a radio studio in Burkina Faso, the implementer there expected the actual cost to be around $15,000.

[10] We did not have the chance to discuss with program officials whether the Internet cost was reasonable in Chad.

- Motorcycles were budgeted for all field offices. But some of the core zones were too far away to comfortably visit on motorcycle, and employees could not transport program materials to the zones unless they rented a car.

IRD did not estimate the staffing resources needed to implement the program. At the time of the audit, IRD had 68 more employees on staff or about to be hired than was budgeted for initially, as shown in Table 2 below.

Table 2. IRD Staffing (Unaudited)*

Team	Budgeted	Employed or About to Be Hired	Difference
Regional management**	8	8	0
Burkina Faso	27	41	14
Chad	34	63	29
Niger	40	65	25
Total	**109**	**177**	**68**

* Table includes both central and field office staff that IRD employed in each county. It does not include subpartner staff.
** This team is based in Niger, but it has management duties for the entire region.

Cost Overruns. During the first year, the program spent 69 to 442 percent more than what was budgeted for several line items, as shown in Table 3 below.

In contrast, IRD spent only 6 percent of what it budgeted for actual program activities and 28 percent for subawards.

Table 3. First Year Line Items for Chad and Niger (Unaudited)*

Line Item		Percent Over or Under Budget
1.	Salaries and wages	1
2.	Fringe benefits	3
3.	Allowances	-4
13.	Consultants	69
14.	Travel, transportation, and per diem	442
15.	Equipment	106
16.	Other direct costs	292
17.	Subawards	-72
18.	Program interventions/activities	-94
	Total direct costs	-40
19.	Indirect costs	3
	Grand total costs	**-35**

* Based on budgets for Chad and Niger only because no program activities took place in Burkina Faso and Mauritania was dropped from the program.

Cost overruns continued in the second year. An analysis of that year’s budget for Burkina Faso, Chad, and Niger—with 3 months left—showed that the program had already exceeded its budget for nearly all line items except program interventions, subawards, and equipment shown in Table 4 below.

Table 4. Second Year's Line Items for Burkina Faso, Chad, and Niger (Unaudited)

Line Item	Percent Over or Under Budget as of June 2013
1. Salaries and wages	23
2. Fringe benefits	35
3. Allowances	18
4. Consultants	93
5. Travel, transportation, and per diem	364
6. Equipment	-16
7. Other direct costs	205
8. Subawards	-44
9. Program interventions/activities	-80
Total direct costs	-24
10. Indirect costs	24
Grand total costs	**-19**

* For this analysis, the budget includes the second year budgets for Chad and Niger, and the first year budget for Burkina Faso, because Burkina Faso became operational that year. By using the first year's budget for Burkina Faso for the analysis, it incorporates additional start-up costs like equipment.

Additionally, IRD had spent its entire 5-year travel budget of $689,000 in little more than a year. However, the exact amount was unknown since some travel expenditures were inadvertently allocated to travel instead of the program, possibly overstating actual travel expenditures. IRD identified this issue and, at the time of the audit, was in the process of making appropriate adjustments.

According to a USAID official, some of these cost overruns include:

- Costs associated with the turnover of the entire senior management team, including repatriation costs and deployment of personnel on a short-term basis to fill the vacancies.
- Costs associated with domestic and international travel in the first year by a management team that was faced with constant attrition and transition.
- Costs associated with legal actions and removal and recruitment of large numbers of locally hired staff.
- Costs associated with losing two local implementing partners (discussed on page 12).
- Equipment and maintenance costs incurred because assets handed over from the first PDEV program were in much poorer condition than anyone anticipated.

- Costs associated with having to redo some assessments (such as assessing the capacity of civil society organizations to tailor technical assistance, or finalizing the selection of core target zones for program implementation) in the first year in Niger.

IRD did not inform USAID at any time that it needed to realign the budget. Since IRD's award is a cooperative agreement, it is obligated to submit quarterly financial reports listing only the program's total expenditures, along with a breakdown by country, without further analysis.

USAID does not oversee line-item expenditures and, unless IRD flags it, USAID would have no way of knowing that there were problems with the budget. It was not until USAID asked for a meeting with IRD in February 2013 that IRD officials said they already exceeded the 5-year travel budget. That was the first sign that the program was having problems with certain line items. The remaining problems were not disclosed until this audit.

A number of factors contributed to IRD's budget difficulties. It was overly ambitious with what it proposed to achieve, given the resources available, and did not perform sufficient analysis to understand what it would cost to implement this program. IRD management's failures during the first year of the program led to cost overruns, increased travel, loss of local partners, and duplicated efforts. The regional nature of the program also has required a lot of travel to and from the different countries. The new concept of countering violent extremism has required additional technical assistance to get the program up and running, and the deteriorating security conditions have contributed to increased operational costs because IRD was not able to travel on the ground safely and therefore had to fly more than expected.

IRD also lacked controls to monitor variations between estimated and actual financial performance. According to IRD's internal audit reports for each country, the program was not comparing actual performance or expenditures to the budget to identify and analyze the variations, as required in the agreement with USAID.[11] Moreover, IRD had not even given a copy of the approved budget to the finance manager in Niger so he could analyze or monitor expenditures.

USAID contributed to this situation by not performing adequate cost analysis of each country before it awarded the agreement. Agency procurement staff based in Ghana performed a cost analysis of IRD's budget as required, but no one based in Burkina Faso, Chad, or Niger was significantly involved in it. USAID/West Africa officials provided documentation to show they consulted other officials in each country about the local compensation plan, but not about office rent, utilities, Internet, other direct costs, or programmatic line items.

Discussions were under way to realign IRD's budget, though the realignment had not been approved as of June 2013. The biggest change would be the reduction of small-scale construction activities from $11.1 million to $6.5 million to absorb some of the excess costs. This would in turn reduce the impact attributed to infrastructure activities.

IRD's unrealistic budgeting and cost overruns could affect the program's ability to achieve the expected outputs and goals. The program has spent very little on actual program activities,

---

[11] The cooperative agreement states that IRD must comply with the Code of Federal Regulations, Title 22, Part 226.21. This states that U.S. nongovernmental organizations receiving assistance awards must compare expenditures with the budget and, whenever possible, relate financial information to performance.

despite being on or over budget for many other line items. To address these concerns, we make the following recommendations.

> ***Recommendation 4.*** *We recommend that USAID/West Africa conduct a review of International Relief and Development's systems of budgetary control and liquidity management for the program and document the results.*

> ***Recommendation 5.*** *We recommend that USAID/West Africa consult with activity managers to confirm that cost estimates for particular items (such as rent and equipment) included in the realigned budget reflect current market costs in each of the three Peace through Development II countries, and, to the extent possible, verify with activity managers that country-level budgets properly include expected costs given planned future activities and document the results.*

> ***Recommendation 6.*** *We recommend that USAID/West Africa ask International Relief and Development to provide financial reports on a quarterly basis that analyze line-item expenditures against the budget and highlight and discuss any significant variations.*

Two of Three Local Partners Discontinued Partnerships With Implementer

IRD was supposed to implement activities under the third and fourth objectives ("increasing civil society's capacity" and "strengthening local government") through its local partners: Fondation pour le Développement Communautaire (FDC) in Burkina Faso, Association Lead Tchad (ALT) in Chad, and Karkara in Niger. The activities involved organizing and building the capacity of civil society organizations, community-based organizations, and local government through training programs and community grants; and managing a community-based, youth-led process for community mapping.

However, during the program's first year ALT ended its partnership in May 2012, and Karkara followed in December 2012. Officials from Karkara told the audit team they did so because of the problems listed below.

- IRD did not inform Karkara when it won the award. Instead Karkara officials found out about it through the local newspaper.

- In a December 2011 meeting, IRD promised Karkara that it would prepare a formal agreement within 10 days. However, this never happened despite Karkara's repeated requests for a contract. So Karkara worked under a letter of authorization dated January 25, 2011, which authorized it to incur expenses before subfinancing was available. But Karkara was hesitant to incur expenses without an actual contract in place.

  Karkara worked with IRD to prepare a 5-year budget for its activities, which was submitted as part of the proposal to USAID. But IRD asked Karkara to work on a month-to-month budget, which made it difficult to plan ahead for program activities.

- Karkara officials said they felt IRD used them to win the award.

Karkara wrote a letter to the IRD country director on October 30, 2012, informing him of its plans to discontinue the partnership on December 31, 2012. According to Karkara, IRD did not respond until January 2013, by which time Karkara had already given up.
We did not have a chance to meet with ALT. According to a letter it sent to IRD's acting country director in May 2012, ALT discontinued the partnership for the following reasons.

- IRD did not involve ALT seriously in preparing for PDEV.

- Activities leading up to the launch of PDEV consumed a lot of time and resources.

- IRD did not provide training on the tools and methods ALT was supposed to use in implementing PDEV activities, which created problems with communication and misunderstanding.

- IRD's management approach did not meet ALT's expectation (although ALT did not say what it expected), and ALT officials did not believe it was a partnership. IRD's working framework would not allow ALT to achieve its goals, and ALT did not want to work in a state of uncertainty.

The audit team met with officials from FDC, the local partner in Burkina Faso, to understand their relationship with IRD. Though FDC had not discontinued its partnership, the officials there were frustrated by IRD's noncompliance with one of the terms of the agreement; as of January 2, 2013, IRD was to make a start-up payment of up to $50,000 representing the first installment of the total budget. All subsequent payments would be based on requests for advance funds, subject to verification by IRD. The FDC officials said they never received this start-up money. Instead they received money only after they submitted invoices for costs already incurred. They added that this put them in debt because they did not have enough money for the start-up costs.

We discussed these issues with IRD officials and gave them the documents from the local partners. We gave them a month to provide information that could refute the partners' statements, but they did not.

By losing two of three local partners, the program had not implemented many activities under the third and fourth objectives. Though IRD did not make any disbursements to ALT, it paid Karkara $67,182, which is now lost.

IRD's current plan is to have three local partners instead of one implement activities in Chad and Niger. As of May 2013, the documentation we found stated that two in Chad had been "formalized," but no partners had been identified in Niger. To address these problems, we make the following recommendations.

> ***Recommendation 7.*** *We recommend that USAID/West Africa require International Relief and Development to hire local partners and comply with the terms of the subagreements.*

> ***Recommendation 8.*** *We recommend that USAID/West Africa require International Relief and Development to implement a plan to provide adequate oversight, support, and training to local partners.*

Majority of Data Tested Were Inadequately Supported or Incorrectly Reported

According to ADS 203.3.11.1, high-quality data are crucial for performance monitoring and for credible reporting. Data should be valid, accurate, precise, reliable, and timely because program managers rely on them to analyze whether the desired results are being achieved and whether implementation is on track. Data that do not meet these standards could lead managers to make poor decisions.

Most of the PDEV data tested were not adequately supported or correctly reported. Table 5 summarizes our data validation results.

Table 5. Reported Versus Actual Results (Audited)

	Indicator	November 2011 to September 2012		October 2012 to March 2013	
		Reported	Actual	Reported	Actual
1	*Number of youths who have received vocational training*	0	NT	38	0
2	*Number of individuals trained in youth leadership, participatory theater, and multimedia*	57	51	222*[†]	151
3	*Number of hours of countering violent extremism material produced by PDEV and broadcast and rebroadcast by PDEV-supported radio stations*	532.5	417.5	41.3	652.5
4	*Number of religious leaders trained*	28	NT	109*	64
5	*Number of staff members trained from civil society organizations*	23	0	36	54
6	*Number of people attending PDEV-supported community events*	5,436	0	0	NT
7	*Number of community development projects successfully completed with PDEV assistance that respond to community development plans and/or expressed community needs*	0	NT	7	0

NT = not tested.

* The audit team did not have time to review the second year's data for Chad; thus these figures are based on data reported for Burkina Faso and Niger.

[†] Due to discrepancies in IRD's data sheets, auditors selected the figure that program officials said was most appropriate (i.e., 35 in Burkina Faso and 187 in Niger).

None of the indicators tested could be validated. IRD did not have any supporting documentation to account for the 5,436 people who reportedly attended a PDEV-supported event in the first year. Nor did it have any documentation to account for the 38 youths who reportedly received vocational training during the first part of the second year.

IRD overreported the number of religious leaders trained in the second year in part because some officials were reporting results for activities that were implemented after the March 2013 cutoff date. Conversely, it appears that IRD was underreporting results for the number of hours that PDEV radio programs were broadcast, although we could not determine why this happened. Because of discrepancies in documents along with the lack of a centralized data management system, it is difficult to say with certainty the extent to which data may be over- or underreported.

PDEV's data management problems occurred primarily because IRD did not have a regional M&E director for the first 14 months of the program. Even though this position is listed as a high priority in the program's organizational chart, IRD did not hire someone for it until January 2013, and he left a few months later. A replacement was hired in May 2013.

In Chad and Niger, there was high turnover in M&E positions, and at the time of the audit IRD had not yet filled all of them. In Burkina Faso, IRD had not hired M&E officers since the beginning of the program.

Because the M&E aspect of the program was overlooked, there was no centralized M&E system to manage the data until May 2013, and indicator definitions were only in English. Since not all locally hired staff were fluent in English, the definitions could be misinterpreted and data could be measured and reported incorrectly.

USAID/West Africa performed a data quality assessment in Niger in October 2012 for certain indicators. But the assessment was not comprehensive because of the lack of data available for review and because IRD's data collection system, which had just been developed, was not yet implemented. USAID planned to conduct another assessment once the M&E system was functional.

Because of the lack of sufficient supporting documentation and inaccuracy of some of the reported results, the data may not be reliable. Without reliable data, it is difficult to accurately assess IRD's performance and determine whether the program is achieving its intended objectives. Moreover, the data cannot be used to make informed decisions. To address these problems, we make the following recommendations.

> ***Recommendation 9.*** *We recommend that USAID/West Africa work with International Relief and Development to fill vacant monitoring and evaluation positions with qualified staff and provide hiring documentation.*

> ***Recommendation 10.*** *We recommend that USAID/West Africa conduct a thorough follow-on data quality assessment of Peace through Development II activities during the first quarter of the 2014 calendar year once its monitoring and evaluation system has been fully implemented and tested.*

Implementer Did Not Apply Internal Controls, Policies, and Procedures

According to IRD's program operations manual for start-up activities, every employee is responsible for complying with the IRD code of business ethics and conduct, standards and policies, terms and conditions of award agreements, and donor and host government laws and regulations. The manual outlines procedures for starting program operations, including recruiting local staff and providing employment contracts. It reviews "lessons learned" by IRD, such as the importance of establishing and providing staff with the basic protocols to follow while procuring equipment, supplies, and services; establishing inventory procedures within the first 4 weeks to protect property; and implementing a document retention system that meets donor requirements. It also lists some mistakes to avoid, such as not training field personnel on donor and IRD regulations and compliance, and not setting up procedures to use from the onset of a program.

The policies and procedures in the manual serve as internal controls. They are crucial to protecting an organization's assets, and to prevent and detect errors and fraud. Despite the importance of internal controls, IRD's staff members did not apply the organization's policies and procedures. IRD's internal audit division reviewed the internal controls in Burkina Faso, Chad, and Niger, and found a number of control weaknesses during the program's first year.

- There were no proper HR systems in all three countries. The audit report for Chad found that some employees were not qualified for their jobs.

- There were problems with planning and budgeting in all three countries; employees were not comparing actual costs to the budget to identify and analyze variations.

- The program lacked proper procurement systems in Chad and Niger; rules and regulations were not followed, and the supporting documentation was insufficient.

- There were insufficient controls in Chad and Niger for travel. In addition, Chad lacked oversight of the procurement and payment process.

- Subpartners were incurring costs without proper supporting documentation and did not adequately plan for their activities.

OIG testing found the following internal control weaknesses:

- There was insufficient documentation to support hiring personnel in Niger in the first year and Burkina Faso in the second. There was no evidence for the 29 employees hired in Chad before March 2012 to indicate that the positions were advertised and that people competed for them fairly. A former program employee said staffs in Chad and Niger were not selected competitively.

- IRD staffs in Niger were operating without contracts in the program's first year.

- There were problems with procurement in Niger in the first year.

- All three countries had disorganized management structures, and they were redone completely in November 2012. Previously, staff did not understand roles and responsibilities or chains of command. One employee we interviewed was moved around within the organization without formal documentation of these changes or of his new roles and responsibilities.

These internal control weaknesses occurred mainly because IRD lacked an experienced, sufficiently manned team from headquarters to start the program. Nor did it have the senior management team in place in a timely manner. The chief of party and deputy did not arrive until January and April 2012, respectively. The lack of internal controls made program funds susceptible to fraud, waste, and abuse. It also hurt staff morale and program performance.

In an internal audit report, IRD acknowledged that it needed to conduct regular, on-the-job training related to policies and procedures, donor regulations, business ethics, and compliance. Therefore, we make the following recommendation.

Recommendation 11. *We recommend that USAID/West Africa follow up with International Relief and Development to confirm in writing that the specified training from the internal auditors' report has been provided and that the program has implemented a plan to address these training needs regularly.*

Start-up Activities Were Not Completed On Time

After the cooperative agreement was signed in November 2011, programs in Burkina Faso, Chad, and Niger were supposed to start simultaneously. Before the program could work with target communities, it first needed to finalize the areas (or "target zones") where it would work. It also needed to finalize its PMP and M&E plan. According to Section 3.b of the agreement, this was to be done in consultation with USAID within 45 days of the award. The agreement also shows that the baseline study, which would provide a benchmark for evaluating program impact, was supposed to be completed in February 2012. Additionally, IRD was to set up offices in each country: a central office in the capital and a number of field offices in remote areas.

However, these activities were not completed on time, as discussed below.

Start-up in Burkina Faso. Although all countries were supposed to start at the same time, the program in Burkina Faso was not operational until the second year. The initial delay was due to differences between IRD and the U.S. Ambassador in Burkina Faso. IRD proposed hiring a Nigerien to be the country director, but the Ambassador required it to hire someone local. At the time of the audit, IRD still did not have a dedicated HR manager to oversee hiring, and 26 positions were open—including the M&E officer.

Finalized Target Zones. The program spent the first year choosing target zones in Chad and Niger and a few months in Burkina Faso. USAID officials blamed these delays on IRD's poor management of the process and insufficient guidance to staff in selecting the zones. In Burkina Faso the process was delayed because IRD needed the government to participate in the selection, which was not possible until local elections were complete and municipal councils were installed by mid-February 2013.

Finalized PMP and M&E Plan. Finalizing these plans took 1 year and numerous revisions mainly because IRD had not hired a senior regional M&E manager to oversee the process.

Baseline Study. As of June 2013, results from the baseline study had not been finalized for Chad or Niger—more than 1 year later than planned—and the study had not yet started in Burkina Faso.

Field Offices. Field offices were supposed to be set up in March 2012 in Chad and Niger, and in February 2013 in Burkina Faso.

At the time of the audit, however, there were no field offices in Burkina Faso. Offices in Niger were established in August 2012. As of March 2013, four of five offices in Chad were open, and the fifth was still waiting for its lease to be finalized.

Not all of the field offices in Chad were operational. The office in Ati did not have the equipment it needed to implement the program, and it did not have electricity or a generator. The four employees shared one laptop with a battery that lasted only 1 hour. So the staff would often go to the World Food Programme's (WFP's) office to use electricity, the Internet, and scanner, which PDEV officials said frustrated WFP officials. For 2 months PDEV employees conducted meetings on the floor because they did not have desks or chairs. They did not have a petty cash system to buy office supplies and sometimes had to use their own pens and paper. The team documented all of these problems in monthly reports and asked the central office for assistance, but that office was slow to respond.

IRD's delay in setting up field offices was tied to the delay in finalizing target zones. However, the delay in getting field offices operational was due to lack of attention by IRD, and officials there said they did not have a good explanation for why this happened.

As a result of these delays, the program completed only 26 percent of the planned activities for the first year and was not on track to complete those planned for the second. However, because of the remediation measures prompted by USAID and already being taken by IRD to expedite implementation—such as stabilizing the senior management team, applying internal controls, and employing effective project management tools—we are not making any recommendations.

Part of Training Did Not Take Place

From December 29, 2012, to January 2, 2013, the Salam Institute for Peace and Justice was supposed to conduct a 5-day training for 24 imams to reinforce plurality, tolerance, and nonviolence in Chad. During the training, participants also were supposed to learn the skills they needed to train 480 other imams in community conflict resolution, peace building, and leadership. According to the scope of work for this activity, Salam was to coordinate with Chad's Supreme Council for Islamic Affairs to support these follow-on activities.

Salam carried out the training as planned, but as of April 2013, the imams had not trained the 480 others. The imam we interviewed who participated in this training found it to be extremely useful and was eager to share what he had learned with others, but was disappointed that he hadn't been able to because he did not have the funds.

Part of the problem is that Salam's contract with IRD does not mention follow-on activities, and they are not covered in the budget. Officials at the institute said they understood that these follow-on activities would be funded through IRD's community grants, but were not clear on the process for getting the grants. They asked IRD about this in January after the training, but did not get clarification until the end of April.

Additionally, Salam officials said that in response to pressure from IRD and USAID to show results, they were asked to implement a series of back-to-back activities, which strained their capacity to plan for follow-on activities.

Four months had passed since the initial training, and the imams might not have retained all of the information they need to share what they learned with others. As a result, the activity may not achieve the desired objective. To make sure this does not happen with other follow-on activities, we make the following recommendation.

> ***Recommendation 12.*** *We recommend that USAID/West Africa require International Relief and Development to clarify and document responsibilities and procedures for activities that follow on from Salam Institute training workshops and curriculum development activities, clearly setting out the roles and responsibilities of all*

stakeholders, including the institute, and allocating appropriate financial resources for those efforts.

EVALUATION OF MANAGEMENT COMMENTS

In response to the draft report, USAID/West Africa officials agreed with all recommendations and provided action plans and target dates for Recommendations 1, 4, 5, 6, 7, 8, 10, and 11. They provided adequate support demonstrating corrective actions for Recommendations 2, 3, 9, and 12. Consequently, we acknowledge management decisions on all 12 recommendations and determine that final action has been taken on 4.

Recommendation 1. Mission officials said they intend to work with IRD to develop a comprehensive corrective action plan to improve how it tracks performance, milestones, and timelines, and how it monitors the program's progress by April 30, 2014. As a result, we acknowledge that the mission made a management decision on Recommendation 1.

Recommendation 2. Mission officials established a monitoring plan for activity managers and updated the designation letters to reflect this new responsibility. In addition, the mission adopted standardized site visit monitoring protocols and forms. Mission officials included the activity manager in planning project activities, and IRD gave the manager program reports and a work plan with dates, budgets, and targets, and direct links to the program's performance management plan. Therefore, Recommendation 2 will be closed upon issuance of this report.

Recommendation 3. Mission officials required IRD to select local partners to carry out third and fourth objective activities. Accordingly, IRD finalized subawards with local partners to perform these activities in Niger and Chad on October 2013, and February 15, 2014, respectively. As a result, this recommendation will be closed upon issuance of this report.

Recommendation 4. Mission officials said they intend to conduct a limited scope review of IRD's budget and financial and liquidity management systems by June 30, 2014. As a result, we acknowledge that the mission made a management decision on Recommendation 4.

Recommendation 5. Mission officials agreed to consult with activity managers during the program's budget realignment process to make sure it reflects current market costs. The mission's target date for final action is April 30, 2014. As a result, we acknowledge that the mission made a management decision on Recommendation 5.

Recommendation 6. Mission officials asked IRD to provide quarterly financial reports that analyze line-item expenditures against the budget, and highlight and discuss any significant variations. They said they plan to complete final action after reviewing the next quarterly report. The target date for final action is April 30, 2014. Therefore, we acknowledge that the mission made a management decision on Recommendation 6.

Recommendation 7. Mission officials required IRD to hire local partners and verify its compliance with the terms of the sub-agreements after receiving the next quarterly report. Thus, the target date for final action is April 30, 2014. As a result, we acknowledge that the mission made a management decision on Recommendation 7.

Recommendation 8. Mission officials asked IRD to provide additional oversight, support, and training to local partners. In response, IRD officials agreed to train local partners in the program's third year and to provide evidence of the training by March 31, 2014. As a result, we acknowledge that the mission made a management decision on this recommendation.

Recommendation 9. Mission officials provided contracts for three M&E employees whom IRD hired to work in Burkina Faso, Chad, and Niger. As a result, this recommendation will be closed upon issuance of this report.

Recommendation 10. Mission officials agreed with this recommendation and plan to conduct a data quality assessment by March 31, 2014. As a result, we acknowledge that the mission made a management decision on Recommendation 10.

Recommendation 11. Mission officials asked IRD to confirm in the quarterly progress report that the specified training from the internal auditors' report has been provided and that the program had implemented a plan to address training needs regularly. The target date for final action is March 31, 2014. As a result, we acknowledge that the mission made a management decision on Recommendation 11.

Recommendation 12. Mission officials required IRD to provide clarification and adequately document plans for activities that follow from Salam Institute training workshops and curriculum development activities. IRD did so. Consequently, Recommendation 12 will be closed upon issuance of this report.

SCOPE AND METHODOLOGY

Scope

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

The original scope of the audit was focused on PDEV activities in Chad, but was later expanded to the other countries under the program, Burkina Faso and Niger. The purpose of this audit was to determine whether USAID/West Africa's activities were on track to increase resiliency to violent extremism in at-risk communities. The audit focused on PDEV activities from program inception (November 14, 2011) until March 31, 2013, when validating data and reviewing reported results. We also examined activities through June 30, 2013, to assess additional progress that had been made. As of March 31, 2013, USAID/West Africa obligated $25.7 million and disbursed $10.4 million for PDEV activities. In the 3 months that followed, an additional $4.2 million was disbursed. Thus, the total amount audited was $14.6 million.

We met with USAID officials in Burkina Faso, Chad, Ghana, and Niger. We interviewed employees with IRD, Salam Institute in Chad and the United States, Search for Common Ground (Chad), Equal Access (Burkina Faso), FDC (Burkina Faso), and Karkara (Niger). We met with U.S. Ambassadors and deputy chiefs of missions and local government officials in each country to get their perspectives on the program. We interviewed youths, religious leaders, and civil society organizations that received training; youth groups that received PDEV grants; employees at radio stations broadcasting PDEV shows; community reporters and listening clubs[12]; community action committees formed by PDEV; schools that received supplies; and employees at a health center that received supplies through IRD's cost-share contribution.

We conducted audit fieldwork from March 25, 2013, through July 26, 2013, and visited the following locations: Ouagadougou and Ouahigouya, Burkina Faso; Ati and N'Djamena, Chad; Accra, Ghana; and Niamey and Tillabéri, Niger. Sites visited in Burkina Faso, Chad, and Niger were judgmentally selected based on proximity to the capital, the variety of activities implemented, and security concerns restricting travel.

We reviewed applicable laws and regulations and USAID policies and procedures. We obtained an understanding of and assessed the following significant internal controls: the program's management structure; contracting mechanisms; HR, procurement, budget, and data management systems; and monitoring and evaluation of program activities. This meant interviewing program stakeholders and reviewing designation letters for the agreement officer's representatives and activity managers, partner agreements and subagreements, progress reports, work plans, PMPs, data quality assessments, PDEV database, trip reports, HR personnel files, procurement records, budgets, and expenditures. Additionally, we examined the mission's fiscal year 2012 annual self-assessment of management controls, which it is required

[12] Because not everyone in a community speaks the same language, a member who understands a certain language translates the broadcast.

to perform to comply with the Federal Managers' Financial Integrity Act of 1982, to determine whether the assessment cited any relevant weaknesses.

In validating program data, we judgmentally selected output indicators for testing. We chose indicators with reported results and that were most indicative of the program's objectives. For the first year, we tested three indicators in Chad and four in Niger; no data were tested in Burkina Faso because no results were reported that year. For the second year (October 2012 to March 2013) we tested two indicators in Burkina Faso and six in Niger; we did not have time to test data in Chad.

Methodology

To answer the audit objective, we evaluated the mission's management and oversight of the PDEV program, the performance of implementing partners, and the effectiveness of the activities being implemented. We reviewed the program documents, laws, regulations, policies, and procedures as listed in the scope. We tested program data to assess the quality of reported results and internal controls related to budgeting, HR, procurement, and data management. We met with USAID mission officials in Accra, Ghana, to gain an understanding of the program activities and travelled to Burkina Faso, Chad, and Niger to meet with the USAID activity managers, implementing partners, and other key stakeholders.

We performed site visits to see whether activities were being implemented, monitored, and evaluated as required. Site visits were done in the following locations:

Burkina Faso: Ouagadougou (capital), Ouahigouya (in Ouahigouya Department)
Chad: N'Djamena (capital), Ati (in Batha Ouest Department)
Niger: Niamey (capital), Tillabéri (in Tillabéri Department)

In selecting a sample of activities to visit, we chose ones that were either in progress or completed, representative of the four objectives, and located in areas where other program activities were being implemented. During these visits, we reviewed program documentation and program-funded supplies, and interviewed PDEV employees, local government officials, and beneficiaries.

The results and overall conclusions related to this testing were limited to the items tested and cannot be projected to the entire audit universe. However, we believe that our work provides a reasonable basis for our conclusions.

MANAGEMENT COMMENTS

DATE: March 7, 2014

TO: Regional Inspector General/Dakar, Abdoulaye Gueye

FROM: USAID/West Africa, Mission Director, Alex Deprez /s/

SUBJECT: Mission Response to Audit of USAID/West Africa's Peace through Development II Program (Report No. 7-625-13-00X-P)

USAID/West Africa appreciates the opportunity to provide comments on the draft audit report of USAID/West Africa's Peace Through Development II Program (Report No. 7-625-13-00X-P). The Mission agrees with recommendations 1 through 12 and provides responses and proposed corrective actions for recommendations 1, 4, 5, 10 and 11. The Mission requests closure of recommendations 2, 3, 6, 7, 8, 9 and 12 on the basis of corrective measures completed by USAID and International Relief and Development (IRD).

> ***Recommendation 1.*** *We recommend that USAID/West Africa implement a corrective action plan that describes the initiatives to be implemented to improve performance, the milestones and timelines, the monitoring process, and the remedial actions that will be taken if the program is not making progress as planned.*

Management response: USAID/WA agrees with the recommendation that a corrective action plan should be established. In the first half of PDEV II's second year, IRD began corrective action to address inadequate systems. During the second half of Year 2, USAID/WA commissioned a performance evaluation of PDEV II to better understand PDEV II's underperformance. USAID/WA shared the evaluation's findings with PDEV II management and IRD incorporated the evaluation's recommendations into on-going corrective actions in PDEV II's financial, monitoring, and management systems. In October 2013, IRD Senior Management met with USAID/West Africa in Ghana and presented its ongoing and planned corrective actions. IRD provided details on its establishment of more effective management, financial, and reporting systems in all PDEV II offices and sub-offices, including the training of pertinent staff.

PDEV II and USAID/WA have also been working together to improve USAID/WA's ability to monitor PDEV II's performance and progress through new tools and practices including: (1) PDEV II is now providing monthly reports to USAID/WA, in addition to the quarterly and annual reporting requirements under the cooperative agreement; (2) The PDEV II Year 3 work plan now includes dates, budgets, targets, and direct linkages to the PDEV II PMP; (3) More frequent and regularized meetings between USAID PDEV II activity managers and PDEV II Country Directors and between the AOR and the PDEV II COP and DCOP; and (4) more frequent site visits by activity managers and the AOR.

Corrective action: USAID/WA will continue working with PDEV II to develop a comprehensive corrective action plan to improve performance, milestone and timeline tracking, and the monitoring process. The plan will incorporate the new tools and practices described under the "Management Response" section above. The plan will also include remedial actions to be taken if the program is not making progress as planned. As stated above, USAID/WA and PDEV II have already taken steps towards developing such a corrective action plan.

Target Date: USAID/WA will establish a comprehensive corrective action plan by April 30, 2014. USAID/WA will monitor compliance with the comprehensive action plan each quarter until the end of the project.

> ***Recommendation 2.*** *We recommend that USAID/West Africa implement a plan to increase activity managers' monitoring of the program to measure and verify progress against performance milestones.*

Management Response and Corrective Action: In line with the recommendation, USAID/WA has established an activity manager monitoring plan and has modified and updated PDEV II activity managers' designation letters to reflect activity managers' more defined and structured role. USAID/WA has begun implementing a plan to increase activity manager monitoring of PDEV II to measure and verify progress against performance milestones. USAID/WA has adopted standardized site visit monitoring protocols, including a minimum of three site visits per quarter and site visit reporting forms. IRD and the AOR are now providing activity managers with PDEV II monthly, quarterly, and annual reports and the PDEV II Annual Work Plan, which includes dates, budgets, targets, and direct linkages to the PDEV II PMP. IRD will begin providing activity managers with monthly milestone and budget trackers. Activity Managers are also now included in the planning of project activities in order to enhance their knowledge of such activities and better inform their monitoring. With these tools and protocols in place, activity managers' monitoring of PDEV II should improve significantly both in regards to quantity and quality.

Closure Request: On this basis, we request concurrence that final action has been taken and that the recommendation be closed upon issuance of the final audit report.

> ***Recommendation 3.*** *We recommend that USAID/West Africa require International Relief and Development to select local partners in Chad and Niger to carry out activities for the third and fourth objectives.*

Management Response and Corrective Action: IRD has selected and been utilizing a local partner in Niger to carry out PDEV II activities for the third and fourth program objectives since October 2013. In February 2014, PDEV II finalized its agreement with a local partner in Chad to carry out activities for the third and fourth program objectives.

Closure Request: On this basis, we request that the recommendation be closed upon issuance of the final audit report.

> ***Recommendation 4.*** *We recommend that USAID/West Africa conduct a review of International Relief and Development's systems of budgetary control and liquidity management for the program and document the results.*

Management response: USAID/WA agrees with the recommendation to conduct a review of IRD's budgetary control and liquidity management. In Year 2, IRD implemented a CostPoint accounting system for PDEV II which addresses strengthening budgetary control and liquidity management, among other controls. IRD has provided initial and refresher training in CostPoint to all finance and procurement staff. CostPoint also enables IRD to provide detailed monthly, quarterly, and annual expenditure reports to the AOR and activity managers. IRD is in the process of hiring an IRD headquarters-based staff member to support PDEV II full-time on budgetary control and liquidity management.

Corrective action: USAID/WA Financial Management Office will conduct a limited scope review of IRDs budget, financial, and liquidity management systems.

Target Date: To be completed by June 30, 2014.

> ***Recommendation 5.*** *We recommend that USAID/West Africa consult with activity managers to confirm that cost estimates for particular items (such as rent and equipment) included in the realigned budget reflect current market costs in each of the three Peace Through Development II countries, and, to the extent possible, verify with activity managers that country-level budgets properly include expected costs given planned future activities and document the results.*

Management response: USAID/WA agrees with the recommendation that activity managers be consulted during the PDEV II budget realignment process to ensure that the realigned budget reflects current market costs in each of the three PDEV II countries.

Corrective action: USAID/WA will consult with activity managers during the PDEV II budget realignment process to ensure that the realigned budget reflects current market costs in each of the three Peace Through Development II countries, and will verify with activity managers that country-level budgets properly include expected costs given planned future activities. USAID/WA will also document the results of such consultations.

Target Date: These consultations with activity managers will be documented as part of the current budget realignment process, which has a target completion date of April 30,

2014. Additional consultations will occur in the event of future budget realignments until the end of the project.

> ***Recommendation 6.*** *We recommend that USAID/West Africa ask International Relief and Development to provide financial reports on a quarterly basis that analyze line-item expenditures against the budget and highlight and discuss any significant variations.*

Management Response and Corrective Action: USAID/WA has requested IRD as part of the March 31, 2014 quarterly progress report to begin providing line-item expenditure reports. This information will be used to track and compare actual expenditures against budgeted expenditures. However, USAID/WA notes that it is constrained in what it can require of IRD by the limitations of the Cooperative Agreement between the two parties. Nevertheless, IRD has already begun providing USAID/WA with quarterly financial reports that display the progress of planned activities, including their associated costs. This has improved USAID/WA tracking and monitoring of activity progress and their associated budgeted costs.

Closure Request: USAID/WA expects IRD to comply with this request in the next PDEV II quarterly report due April 30, 2014. On this basis, we request concurrence that final action has been taken and that the recommendation be closed upon issuance of the final audit report.

> ***Recommendation 7.*** *We recommend that USAID/West Africa require International Relief and Development to hire local partners and comply with the terms of the sub-agreements.*

Management Response and Corrective Action: As noted under Recommendation 3, IRD has selected and been utilizing a local partner in Niger to carry out PDEV II activities for the third and fourth program objectives since October 2013. In February 2014, PDEV II finalized its agreement with a local partner in Chad to carry out activities for the third and fourth program objectives. USAID/WA has requested from IRD documentation of full compliance with the terms of its sub-agreements, and IRD has agreed to provide any available documentation.

Closure Request: USAID/WA expects that IRD will state how it is complying with its sub-awards under PDEV II in the next PDEV II quarterly report, which is due April 30, 2014. On this basis, we request concurrence that final action has been taken and that the recommendation be closed upon issuance of the final audit report.

> ***Recommendation 8.*** *We recommend that USAID/West Africa require International Relief and Development to implement a plan to provide adequate oversight, support, and training to local partners.*

Management Response and Corrective Action: In response to USAID/WA's request, IRD has developed and is implementing a plan to provide additional oversight, support, and training to local partners. During a presentation to USAID/WA on October 7, 2013, IRD HQ senior management and the PDEV II Chief of Party agreed to train PDEV II local partners in grants processes, finance, administration, monitoring and evaluation, and general reporting in year three of PDEV II and provide a plan detailing such training. IRD has completed initial training on these subjects with its local partners and will continue providing follow-on training in line with their training plan. IRD has begun working side-by-side with its Burkina and Nigerien partners in a mentorship role, and has plans to do the same with its newly-awarded Chadian partner.

Closure Request: USAID/WA expects IRD to complete training by March 31, 2014. On this basis, we request concurrence that final action has been taken and that the recommendation be closed upon issuance of the final audit report.

> ***Recommendation 9.*** *We recommend that USAID/West Africa work with International Relief and Development to fill vacant monitoring and evaluation positions with qualified staff and provide hiring documentation.*

Management Response and Corrective Action: During the second half of PDEV II Year 2, IRD completed hiring of all monitoring and evaluation staff, including the Monitoring and Evaluation Regional Director. IRD revamped its monitoring and evaluation tools, templates, and internal reporting guidelines. IRD's Regional Monitoring and Evaluation Director and the IRD Senior Monitoring and Evaluation Officer have trained all monitoring and evaluation staff on these new tools.

Closure Request: Based on this, we request concurrence that final action has been taken and that the recommendation be closed upon issuance of the final audit report.

> ***Recommendation 10.*** *We recommend that USAID/West Africa conduct a thorough follow-on data quality assessment of Peace Through Development activities during the first quarter of the 2014 calendar year once its monitoring and evaluation system has been fully implemented and tested.*

Management response: USAID/WA agrees with the recommendation to conduct a follow-on data quality assessment. After making the improvements listed under Recommendation 9, PDEV II conducted an internal data quality assessment during the third quarter of Year 2 as an initial step. Plans are currently underway for USAID/WA to conduct a follow-on data quality assessment.

Corrective action: USAID/WA will conduct a data quality assessment of PDEV II during the second quarter of fiscal year 2014 now that PDEV II's monitoring and evaluation system has been fully implemented and tested.

Target Date: To be completed by March 31, 2014.

> ***Recommendation 11.*** *We recommend that USAID/West Africa follow up with International Relief and Development to confirm in writing that the specified training*

from the internal auditors' report has been provided and that the program has implemented a plan to address these training needs regularly.

Management response: USAID/WA agrees with the recommendation to request confirmation from IRD as to the training provided as a result of the internal auditor's report. During a presentation to USAID/WA on October 7, 2013, IRD HQ senior management and the PDEV II Chief of Party confirmed that the specified trainings from the internal auditors' report are taking place and that the program had implemented a plan to regularly address these training needs. In line with the auditor's report, IRD conducted training on business ethics and fraud prevention during the first two months of the second quarter of FY 2014. IRD will complete the rest of the training identified in the auditor's report by the end of second quarter of FY 2014.

Corrective action: USAID/WA has requested and IRD has agreed that IRD's FY 2014 second quarter progress report include confirmation in writing that the specified training from the internal auditors' report has been provided and that the program has implemented a plan to address these training needs regularly.

Target Date: USAID/WA has requested this information from IRD be included in the March 31, 2014 quarterly progress report.

Recommendation 12. *We recommend that USAID/West Africa require International Relief and Development to clarify and document responsibilities and procedures for activities that follow on from Salam Institute training workshops and curriculum development activities, clearly setting out the roles and responsibilities of all stakeholders, including the institute, and allocating appropriate financial resources for those efforts.*

Management Response and Corrective Action: IRD provided clarification and adequately documented plans for follow-on activities concerning Salaam Institute training workshops and curriculum development in the PDEV II Year Three Annual Work Plan and Milestone Tracker, including stakeholder roles and responsibilities, targets, dates, and estimated budgets.

Closure Request: On this basis, we request concurrence that final action has been taken and that the recommendation be closed upon issuance of the final audit report.

Program Results for the First Year and Half of the Second[13]

Objectives/Indicators	First Year Target[14]	First Year Annual Results	Second Year Target	Midyear Results	Results Met (%)
1. Empower Youth					
1.1.1. Number of individuals trained (youth vocational)	NA	0	1,150	38	3
1.1.2. Number of youth assisted to improve their livelihoods	NA	47	1,150	18	2
1.2.1. Number of individuals trained (youth-adult literacy)	NA	0	27,270[15]	0	0
1.2.2. Number of formal and nonformal schools benefiting from PDEV support	NA	0	100	19	19
1.3.1. Number of individuals trained (youth leadership, theater, multimedia)	NA	57	1,369	236	17
1.4.1. Number of PDEV-supported community events with significant youth participation	NA	6	275	11	4
2. Increase Moderate Voices					
2.1.1. Number of individuals trained (media outlet staff)	NA	18	160	184	115
2.1.2. Number of radio stations assisted by PDEV	NA	6	32	3	9
2.2.1. Number of public information campaigns completed by PDEV	NA	0	12	0	0
2.2.2. Number of hours of countering violent extremism material produced by PDEV and broadcast and rebroadcast by PDEV-supported radio stations	NA	532.5	94	41	44
2.2.3. Number of hours of countering violent extremism material produced, broadcast, and rebroadcast by PDEV-supported radio stations	NA	14.36	85	150	176
2.3.1. Number of individuals trained (religious leaders)	NA	28	121	197	163
2.3.2. Number of inter- and intra-faith activities facilitated by PDEV	NA	1	6	0	0
3. Increase Civil Society's Capacity					
3.1.1. Number of individuals trained (civil society organization staff)	NA	23	250	36	14
3.2.1. Number of individuals trained (community action committee members)	NA	44	300	0	0
3.2.2. Number of community action committees formed and meeting regularly	NA	0	50	19	38
3.2.3. Number of people attending PDEV-supported community events	NA	5,436	10,680	0	0

[13] The quality of data is questioned on page 14 of the report.
[14] There were no targets for the first year's performance indicators because the baselines and PMP were not yet complete.
[15] Due to data discrepancies between the quarterly report and its annex for this indicator, we selected the figure from Section 3.4 based on discussions with the chief of party.

Objectives/Indicators	First Year Target[14]	First Year Annual Results	Second Year Target	Midyear Results	Results Met (%)
4. Strengthen Local Government					
4.1.1. Number of individuals trained (local government officials)	NA	0	250	0	0
4.1.2. Number of municipalities that learn about best practices in participatory, accountable, and transparent local decision making as a result of PDEV intervention	NA	0	50	0	0
4.2.1. Number of community events held to discuss local governance issues	NA	0	200	0	0
4.2.2. Number of best practices in participatory, accountable, and transparent local decision making identified or developed as a result of PDEV	NA	0	12	0	0
4.3.1. Number of community development projects successfully completed with PDEV assistance that respond to community development plans and/or expressed community needs	NA	0	50	7	14

Sources: PDEV's first year annual progress report, Annex G, and PDEV's second year's second quarter progress report, Annex D.

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