



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID'S STRENGTHENING CIVIL SOCIETY IN UKRAINE PROJECT

AUDIT REPORT NO. 9-121-14-002-P
May 29, 2014

WASHINGTON, D.C.



Office of Inspector General

May 29, 2014

MEMORANDUM

TO: USAID/Ukraine, Mission Director, Jed Barton

FROM: IG/A/PA, Acting Director, Martha Chang /s/

SUBJECT: Audit of USAID's Strengthening Civil Society in Ukraine Project
(Report No. 9-121-14-002-P)

This memorandum transmits our final report on the subject audit. In finalizing the report, we considered your comments on the draft version and have included them in their entirety in Appendix II.

This report contains three recommendations to help strengthen the implementation of USAID's Strengthening Civil Society in Ukraine project. In its comments on the draft report, the mission agreed with all three recommendations. Based on our evaluation of management comments and documentation provided by the mission, we acknowledge management decisions on all recommendations and final action has been taken on 1 and 2. Please coordinate final action for recommendation 3 with the Audit Performance and Compliance Division of USAID's Office of the Chief Financial Officer.

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

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SUMMARY OF RESULTS

In November 2004, millions of Ukrainians protested the presidential election, outraged that Viktor Yushchenko lost to Prime Minister Viktor Yanukovich. Known as the Orange Revolution, the protesters—many of whom carried banners of orange, the color of Yushchenko's campaign—demanded a recount. Their efforts were rewarded, and Yushchenko became president.

According to Freedom House, the results of the next presidential election in 2010 met most international standards. However, after the election, the ruling Party of the Regions redefined rules in the political system and reversed many of the democratic gains adopted following the Orange Revolution. Two years later, flawed parliamentary elections occurred and threatened the country's status as an electoral democracy.¹

Ukraine gained its independence from the Soviet Union in 1991 and established diplomatic relations with the United States. U.S. policy has focused on helping Ukraine become a democratic state “more closely integrated into the Europe and Euro-Atlantic structures.”² Since 2007, the European Union (EU) and Ukraine have negotiated agreements designed to support reforms for political association and economic integration. The negotiations ended in 2012, and the EU established requirements that Ukraine was to follow so the agreements could be signed during the third Eastern Partnership summit in November 2013.³ However, days before the summit began, the Ukrainian Government announced that it would suspend plans for agreements with the EU and instead pursue closer ties with Russia. Protests and civil unrest ensued.

Civil society organizations (CSOs)⁴ have taken part in some of the recent protests. These organizations play an important role in keeping government accountable, citizens engaged, and democratic reforms on track. USAID/Ukraine's Strengthening Civil Society in Ukraine (SCSU) project's⁵ primary goal is to “strengthen and assist leading pro-reform Ukrainian non-governmental organizations to sustain and consolidate democratic gains.” To accomplish this, it aims to work with local partners as equals in implementing all project activities.

According to the cooperative agreement, the project has four objectives that address challenges to civil society and assist CSOs with monitoring and advocacy initiatives that are essential to advancing Ukraine's reform process. They are:

1. NGOs better represent citizen interests and drive reform agenda through more effective advocacy, monitoring, and activism (50 percent level of effort).
2. The relevant legislative framework for civil society approaches European standards (5 percent level of effort).
3. NGOs are transparently governed and capably managed (20 percent level of effort).

¹ Freedom House, *Freedom in the World 2013*.

² Department of State fact sheet, “U.S. Relations With Ukraine,” July 30, 2013.

³ European Commission Memo, “Eastern Partnership Summit Factsheet,” November 26, 2013.

⁴ Various definitions of CSO and NGO exist. For this report, we use them interchangeably.

⁵ The project also is known as Ukraine National Initiatives to Enhance Reforms project, or UNITER.

4. Civil society organizations are more financially sustainable and less dependent on foreign donors (25 percent level of effort).

USAID/Ukraine awarded Pact⁶ a 5-year cooperative agreement to implement the project, effective October 1, 2008. The agreement was extended in September 2013 for an additional year. Including modifications and the 1-year extension, the total amount awarded comes to \$14.3 million. As of September 30, 2013, \$13.7 million had been obligated and \$12.7 million had been spent.

The Performance Audits Division of the Office of Inspector General (OIG) conducted this audit to determine whether the project has achieved its main goal of strengthening and assisting leading pro-reform Ukrainian NGOs to sustain and consolidate democratic gains.

The project accomplished notable achievements in three of its four objectives.

Objective 1. Pact reported providing 116 local advocacy grants to CSOs and coalition groups that achieved positive results in areas such as local government accountability, citizen participation, and empowering disadvantaged groups. Pact reported that grantees initiated 69 advocacy campaigns that led to the approval of 62 local level regulatory acts. In addition, Pact reported that coalition efforts that included the participation of local and national actors initiated 29 regulatory acts and public policies at the national level.

Objective 2. The project supported 46 positive modifications made to enabling legislation or regulations for civil society at local and national levels. For example, the Law on Charity and Charitable Organizations was adopted in part because of a project partner that led efforts to draft the law. The new law simplified registration procedures for charitable organizations, increased their transparency requirements, and gave them new ways of getting funding, such as charitable bequests.

Objective 3. Pact reported that it helped 551 organizations improve their internal organizational capacity. Through the Marketplace voucher system, project grantees and other CSOs applied for consultations, training, and educational programs in areas such as strategic planning, organizational and financial management, and fund-raising skills.

Despite these notable achievements, the audit found that:

- The project's primary goal was not realistic (page 4). The goal was difficult to achieve, and even if realized, the results may not be directly attributed to the project.
- CSOs were not more financially sustainable (page 5). They remained largely dependent on funding from international donors.
- USAID's verification of Pact's data was inadequate (page 6). The performance indicator results Pact reported to the mission were not always accurate or reliable.

To address these issues, we recommend that USAID/Ukraine:

⁶ Pact is a nonprofit organization based in Washington, D.C.

1. Assess whether the project's goal is achievable in the current operating environment, and if not, take corrective actions to address the deficiency, and document in writing the assessment and any corrective actions taken (page 5).
2. Determine and document lessons learned from activities under Objective 4, and to the extent possible, apply them to the 1-year extension activities and to any successor project (page 6).
3. Implement a plan requiring responsible mission staff to periodically verify data reported by its implementing partners, including for this project, and to document verification activities and results (page 7).

Detailed findings appear in the following section. The audit's scope and methodology appear in Appendix I. Management comments appear in Appendix II, and our evaluation of these comments is on page 8.

AUDIT FINDINGS

Project's Primary Goal Was Not Realistic

Sound project management emphasizes that objectives must be verifiable, realistic, attainable, and not overly complex.⁷ At USAID, the portfolio review process required by Automated Directives System (ADS) 203.3.12 gives missions an annual opportunity to learn and get feedback on its projects, and, if needed, to take corrective actions.

Although project activities in Ukraine have resulted in some notable achievements, taken collectively, they did not have the anticipated impact of sustaining the country's overall democratic development. One key contributing factor to this has been Ukraine's difficult political environment. Democratic development in Ukraine has either made little or no progress according to most standard indices of democratic performance. For example:

- Freedom House's *Freedom in the World 2013* index showed a downward trend because of "a decline in the quality of its legislative elections, greater government pressure on the opposition, and a new language law that favored Russian speakers while neglecting smaller minorities."
- The 2012 Democracy Index from the Economist Intelligence Unit showed decreases since 2008 and reported that democratic gains of the Orange Revolution are being undermined.
- The CSO sustainability index⁸ has improved only slightly since the project began in 2008, from 3.6 that year to 3.4 in 2012. Mission employees said the index was a performance indicator for the project, and the goal was to attain a score of 3.0 by the end of fiscal year (FY) 2013. However, employees in the mission and the Europe and Eurasia (E&E) regional bureau said the index was a contextual or proxy indicator and could not be linked specifically to the project's interventions.

Both mission and Pact staff acknowledged that the project was designed when prospects for positive democratic reforms were better. One assumption behind the project, as defined in the mission's concept paper, was that the Ukrainian Government would continue to pursue reforms. Mission staff acknowledged in the paper that if Ukraine were to backslide significantly, the mission would have to reevaluate the project. However, when the conditions changed during project implementation, the staff said they did not modify the project because they believed the objectives and activities addressed the political environment adequately.

⁷ Harold Kerzner, *Project Management: A Systems Approach to Planning, Scheduling, and Controlling*, 9th edition, 2006.

⁸ USAID, *2012 CSO Sustainability Index for Central and Eastern Europe and Eurasia*, June 2013. This index is a measure of the strength and overall viability of CSO sectors in 29 countries in Central and Eastern Europe and Eurasia. Scores are assigned for seven areas, such as advocacy and public image, and they range from one to seven. One indicates a very advanced civil society sector with a high level of sustainability, and seven indicates a fragile, unsustainable sector with a low level of development.

The primary goal “to strengthen and assist leading pro-reform Ukrainian [CSOs] to sustain and consolidate democratic gains” was difficult to achieve, and, even if realized, the results may not be directly attributed to the project.

Over the course of the project, the mission had several opportunities to modify the goal to better reflect the political changes and assumptions that guided the design and development and the problems with attribution. One of these opportunities was through the mission’s annual portfolio review.

The mission’s selection of an overly complex goal in which results could not be directly or solely attributed to the project resulted in SCSU’s primary goal not being met. Therefore, we make the following recommendation.

Recommendation 1. *We recommend that USAID/Ukraine assess whether the project’s goal is achievable in the current operating environment, and if not, take corrective actions to address the deficiency, and document in writing the assessment and any corrective actions taken.*

Civil Society Organizations Were Not More Financially Sustainable

One of the operational principles of USAID’s Policy Framework 2011-2015 is to build sustainability into USAID programs from the start. To bolster this, ADS 200.3.1.5 states that the goal, among other things, is for countries “to develop resilience against shocks and other setbacks.” ADS also states that sustainability considerations include building the skills and capacity of critical local stakeholders to maintain gains after the project ends and making sure that relevant activities or services are tied gradually to sustainable financing models.

During project design, the mission noted, “Financial sustainability remains perhaps the biggest obstacle facing the sector, and certain types of [CSOs] are more likely than others to continue to depend on donors.”

The project’s fourth objective was to have CSOs be more financially sustainable and less dependent on foreign donors than they were at the start. Pact’s performance monitoring and evaluation plan (PMEP)⁹ had three performance indicators for this objective. Pact reported the following results for the end of the project:

1. *Level of partner capacity in key functions including financial management, budgeting control and auditing, accounting procedures, internal controls, sustainability planning.* The project achieved its target for this indicator, which was 80 percent.
2. *Percentage of budget received from corporate, private, or Ukrainian government funding by grantee.* The ultimate target for local advocacy grantees was 30 percent, and national grantees had no target. At the end of FY 2013, local grantees received 28 percent of their budgets from these sources, and national grantees received 5 percent.
3. *Percentage of grantees with diversified sources of income.* The end of project target was 75 percent, revised from the start when it was 44 percent of grantees received funding from

⁹ Pact’s PMEP table included custom USAID indicators and standard U.S. Government Foreign Assistance Framework indicators, and it identified progress toward results.

business and 30 percent received funding from government. At the end of the project, 39 percent received funding from businesses and 28 percent from government.

Throughout the project's first 5 years, Pact reported that a variety of activities took place to help achieve its fourth objective. They included building and funding civic-private partnerships, funding and rewarding public-private partnerships, and helping them get contracts with governments to provide social services.

According to mission staff, activities for this objective will be incorporated into the other three objectives during the 1-year extension. Fund-raising will be addressed by the Marketplace in Objective 3, and other partners involved in Objectives 1 and 2 are working on legislation to make the environment more conducive to CSOs. The rationale is that improving the regulatory framework for CSOs should help them raise funds.

Despite these efforts, CSOs continue to remain largely dependent on funding from international donors. Pact and mission officials attributed this to Ukraine's economy, which one of Pact's partners reported resulted in a significant decrease in funding from local sources and a lack of interest in funding advocacy and watchdog organizations. To help overcome these problems, we make the following recommendation.

Recommendation 2. *We recommend that USAID/Ukraine determine and document lessons learned from activities under Objective 4 and, to the extent possible, apply them to the 1-year extension activities and to any successor project.*

USAID's Verification of Pact's Data Was Inadequate

ADS 203.3.11.3 "Conducting Data Quality Assessments," states, "The Mission is responsible for identifying data quality issues and solutions as they become apparent anytime during the life of the activity."

USAID/Ukraine's mission order on project monitoring states, "USAID managers together with the implementing partners should ensure that performance data meet the following five data quality standards: validity, reliability, timeliness, precision and integrity" to be useful for monitoring and credible for reporting. The order also states, "The involvement of [USAID staff] in managing Grants and Cooperative Agreements is not as substantial as in the case of a contract. However, this does not diminish the responsibilities of [USAID staff] in monitoring outputs and linking these with the intended results of the program."

The performance indicator results Pact reported to the mission in the PMEP table were not always accurate or reliable. Pact is responsible for entering information into its project spreadsheets and transferring the data to the PMEP table. However, information in the spreadsheets did not always match the data reported in the table; in some cases the supporting documentation did not support what was in the table. The following 6 of 12 indicators tested contained errors.

1. *Percentage of grantees that increased their capacity in key functions including leadership, governance, [and] financial management.* For this indicator, the SCSU database did not match the PMEP table. After we raised this discrepancy with Pact officials, they revised the table. Some of the percentage changes were significant, such as the FY 2012 actual result

reported as 71 percent in the PMEP table was revised to 55 percent. However, the end of project target of 50 percent was still met.

2. *Number of capacity building vouchers redeemed by grantees/partners/NGOs to fulfill institutional sustainability plan needs through marketplace.* The FY 2013 results reported 256 vouchers redeemed; however, the actual number was 81. Pact officials said this was a typographical error.
3. *Number of individuals receiving voter and civic education through USG-assisted programs.* The final result for this indicator significantly exceeded its target. Pact's staff said the results were overstated by roughly 100,000 due to a typographical error.
4. *Percentage of grantees with diversified source of income.* The final totals for this indicator were reported in reverse for percentage of grantees receiving income from government and percentage receiving income from business. Pact revised the PMEP table accordingly.
5. *Number of partners that are ready for international audit.* Pact did not apply the established methodology consistently when measuring the results of this indicator. Those recorded in the PMEP table were incorrect for 2 of 3 fiscal years reported, as well as the final result. However, when we applied the established methodology consistently during testing, our analysis showed that the final goal was met.
6. *Number of positive modifications made to enabling legislation/regulation for civil society accomplished with USG assistance.* Accomplishments were reported in the wrong fiscal years, and results reported in fiscal years 2010 through 2013 were incorrect. However, each target was met.

These problems occurred for the following reasons. First, when asked why these errors occurred, Pact staff said it was because of the database's design. They did not expect to capture such a large amount of data, and they used separate Excel spreadsheets that were not linked together. The project has more than 30 indicators.

Second, mission staff finished data quality assessments on only three indicators,¹⁰ and they did not conduct assessments based on the results of reviewing systems used to collect data and whether they are likely to produce quality data. They said Pact was audited, and the mission did not have relations with the subgrantees. They explained that they verified data instead by, among other things, attending events, reading local newspapers, and talking to other donors and project grantees.

Although not all errors identified had a material or negative impact on the reported results, it is highly possible that we did not find all the errors. Because this information becomes the basis for policy and budgets, poor-quality data can prevent management from making sound decisions and reduce confidence that projects are achieving intended results. Therefore, we make the following recommendation.

Recommendation 3. *We recommend that USAID/Ukraine implement a plan requiring responsible mission staff to periodically verify data reported by its implementing partners, including for this project, and to document verification activities and results.*

¹⁰ *Number of policies that have been influenced by CSOs, Number of CSOs using U.S. government assistance to improve internal organizational capacity, and the CSO sustainability index.*

EVALUATION OF MANAGEMENT COMMENTS

In their comments on the draft report, mission officials agreed with all three recommendations, and we acknowledge management decisions on all of them. Based on our review of management's comments and supporting documentation, we agree that final action has been taken on recommendations 1 and 2. A detailed evaluation of management comments follows.

Recommendation 1. Mission officials agreed with the recommendation. The mission completed the design process for its continuing civil society support work known as the Civic Oversight Project. It has eight activities, three of which are follow-on or successors to SCSU. The officials said the new project was designed to align with Agency guidance that focuses on what is within the mission's control. Based on these comments and the supporting documentation provided, we acknowledge that the mission made a management decision, and final action has been taken on recommendation 1.

Recommendation 2. Mission officials agreed with the recommendation. The mission removed Objective 4 as a specific objective in the 1-year extension, and lessons learned from activities were included in SCSU's follow-on and successor activities that are part of the Civic Oversight Project. Based on their comments and the supporting documentation provided, we acknowledge that the mission made a management decision, and final action has been taken on recommendation 2.

Recommendation 3. Mission officials agreed with the recommendation. They said they plan to use three tools to increase monitoring and evaluation: AID Tracker Plus, a database that will give the mission current program data; a standardized mission order on performance monitoring that will reflect current Agency guidance; and a country development cooperation strategy performance monitoring plan, which tracks project results against the mission's development strategy.

Additionally, mission officials said they would incorporate a clause into all civil society activities' award documents that requires the PMP to comply with ADS 203, Sections 203.3.5-203.3.11, which includes data quality standards. Further, for the SCSU follow-on activity, the mission noted that the implementing partner modified staff job descriptions, one of which makes an employee responsible for ensuring high quality data. Based on these comments and supporting documentation provided, we acknowledge that mission made a management decision. The mission expects implementation will be completed within 1 year.

SCOPE AND METHODOLOGY

Scope

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

The purpose of this audit was to determine whether the Strengthening Civil Society in Ukraine project was achieving its primary goal of strengthening and assisting leading pro-reform Ukrainian CSOs to sustain and consolidate democratic gains. The audit covered the project's original 5-year period that ended September 30, 2013, and the 1-year extension to September 30, 2014. The cooperative agreement and extension were worth \$14.3 million.

We conducted this audit at USAID/Ukraine and USAID/Washington. Audit fieldwork was performed from September 25, 2013, through March 3, 2014.

The audit team assessed significant internal controls USAID/Ukraine used to monitor program activities and verify performance data. We reviewed relevant Agency policies and mission orders. We obtained information and reviewed documents concerning the mission's monitoring activities of Pact's annual work plans and semiannual and annual performance reports. We examined the mission's data quality assessment documents and got information about its data verification procedures. The team also reviewed the mission's Federal Manager's Financial Integrity Act for FY 2013 and Pact's reporting systems, and verified performance data.

Methodology

To answer the audit objective, we obtained an understanding of the program, performance monitoring and evaluation, and results by examining documentation, including the cooperative agreement and modifications between the mission and Pact; Pact's PMEPP; subawards between Pact and subpartners; and Pact's annual work plans and semiannual and annual performance reports. We examined requirements in the cooperative agreement and subsequent modifications, relevant chapters of ADS, and mission orders. Additionally, we considered project management best practices.

The audit team also reviewed the CSO sustainability indices for 2012 and 2013, and obtained an understanding of how the scores were determined. We also reviewed the mission's data quality assessment documents for completeness and examined the data quality assessment activities. We examined financial audit reports of major SCSU subgrantees to determine compliance with USAID auditing requirements.

We researched external sources and interviewed mission and Pact employees about Ukraine's political environment. Additionally, the audit team interviewed USAID/Ukraine officials and staff, USAID E&E bureau staff, Pact staff, midterm and final project evaluators, and project grant recipients. We visited several SCSU subgrantees.

The team judgmentally selected 12 performance indicators to assess whether the project was achieving its goals and to verify the reliability of the results reported in Pact's PMEP. We selected at least one performance indicator from each of the project's four objectives. The selection included standard U.S. Government Foreign Assistance Framework indicators, because they are reported outside of USAID. We performed a judgmental selection because we did not need to project the results. Therefore, the results of the performance indicator testing cannot be extrapolated to the entire universe of a particular indicator or to the entire universe of indicators. We believe the selection provides a reasonable basis for our conclusions.

MANAGEMENT COMMENTS



April 28, 2014

TO: Donell Ries, IG/A/PA, Acting Director
FROM: Jed Barton, USAID/Ukraine, Mission Director /s/
SUBJECT: Audit of USAID's Strengthening Civil Society in Ukraine Project (Draft Report No. 9-121-14-XXX-P)

USAID Ukraine is grateful for the Office of Inspector General's (OIG) insightful review of the Strengthening Civil Society in Ukraine project (*also known as UNITER – Ukraine National Initiatives to Enhance Reforms*). This review has provided the Mission and our implementing partner PACT, Inc. an opportunity to reflect on the implementation and management of program activities, accomplishments, and challenges.

The following represents the Mission's response to each recommendation presented in the draft audit report and the Mission's management decisions on Recommendations 1, 2 and 3.

Recommendation 1: *We recommend that USAID/Ukraine assess whether the project's goal is achievable in the current operating environment, and if not, take corrective actions to address the deficiency, and to document in writing the assessment and any corrective actions taken.*

The Mission agrees with this recommendation. The project's main goal was to strengthen and assist leading pro-reform Ukrainian NGOs to sustain and consolidate democratic gains. USAID understands that external factors outside of USAID's manageable interests play a significant role in the consolidation, or break down of, democratic gains in the country. While USAID and its programming can make attributable contributions to strengthening civil society, it is unable to control the myriad of other factors that also affect democratic consolidation. Based on this understanding and audit recommendations, USAID has revised its civil society strengthening activity goals to better reflect achievable outcomes of project activities.

Simultaneous to the OIG audit, USAID completed the design process for the next iteration of civil society support activities in Ukraine which presented an opportune time to reconsider goals and make adjustments. This design process was in line with the most recent Agency guidance, which makes a clear distinction between projects and activities – including clarity of stated goals for each and a focus on what is in USAID’s manageable interests. USAID used this opportunity to adjust its approach to civil society support and designed the Civic Oversight Project (COP) comprised of eight activities, all of which are outlined in the COP Project Appraisal Document (PAD). Three of these activities are UNITER follow on activities and they each have a revised activity goal (described as “purpose” in activity descriptions), which contribute to the expected Civic Oversight Project outcome.

Further, to inform the design process of these three activities, USAID completed a performance evaluation of UNITER to assess the effectiveness of performance and used the findings, conclusions and recommendations to adjust its approach in improving Ukraine’s civil society sector.

As a result, USAID/Ukraine now has three separate, but complimentary, activities that strengthen Ukrainian civil society. Their stated purposes are:

1. To increase citizen support for and participation in specific civil society activities (UNITER follow on activity that will focus on advocacy);
2. To improve legislative and policy environment to be more conducive to civil society and reflect European standards (Ukraine Civil Society Enabling Environment activity); and
3. To improve organizational capacities of Ukrainian civil society organizations to become stronger citizen advocates and government watchdogs (Ukraine Civil Society Capacity Building activity).

The Mission deems that the recommendation has been fully addressed and kindly requests that it be closed upon issuance of the final audit report.

Recommendation 2: *We recommend that USAID/Ukraine determine and document lessons learned from activities under Objective Four and, to the extent possible, apply them to the 1-year extension activities and to any successor project.*

The Mission agrees with this recommendation. The Cooperative Agreement was amended (Modification #8, attached) in September 2013 which extended the project period for one year to continue project activities and transition two local organizations from sub-recipients to direct recipients. This modification also redirected Objective 4 efforts and the lessons learned (i.e., civil society organizations

[CSOs] are more financially sustainable and less dependent on foreign donors) to the three other Objectives (i.e., NGOs better represent citizen interests and drive the reform agenda through more effective advocacy, monitoring and activism; the relevant legislative framework for civil society approaches European standards; and NGOs are transparently governed and capably managed). See p.6 of the Modification #8.

As with the stated goal of the UNITER project, USAID's technical team understands that making local organizations financially independent and non-reliant on donor funds is outside of USAID's attribution and manageable interests. While USAID has improved the capacity of Ukrainian organizations to become more financially sustainable through improved internal controls, strengthened management, and improved legislative environment that allows for diversified funding, it is not able to control other external factors which affect the financial sustainability of watchdog and advocacy organizations. Therefore, Objective 4 was eliminated as a specific objective and lessons learned from activities were incorporated into the design process for the next iteration of civil society strengthening activities.

The Mission deems that the recommendation has been fully addressed and kindly requests that it be closed upon issuance of the final audit report.

Recommendation 3: *We recommend that USAID/Ukraine implement a plan requiring responsible mission staff to periodically verify data reported by its implementing partners, including for this project, and to document its verification activities and results.*

The Mission agrees with this recommendation. USAID/Ukraine, Moldova, Belarus and Cyprus (UMBC) has increased its attention to monitoring and evaluation of project results. The Mission has incorporated, or revised, three monitoring and evaluation tools that aim to strengthen results and the Mission's integration of these results into future programming. These tools are AID Tracker Plus, a standardized Mission Order on Performance Monitoring (to replace the existing and outdated Mission Order) and the Country Development Cooperation Strategy Performance Monitoring Plan (CDCS PMP). AID Tracker Plus is a database that will allow the Mission to see program data in real time (as opposed to periodic annual reporting and portfolio review data collection) and allow for the Program Office and project/activity managers to adjust implementation more rapidly. It helps link monitoring and evaluation, mapping, strategy and result for mission-wide programming. The standardized Mission Order on Performance Monitoring will be issued to the USAID/UMBC within six months and will reflect the current ADS Chapter 203. It will outline UMBC's monitoring policy, responsibilities of those who collect and monitor data, and tools for collection and analysis. Finally, USAID/UMBC has also developed the CDCS PMP which monitors and tracks project results against the Mission's overarching development strategy. In tandem, these tools will help the Mission to further its goal of systematic program

monitoring in order to improve upon activity implementation and associated development results. At the activity level, USAID will periodically verify data reported by implementing partners in accordance with COR/AOR designation letters.

The Mission deems that the recommendation will be fully addressed upon the implementation of the tools described above, which the Mission expects to be completed within one year.

Since management action has been taken on recommendations 1 and 2 of the draft report, we request that these recommendations be closed upon issuance of the final report.

Thank you.

Drafted: Dawn Carmin and Victoria Marchenko, ODG

Cc: Christopher Frost, Director, RCO, USAID/Ukraine
Brian Fink, D/Director, PCS
V. Kate Somvongsiri, ODG Director
Victoria Marchenko, PACT, AOR, USAID/Ukraine
Susan Fenno, Controller, USAID/Ukraine
Tatyana Skripka, SFA, USAID/Ukraine
Ann Marie Yastishock, USAID/DMD
Gloria White, Division Chief, M/CFO/APC
Teresa Cooper, Management Analyst, M/CFO/APC
Susan Baxter, IG/A/PPA

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>