



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/PAKISTAN'S GENDER EQUITY PROGRAM

AUDIT REPORT NO. G-391-13-002-P
MARCH 28, 2013

ISLAMABAD, PAKISTAN



Office of Inspector General

March 28, 2013

MEMORANDUM

TO: USAID/Pakistan Acting Mission Director, Rodger D. Garner

FROM: Office of Inspector General/Pakistan Director, Matthew Rathgeber /s/

SUBJECT: Audit of USAID/Pakistan's Gender Equity Program
(Report No. G-391-13-002-P)

This memorandum transmits our final report on the subject audit. In finalizing the report, we considered your comments and included your response in Appendix II (without attachments).

The report contains two recommendations to help improve the Gender Equity Program. According to information provided by the mission, it has taken final action on Recommendation 1 and made a management decision on Recommendation 2. Please provide the Audit Performance and Compliance Division in the USAID Office of the Chief Financial Officer with the necessary documentation to achieve final action.

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

The Global Gender Gap Report 2012, published by the World Economic Forum, ranked Pakistan 134th out of 135 countries in terms of its gender gap—the disparity in resources and opportunities available to women and men. This gap hinders women in areas such as education, inheritance, and employment. Addressing these factors requires sensitivity to cultural beliefs and public opinion to build support for change.

In August 2010, USAID/Pakistan and the Aurat Foundation, a local nongovernmental organization, signed a \$40 million cooperative agreement to implement the Gender Equity Program. The goal of the program is to facilitate behavioral change—in particular, to encourage citizens' active participation in social change and governance at all levels; enable women to acquire control over their lives through greater access to information, resources, and institutions; and improve attitudes and behavior toward women. The program is to award approximately 400 grants of varying amounts over a period of 5 years to governmental and nongovernmental organizations. To achieve its goal, the program established the following four objectives, giving highest priority to the third:

1. Expanding women's access to justice by engaging civil society, academia, and the media in carrying out campaigns to change behavior at the local level.
2. Increasing women's empowerment by expanding knowledge of their rights and opportunities in the workplace, community, and home.
3. Combating gender-based violence by helping the government of Pakistan develop a policy on it, improving the quality of services for victims, and providing support for women in distress.
4. Strengthening organizations that advocate women's rights and forming and training networks linking these organizations.

As of January 2013, USAID/Pakistan had obligated approximately \$19 million and spent \$11 million for the program's activities. The interventions focused on all four objectives. The key activities under these interventions included conducting research on the gender gap in Pakistan; doing baseline studies on knowledge, attitudes, and practices regarding gender; creating a strategy to reduce gender-based violence; conducting campaigns for women's rights; and helping women obtain national identity cards.

The Office of Inspector General (OIG) conducted this audit to determine whether USAID/Pakistan's Gender Equity Program was advancing women's rights through work on three of the four objectives: expanding women's access to justice, combating gender-based violence, and strengthening organizations that advocate women's rights.

USAID/Pakistan's Gender Equity Program has made progress on all three objectives reviewed. According to the program's work plans for the first 2 years, the implementer intended to make 110 awards for work under the three objectives. As of November 2012, the implementer had awarded approximately 150 grants to organizations throughout the country. Of these, 110 (73 percent) were awarded under the objective of combating gender-based violence.

Under the objective of expanding women's access to justice, program grants supported 152 young female lawyers gaining practical experience in defending women's legal rights. During OIG's site visits to Punjab and Sindh from November 6 through November 21, 2012, female lawyers said they appreciated the opportunity provided by the program to help them help disadvantaged women fight for their rights. Women whom the lawyers helped told OIG that legal counseling they received under the program contributed to their success in claiming their rights.

Under the objective on combating gender-based violence, activities began with registering women in remote rural areas for identity cards. The cards are important because basic identification is required for accessing public services such as hospitals, shelter homes, and the courts. To educate citizens about women's rights and create awareness of gender-based violence, the program completed public awareness campaigns about gender-based violence. During our site visits, the organizers of these activities and participants said these activities had taught them about gender issues.

Under the objective of building the capacity of Pakistani organizations that advocate women's rights, the program funded research with the National Commission for the Status of Women to strengthen the Government of Pakistan's policy on gender equity. The program also awarded grants to support gender studies in public universities across the country, creating a network for sharing knowledge, research, and experiences.

Although the program is making progress, the audit disclosed weaknesses in implementation and oversight:

- Program grants did not achieve maximum effect (page 3). Grantees and beneficiaries interviewed said activities carried out to combat gender-based violence, such as media campaigns, were too short to have a lasting impact on the intended beneficiaries. These individuals also said the short duration and tight budget compromised the quality and sustainability of the activities. Further, awarding approximately 400 small grants as planned creates challenges for the prime implementer.
- USAID/Pakistan did not make enough site visits to verify the progress achieved (page 4). The lack of site visits led to overreliance on the results reported by the prime implementer.

Therefore, OIG recommends that USAID/Pakistan:

1. Develop a strategy with the implementing partner to include longer-term grants to sustain the progress achieved (page 4).
2. Implement an action plan with quarterly targets for conducting site visits, and create a system to track site visit findings (page 4).

Detailed findings follow. A description of the audit scope and methodology appears in Appendix I. Full text of management comments appears in Appendix II (without attachments), and our evaluation of management comments is included on page 5.

AUDIT FINDINGS

Program Grants Did Not Achieve Maximum Effect

Automated Directives System (ADS) 200.3.1.3, “Applying Selectivity and Focus,” states that the volume of resources invested in a sector should be “large enough to have a meaningful, measurable, and lasting impact.”

Contrary to this guidance, the grant-making process was not having a meaningful, measurable, and lasting impact on intended beneficiaries. As of January 2013, the implementer had awarded 130 grants with performance periods of less than a year. According to the beneficiaries interviewed, the grant activities did not reach a sufficient number of area residents. Beneficiaries suggested that following up awareness campaigns with educational or social activities would have encouraged more people to participate. Similarly, the subgrantees implementing these small grants also indicated that the duration of the grants was not adequate to build lasting awareness of women’s rights in the target area.

The grants did not achieve maximum effect because they lasted too short a time and their budgets were too small. The program intends to award approximately 400 small grants over 5 years. As of January 2013, the implementer had awarded approximately 150 grants—most (87 percent) with a performance period of 6 to 12 months and budgets of less than \$75,000.

The reason for making many small grants was to ensure an adequate geographic mix of grantees, as well as to have a quick-impact activity that would have a measurable, long-lasting effect on behavior. However, by creating numerous small grants, the program has reduced effectiveness. Furthermore, the implementer acknowledged that the large number of grants planned makes the grant-making process demanding and laborious.

Because grants were small and of short duration, the work performed suffered. The grantees performed a restricted set of activities that reached a small number of beneficiaries. For instance, a grantee celebrating Pakistani Women’s Day in Sindh Province was able to reach only 600 people out of tens of thousands of potential beneficiaries. Similarly, the grantee conducting the 16 Days of Activism for Women’s Rights campaign led activities and group discussions for a shorter period than needed to have the maximum effect. A longer performance period would have allowed more intended beneficiaries to participate, increasing impact.

Another result of having a series of small grants awarded to various grantees was the delay between the first and subsequent grants. Each new grant, irrespective of dollar amount, must go through solicitation, selection, and approval, creating a time lag for grantees that completed the preceding grant. Since grantees have limited funds and resources, engaging beneficiaries during time lags is difficult. For example, after completing a campaign to raise awareness of gender-based violence in a village in Punjab, one grantee had to wait again for selection and approval from the prime implementer before starting work on related activities, such as counseling victims of gender-based violence. In addition, a grantee that does not receive a subsequent grant is unlikely to pass on insights to the new awardee.

To address the grant limitations, we make the following recommendation.

Recommendation 1. *We recommend that USAID/Pakistan develop a strategy with the implementing partner to include longer-term grants to sustain the progress achieved.*

Mission Did Not Make Enough Site Visits

According to ADS 303.3.17.b, “site visits are an important part of effective award management” and should take place as needed. The findings of the site visits should be documented in the official award file. In addition, USAID/Pakistan Mission Order 200.1 emphasizes that the mission is responsible for conducting site and field visits to verify results reported by implementers.

The mission did not provide adequate oversight to verify the results reported by the prime implementer. Mission officials made only 11 site visits, a majority of which occurred after OIG began auditing this program. Of the 11 site visits reported by the mission, only 3 were documented. Given that the site visits involved only 9 of the more than 150 subgrants made over the last 2.5 years, the site visits covered less than 10 percent of the subgrantees.

Mission officials explained that few site visits occurred during the first 2 years of implementation because of staffing shortages. Officials also said the travel requirements imposed by the Regional Security Office in Pakistan hampered the mission’s ability to perform site visits.

Consequently, the mission has not verified progress but has relied on the results reported by the prime implementer. Had mission officials performed frequent site visits and spoken with the beneficiaries and grantees, they would have seen the need to limit the number of grants and work with the grantees for longer periods to sustain progress.

To address this issue, we make the following recommendation.

Recommendation 2. *We recommend that USAID/Pakistan implement an action plan with quarterly targets for conducting site visits, and create a system to track site visit findings.*

EVALUATION OF MANAGEMENT COMMENTS

USAID/Pakistan agreed with the two recommendations in the report. According to the information the mission provided in its response to the draft report, it took final action on Recommendation 1 and made a management decision on Recommendation 2.

Recommendation 1. USAID/Pakistan agreed and has taken action. It has worked with the implementing partner to develop a work plan that focuses on providing longer-term grants to specific districts to counter the causes and consequences of gender-based violence. The mission acknowledges that in collaboration with the implementing partner it is in a position to increase the number of longer-term grants in the future. Therefore, the mission has taken final action.

Recommendation 2. USAID/Pakistan agreed to increase the number of site visits, and plans to take final action by September 30, 2013. It has hired additional staff and has initiated discussion with U.S. Embassy Islamabad to facilitate USAID staff's site visits through improved access to Embassy motor pool service. The mission plans to conduct site visits each quarter, covering at least 40 percent of subgrantees over the life of the program. It is also exploring alternative, third-party mechanisms to support the proposed site visits and will use a database to plan and track them. Therefore, the mission has made a management decision.

The Audit Performance and Compliance Division will determine final action when the mission completes the planned corrective actions for Recommendation 2. The mission's written comments are included in their entirety (without attachments) in Appendix II of this report.

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 USAID/Pakistan's Gender Equity Program was advancing women's rights by expanding women's access to justice, combating gender-based violence, and strengthening the capacity of Pakistani organizations that advocate women's rights. As of January 31, 2013, cumulative obligations and expenditures under the agreement totaled approximately \$19 million and \$11 million, respectively. The audit team judgmentally sampled 15 grants implemented under the cooperative agreement totaling \$1.1 million.

In planning and performing the audit, the audit team reviewed the control environment at the mission. We examined the mission's fiscal year 2012 self-assessment of management controls, which the mission is required to perform to comply with the Federal Managers' Financial Integrity Act of 1982 (as codified in 31 U.S.C. 3512), to check whether the assessment cited any relevant weaknesses. We also reviewed USAID policies and procedures pertaining to USAID/Pakistan's Gender Equity Program, including ADS Chapters 200 and 303.

The audit team assessed relevant internal controls used by the mission to manage the activities. These controls included maintaining regular contact with the implementer, reviewing and approving key decisions, performing site visits, and assessing reported results. The audit team also reviewed the implementer's control environment, including a review of the grant-making process, quality control, accounting functions, and the reporting of results.

The audit team performed fieldwork at the USAID/Pakistan mission, the implementer's main office in Islamabad, and the provincial offices in Lahore and Karachi. The team also met with 15 grantees in Punjab and Sindh from November 6 through November 21, 2012.

Methodology

To answer the audit objective, we reviewed mission documentation used to manage and monitor the activities. These documents included the country operations plan, performance management plans, the agreement, reported results, financial reports, and site visit reports. We also interviewed mission officials; staff at the implementer's office; and stakeholders including local grantees, community members, and beneficiaries. We also compared plan targets with reported results.

For this project, the audit team considered effectiveness to mean meeting the established performance targets included in the annual work plans. The annual work plans included targets for the number of subgrants to be awarded each year and identified activities for each of the four objectives.

The audit evaluated whether the indicators used to measure the effectiveness of activities were sufficient to permit their use in answering the audit objective. Through discussions with USAID/Pakistan officials and the implementer, the auditors gained an understanding of how (1) the indicators were defined, (2) data sources were used, and (3) data flowed from the project sites to the mission for inclusion in monthly reports.

In assessing the status of the activities carried out during the first 2 years of the agreement, the auditors relied primarily on the implementer's quarterly and annual progress reports from September 2010 through September 2012, supplemented by interviews conducted with USAID/Pakistan officials, implementers, grantees, and beneficiaries about achievements and problems reflected in these reports.

To validate data for the activities, the auditors checked reported results against supporting documentation maintained by the implementer. The audit team also visited 15 sites to monitor progress, speak with community stakeholders, and verify reported results.



MEMORANDUM

Date: March 25, 2013

To: Matthew Rathgeber
Director OIG/Pakistan

From: Rodger Garner /s/
Acting Mission Director

Subject: **Management Comments on the Performance Audit of USAID/Pakistan's Gender Equity Program (GEP)**

Reference: Draft Report No. G-391-13-002-P dated February 08, 2013

The USAID/Pakistan Mission would like to thank the OIG for providing the Mission the opportunity to review the draft performance audit report of the Gender Equity Program. The Mission would like to thank OIG for their professionalism and transparency in the process. The Mission management appreciates efforts of the OIG in explaining the audit process and maintaining a collegial atmosphere. The Mission is in the process of conducting a mid-term evaluation of the Gender Equity Program. OIG's performance audit report will serve as an instructive tool for the mid-term evaluation. Please find below our management comments on the recommendations included in the referenced audit report.

Recommendation No. 1:

We recommend that USAID/Pakistan develop a strategy with the implementing partner to include longer term grants to sustain the progress achieved.

Management Comments:

The Mission Management agrees with this recommendation. Under Cooperative Agreement 391-A-00-10-01162-00, USAID's involvement in the performance of the Gender Equity Program is set forth in Section A.13 "Substantial Involvement". The Program Description approved by USAID lays out the recipient's methodology for determining the number of awards as well as the value and duration of the awards to be made. With these boundaries in mind, USAID/Pakistan will work collaboratively with Aurat Foundation to address this recommendation.

The recipient has proposed a flexible strategy for sub-grants (see Cooperative Agreement pp. 30-31, "Sub Grants – Strategy and Estimated Grant Breakdown"). USAID is in a position to collaboratively engage with the implementing partner within the context of its annual planning to adopt a course of action that increases the number of higher value, multi-year awards to be made. Also the OIG should note that over the past two years our partner has, indeed, demonstrated its

receptiveness to adjusting the value and number of grants to be awarded. The Mission Management would like to specifically reference the Gender Equity Program's Year 3, Cycle Seven Terms of Reference for the Request for Proposal (RFP) document (attached as Annex- A), in which the implementing partner is focusing on supporting a limited number of districts, and providing larger, longer term grants, when compared to Year 1 and Year 2 (Grants data summary for Year 1 & 2 is attached as Annex- B), to support a seamless service delivery approach that will involve a very specific number of public and private sector actors working in tandem to counter the causes and consequences of gender-based violence.

Effectiveness and sustainability, we believe, should not be viewed solely through the lens of the specific projects being funded but additionally through the lens of building social capital, i.e., strengthening organizations' capacity and capabilities to plan and implement other projects. And, in that regard, it is quite noteworthy to mention that recipients who were provided small, time-limited grant awards to conduct public awareness activities during last year's National and International Women's Days, have this year planned and implemented, without any GEP financial support, their own public awareness campaigns. For these reasons we would not be prepared to accept the elimination of all small value, time limited awards.

In view of the above, we request closure of this recommendation upon issuance of the final audit report.

Recommendation No. 2: We recommend that USAID/Pakistan implement an action plan to verify progress by setting quarterly targets to conduct site visits and create a system to track site visit findings.

Management comment:

The Mission Management agrees with this recommendation. Increasing site visits and monitoring of small grants is one of our top priorities. In the first two years of the project, the Mission was not able to conduct regular monitoring visits because of staffing shortages. Now, with a full-time dedicated Program Manager for the Gender Equity Program and an Information and Outreach specialist who is responsible for coordinating site visits, we plan to conduct site/monitoring visits each quarter, covering activities/progress of at least 40% of our sub-grantees over the life of the Program. The Mission has also initiated discussions with Embassy Management on motor pool service standards with the goal of improving support for all USAID staff and programs. That being said, significant travel constraints remain due to logistical and security issues. To mitigate these issues, the Mission is exploring alternative, third party mechanisms, to support the proposed site/monitoring visits. Moreover, the DG Office's Small Grants database system will allow us to better plan and track site visits. The final action on this is expected to be completed by September 30, 2013.

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