



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

Additional Actions Are Needed To Improve USAID's Democracy, Human Rights, and Governance Programs

**AUDIT REPORT 8-000-20-001-P
NOVEMBER 26, 2019**

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MEMORANDUM

DATE: November 26, 2019
TO: USAID Deputy Administrator, Bonnie Glick
FROM: Assistant Inspector General for Audit, Thomas E. Yatsco /s/
SUBJECT: Additional Actions Are Needed To Improve USAID's Democracy,
Human Rights, and Governance Programs (8-000-20-001-P)

This memorandum transmits the final report on our audit of USAID's democracy, human rights, and governance (DRG) programs for your review and comment. Our audit objectives were to (1) assess USAID's strategies to mitigate the risk of bias in its DRG programs to avoid the perception of favoritism or interference in a country's internal politics; (2) identify any factors that may influence the design and implementation of USAID's DRG programs and assess whether any identified factors align with USAID's policies and procedures; (3) assess USAID's coordination with the State Department on planned and ongoing DRG programs; and (4) identify USAID's policies and processes for monitoring and measuring progress in its DRG programs. In finalizing the report, we considered your comments on the draft and included them in their entirety, excluding attachments, in appendix C.

The report contains six recommendations to improve USAID's policies and processes to further minimize the risk of bias in the Agency's DRG programs. After reviewing information you provided in response to the draft report, we consider all six resolved but open pending completion of planned activities. For each recommendation, please provide evidence of final action to the Audit Performance and Compliance Division.

We appreciate the assistance you and your staff extended to us during this audit.

CONTENTS

INTRODUCTION.....	1
SUMMARY.....	2
BACKGROUND.....	3
USAID HAS CONTROLS TO HELP MITIGATE THE RISK OF BIAS IN DRG PROGRAMS, BUT REPUTATIONAL RISKS REMAIN	4
USAID's Award Process, Program Design, Implementation Policies, and Ethical Standards Are Designed To Help Mitigate the Risk of Bias in DRG Programs	5
USAID Relies on a Single Consortium To Implement the Majority of Political Party Assistance in Europe, Eurasia, and the Middle East.....	7
Host-Country Officials Who Participate on USAID's DRG Award Selection Committees May Not Be Accountable for Acts of Bias.....	9
USAID's Political Party Assistance Policy Has Not Been Updated Since 2003.....	10
USAID POLICIES AND PROCEDURES ALIGN WITH FACTORS THAT INFLUENCE DRG PROGRAMS, BUT MISSIONS FACE CHALLENGES IN ACCESSING DRG EXPERTISE AND RESOURCES.....	11
USAID's Policies and Procedures Incorporate Influential Factors for Designing and Implementing DRG Programs.....	11
Accessing DRG Expertise and Resources Has Been a Challenge for Some Mission Personnel.....	12
Prolonged Leadership Vacancies Resulted in Gaps in Some Missions' Access to DRG Expertise and Representation.....	14
USAID AND THE STATE DEPARTMENT DO NOT ALWAYS HAVE ACTIVE WORK GROUPS TO COORDINATE DRG PROGRAM DESIGN AND IMPLEMENTATION IN THE FIELD.....	15
USAID-State Coordination on DRG Program Design and Implementation Occurs Primarily in the Field.....	15
Some Missions Lacked Active DRG Work Groups	16
USAID'S PROGRAM CYCLE INCLUDES MONITORING AND MEASUREMENT BUT DRG IMPACT EVALUATIONS ARE LACKING FOR EUROPE, EURASIA, AND THE MIDDLE EAST	17
A Standard Framework Guides Assessment of DRG Programs	17
DRG Center Has Been Slow To Generate and Disseminate Knowledge Through Impact Evaluations in Europe, Eurasia, and the Middle East	20
CONCLUSION.....	20
RECOMMENDATIONS	21
OIG RESPONSE TO AGENCY COMMENTS.....	22
APPENDIX A. SCOPE AND METHODOLOGY	23
APPENDIX B. COUNTRY PROFILES FOR REVIEWED USAID MISSIONS.....	29
APPENDIX C. AGENCY COMMENTS	34
APPENDIX D. MAJOR CONTRIBUTORS TO THIS REPORT.....	41

INTRODUCTION

Over the past decade, more than \$2 billion annually has been allocated from foreign assistance funds for DRG activities managed by USAID, the State Department, and other U.S. Government entities.¹ These activities aim to promote basic DRG goals and objectives such as fair and open elections, human rights, and good and transparent governments.

On March 22, 2017, the Chairman of the Senate Foreign Relations Committee asked USAID's Inspector General for information on mechanisms to minimize bias and favoritism in USAID's DRG programs with a focus on Europe, Eurasia, and the Middle East. Bias or favoritism in USAID's DRG programs—perceived or real—not only risks damaging the United States' reputation, but it can also harm the U.S. Government's ability to achieve its democracy and governance goals. For the purpose of this audit, OIG defines bias as actual or perceived influence or acts of favoritism or interference in a host country's internal politics by USAID personnel or USAID-funded organizations based on political party affiliation, ideology, or partisanship.

At the Chairman's request, we conducted this audit to (1) assess USAID's strategies to mitigate the risk of bias in its DRG programs to avoid the perception of favoritism or interference in a country's internal politics; (2) identify any factors that may influence the design and implementation of USAID's DRG programs and assess whether any identified factors align with USAID's policies and procedures; (3) assess USAID's coordination with the State Department on planned and ongoing DRG programs; and (4) identify USAID's policies and processes for monitoring and measuring progress in its DRG programs.

To conduct our work, we judgmentally selected USAID DRG programs in the Europe, Eurasia, and Middle East regions based on (1) missions having at least four of the six program areas under the DRG category of the Foreign Assistance Standardized Program Structure and Definition² and (2) financial materiality. We conducted site visits to four missions—Georgia, Jordan, Kosovo, and Ukraine—and USAID headquarters in Washington, DC. As part of our audit, we submitted questionnaires to and interviewed USAID, State Department, implementer, and host-government officials; reviewed USAID and State key strategic and policy documents on DRG; country-specific strategies and policies; USAID's DRG program design, award, and performance documents; and DRG program implementer documents. We analyzed the information obtained and performed follow-up interviews and analysis to support final audit

¹ Congressional Research Service, "Democracy Promotion: An Objective of U.S. Foreign Assistance," May 31, 2017.

² The Foreign Assistance Standardized Program Structure and Definition is a hierarchy of U.S. foreign assistance program categories, areas, and elements. DRG is one of seven program categories and has six program areas: (1) rule of law, (2) good governance, (3) political competition and consensus-building, (4) civil society, (5) independent media and free flow of information, and (6) human rights. Prior to 2016, there were four DRG program areas: (1) rule of law and human rights, (2) good governance, (3) political competition and consensus building, and (4) civil society.

conclusions and findings. Our site visits served as case studies for examining USAID's DRG programs. We conducted our work in accordance with generally accepted government auditing standards. Appendix A provides more detail on our scope and methodology. Appendix B provides more detail on the political systems and development challenges in the countries we visited.

SUMMARY

To mitigate the risk of bias in its DRG programs, the Agency has instituted controls including development policies and program design, award, and implementation processes. While we did not identify any instances of partisanship affecting USAID's DRG programs, weaknesses in the Agency's DRG acquisition and assistance award process and an outdated policy could unintentionally expose USAID to bias. For example:

- USAID relies almost exclusively on its cooperative agreement with the Consortium for Elections and Political Process Strengthening to implement political party assistance in Europe, Eurasia, and the Middle East. Although awarded on a competitive basis, this single award is relied upon by USAID for a majority of its assistance to political parties, which limits competition in this technical area during the life of the award.
- USAID's policies and procedures regarding award selection committees permit participation of host-country officials on DRG awards, which host-country citizens and politicians could view as biased and politically motivated.
- USAID's Political Party Assistance Policy has not been updated since 2003. Although intended to mitigate the risk of bias, its criteria for which parties to assist do not consider current U.S. national security priorities. In addition, waivers from these criteria that overseas missions can obtain do not have clear expiration dates.

Several factors may influence DRG program design and implementation. These factors include U.S. foreign assistance and policy interests, host-country needs and context, and DRG expertise and resources. USAID's strategic planning processes, programming policies and procedures, and DRG products and services help ensure that Agency personnel take into account these factors when designing and implementing DRG programs. However, mission DRG staff report a need for increased access and awareness to DRG resources—particularly expertise residing in the DRG Center in USAID headquarters—and prolonged leadership vacancies have resulted in gaps in some missions' access to DRG expertise and representation.

USAID and State Department coordination on planned and ongoing DRG programs primarily occurs in-country. DRG mission staff we interviewed reported coordinating with their State colleagues to obtain feedback on program design, conduct joint site visits to program activities, include State officials on award selection committees, and establish DRG work groups. However, not all missions have established work groups or sustained those that have been established. Without active work groups, the agencies

may miss opportunities for strengthening DRG coordination in the field and sharing best practices.

USAID's Program Cycle Operational Policy sets requirements for monitoring and measuring the progress of all Agency activities, including DRG programs.³ In addition, the Agency Evaluation Policy requires operating units to perform evaluations of their programs. However, the Center of Excellence on Democracy, Human Rights, and Governance—which is charged with promoting DRG learning—has been slow to generate and disseminate knowledge through impact evaluations of DRG programs in Europe, Eurasia, and the Middle East.

We made six recommendations aimed at improving USAID's policies and processes to further minimize the risk of bias in the Agency's DRG programs. USAID concurred with all six recommendations.

BACKGROUND

The link between DRG, national security, and global prosperity has been articulated in every U.S. National Security Strategy issued since 1990; the 2010 Presidential Policy Directive on Global Development; the 2010 and 2015 Quadrennial Diplomacy and Development Review (QDDR); the Joint State-USAID Strategic Plan; the USAID Policy Framework; and USAID's 2013 Strategy on Democracy, Human Rights, and Governance.

As the U.S. Government's principal foreign affairs agencies responsible for development and diplomacy, USAID and the State Department coordinate on shared goals, activities, and interests. Promoting and advancing DRG principles is a key strategic priority for both agencies and for Congress. Although USAID plays the leading role on DRG assistance to realize long-term development goals, it shares responsibility with State bureaus for achieving related foreign policy goals, mainly through Embassies' Political, Economic, and Public Affairs sections.

The 2010 QDDR called on USAID to establish the DRG Center as the U.S. Government's leading voice in DRG expertise.⁴ Through it, USAID is expected to deliver DRG assistance abroad in accordance with international and U.S. legal requirements, such as the U.N. International Covenant on Civil and Political Rights and the Foreign Assistance Act of 1961, as amended.

To avoid interference in host-country politics, the DRG Center provides policy guidance, including USAID's 2003 Political Party Assistance Policy to guide decision making on assistance provided to foreign political parties and candidates. The policy states that political party assistance promotes pluralistic, democratic societies by

³ Automated Directives System (ADS) chapter 201.

⁴ The 2010 QDDR directed USAID to elevate its Office of Democracy and Governance in its Bureau for Democracy, Conflict, and Humanitarian Assistance. In 2012, USAID elevated this office to a Center of Excellence.

equitably engaging all democratic and significant political parties.⁵ The policy prohibits support activities that could be perceived as biased or influencing the outcome of an election, such as offering assistance to only one party or paying for media messaging in favor of one candidate. The DRG Center also provides missions with guidelines, best practices, and training; assists in the design of new DRG strategies and programs; conducts field assessments, research activities, and evaluations of mission programs; and performs other roles.

Monitoring and measuring progress in foreign assistance programs are critical to USAID's ability to achieve development objectives. By statute, USAID's development programs must be transparent, demonstrate results and achievements, and identify and disseminate lessons learned and best practices for future programming.⁶ These requirements, reinforced by Agency guidance, are intended to expand USAID's knowledge and ability to improve program design and implementation.⁷

USAID HAS CONTROLS TO HELP MITIGATE THE RISK OF BIAS IN DRG PROGRAMS, BUT REPUTATIONAL RISKS REMAIN

Agency controls, including general development policies and specific DRG program design, award, and implementation processes, are designed to mitigate reputational risks—that is, to help protect the Agency's credibility from being undermined by actual or perceived bias. While we did not identify any instances of partisanship affecting USAID's DRG programs, USAID's reliance on a single consortium to implement the majority of political party assistance in Europe, Eurasia, and the Middle East exposes the Agency to risks that can diminish its ability to achieve political strengthening and democracy goals and damage the Agency's reputation. A potential lack of accountability among host-country officials who participate on DRG award selection committees creates additional risk of bias. In addition, USAID's Political Party Assistance Policy has not been updated in more than 15 years despite significant changes in the environment in which USAID operates.

⁵ The relevant U.S. Government mission determines which parties are significant based on criteria suggested in the policy.

⁶ The Foreign Assistance Act of 1961, as amended. Section 125 tasks USAID's Administrator with improving development assistance programs and projects through evaluations and assessments, while other acts such as the GPRA Modernization Act of 2010 and the Foreign Aid Transparency and Accountability Act of 2016 require agencies to assess performance and improvement, and ensure transparency, accountability, and effectiveness for foreign assistance programs.

⁷ Two USAID policies that support this aim are ADS chapter 201, Program Cycle Operational Policy, and USAID's Evaluation Policy.

USAID's Award Process, Program Design, Implementation Policies, and Ethical Standards Are Designed To Help Mitigate the Risk of Bias in DRG Programs

While promoting DRG principles is a cornerstone of USAID's mission to deliver development assistance, the Foreign Assistance Act of 1961, as amended, states that such assistance may not be used to influence the outcome of a foreign election.

Similarly, the U.S. Government is a signatory to numerous international treaties, conventions, and multilateral organizations that frame its rights and responsibilities when engaging with foreign countries. This engagement is guided by principles that emphasize mutual respect for sovereignty and independence, as well as the right of peoples and governments to operate free from foreign interference. For example, Article I(2) of the U.N. Charter and Article I(1) of the International Covenant on Civil and Political Rights adopted by the United Nations both emphasize the right to self-determination of all peoples and the importance of sovereignty in international conduct.

The Agency's award process, program design and implementation policies, and ethical standards aim to ensure compliance with U.S. and international legal requirements, while helping to mitigate the risk of bias in DRG programs.

Award Process. USAID's Office of Acquisition and Assistance publishes policies and procedures that guide how the Agency channels funding toward implementers to achieve development results. These internal controls are designed to help ensure Agency compliance with legal and regulatory requirements that govern acquisition and assistance, such as the Federal Acquisition Regulation; USAID's Acquisition Regulation; and the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. USAID's policies and procedures use a standard approach to acquisition and assistance across all sectors, including DRG, which operating units are required to follow. For example:

- Acquisition and assistance responsibilities are shared between a mission's technical offices and contracting office. USAID's agreement and contracting officers are responsible for entering into awards and providing oversight of award compliance, while technical offices manage day-to-day award activities and implementer progress toward achieving results.
- Competition of acquisition and assistance awards helps avoid overreliance on one implementer or a small group of implementers—a condition that could increase the risk of bias if any of the limited number of implementers are affiliated with a domestic or foreign political party, or act in a partisan or ideological manner.
- USAID's selection committees—staffed by USAID, U.S. Government, and nongovernment individuals—make recommendations for award decisions. Selection committees provide a range of independent insights and expertise to assess the quality of implementer proposals and applications in response to notices of funding and business opportunities. They also help mitigate the risk of bias by reducing the

influence of any one individual to make award decisions, as well as providing a voice to USAID’s stakeholders, such as State personnel.

- Award clauses that require implementer employees to show respect for host-country societal norms—including conventions, customs, and institutions—and to refrain from interfering in host-country internal political affairs can further reduce the risk of bias.⁸

Program Design and Implementation Policies. USAID’s processes for designing and implementing DRG programs cut across operating units and areas of expertise, which were developed to help ensure that funding and programming decisions are not controlled by a limited number of staff. For example:

- USAID’s Political Party Assistance Policy includes requirements and prohibitions on support activities to avoid bias or the perception of bias, as well as implementation guidance for determining whether a political party meets the criteria of “democratic” and “significant.” Of particular importance is that the policy restricts engagement with parties that do not support peaceful and democratic means to obtain power; do not respect human rights and the rule of law; and do not respect freedom of religion, press, speech, and association.
- USAID’s Program Cycle Operational Policy (ADS chapter 201) requires missions to use a standard approach to programming across all sectors, including DRG. The approach is grounded in numerous qualitative and quantitative analyses, including DRG sector-specific research, rather than subjective criteria that may be perceived as partisan or ideological.

Ethical Standards. USAID’s policies and procedures for promoting ethical standards and holding employees accountable to legal and regulatory requirements apply to its global workforce.⁹ The Agency-wide ethics program is critical, since USAID operates in numerous environments with different cultural and legal practices, and it employs foreign citizens in a variety of prominent roles, including managing DRG programs and representing U.S. Government interests to host-country stakeholders. For example:

- USAID’s Ethics and Standards of Conduct Policy (ADS chapter 109) requires USAID employees to adhere to Federal ethics rules, as promulgated by the Office of Government Ethics. This policy includes annual ethics training, financial disclosure reporting, and prohibitions on receiving gifts and benefits from third parties. Employees are encouraged to report ethical violations for review, and the policy outlines potential administrative, civil, and criminal recourses the Agency can pursue.
- The State Department’s Foreign Affairs Manual (Vol. 3, Ch. 4123.3) includes requirements for Federal employees stationed abroad that specifically prohibit U.S.

⁸ U.S. citizens and third-country nationals employed by implementers who do not comply with such clauses are subject to removal from country, at the discretion of a country’s U.S. Ambassador in consultation with the USAID mission director.

⁹ ADS 109.3.1.(b) states that institutional contractor employees are not subject to Federal ethics statutes and regulations. However, institutional contractor employees are required to maintain awareness of these requirements.

citizens employed by the U.S. Government, along with their spouses and family members, from engaging in partisan political activities in their host country.

- USAID's missions use employee handbooks that provide policies and procedures for host-country locally employed staff. USAID's Ethics and Standards of Conduct Policy is complemented by guidance specific to the country it is operating in, to account for different environmental and legal contexts. While handbooks recognize an employee's right to participate in host-country democratic processes, they may also include language restricting the degree of employee engagement in host-country politics as a condition of employment. This helps ensure that the political activities and attitudes of locally employed staff are not interpreted as USAID support or endorsement. For example, U.S. Embassy Pristina's handbook—which applies to USAID/Kosovo employees—states:

“As in the case of American employees of the U.S. Government, active participation in political activities is prohibited. Employees are encouraged to exercise their voting privileges; but the U.S. Embassy Pristina employees, whether locally employed staff or American, may not for example run for or hold elected offices, organize rallies, solicit funds for or membership in a political party, march in a political parade or distribute campaign material or appear as a speaker at public rallies or political parties or at private party meetings.”

USAID Relies on a Single Consortium To Implement the Majority of Political Party Assistance in Europe, Eurasia, and the Middle East

USAID's competitive award process is an important safeguard to mitigate the risk of bias in its DRG programs. USAID's policy on selecting the appropriate acquisition and assistance instrument (ADS chapter 304) emphasizes the importance of competitive practices and provides guidance for determining which implementing instrument is most appropriate for different types of program activities. It also states that the planner and contracting officer or agreement officer “should avoid determining the instrument type based on political considerations. For example, the preference of partner country government, other in-country influential parties, or other U.S. Government entities for a particular implementing organization should not influence the instrument determination.”¹⁰

Despite this emphasis on political neutrality, concerns have been raised by USAID staff about USAID's awards for political party assistance—a key component of the Agency's DRG programming.¹¹ Political party assistance provides the Agency a direct bridge to engage host-country political leaders through technical expertise, such as training and capacity building. This engagement is intended to promote the fundamentals of an

¹⁰ ADS 304.3.5(e).

¹¹ Political party assistance refers to the whole makeup of the “political competition and consensus-building” program area of the DRG foreign assistance category. Specifically, the program area contains three program elements: (1) consensus-building process, (2) elections and political processes, and (3) political parties.

effective and accountable democratic process to help host-country political parties increase their ability to govern and respond to citizens' interests and needs. Between October 2011 and July 2017, USAID obligated approximately \$187 million to the Consortium for Elections and Political Process Strengthening (CEPPS) and its partner organizations to administer political party assistance in Europe, Eurasia, and the Middle East. This amounts to approximately 80 percent of the Agency's political party assistance in these regions.

CEPPS was founded in 1995 by the National Democratic Institute (NDI), the International Republican Institute (IRI), and the International Foundation for Electoral Systems (IFES), and holds a global Leader with Associate¹² assistance award with the DRG Center to implement a variety of DRG activities, including political party assistance programs. According to USAID officials, CEPPS received a series of global assistance awards from USAID for 1995 through 2020, which helped CEPPS partners develop a capacity to deliver political party assistance programming and establish a global footprint with a presence in every region in which USAID operates. The current global assistance mechanism was awarded in 2015 (a cooperative agreement) and provides missions the option to offer funding opportunities directly to CEPPS rather than develop a notice of funding opportunity locally.

Agency mission and headquarters personnel reported that, overall, CEPPS partners have excellent technical leadership and organizational experience to work collaboratively with host-country political leaders. CEPPS partners have developed strong work relationships with local stakeholders in many countries and are acknowledged as global leaders in the DRG sector. For example, in Ukraine, mission officials praised the NDI, IRI, and IFES Chiefs of Party as outstanding leaders who are highly accomplished and respected in their areas of expertise. They noted that the technical skills and positive reputations of these individuals are an asset for the mission and its DRG portfolio.

However, Agency officials also noted that missions often default to working with CEPPS partners through USAID's global assistance award with the DRG Center—instead of pursuing opportunities to partner with other organizations that can provide similar services. Relying on CEPPS gives significant influence to a small group of partners to implement political party assistance programs and increases USAID's reputational risk. Specific concerns reported to us by USAID officials include:

- NDI, IRI, and IFES have significant political connections and powerful benefactors on their boards of directors, including sitting Members of the U.S. Congress, former Ambassadors, and other political appointees. NDI and IRI in particular could be perceived as extensions of the U.S. Democratic and Republican Parties, respectively, by host-country stakeholders. For example, NDI's website acknowledges that it has

¹² ADS 303.3.26. A "Leader with Associate (LWA) Award involves the issuance of a Leader Award that covers a specified worldwide activity. The Leader Award includes language that allows a Mission or other office to make one or more separate awards, called Associate Awards, to the Leader Award recipient without using restricted eligibility. The Associate Award must be within the terms and scope of the program description of the Leader Award and support a distinct local or regional activity."

a “loose affiliation” with the U.S. Democratic Party and IRI’s current Chairman is a U.S. Senator in the Republican Party.

- In Georgia, CEPPS attempted to exclude a host-country democratic political party. In a 2017 letter to USAID/Georgia written on behalf of NDI and IRI, CEPPS stated that it would temporarily suspend assistance to a Georgian political party because of media reports of derogatory remarks made by party leaders about CEPPS partner staff, along with CEPPS’s disagreement with the party’s political platform and rhetoric. The mission responded to CEPPS’s letter by directing NDI and IRI to continue delivering assistance to the Georgian political party in compliance with USAID’s Political Party Assistance Policy.

Host-Country Officials Who Participate on USAID’s DRG Award Selection Committees May Not Be Accountable for Acts of Bias

USAID’s Office of Acquisition and Assistance prescribes policies and procedures for convening technical evaluation and merit review selection committees to assist in making award decisions.¹³ Award selection committees—staffed primarily by USAID and other U.S. Government personnel—evaluate proposals and applications submitted by prospective implementers in response to notices of funding and business opportunities.

USAID policy permits host-country officials to serve on award selection committees, and Agency officials in headquarters and the field acknowledged that host-country officials provide a local perspective and help ensure host-country buy-in on proposed programming. For example, USAID/Georgia invited an official who worked for Georgia’s Central Elections Commission to serve in a non-voting role on a series of selection committees for political party assistance awards. However, senior Agency officials also acknowledged that including host-country officials on DRG technical evaluation and merit review committees, such as those for political party assistance programs, increases USAID’s reputational risk because these officials may influence USAID programming and decision making for politically motivated or partisan purposes.

While USAID policy seeks to protect sensitive information and ensure the integrity of the award process by requiring committee members to sign nondisclosure and conflict of interest forms—which delineate members’ rights and responsibilities, and the potential penalties for violating the terms—officials in the Office of Acquisition and Assistance, along with an attorney advisor in the Office of the General Counsel acknowledged that it can be difficult to enforce these requirements for individuals who do not have a contractual relationship with the U.S. Government or are not U.S. citizens, such as host-country officials.

¹³ ADS 302.3.6.1 for acquisition awards and ADS 303.3.6.3 for assistance awards.

USAID's Political Party Assistance Policy Has Not Been Updated Since 2003

USAID's 2003 Political Party Assistance Policy is a key internal control that missions and implementers rely on to guide decision making for assistance provided to foreign political parties and candidates. The policy helps ensure that missions remain cognizant of perceptions of favoritism or interference in a country's internal politics by articulating the requirements and prohibitions for engagement with host-country political actors. The policy also distinguishes USAID assistance from other international donor organizations, including the State Department, which do not have a similar policy in place.

USAID and implementer officials reported that, overall, USAID's 2003 policy is valuable to delivering political party assistance and provides greater credibility to the Agency's effort to promote DRG principles in host countries. For example, USAID/Ukraine and USAID/Jordan officials praised the policy for providing a framework for assessing the viability and legitimacy of parties in countries that lack a strong tradition of democratic governance.

However, our interviews with USAID officials also identified concerns with the policy, which is a critical tool USAID uses to manage reputational risk and reduce the perception of bias in its DRG programming. Notably:

- The policy lacks clarity regarding waivers for excluding parties from receiving assistance. Missions may seek waivers to provide assistance to nondemocratic parties or to exclude a significant democratic party if the situation warrants. However, the policy does not indicate when such waivers expire or require recertification. Consequently, a waiver can remain in effect indefinitely, even after the approved justification no longer exists.
- The policy's requirements for assessing a party's democratic credentials do not include the consideration of current U.S. national security priorities. For example, USAID missions in Europe and Eurasia on the front lines of Russian aggression and influence are at risk of providing assistance to political candidates and parties that run counter to U.S. national security priorities and the legislative actions of Congress.¹⁴

Moreover, the Political Party Assistance Policy is subject to the requirements of USAID's Development Policy (ADS chapter 200), which states that an Agency development policy should be considered for revision at least every 10 years, through an implementation assessment or a technical content review.¹⁵ However, the policy has

¹⁴The Countering America's Adversaries Through Sanctions Act, Public Law 115-44, requires the President to provide congressional committees with an annual report "on funds provided by, or funds the use of which was directed by, the Government of the Russian Federation or any Russian person with the intention of influencing the outcome of any election or campaign in any country in Europe or Eurasia during the preceding year, including through direct support to any political party, candidate, lobbying campaign, nongovernmental organization, or civic organization."

¹⁵ ADS 200.3.9.

not been updated or reviewed since it was issued in 2003. USAID and implementer officials stated that while the policy remains a vital tool for delivering political party assistance abroad, it could benefit from a technical content review, an implementation assessment, or both to identify and incorporate any needed changes based on current global and regional trends, as well as lessons learned during program implementation over the past 16 years.

USAID POLICIES AND PROCEDURES ALIGN WITH FACTORS THAT INFLUENCE DRG PROGRAMS, BUT MISSIONS FACE CHALLENGES IN ACCESSING DRG EXPERTISE AND RESOURCES

USAID's policies and procedures are intended to help ensure missions consider appropriate factors when designing and implementing their DRG programs, including U.S. foreign assistance and policy interests, host-country needs and context, and DRG expertise and resources. However, missions have been challenged to access needed DRG expertise and resources.

USAID's Policies and Procedures Incorporate Influential Factors for Designing and Implementing DRG Programs

Numerous variables impact USAID's DRG programming, but three known factors significantly influence USAID's efforts to deliver DRG assistance in a given host country:

- *U.S. Foreign Assistance and Policy Interests.* This factor frames USAID's role in the context of the wider U.S. Government presence in country and the whole-of-Government strategic interest to deliver DRG assistance, such as USAID's current assistance portfolio and past results, coordination with other donor organizations, interagency coordination, annual appropriations, and legal and regulatory requirements.
- *Host-Country Needs and Context.* This factor concerns host-country dynamics—including the political, cultural, and historical intricacies that define its society—and frames USAID's role in the context of the host country's development needs, opportunities, and challenges. Host-country needs and context are largely defined by geography and natural resources, demographics and economic systems, historical legacies and events, and political actors and institutions.
- *DRG Expertise and Resources.* This factor involves the subject matter expertise and the resources available to missions in designing and implementing their DRG programs, including support services, award mechanisms, and DRG publications, research, and best practices.

Collectively, USAID's strategic planning processes, program design and implementation policies and procedures, and DRG products, services, and personnel link these factors

to the Agency's DRG programs, while balancing the unique complexities of each host-country operating environment and related U.S. Government interests.

- *Strategic Planning Processes.* U.S. foreign policy interests are captured in key documents through strategic planning initiatives. These strategies define the role of USAID's development assistance, including DRG, in the broader spectrum of interagency priorities. Key strategic plans include the U.S. National Security Strategy, USAID and State's QDDR, and USAID and State's Joint Strategic Plan.
- *Program Design and Implementation Policies and Procedures.* Host-country needs and context are captured through USAID's program cycle (detailed in ADS chapter 201), which defines policies and procedures for delivering DRG assistance abroad through the development of mission country strategies, projects, and activities. At each stage in the program cycle, missions are required to conduct qualitative and quantitative analyses to inform their decision making and clearly articulate the benefits and trade-offs of proposed actions. Country strategies define the big picture development needs and challenges facing the host country, as well as USAID's country goals and results expected to be achieved over a given period of time. Projects and activities define specific interventions the mission undertakes to deliver DRG assistance in response to host-country needs. Built into USAID's programming policies and procedures is guidance to update or amend country strategies in response to unforeseen opportunities to advance DRG goals. This allows the Agency to retain flexibility in its DRG programs and to stay congruent with any significant changes in the host country.
- *DRG Products, Services, and Personnel.* DRG expertise and resources are captured through the DRG Center's products and services, as well as through USAID's cadre of Foreign Service Officer (FSO) and Foreign Service National (FSN) personnel.¹⁶ Missions can rely on the expertise of FSO and FSN personnel, along with the resources of the DRG Center, to help analyze host-country DRG challenges and design DRG programs to address those challenges using DRG Center-developed tools and research. DRG Center products and services include publications, best practices, and guidance; temporary duty assignments from subject matter experts; and analytical tools, such as a DRG assessment or political economy analysis.

Accessing DRG Expertise and Resources Has Been a Challenge for Some Mission Personnel

USAID's DRG Center is expected to play a critical role in serving missions by helping them develop DRG strategies, projects, and activities; advocate for DRG expertise and resources; and facilitate access to award mechanisms, subject matter experts, training, and best practices. In 2013, the DRG Center published its strategic plan,¹⁷ which identifies three strategic objectives that guide the center's operations: (1) learn by

¹⁶ FSNs are host-country citizens hired by USAID to help carry out day-to-day management of some activities, including DRG.

¹⁷ DRG Center, "A Blueprint for Action," May 2013.

increasing knowledge concerning the global advancement of DRG; (2) serve by improving the quality and impact of the DRG technical assistance that it provides to the field; and (3) influence by elevating the role of DRG in key USAID, U.S. Government, and multilateral strategies, policies, and budgets.

However, DRG expertise and resources are not being fully leveraged in mission DRG program design and implementation. For example, while mission officials we interviewed reported a desire for DRG assistance, our interview results determined that some officials were not always aware of the DRG Center's products and services available to aid the design and implementation of their DRG programs. Interviews with mission personnel identified mixed levels of awareness and engagement with the DRG Center and its resources, while interviews with implementers found most were unfamiliar with the DRG Center. Specifically, 2 out of 13 mission FSO staff, 8 out of 23 mission FSN staff, and 44 out of 51 implementer staff reported no to very limited awareness of, or engagement with, the DRG Center. Of the 26 mission FSO, FSN, and personal services contractor staff who were aware of the center's support, 6 reported that they do not fully use DRG Center publications, tools, and assessments to inform the development of their DRG country strategies, projects, or awards.

Agency and implementer personnel reported several concerns related to the DRG Center's engagement with missions:

- *Temporary Duty Assignments (TDYs).* Budget and staff constraints limit the DRG Center's ability to meet mission demand for TDY support from the center's subject matter experts. While the center manages its own operational funding, it typically relies on missions to fund TDY requests because the volume of requests exceeds the center's travel budget. Mission DRG staff and center officials reported this made arranging the TDYs difficult. Additionally, center officials reported that while the DRG Center has some flexibility in meeting requests, center staff typically have the discretion to accept or refuse a TDY. Consequently, in certain parts of the world—particularly countries experiencing conflict—missions are at a disadvantage, despite their urgent needs.
- *Publications, Tools, and Assessments.* Some documents in the DRG Center's library are not practical for DRG program design and implementation. DRG mission officials reported that documents on emerging issues—such as countering the spread of Internet disinformation—would be more beneficial in the field. In addition, mission and DRG Center personnel reported that DRG assessments, a tool missions use to analyze country needs before designing programs, are frequently contracted out, and the recommendations they contain can play to the contractor's strengths rather than to the needs assessed.
- *Training.* While the DRG Center provides classroom courses for mission DRG staff responsible for DRG programs, the center does not actively manage and monitor their learning and development as DRG specialists. Instead, staff attend training as schedules, interests, and available funding permit. Some mission personnel reported interest in increased use of remote and regional training opportunities which are

currently limited, particularly in light of travel and funding limitations. Also, implementers do not have the opportunity to attend DRG Center training to help ensure they are up-to-date on Agency best practices and programming guidance.

Prolonged Leadership Vacancies Resulted in Gaps in Some Missions' Access to DRG Expertise and Representation

USAID's Foreign Service workforce is responsible for managing the strategic, operational, and programmatic activities that define the Agency's presence in a host country.¹⁸ FSOs serve as mission leaders in their areas of expertise, such as DRG, and oversee teams that manage day-to-day programmatic activities. For example, an officer may serve as the director of the Democracy and Governance Office at a mission, overseeing the mission's DRG program and managing a team of primarily FSN staff responsible for managing daily DRG activities. The missions we visited had dedicated DRG offices responsible for designing and implementing USAID's DRG portfolios in those countries. Each office had a team of primarily FSN staff with FSOs serving in technical and leadership positions, such as a democracy specialist, office director, or deputy director.

However, USAID/Georgia's and USAID/Kosovo's DRG director positions had been vacant for an extended period.¹⁹ These DRG leadership gaps were notable as Kosovo and Georgia had the second and third largest DRG portfolios in Europe and Eurasia at the time of our audit. USAID officials reported that DRG leadership and experience gaps are not uncommon and can impact the quality of the mission's DRG work. For example, meeting with host-country political and government leaders without a senior USAID official in attendance can be perceived by local stakeholders as showing a lack of respect and commitment. Further, not having FSOs with DRG expertise can leave mission teams without clear direction and goals when designing and implementing DRG programs.

USAID officials reported a variety of reasons why DRG leadership and experience gaps occur, such as curtailments, parental leave, medical evacuations, and redirected assignments. When a leadership void occurs, mission management has relatively few options, as personnel assignments are the responsibility of USAID's Office of Human Capital and Talent Management. To help alleviate leadership gaps, mission officials can request extended TDY assignments from the DRG Center, but these requests are often denied. DRG Center officials reported that they lack the resources to commit personnel to extended assignments to fill staffing voids at missions. As a result, missions must make do with the resources they have on hand to compensate for extended vacancies, such as relying on junior FSOs or non-DRG professionals to act in DRG leadership roles, which may reduce effective management of the missions' DRG portfolios.

¹⁸ Series 400 of the ADS provides policies and procedures over the Agency's management of its human capital.

¹⁹ USAID/Georgia reported a DRG office director vacancy of approximately 4 months in fiscal year 2017 and approximately 1 year during fiscal years 2015-2016. USAID/Kosovo reported a DRG office director vacancy of approximately 9 months in fiscal years 2017-2018.

USAID AND THE STATE DEPARTMENT DO NOT ALWAYS HAVE ACTIVE WORK GROUPS TO COORDINATE DRG PROGRAM DESIGN AND IMPLEMENTATION IN THE FIELD

Effective coordination between USAID and the State Department helps maximize resources and outputs and avoid redundancies in achieving U.S. foreign policy goals, including those related to DRG. Coordination of planned and ongoing DRG programs primarily occurs in-country between USAID's DRG teams and State's Embassy counterparts through cross-agency work groups. However, some missions lacked active DRG work groups.

USAID-State Coordination on DRG Program Design and Implementation Occurs Primarily in the Field

USAID's DRG programs are generally designed and implemented in the field by mission DRG officers and support staff who coordinate with State personnel at the Embassy to achieve country-specific DRG goals. Depending on the country, USAID missions may coordinate with State's Political, Economic, Public Affairs, and International Narcotics and Law Enforcement sections at the Embassy. In addition, the DRG Center coordinates with State's Bureau of Democracy, Human Rights, and Labor Affairs in Washington, DC. USAID emphasizes the importance of coordination with the State Department in its Strategy on Democracy, Human Rights, and Governance: “[C]ollaboration between State and USAID can be particularly effective when conducted at the country level, based on a strong relationship between the USAID Mission and the rest of the U.S. Embassy.”

In designing their DRG programs, mission DRG and program office teams request State officials' input on an array of factors, such as knowledge of the country context, to inform the development of DRG program appraisal documents, concept papers, and project designs. At times, USAID missions included State Embassy officials with sector-specific knowledge in the award process. For example, a State political officer participated on a USAID/Kosovo award selection committee for the Political Processes and Parliamentary Support Program, and a State public affairs employee aided USAID/Georgia's Media for Transparent and Accountable Governance award selection committee.²⁰

For implementation, DRG mission staff we interviewed reported that they frequently coordinate with the State Department to complement each other's programming and avoid overlap as necessary. USAID staff noted they share DRG project progress and updates with State officials. For example, according to a USAID/Kosovo director, State officials are invited to participate in mission portfolio reviews that focus on project and

²⁰ Determination for who ultimately serves on an award panel is left to USAID's contracting or agreement officer. ADS chapters 302 and 303 discuss applicable criteria and the process for serving on award selection committees.

Country Development Cooperation Strategy (CDCS) progress. This was supported by mission guidance that we also found at other missions suggesting it may be helpful to involve State officials as part of the portfolio review process. USAID and State officials also meet to inform leadership of emerging foreign policy issues, key milestones, or important future events. On occasion, they meet with implementers, conduct joint site visits, and attend the same conferences. In European and Eurasian countries, including Ukraine and Kosovo, staff worked jointly on anticorruption action plans that highlighted U.S. Government efforts to combat corruption in the region and demonstrated an effort to deconflict activities. Most coordination takes place via emails, informal meetings, and phone conversations, with formal coordination through work group meetings held monthly or as needed to address situational events such as elections.

Some Missions Lacked Active DRG Work Groups

USAID's Strategy on Democracy, Human Rights, and Governance emphasizes the importance of facilitating interagency DRG coordination through "country level coordination bodies such as elections working groups and close working relationships between the USAID Mission's DRG Officer and the Embassy Political Officer," even though the State Department possesses the ultimate responsibility to coordinate U.S. Government personnel overseas.²¹ The U.S. Government Accountability Office (GAO) also identifies work groups as a valuable collaborative mechanism for achieving shared goals across U.S. Government agencies.²²

At each mission we visited, USAID DRG and State officials reported to us that DRG work groups were important mechanisms through which mission staff and Embassy personnel meet to formulate strategy, clarify key issues, and deconflict activities. For example, four bilateral work groups established between the United States and Georgian Governments support mutual priorities and align interagency efforts. One priority area is the DRG sector, and the Embassy has a democracy and governance work group that facilitates discussions about various DRG matters in Georgia, including coordination. At the time of our site visit, USAID cochaired the monthly democracy and governance work group meetings that included representatives from State's Political, Economic, Public Affairs, and International Narcotics and Law Enforcement sections.

However, despite recognizing work groups as a best practice for coordinating DRG program design and implementation in the field, work groups in Kosovo and Jordan had lapsed during the scope of our audit. According to USAID and State officials, this contributed to divergent positions being taken by USAID and the Embassy on a governance draft law in Kosovo, and an overlap in programming that caused dissension among each other's partners in Jordan. Based on officials' experience, coordination depends on personalities, although differing programming goals and timeframes, Foreign Service staffing cycles, and co-location are also contributing factors.

²¹ State Department's Foreign Affairs Manual (Vol. I, Ch. 013) states that the Chief of Mission "has full responsibility for the direction, coordination, and supervision of all U.S. Executive Branch employees in his or her country, regardless of their employment categories or location."

²² "Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms" (GAO-12-1022), September 2012.

The work groups in Kosovo and Jordan have since been renewed:

- In Kosovo, officials reported that the Rule of Law work group has been revamped and the Ambassador identified interagency coordination as “a top priority.” Moreover, newly arrived State officials acknowledged that USAID has been instrumental in promoting better coordination and has provided onboard briefings that include information on USAID/Kosovo’s activities and policy.
- In Jordan, a newly arrived USAID DRG officer partnered with a State official to restart a democracy work group that had been dormant for over a year. This action has since given USAID and State DRG staff at the mission “a means to lift important issues to high management levels.”

The initiative shown by the USAID/Jordan DRG officer demonstrates the resourcefulness that is needed in some instances to drive coordination and the role USAID’s DRG officers in-country can play in jumpstarting coordination. This initiative capitalized on the knowledge and experience that USAID’s DRG officers contribute in the field to Embassy leadership. USAID and State staff that participate on DRG programs reported that Embassy leadership have an integral role in facilitating interagency coordination work groups but may be focused on other priorities, limiting their awareness of DRG program coordination. DRG Center officials acknowledged that work groups were encouraged and prioritized by Agency leadership in the past and would benefit by being re-emphasized.

USAID’S PROGRAM CYCLE INCLUDES MONITORING AND MEASUREMENT BUT DRG IMPACT EVALUATIONS ARE LACKING FOR EUROPE, EURASIA, AND THE MIDDLE EAST

Monitoring and measuring progress in foreign assistance programs is a cornerstone of USAID’s ability to achieve development objectives abroad while demonstrating accountability to the American taxpayer.²³ USAID applies standardized monitoring and measuring activities across its development portfolio, of which DRG is one component, to assess program progress and results.

A Standard Framework Guides Assessment of DRG Programs

USAID policies, procedures, and guidelines for executing monitoring and measuring activities in compliance with legal requirements include the following:

²³ The GPRA Modernization Act of 2010 and the Foreign Aid Transparency and Accountability Act of 2016 require USAID’s development programs to be carried out in a transparent manner, to demonstrate results and achievements, and to incorporate lessons learned and best practices for future programming. Additionally, the Foreign Assistance Act of 1961, as amended, tasks USAID’s Administrator with improving development assistance programs and projects through evaluations and assessments.

- USAID's *Evaluation Policy* guides its foreign assistance programs under the Foreign Aid Transparency and Accountability Act of 2016.²⁴ According to USAID, the "policy is intended to provide clarity to USAID staff, partners, and stakeholders about the purposes of evaluation, the types of evaluations that are required and recommended, and the approach for conducting, disseminating, and using evaluations."
- *ADS Chapter 201, Program Cycle Operational Policy*, operationalizes USAID's results-based monitoring and measurement process and its role to (1) connect strategies, projects, and activities from one program cycle to the next and (2) inform stakeholders of and ensure integrity in program results, lessons learned, and best practices. Chapter 201 provides guidance for carrying out a series of interrelated activities, such as monitoring, evaluation, and learning (MEL) plans, performance management plans, performance and impact evaluations, data quality assessments, and monitoring indicators.
- *Mission Orders* provide country-specific guidance to supplement Agency-wide ADS chapter 201 requirements, such as procedures for conducting required MEL activities at a particular mission.
- *USAID Monitoring and Measuring Tools*, such as templates, checklists, and guidance documents, support staff throughout program design, implementation, and learning.

USAID missions and headquarters operating units are responsible for monitoring the performance of the programs they manage.²⁵ This monitoring includes:

- tracking implementation progress;
- monitoring the quantity, quality, and timeliness of activity outputs;
- monitoring achievement of activity outcomes; and
- ensuring the quality of performance monitoring data collected by partners.

These tasks typically entail reviewing performance indicator data and monitoring reports; conducting data quality assessments; conducting site visits; examining technical reports and deliverables; and meeting with implementing staff and other stakeholders.²⁶

²⁴ Section 3 of the act requires the President to "set forth guidelines, according to best practices of monitoring and evaluation studies and analyses, for the establishment of measurable goals, performance metrics, and monitoring and evaluation plans that can be applied with reasonable consistency to covered United States foreign assistance." The purpose of the guidelines is to direct "(A) monitoring the use of resources; (B) evaluating the outcomes and impacts of covered United States foreign assistance projects and programs; and (C) applying the findings and conclusions of such evaluations to proposed project and program design."

²⁵ According to ADS chapter 201, monitoring is the "ongoing and systematic tracking of data or information relevant to USAID strategies, progress, and activities. Relevant data and information needs are identified during planning and design and may include output and outcome measures that are directly attributable to or affected by USAID intervention as well as measure of the operating context and programmatic assumptions."

²⁶ ADS 201.3.4.10(b)(l).

To measure progress in DRG and other USAID programs, mission program offices—with support from mission technical offices and headquarters operating units—manage evaluations.²⁷ Evaluations help ensure projects are not subject to the perception or reality of biased measurement or reporting. USAID policy requires each mission and headquarters operating unit that manages program funds and designs and implements projects to conduct at least one evaluation per project and identifies two types of evaluations: performance and impact.²⁸ While both are rooted in principles such as transparency, relevance, and unbiased measurement and reporting, there are distinct differences.

- *Performance evaluations* may address what a particular project or program has achieved at any point during or after implementation; how it is being implemented; how it is perceived and valued; whether expected results are occurring; and other questions that are pertinent to design, management, and operational decision making. Performance evaluations encompass a broad range of methods but often incorporate before-after comparisons and generally lack defined hypotheses, or “counterfactuals,” to control for factors other than the intervention that might account for observed changes. Performance evaluations often rely on qualitative data and produce results that are limited to the action being evaluated and do not provide broad-based conclusions.
- *Impact evaluations* measure the extent to which an outcome is attributable to a defined intervention. Impact evaluations are based on models of cause and effect and require a credible and rigorously defined counterfactual to more accurately identify factors that might account for an observed change. Impact evaluations in which comparisons are made between beneficiaries that are randomly assigned to either a treatment or a control group provide the strongest evidence of a relationship between the intervention and the outcome measured.²⁹

Resulting evaluation reports are intended to expand the Agency’s knowledge base across all countries and sectors and are published publicly on USAID’s Development Experience Clearinghouse website.³⁰ USAID officials reported that DRG programs are primarily measured through performance evaluations, as they are less costly and time-consuming than impact evaluations.

²⁷ ADS chapter 201 defines evaluation as “the systematic collection and analysis of information about the characteristics and outcomes of strategies, projects, and activities conducted as a basis for judgments to improve effectiveness, and timed to inform decisions about current and future programming. Evaluation is distinct from assessment or an informal review of projects.”

²⁸ ADS 201.3.5.13 provides requirements for conducting evaluations.

²⁹ USAID’s Evaluation Policy, Section I, Box I.

³⁰ USAID maintains guidance on limitations and exemptions from public dissemination of evaluation reports in some circumstances.

DRG Center Has Been Slow To Generate and Disseminate Knowledge Through Impact Evaluations in Europe, Eurasia, and the Middle East

In support of the Agency's standard framework for monitoring and measuring progress in DRG programs, the DRG Center's 2013 "A Blueprint for Action" recognized the need for more impact evaluations to support learning and evidence-based decision making in the sector. The expanding body of evidence resulting from the evaluations and other analytical methods will be a learning tool to track the effectiveness of an intervention in DRG subsectors and geographic regions. The blueprint states: "Our Missions have told us clearly that they are looking for comparative knowledge of which programmatic approaches have succeeded or failed in specific DRG subsectors in particular countries and regions."

To help missions conduct impact evaluations, the DRG Center's Learning Division provides technical assistance, offers cofunding options, and manages a contract for expert support services, through NORC at the University of Chicago and Social Impact, which missions can access.³¹

However, in the 7 years since its establishment in 2012, DRG Center's Learning Division has initiated just three DRG impact evaluations in Europe, Eurasia, and the Middle East (one in Russia, Georgia, and West Bank and Gaza)—the fewest number of DRG Center-supported impact evaluations across different regions, according to DRG Center documentation.³² DRG Center and mission officials acknowledged that these regions are underserved relative to other regions, in part due to rapidly changing and fragile environments, among other factors.

USAID staff we interviewed suggested that impact evaluations would be useful to assess and better understand program effectiveness. The absence of evidence-based reporting limits opportunities to assess program design and judge unbiased results regionally. USAID officials noted that this is particularly important in the DRG sector where attributing results to Agency programming has been historically difficult.

CONCLUSION

Protecting the United States' annual \$2 billion investment in advancing its democracy and governance goals depends upon the integrity of USAID's DRG programs. Even the perception of bias in DRG program design, award, and implementation could undermine progress toward goals such as fair and open elections, the right to life and liberty, and

³¹ NORC at the University of Chicago is a nonpartisan research institution that delivers data and analyses to guide critical programmatic, business, and policy decisions. Social Impact is a management consulting firm—headquartered in Arlington, VA, with nine field offices around the world—that provides monitoring, evaluation, strategic planning, and capacity building services to advance global development.

³² As of September 2018, the DRG Center had 32 impact evaluations that were either complete or ongoing: Africa (14); Latin America and the Caribbean (9); Asia (6); Europe and Eurasia (2); and Middle East (1).

good and transparent governments. While USAID has some controls to help mitigate bias, other factors we identified could impede its DRG efforts in Europe, Eurasia, and the Middle East. Our work also raises some broader issues for the Agency to consider in improving its DRG programs around the world. In particular, USAID's reliance on a single consortium of implementers, its inclusion of host-country officials on DRG award selection committees, and an outdated Political Party Assistance Policy could increase the risk of bias entering into DRG programs. Missions' limited access to DRG Center products and services, leadership vacancies in mission DRG offices, and inconsistent use of USAID-State Department work groups exacerbate this risk. Until the Agency takes action to address these weaknesses, missions across USAID risk introducing bias into their DRG programs.

RECOMMENDATIONS

We recommend that the Office of Acquisition and Assistance:

1. Review and revise as appropriate its policies and procedures regarding host-country official participation on Agency technical evaluation and merit review selection committees to ensure this participation does not compromise the integrity of the democracy, human rights, and governance acquisition and assistance award process.

We recommend that the Center of Excellence on Democracy, Human Rights, and Governance:

2. In coordination with the Office of Acquisition and Assistance, conduct a review to determine whether opportunities exist to work with a broader range of implementers providing political party assistance. This review should consider funding trends, insights, and suggestions from the Agency's democracy, human rights, and governance experts and Federal acquisition and assistance best practices. Based on this review, design and implement any actions needed to ensure integrity in USAID's democracy, human rights, and governance programs.
3. In coordination with the Bureau for Policy, Planning, and Learning, conduct an implementation assessment or technical content review of the Agency's Political Party Assistance Policy, in compliance with ADS chapter 200 requirements. This assessment or review should consider the length of policy waivers and determining eligibility of political parties that seek to undermine U.S. national security priorities to receive USAID assistance. Based on the assessment or review, revise the policy to ensure waivers and political parties would not compromise the integrity of USAID's democracy, human rights, and governance programs.
4. Develop and implement an action plan to review the products and services that the Center of Excellence on Democracy, Human Rights, and Governance provides internal and external stakeholders and make any necessary adjustments to align them to current programmatic areas of focus.
5. In coordination with the Office of Human Capital and Talent Management, assess staffing needs and develop and implement a plan to give missions access to expertise

- and leadership in democracy, human rights, and governance during extended staffing vacancies.
6. Develop and issue interagency coordination guidance for USAID staff to promote and strengthen the use of democracy, human rights, and governance work groups in the field as a best practice.

OIG RESPONSE TO AGENCY COMMENTS

We provided our draft report to USAID on September 24, 2019, and on November 6, 2019, received its response, which is included as appendix C. USAID also provided technical comments which we considered and incorporated into the final report as appropriate.

The report includes six recommendations and we acknowledge management decisions on all six. We consider the six recommendations resolved but open pending completion of planned actions.

APPENDIX A. SCOPE AND METHODOLOGY

We conducted our work from May 2017 through September 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

On March 22, 2017, the Chairman of the Senate Foreign Relations Committee sent USAID's Inspector General a letter requesting an audit of USAID's DRG programs including assessing how the Agency mitigates the risk of bias, designs DRG programs, coordinates with the State Department, and measures progress. Based on that letter and discussions with the committee, we developed the following objectives:

1. Assess USAID's strategies to mitigate the risk of bias in its DRG programs to avoid the perception of favoritism or interference in a country's internal politics.
2. Identify any factors that may influence the design and implementation of USAID's DRG programs and assess whether any identified factors align with USAID's policies and procedures.
3. Assess USAID's coordination with the State Department on planned and ongoing DRG programs.
4. Identify USAID's policies and processes for monitoring and measuring progress in its DRG programs.

To conduct our work, we judgmentally chose site visit locations based on having at least four out of the six DRG program areas under the DRG category of the Foreign Assistance Standardized Program Structure and Definition where USAID implemented DRG programs as of June 30, 2017. The four site visit locations (out of 21) sampled were also selected based on high dollar obligations, totaling \$476 million (out of \$1.5 billion), for the fiscal periods October 1, 2011, through June 30, 2017. We selected a minimum of one site visit location within USAID's Europe and Eurasia Bureau and Middle East Bureau. The sample was judgmentally selected and cannot be projected to proportionally represent all of USAID's DRG activities in Europe, Eurasia, and the Middle East, or worldwide.

We performed audit fieldwork site visits to the following locations:

- Washington, DC (June 7–16, 2017; February 26–March 9, 2018; September 17–26, 2018; and March 4–6, 2019).
- Georgia (September 5–29, 2017).
- Ukraine (October 17–November 3, 2017).
- Kosovo (November 6–17, 2017).
- Jordan (January 28–February 8, 2018).

We performed additional audit work in USAID OIG's Middle East and Eastern Europe Regional Office (Frankfurt, Germany), Latin America and Caribbean Regional Office (San Salvador, El Salvador), and Washington, DC.

To conduct our work, we identified and reviewed USAID's key strategic and policy documents such as the Strategy on Democracy, Human Rights, and Governance and the Political Party Assistance Policy. We also identified and reviewed USAID and State country-level strategies and policies such as the Integrated Country Strategy and CDCS for the period October 1, 2011, through June 30, 2017 (or as specified in the report). We reviewed relevant past audit reports from USAID and State Offices of Inspector General and GAO. Based on reviews of these documents, the team issued questionnaires to USAID, State, and implementer staff, as well as an information request for DRG program design, award, and performance documents from the mission and implementers, in advance of each site visit. The questionnaires were designed with open-ended questions to obtain general insight and information based on the experiences and knowledge of the personnel queried, and to determine if a followup interview was necessary with individual correspondents at each site visit.³³

Informed by reviews of documentation and the questionnaire responses, we conducted interviews with USAID and State staff, implementers, and host-nation officials during the audit site visits. To efficiently and effectively compile and analyze salient points, themes, issues, and general results, the team relied on a semistructured interview approach. To answer all audit objectives, we met with USAID's Democracy and Governance Offices in the respective missions, including technical staff that manage and monitor DRG awards, and USAID officials in Washington, DC, from the following bureaus and offices: Europe and Eurasia; Middle East; Policy, Planning, and Learning; Economic Growth, Education, and Environment; Management; Office of the General Counsel; and Democracy, Conflict, and Humanitarian Assistance, the bureau in which the DRG Center resides. In total, we conducted 230 interviews (with 287 interviewees): 133 with USAID (161 interviewees); 67 with implementers (83 interviewees); 28 with the State Department (37 interviewees); and 2 with host-government offices (6 interviewees).

Subsequently, we performed comparative and summary analyses on the documentary and testimonial evidence obtained during fieldwork to answer the audit objectives and develop audit findings. The methodology for each audit objective is more fully described below.

Audit Objective 1 Methodology: We developed a standard definition for the term "bias" to use for the purposes of this audit, based on reviews of the audit request letter, USAID's Political Party Assistance Policy, and USAID's Political Party Development Assistance Handbook, and through consultation with OIG legal staff and Agency officials. The definition was recited at the commencement for interviews conducted under this objective to ensure consistent

³³ The audit team submitted 191 questionnaires and received 147 responses. The response rates by entity (and the amount of questionnaires received) are: USAID: 85 percent (57); State: 53 percent (28); and USAID implementers: 94 percent (66).

communication and context, with an opportunity for interviewees to ask clarifying questions.

To describe how USAID mitigates the risk of bias in its DRG programs to avoid the perception of favoritism or interference in a country's internal politics, we reviewed documents pertaining to legal and regulatory requirements for implementing DRG assistance, as well as internal controls developed by USAID and the State Department to prevent bias. For example, we reviewed international conventions such as the Charter of the United Nations; U.S. laws, such as the Foreign Assistance Act of 1961, as amended; U.S. regulations, such as the Federal Acquisition Regulation; and USAID and State policies and procedures, such as USAID's Political Party Assistance Policy, the ADS, mission orders and employee handbooks, and State's Foreign Affairs Manual. We reviewed award documentation of selected missions' DRG portfolios to determine the composition of technical evaluation or merit review committees (selection committees) for acquisition and assistance awards. We also reviewed financial data from USAID's Foreign Aid Explorer database to determine USAID's use of implementers to support political party assistance programs in Europe, Eurasia, and the Middle East during the scope of our audit. We contacted representatives in USAID's Bureau for Policy, Planning, and Learning to determine the review history of the Political Party Assistance Policy. We met with the selected missions' Democracy and Governance Office personnel and officials in the program, contracting, legal, and front offices. We met with implementers supporting DRG programs as well as host-country officials, such as Georgia's and Jordan's elections commission. In Washington, DC, we also met with USAID's Office of the General Counsel, Office of Acquisition and Assistance, and staff from implementers' headquarters.

In total, we conducted 131 interviews with 161 interviewees in support of the audit objective: 72 with USAID (82 interviewees); 57 with implementers (73 interviewees); and 2 with host-country offices (6 interviewees). Ultimately, the summary results of the interviews, supported by document and questionnaire analyses, resulted in the audit conclusions and results.

Audit Objective 2 Methodology: To identify the factors that influence the design and implementation of USAID's DRG programs, we reviewed relevant laws, regulations, USAID policies, and strategic and programmatic documents from USAID's DRG Center and the selected missions. In addition, we issued questionnaires and conducted interviews with knowledgeable officials about these policies and factors.

Through our review of USAID's policies and procedures, DRG Center key publications (such as the User's Guide to DRG Programming, Strategic Assessment Framework, and the DRG Strategy), and USAID's DRG Technical Publications publicly available webpage, we identified and catalogued the various document types that USAID has published on DRG. In total, we identified 2 strategies, 3 policies, 1 vision paper, and 75 documents containing good practices. Using this material, we developed a list of material factors that

influence the design and implementation of USAID's DRG programs and interviewed relevant personnel to determine the extent to which selected missions were utilizing the tools, guides, and training from the DRG Center when designing and implementing their respective DRG programs. This analysis included determining implementers' awareness of the DRG Center's technical leadership as a Center of Excellence to disseminate knowledge to the international development community.³⁴

We reviewed mission organizational charts to determine Democracy and Governance Office headcount and employment categories, such as the number of FSOs and FSNs. We reviewed USAID staffing pattern reports to determine the length of Democracy and Governance Office FSO vacancies in Georgia and Kosovo.

We met with missions' Democracy and Governance Office personnel and officials in the program, contracting, legal, and front offices. In addition we met with implementers supporting DRG programs; host-country officials, such as Georgia's and Jordan's elections commission; USAID's Office of the General Counsel and Office of Acquisition and Assistance; and staff from implementers' headquarters.

In total, we conducted 131 interviews with 161 interviewees in support of the audit objective: 72 with USAID (82 interviewees); 57 with implementers (73 interviewees); and 2 with host-country offices (6 interviewees). Ultimately, the summary results of the interviews, supported by document and questionnaire analyses, resulted in the audit conclusions and results.

Audit Objective 3 Methodology: To assess USAID's coordination with the State Department on planned and ongoing DRG programs, we reviewed USAID's ADS, the DRG Strategy, State's Foreign Affairs Manual, and GAO internal control and collaboration reports³⁵ and identified six characteristics for good practices of effective coordination. The six characteristics and corresponding sources of evidence are: (1) encouraged by leadership (testimonial); (2) country-level strategy alignment (USAID's CDCS into State's Integrated Country Strategy (testimonial and documentary); (3) reported strength of working relationship (testimonial); (4) existence and participation in DRG work group (testimonial and documentary); (5) DRG project-level coordination (testimonial and documentary); and (6) communication and access of USAID's DRG team to State's section teams (e.g., State's Political, Economic, Public Affairs, and International Narcotics and Law Enforcement sections) (testimonial).

³⁴ According to ADS chapter 101, Agency Programs and Functions, the Center of Excellence on Democracy, Human Rights, and Governance "systematically generates knowledge on what works best in advancing democracy, human rights, and governance globally and disseminates the knowledge to Missions, the wider [U.S. Government], and the international development community."

³⁵ For example, we reviewed and relied upon GAO's "Standards for Internal Control in the Federal Government" (GAO-14-704G, September 2014) and the following Managing for Results reports: "Implementation Approaches Used to Enhance Collaboration in Interagency Groups" (GAO-14-220, February 2014), and "Key Considerations for Implementing Interagency Collaborative Mechanisms" (GAO-12-1022, September 2012).

To determine the extent of coordination that occurs between USAID and the State Department for DRG programs, we issued questionnaires, reviewed documents, and analyzed information obtained through semistructured interviews with knowledgeable officials about the means and effectiveness of the coordination. We analyzed the information received during site visits to the four selected missions (Georgia, Ukraine, Kosovo, and Jordan) to assess the extent of the coordination and identify common crosscutting issues related to coordination.

We met with the selected missions' Democracy and Governance Office personnel and officials in the program and front offices. In addition, we met with State Embassy officials in each of the countries, including the Political, Economic, Public Affairs, and International Narcotics and Law Enforcement sections; and assistance coordinators in the Office of the Coordinator of U.S. Assistance to Europe and Eurasia in Kosovo, Ukraine, and Georgia. In Jordan, we met with officials supporting the Middle East Partnership Initiative. In Washington, DC, we met with State officials from the Bureau of Democracy, Human Rights, and Labor, the Office of the Coordinator of U.S. Assistance to Europe and Eurasia, the Office of Near Eastern Affairs Assistance Coordination, the Office of Foreign Assistance Resources, and the Bureau of International Narcotics and Law Enforcement Affairs. In total, we conducted 54 interviews with 87 interviewees in support of the audit objective: 25 with USAID (49 interviewees); 1 with an implementer (1 interviewee); and 28 with the State Department (37 interviewees). Ultimately, the summary results of the interviews, supported by document and questionnaire analyses, resulted in the audit conclusions and results.

Audit Objective 4 Methodology: To determine how USAID monitors and measures DRG programs, we reviewed relevant laws, policies, and strategic and programmatic documents from USAID, the State Department, selected missions, and implementers. In addition, we issued questionnaires and conducted interviews with knowledgeable officials about monitoring and measuring DRG programs. We reviewed the Foreign Assistance Act of 1961, as amended, the GPRA Modernization Act of 2010, the Foreign Aid Transparency and Accountability Act of 2016; USAID's ADS (and related references and additional help guidance) and Evaluation Policy; DRG Center publications and guidance; mission orders; and State's Office of Foreign Assistance guidance and reports. In addition, we reviewed selected missions' monitoring and measurement documents, such as performance management plans and implementer performance reports for DRG awards for the period October 1, 2011, through June 30, 2017. From the document reviews and interviews, we gained an understanding of the process for how USAID monitors and measures DRG programs. We met with selected missions' Democracy and Governance Office personnel, officials in USAID's program and front offices, and implementers.

In total, we conducted 61 interviews with 67 interviewees in support of the audit objective: 49 with USAID (53 interviewees) and 12 with implementers (14 interviewees).

In planning and performing the audit, we assessed internal controls significant to the audit objectives. This included gaining an understanding of relevant standards promulgated by GAO, reviewing management assessments of internal controls in the respective USAID regional and pillar bureaus, obtaining and reviewing relevant policies and procedures, and interviewing personnel.

We relied on standard data reports readily available on USAID's Phoenix financial system to select the audit site visits.³⁶ Because USAID OIG reviews related internal controls as part of the mandated audits of the Agency's consolidated fiscal year-end financial statements, we determined the data to be reliable for these purposes. We did not rely extensively on computer-processed data to determine the audit conclusions, results, or findings.

³⁶ The Phoenix financial system is the accounting system of record for the Agency and the core of USAID's financial management systems framework.

APPENDIX B. COUNTRY PROFILES FOR REVIEWED USAID MISSIONS

To answer the audit objectives, we reviewed USAID's DRG portfolio in four countries located in Europe, Eurasia, or the Middle East. Below are profiles of each country, including demographic, political, and economic data, as well as a synopsis of USAID's priorities and development objectives.³⁷

Georgia



Population	4.9 million (July 2018 est.)
Area	69,700 km ²
Capital	Tbilisi
Government	Semipresidential republic
GDP	\$39.85 billion (2017 est.)
USAID CDCS	2013-2017, extended to July 2019

After the dissolution of the Soviet Union in 1991, the Republic of Georgia faced the formidable task of establishing an independent government. Approximately half of the U.S. resources appropriated to Georgia since 1992 support USAID programs aimed at addressing governance challenges such as curbing corruption, providing health services, ensuring national energy consistency, and encouraging a market-based economy.

Over the past decade, Georgia has moved from the brink of failure to being one of the most democratic among former Soviet bloc countries, as well as a significant contributing member of the North Atlantic Treaty Organization (NATO). According to a recent USAID report, “The Georgian government has made great strides in strengthening its democratic credentials and building a competitive free market economy,” but points out “the country still has a long way to go to consolidate its democracy.” Georgia—a semipresidential republic—continues to face significant challenges, including Russian occupation of Abkhazia and South Ossetia spurred by separatist sentiment, which has stalled the country’s reintegration and needed governance reforms.

USAID’s CDCS for Georgia is the Agency’s strategy for supporting Georgia’s democratic and economic development. This strategy calls for facilitating a “democratic,

³⁷ Demographic, political, and economic data were retrieved from the Central Intelligence Agency’s World Factbook as of June 2019.

free-market, Western-oriented transformation” to support and further Georgia’s progress and notes that “USAID hopes to see a Georgia that practices more accountable governance; achieves more broad-based and sustainable economic development; and has made tangible progress reaching out to people in the separatist regions, and in regions with significant minority populations.”

To support a democratic and accountable government, USAID’s country strategy includes four measurable results: informed and engaged citizenry; a competitive, deliberative, and transparent political and electoral process; an independent, consistent, and proficient rule of law; and transparent, responsive, and effective governance and service delivery.

Hashemite Kingdom of Jordan



Population	10.5 million (July 2018 est.)
Area	89,342 km ²
Capital	Amman
Government	Parliamentary constitutional monarchy
GDP	\$89 billion (2017 est.)
USAID CDCS	2013-2017, extended to November 2019

The U.S.-Jordan bilateral relationship is an essential component of U.S. foreign policy in the Middle East, and ensuring Jordan’s stability remains a U.S. priority. This is particularly important in light of the Syrian civil war and subsequent refugee crisis, in addition to the ongoing threat of extremism.

USAID’s CDCS for Jordan underscores the importance of Jordan’s role as a U.S. ally in the Middle East: “Jordan and the United States benefit from a long-standing partnership—the value of which is measured in Jordan’s strong leadership role in the region, its strength as a moderate and stable ally in a tumultuous region, and in cooperation on numerous fronts, including the Middle East peace process and counter-terrorism, peacekeeping, and humanitarian efforts.”

USAID investments in Jordan’s stability aim to support accountability and responsiveness of elected officials, advocate for civil society engagement, pursue legal and regulatory reforms, and elevate the role of women and marginalized groups.

USAID’s DRG portfolio in Jordan also focuses on strengthening democratic accountability. However, according to USAID, “there remain many challenges to

accountable, transparent, and effective governance. Adequate checks and balances between the executive, legislative, and judicial branches need to be enforced. The difficult balance between maintaining security and encouraging openness is, and will continue to be, a challenge.”

Republic of Kosovo



Population	1.9 million (July 2018 est.)
Area	10,887 km ²
Capital	Pristina
Government	Parliamentary republic
GDP	\$19.6 billion (2017 est.)
USAID CDCS	2014-2018, extended to July 2019

Kosovo declared independence in 2008, following the end of war with Serbia in 1999, developed a parliamentary republic government, and was later released from supervised independence in 2012. According to the State Department, “Kosovo has made considerable progress” since 2008, noting the “2013 municipal elections were the first ones held throughout the country in accordance with Kosovo law; 2014 parliamentary elections were largely in accordance with international standards; [and] the 2015 signing of the EU [European Union] Stabilization and Association Agreement marked an important milestone in Kosovo’s path towards European integration.”

The United States has played a major role in Kosovo’s foundation as an independent nation, initially through supporting NATO military intervention in the Kosovo War and subsequently through assistance efforts to rebuild Kosovo’s economy, institutions, and infrastructure. USAID’s development assistance has been key to Kosovo’s post-war emergence, and the Agency has had a continuous presence in the country since 1999. As noted in USAID’s CDCS for Kosovo, the Agency has “an extensive portfolio of projects focused on encouraging the formation of democratic institutions, developing economic institutions and the private sector, improving Government’s ability to manage the energy sector, and rebuilding the education system and community infrastructure.” USAID has also supported Kosovo’s integration within the European community by improving rule of law and governance in the country. Specific to rule of law and governance, USAID/Kosovo is supporting the judiciary to become more transparent and independent, assisting with elections and parliament, supporting integration of ethnic minorities, and seeking to strengthen civil society.

However, many countries have not officially recognized Kosovo's independence, which "has prohibited Kosovo's membership in the United Nations and other global organizations and has led the European Union to adopt a 'status neutral' policy towards Kosovo that hampers its ability to fully promote the country's development." The ongoing tenuous relationship between Kosovo and Serbia appear to be at the root of Kosovo's stalled progress. Specifically, USAID points to Serbia's unwillingness to accept Kosovo's independence and cease support to illegal structures of governance in Kosovo-Serb majority municipalities as driving Kosovo's neutral status.

Ukraine



Population	43.9 million (July 2018 est.)
Area	603,550 km ²
Capital	Kyiv
Government	Semipresidential republic
GDP	\$369.6 billion (2017 est.)
USAID CDCS	2012-2016, extended to September 2018

Ukraine is an important U.S. ally with a unique legacy as a former republic of the Soviet Union and a current democratic republic transitioning toward greater integration into western democratic structures, such as the EU. The country's large population, proximity to Russia (including a 1,000-mile shared border), and abundant natural resources reflect its importance in the region and its potential for growth through partnership with the United States. USAID/Ukraine's 2012 CDCS confirms Ukraine's importance to the international community and USAID's contribution to its development: "The United States Government maintains a strategic interest in helping Ukraine transition toward greater democracy and a sustainable free market economy."

USAID has maintained a presence in Ukraine since its independence from the Soviet Union in 1991, providing development assistance across diverse sectors like health, economic growth, and DRG. According to USAID/Ukraine's CDCS, much of USAID's development assistance "has helped Ukrainians experience increased political freedoms, stronger transparency guarantees, and more economic and social opportunities."

Despite establishing a democratic government—with distinct executive, legislative, and judicial branches—Ukraine has struggled with ineffective governance, economic stagnation, and corruption. These uncertainties contributed to the 2004 Orange Revolution and the 2013-2014 Euromaidan Revolution of Dignity. Since 2014, armed conflicts with Russia and Russian-backed separatists have eroded Ukraine's territorial

control of the Crimea, Donetsk, and Luhansk regions, further challenging the country's progress.

Ongoing unrest coupled with rapid and significant changes in Ukraine's country context outpaced USAID/Ukraine's 2012 CDCS. As a result, USAID/Ukraine implemented a Recovery and Reform Strategy in 2015 to revamp its strategic priorities and place greater emphasis on anticorruption and decentralization initiatives.



USAID
FROM THE AMERICAN PEOPLE

APPENDIX C. AGENCY COMMENTS

MEMORANDUM

TO: Middle East/Eastern Europe Regional Office of the Inspector General
(Frankfurt), David Thomanek

THROUGH: Admiral Tim Ziemer, SDAA/DCHA

FROM: Tim Meisburger, Director, DCHA/DRG /s/

DATE: November 6, 2019

SUBJECT: Management Comment(s) to Respond to the Draft Audit Report Produced by the Office of Inspector General (OIG) titled, *Additional Actions Are Needed To Improve USAID's Democracy, Human Rights and Governance Programs* (Task No. 88100317)

The U.S. Agency for International Development (USAID) would like to thank the Office of the Inspector General (OIG) for the opportunity to provide comments on the subject draft report, *Additional Actions are Needed to Improve USAID's Democracy, Human Rights, and Governance Programs* (Task No. 88100317). The Agency agrees with the six recommendations, herein provides plans to implement them, and reports on significant progress already made.

USAID is proud that the audit found no bias or perceived bias in our democracy programming. The Agency already has addressed three of the six recommendations made in the report, specifically Recommendations 2, 4, and 5, and has begun to address Recommendations 1, 3, and 6.

USAID has taken on Recommendations 2, 4, and 5 as part of the Agency's Transformation, which includes key strategies to align our headquarters structure to serve our field Missions better through the creation of the new Bureau for Democracy, Development, and Innovation, and procurement reforms that will improve the design and solicitation of our awards to enable more effective co-creation, innovative financing, and diverse partnerships. In addition, USAID plans to seek legislative authority from Congress that would allow the Agency to use a limited percentage of appropriated Program funds for Direct-Hire staff to travel to field Missions on technical temporary duty assignments. More specific details on how USAID's Transformation address the audit report's recommendations appear below in our response to each of the six Recommendations.

Finally, in Tab A, USAID has provided technical comments that offer to correct and clarify statements and findings contained in the audit report.

**COMMENTS BY THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
ON THE REPORT RELEASED BY THE USAID OFFICE OF THE INSPECTOR
GENERAL TITLED, ADDITIONAL ACTIONS ARE NEEDED TO IMPROVE
USAID'S DEMOCRACY, HUMAN RIGHTS, AND GOVERNANCE PROGRAMS
(TASK # 88100317)**

Please find below the management comments from the U.S. Agency for International Development (USAID) on draft report Task # 88100317 produced by the USAID Office of the Inspector General (OIG), which contains six recommendations for USAID:

Recommendation 1: We recommend that the Office of Acquisition and Assistance (OAA) within the Bureau for Management (M):

“Review and revise as appropriate its policies and procedures regarding host-country official participation on Agency technical evaluation and merit review selection committees to ensure this participation does not compromise the integrity of the democracy, human rights, and governance acquisition and assistance award process.”

- **Management Comments:** USAID agrees with the recommendation, and we will review our policies and procedures regarding the participation of officials from host-country governments on evaluation and selection committees for awards related to democracy, human rights, and governance (DRG), because of the heightened risk for political influence in DRG awards. We recognize the benefits as well as risks associated with the participation of host-government officials, and that some types of DRG projects are at greater risk than others, and we will consider such risk factors in the decision process for selection of reviewers.
 - OAA within the Bureau for Management (M) will review its policies and procedures, in collaboration with the Center of Excellence on Democracy, Human Rights, and Governance (DRG Center) within the Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA), and prepare written guidance on avoiding local political influence in the procurement of DRG awards.
- **Target Completion Date:** April 30, 2020

Recommendation 2: We recommend that the Center of Excellence on Democracy, Human Rights, and Governance:

“In coordination with the Office of Acquisition and Assistance, conduct a review to determine whether opportunities exist to work with a broader range of implementers providing political party assistance. This review should consider funding trends, insights, and suggestions from the Agency’s democracy, human rights, and governance experts and Federal acquisition and assistance best practices. Based on this review, design and implement any actions needed to ensure integrity in USAID’s democracy, human rights, and governance programs.”

- **Management Comments:** USAID agrees with this recommendation. The Agency has developed and implemented reforms to our programmatic designs and procurements to enable more effective co-creation, innovative financing, and diverse partnerships. The DRG Center in DCHA already has used these new processes for awards in our global programs in civil society, governance and the rule of law. M/OAA also has developed a pilot program that embeds a DRG technical expert in the M/OAA team to provide direct assistance to the DRG Center on its upcoming procurement actions.

The DRG Center has identified the follow-on to the current Global Elections and Political Transitions (GEPT) award as the priority for the joint M/OAA and DCHA/DRG pilot program. The GEPT central Leader with Associate award currently contains close to \$600 million in field-based cooperative agreements for assistance activities for political processes and elections, including the majority of USAID's assistance for political-party development. Under this pilot program, M/OAA and DCHA/DRG will explore opportunities during the design process to use innovative methods for co-creation that will increase a diversity of partnerships for the future award. USAID intends to issue a Request for Information (RFI) in November 2019 to begin the process of conducting market research to identify other organizations that are working in this technical field so USAID may reach out to them to encourage them to participate in the competition for the new, follow-on award.

Finally, in Summer 2019 USAID issued new amplifying guidance under Chapter 304 of our Automated Directives System (ADS), "Choice of Instruments," that provides step-by-step guidance on how both Washington and field Operating Units should determine the appropriate procurement mechanism when designing DRG development assistance.

- **Target Completion Date:** September 30, 2020, but our actions to respond to this recommendation will be ongoing until the Agency issues the new follow-on award publicly for competition. In addition, the design of future DRG global awards from the DRG Center will undergo a review process that will use the vision of USAID's *Acquisition and Assistance Strategy* to explore how to expand our partnership base and variety/type of procurement mechanisms.

Recommendation 3: We recommend that the Center of Excellence on Democracy, Human Rights, and Governance:

"Coordinate with the Bureau for Policy, Planning and Learning, conduct an implementation assessment or technical content review of the Agency's Political Party Assistance Policy, in compliance with ADS chapter 200 requirements. This assessment or review should consider the length of policy waiver and determining eligibility of political parties that seek to undermine U.S. national security priorities to receive USAID assistance. Based on the assessment or review, revise the policy to ensure waivers and

political parties would not compromise the integrity of USAID’s assistance. Based on the assessment or review, revise the policy to ensure waivers and political parties would not compromise the integrity of USAID’s democracy, human rights, and governance programs.”

- **Management Comments:** USAID agrees with this recommendation, and will work with the Bureau for Policy, Planning, and Learning to review and revise the Agency’s Political Party Assistance Policy. Given the number of actors and stakeholders interested in this policy revision, USAID could take up to 12 months to complete it. The DCHA DRG Center will lead the discussions and feedback opportunities with both internal U.S. Government (USG) and external stakeholders active in this type of democracy assistance.
- **Target Completion Date:** October 24, 2020

Recommendation 4: We recommend that the Center of Excellence on Democracy, Human Rights, and Governance:

“Develop and implement an action plan to review the products and services that the Center of Excellence on Democracy, Human Rights, and Governance provides internal and external stakeholders and make any necessary adjustments to align them to current programmatic areas of focus.”

- **Management Comments:** USAID agrees with this recommendation. The DCHA DRG Center has instituted a process to review the Agency’s priorities and Transformation reforms annually to integrate them into both existing and new training products and convening services provided to internal and external stakeholders. In Fiscal Year (FY) 2020, the DCHA DRG Center will design new products and services in the focus areas of Financing Self-Reliance, Religious Freedom, and Preventing Atrocities. USAID’s field Missions has flagged these key areas of priority for the Administration and Administrator Green as ones for which they need technical leadership from the DCHA DRG Center. The DCHA DRG Center will also provide this information via eLearning modules so it is more accessible to internal and external partners.

To improve communication with field officers on Missions’ priorities, the DCHA DRG Center will augment its annual USAID DRG Officers’ Workshop by surveying Missions’ priorities through quarterly calls with the field. Technical staff from the DCHA DRG Center will hold these video and teleconference calls by region to discuss the technical areas, training, and tools our field staff want the Center to prioritize.

Finally USAID’s ongoing Transformation will create a new Bureau for Democracy, Development, and Innovation (DDI), which will include the DRG Center. The DDI Bureau, which will become operational in Calendar Year 2020, will reorient Washington-based technical expertise to drive programmatic decision-making toward the field and offer more consistent, coordinated, and

responsive technical support.

- **Target Completion Date:** June 30, 2020. We request closure of the recommendation upon the stand-up of the new DDI Bureau, which will include the DRG Center.

Recommendation 5: We recommend that the Center of Excellence on Democracy, Human Rights, and Governance:

“In coordination with the Office of Human Capital and Talent Management, assess staffing needs and develop and implement a plan to give missions access to expertise and leadership in democracy, human rights, and governance during extended staffing vacancies.”

- **Management Comments:** USAID agrees with this recommendation. The recommendation deals with “extended staffing vacancies” that some Missions experience between rotations of Foreign Service Officers (FSO), extended leave periods, and similar irregular staffing gaps. USAID is limited in its ability to increase the overall numbers of career U.S. Direct-Hire (USDH) staff because of the size of our Operating Expense (OE) account. The DCHA DRG Center will seek approval for additional OE-funded staff through USAID’s Hiring and Reassignment Review Board (HRRB).

The new DDI Bureau will use an approved staffing pattern that will increase the Agency’s ability to provide more direct support to field Missions, including temporary DRG staffing. In addition, USAID is bringing on new career FSOs, including in FSO backstop 76 (Crisis, Governance, and Stabilization Officer), an expansion that will provide additional DRG officers at Missions. USAID is reviewing the OE allocation provided for temporary-duty assignments (TDYs) by USDHs in the DCHA DRG Center to address the need for more field support.

Short-term surge capacity as discussed in the draft audit report is a challenge the DCHA DRG Center is also addressing through the hiring of Program-funded technical staff for deployment to the field to cover temporary or transitional staffing gaps. The DRG Center has already used its notwithstanding authority in the Fiscal Year (FY) 2018 appropriations law to hire nine Program-funded technical staff who will provide direct support to field Missions. In FY 2020, the DCHA DRG Center plans to hire up to an additional 16 Program-funded technical experts (in consultation with field Missions) to create a Center field-support unit that can rapidly deploy technical staff for both short- and long-term assignments to Missions.

- **Target Completion Date:** April 30, 2020

Recommendation 6: We recommend that the Center of Excellence on Democracy, Human Rights, and Governance:

*“Develop and issue **interagency** coordination guidance for USAID staff to promote and strengthen the use of democracy, human rights and governance work groups in the field as a best practice.”*

- **Management Comments:** USAID agrees with this recommendation, but does not have the authority to create, and/or ensure the continuation of, at-post coordination structures with other U.S. Government Departments and Agencies. The U.S. Department of State would have to issue an instruction in the form of a cable to Chiefs of Mission to ensure effective implementation of such an idea. However, DCHA/DRG and the Bureau for Policy, Planning, and Learning (PPL) will draft and publish guidance for USAID’s DRG officers to promote interagency coordination in the field, and incorporate the subject into the training courses and eLearning modules mentioned above.

- **Target Completion Date:** April 24, 2020

In view of the above, we request that the OIG inform USAID when it agrees or disagrees with a management comment.

TAB A

TECHNICAL COMMENTS from the U.S. Agency for International Development (USAID)-- Correction of Facts or Clarifying Statements

Requested edits for clarity:

- p. 10. The first sentence of the first bullet (“Missions may seek waivers from policy requirements”) appears to be an inaccurate description of the concern identified in the interviews. Based on the text that follows this sentence, the concern is not that “Missions may seek waivers,” but that there is a lack of clarity about when or whether the waivers expire or need recertification. We suggest revising this sentence as follows: “The policy lacks clarity regarding waivers for excluding parties from receiving assistance.”
- p. 2. The first bullet states that relying on the Consortium for Elections and Political Process Strengthening (CEPPS) partnership is “contrary to the spirit” of USAID’s guidance on competitive awards, but fails to note that the Agency issued its award to the CEPPS partners after a competitive process. A clearer statement would be to explain that, while USAID awarded its cooperative agreement with CEPPS on a competitive basis, the Agency relies on this single award for a majority of its assistance to political parties and thus limits competition in this technical area during the life of the award.
- p. 6. The report cites USAID’s Guidance on Closed Spaces, which was a document created under the previous Administration that is no longer in effect.

- Administrator Mark Green canceled that restrictive guidance. USAID is fully engaged in providing democracy assistance in such environments.
- p. 13. The bullet on temporary duty assignments (TDY) says that, although the Center of Excellence on Democracy, Human Rights, and Governance (DRG Center) within the Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA) has its own allocation of Operating Expense (OE) funds, the Center typically require USAID Missions to pay for the TDYs of its staff. As written, the draft report suggests that the DCHA DRG Center refuses to use its OE to fund TDYs for field support, which is not accurate. Missions provide OE funding to the DCHA DRG Center to increase the number of TDYs it can provide to the field because the number of requests from Missions for support exceeds the amount of OE allocated to the DCHA DRG Center for travel. In Fiscal Year (FY) 2019, the DCHA DRG Center's allocation of OE for TDY support to Missions was \$160,000, which must fund the travel of more than 60 U.S. Direct-Hire (Foreign Service and General Schedule) staff. The Center would need over \$1 million in additional OE each Fiscal Year to satisfy every request from Missions for a TDY.
 - p. 14. The last sentence of the first full paragraph reads as if USAID's U.S. Direct-Hire (USDH) staff are ONLY in leadership positions for democracy, rights, and governance in Missions, whereas the Agency often also has U.S. staff in technical positions, not just the posts of Office Director and Deputy Director (including in at least one of the Missions the Office of the Inspector General visited).

APPENDIX D. MAJOR CONTRIBUTORS TO THIS REPORT

The following people were major contributors to this report: James Charlifue, audit director; David Thomanek, audit director; Robert Mason, audit assistant director; Tina Wan, audit assistant director; Timothy Lamping, auditor; Jason Alexander, auditor; Laura Pirocanac, writer-editor; Karen Sloan, communications officer; Kartik Srinivasan, auditor; and Christopher Walker, auditor.