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**OFFICE OF INSPECTOR GENERAL**

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# AUDIT OF USAID/INDIA'S GLOBAL DEVELOPMENT ALLIANCES

AUDIT REPORT NO. 5-386-05-006-P  
MAY 11, 2005

MANILA, PHILIPPINES



**USAID**  
FROM THE AMERICAN PEOPLE

*Office of Inspector General*

May 11, 2005

**MEMORANDUM**

**TO:** USAID/India Director, George Deikun

**FROM:** RIG/Manila, John M. Phee /s/

**SUBJECT:** Audit of USAID/India's Global Development Alliances  
(Report No. 5-386-05-006-P)

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

This report contains two recommendations to improve USAID/India's Global Development Alliances. Based on the information provided by the Mission in response to the draft report, we consider that final actions have been taken on Recommendation Nos. 1 and 2.

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

# CONTENTS

<b>Summary of Results</b> .....	1
<b>Background</b> .....	2
Audit Objectives .....	2
<b>Audit Findings</b> .....	3
Did USAID/India consider utilizing Global Development Alliances in planning its activities? .....	3
Did USAID/India report its Global Development Alliances accurately and completely? .....	4
GDA Information in the Annual Report Was Incomplete .....	4
Expected Partner Contributions Were Not Accurately Reported to the GDA Secretariat .....	7
Did selected USAID/India Global Development Alliances achieve their intended results? .....	9
<b>Evaluation of Management Comments</b> .....	11
<b>Appendix I – Scope and Methodology</b> .....	12
<b>Appendix II – Management Comments</b> .....	14

# SUMMARY OF RESULTS

This audit was one in a series of worldwide audits of Global Development Alliances, conducted as part of the Office of Inspector General's fiscal year 2005 annual audit plan. The Regional Inspector General/Manila performed this audit to determine whether (1) USAID/India considered utilizing Global Development Alliances in planning its activities, (2) USAID/India reported its Global Development Alliances accurately and completely, and (3) selected USAID/India Global Development Alliances achieved their intended results (see page 2).

Global Development Alliances (GDAs) are agreements between USAID and other parties—both governmental and private sector—in the development community to jointly define a development problem and jointly contribute to its solution. While working closely with development partners is certainly not new to USAID, since 2001 the concept of public-private alliances has been emphasized as a business model to increase USAID's effectiveness in delivering foreign assistance (see page 2).

USAID/India considered utilizing GDAs in planning its activities. Three of its five strategic objective teams were implementing, planning, or actively considering GDAs, and the other two teams gave rationales for not utilizing GDAs (see page 3). However, USAID/India did not always report its GDAs completely and accurately in its 2004 annual report (see page 4) or to the GDA Secretariat (see page 7). Nevertheless, the two Mission-managed GDAs active in fiscal year 2003 achieved their intended results for that year (see page 9).

This report made two recommendations to improve USAID/India's reporting of GDA information in its annual reports and in its submissions to the GDA Secretariat (see pages 7 and 9). Based on USAID/India's comments and actions taken, the two recommendations are closed upon report issuance (page 11). USAID/India's comments are included as Appendix II to this report (page 14).

# BACKGROUND

For over 30 years, financial resources dedicated to assisting the developing world have undergone a major transition. In 1970, 70 percent of the money that went to the developing world from the United States came from the Federal Government and only 30 percent came from other sources. By 2000, when total U.S. resource flows to the developing world surpassed \$70.5 billion, only 20 percent of such resources came from the Federal Government, with 80 percent furnished by other sources. As a result, other sources such as nongovernmental organizations, universities, foundations, and corporations now play a significant role in financing development activities.

In recognition of this major shift in assistance resources, USAID established the Global Development Alliance (GDA) business model in 2001 to increase USAID's effectiveness in delivering foreign assistance. GDAs are agreements between USAID and other parties in the development community to jointly define a development problem and jointly contribute to its solution. According to USAID's guidelines, GDAs require a minimum one-to-one matching of partner contributions to USAID resources. In addition, the partners' contributions must include nonpublic resources equal to at least 25 percent of the USAID contribution. GDAs are sometimes referred to as "public-private alliances."

To support GDAs, USAID established the GDA Secretariat in 2001. The Secretariat is a small, temporary staff office that reports directly to the Administrator. It is tasked with providing training to USAID staff, performing outreach to prospective and current alliance partners, and facilitating the effective use of alliances in USAID programs.

In fiscal year 2003, USAID reported that it had initiated or substantially expanded an estimated 140 alliances with USAID funding of approximately \$273 million—leveraging an estimated \$1.2 billion in partner contributions. These alliances covered a variety of USAID initiatives ranging from economic growth to humanitarian assistance. During this same period, USAID/India reported five GDAs with USAID funding of \$7.2 million—leveraging expected partner contributions of \$22.9 million.

## AUDIT OBJECTIVES

This audit was one in a series of worldwide audits of Global Development Alliances, conducted as part of the Office of Inspector General's fiscal year 2005 annual audit plan. The audit was conducted to answer the following questions:

- Did USAID/India consider utilizing Global Development Alliances in planning its activities?
- Did USAID/India report its Global Development Alliances accurately and completely?
- Did selected USAID/India Global Development Alliances achieve their intended results?

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

# AUDIT FINDINGS

## Did USAID/India consider utilizing Global Development Alliances in planning its activities?

USAID/India considered utilizing Global Development Alliances (GDAs) in planning its activities. Three of its five strategic objective (SO) teams either implemented, were planning, or actively considered GDAs, while the other two teams had rationales for not doing so.

Various forms of USAID guidance encourage the use of GDAs in planning activities. Both USAID's Automated Directives System (ADS) Section 201 (*Planning*) and *Tools for Alliance Builders*<sup>1</sup> state that operating units should actively consider building public-private alliances directly into strategic plans, selected SOs, or intermediate results. Additional GDA Secretariat guidance<sup>2</sup> states that if alliance building is not incorporated into a particular sector, the mission should be able to provide a rationale for its decision.

USAID/India had five SO teams, and three of them had incorporated alliance building into their work.

1. The energy and water sector SO team was active in alliances. In fiscal year 2003, it had two alliances and initiated two others. This SO was also the Mission contact for an alliance in India managed by the Bureau for Asia and the Near East (ANE Bureau). In fiscal year 2004, this SO joined with a regional USAID program, the United States-Asia Environmental Partnership (US-AEP), to initiate one alliance and assume management of another alliance that had been managed by US-AEP in Bangkok. In fiscal year 2005, this SO was considering four new alliances.
2. The economic growth SO team was also active with alliances. In fiscal year 2003, it had one alliance. In fiscal year 2004, it started two alliances, worked on the financing and market development component of an alliance under the water and energy SO, and assisted the Bureau for Economic Growth, Agriculture, and Trade with one alliance. In fiscal year 2005, it was planning two alliances and considering a third.
3. The education and justice SO planned an alliance for fiscal year 2004, which was merged with a regional alliance under the ANE Bureau. In fiscal year 2005, it was considering a new alliance.
4. The health and population SO team had not considered formal alliances in planning its activities, but it had a rationale for not doing so, which included the consideration that it already was heavily engaged in public-private partnerships.

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<sup>1</sup> The GDA Secretariat issued *Tools for Alliance Builders*, version four, on September 9, 2003. It is cross-referenced in ADS Sections 200-202.

<sup>2</sup> *A Practical Framework: Ten Steps for Analyzing and Integrating Public-Private Alliances into USAID Strategic Planning*, dated January 12, 2004, was available on USAID's intranet.

5. The disaster preparedness SO team also had not considered alliances in planning its activities, but it too had a rationale for not doing so, which included the fact that its activities were restricted to government-to-government collaboration on disaster management best practices.

Planning for GDAs began before fiscal year 2003, when USAID/India incorporated a GDA proposal into its country strategic plan for fiscal years 2003-2007. Specifically, the Mission proposed establishing a partnership fund—now the America India Development Alliance (AIDA)—that was to have participation and financing from USAID, the private sector, and the nongovernmental sector. In January 2005 the AIDA, which was to be the precursor to a larger, more permanent legacy foundation, was in the planning stage.

The Mission took other actions on GDAs. One series of actions involved the issuance of annual public invitations to organizations interested in public-private alliances. The first invitation was issued in November 2002. As part of the annual invitation process, the Mission reviewed concept papers, followed up on proposals, and jointly planned alliances with potential partners. In late 2002, the Mission hired a specialist for the partnership fund, who also served as the GDA facilitator and provided training on GDAs to Mission staff in 2004. In January 2005, the Mission was reviewing nine GDA concept papers as part of its fiscal year 2006 planning process.

## **Did USAID/India report its Global Development Alliances accurately and completely?**

Although USAID/India reported on its GDAs, as required, the information it reported was not complete or accurate. For example, the Mission's Fiscal Year 2004 Annual Report<sup>3</sup> did not include all the GDA information cited in USAID's annual report guidance. Further, although USAID funding reported to the GDA Secretariat was accurate and complete for all five Mission-managed GDAs<sup>4</sup>, expected partner contributions were not accurately reported to the GDA Secretariat for four of the five GDAs. These two reporting issues are discussed in detail below.

## **GDA Information in the Annual Report Was Incomplete**

Summary: USAID/India's Fiscal Year 2004 Annual Report did not include 7 out of 15 GDA-related elements cited in the Bureau for Policy and Program Coordination's 2004 Annual Report Guidance. Mission officials stated they were unable to include all the information because the 2004 Annual Report Guidance dictated that the Mission describe its assistance programs within a set number of pages. Because the Mission's annual report did not include all 15 GDA-related elements, USAID's ability to evaluate the full scope and effectiveness of the Mission's GDAs was limited.

<sup>3</sup> USAID's 2004 Annual Report reports performance information for fiscal year 2003.

<sup>4</sup> At the time of reporting, USAID/India also participated in the Energy Wise India and the Living Communities Initiative alliances, which were managed by the Bureau for Asia and the Near East.

The Annual Report is USAID’s primary program result-reporting mechanism. It is used to collect and analyze program and resource information for a variety of purposes, including the Congressional Budget Justification, the Performance and Accountability Report, and the Annual Budget Submission.

On September 30, 2003, USAID’s Bureau for Policy and Program Coordination issued the 2004 Annual Report Guidance. This guidance noted that USAID increasingly saw public-private alliances as a critical way for USAID to expand development success with declining resources. As a result, the guidance asked missions to report on 15 GDA-related elements in their annual reports. However, the guidance also dictated that the overall performance narrative must be no longer than four pages and each SO narrative must be no more than three pages.

After receiving the 2004 Annual Report Guidance from USAID/Washington, USAID/India’s Program Support office issued to each SO team a template to complete. On the templates, the SO teams were to describe their activities, including their GDAs. The Mission then used these templates to report on its GDAs in its Fiscal Year 2004 Annual Report.

To help ensure the accuracy of the GDA-related information to be incorporated into its annual report, the Mission held a series of Mission-wide meetings with each SO team to review its portfolio and the information for its annual report. Next, the Program Support office performed two reviews to verify the information gathered for the annual report by comparing that information against comments made during the Mission-wide meetings, and against documents in the technical office files.

Despite these review mechanisms, USAID/India’s Fiscal Year 2004 Annual Report did not include 7 out of 15 GDA-related elements listed in the 2004 Annual Report Guidance. Mission officials stated that certain GDA-related information was not included because of the four-page and three-page narrative limitations imposed by the guidance. They also believed that many of the 15 GDA-related elements were not mandatory requirements, because the guidance stated “should” which, in their view, constituted a suggestion rather than a requirement. Table 1 explains the seven missing elements in more detail.

**Table 1: GDA-Related Elements Not Included in USAID/India’s Fiscal Year 2004 Annual Report**

<b>GDA-Related Elements in the 2004 Annual Report Guidance</b>	<b>Data Included in USAID/India’s FY 2004 Annual Report</b>
The SO narrative should discuss any GDAs the mission is currently participating in as a partner.	While the Annual Report mentioned four of five GDAs elsewhere, the SO narrative did not discuss the five GDAs managed by the Mission.
The SO narrative should identify the key partners participating in the alliance.	While the Annual Report named two key implementing partners for two GDAs elsewhere, the SO narrative did not identify any key implementing or resource partners of the five GDAs.

<b>GDA-Related Elements in the 2004 Annual Report Guidance</b>	<b>Data Included in USAID/India's FY 2004 Annual Report</b>
The SO narrative should identify results being achieved by GDAs and their relationship to the SO.	While the Annual Report cited a significant result of one GDA elsewhere, the SO narrative did not identify results achieved by the GDAs and their relationship to the SO.
The SO narrative should identify the "value added" being contributed by the partners.	The SO narrative did not identify the "value added" being contributed by the partners.
The report should explain how leveraged resources will be brought to the alliance.	The resource request narrative did not explain how leveraged resources would be brought to the alliance for one of the two GDAs planned for FY 2004. It did indicate that the other GDA leveraged \$380,000 from four partners against USAID's planned \$1 million.
The report should explain how effectiveness will be monitored and evaluated.	The resource request narrative did not describe how effectiveness will be monitored and evaluated for two GDAs planned for FY 2004.
The report should indicate the cash value of any in-kind contributions.	The resource request narrative did not indicate for one of the two GDAs planned for FY 2004 the cash value of in-kind contributions. It did indicate that the other GDA had leveraged \$380,000 from four partners at that point in time against USAID's planned \$1 million.

The Annual Report is USAID's mechanism for tracking the results and impact of mission activities including GDAs. Although USAID has another mechanism for tracking GDA information, that system only has a limited ability to track results. Thus, without complete GDA information in USAID/India's Annual Report, USAID will not have the information needed to fully evaluate the successes and challenges of using GDAs in India.

The GDA Secretariat has worked with the Bureau for Policy and Program Coordination to establish new reporting requirements for USAID's Fiscal Year 2005 Annual Report. Under the new guidance, the Mission will be required to report many of the seven elements that were not included in the fiscal year 2004 report. Because the Mission must again include this information within specific space limitations, it will presumably have similar challenges complying with the required GDA reporting in 2005.

In response to the incomplete GDA information in the Fiscal Year 2004 Annual Report, Mission officials said that they would follow future guidance on GDAs more closely and were doing so with the Mission's Fiscal Year 2005 Annual Report. Nonetheless, we are making the following recommendation to ensure that future annual reports are complete:

*Recommendation No. 1: We recommend that USAID/India coordinate with the Bureau for Policy and Program Coordination to develop a method for reporting the required Global Development Alliance information in accordance with the Annual Report Guidance.*

## **Expected Partner Contributions Were Not Accurately Reported to the GDA Secretariat**

Summary: The GDA Secretariat issued reporting templates that USAID missions were to use to report data on their development alliances and partners to the GDA Secretariat. USAID/India's reporting templates for December 2003 and March 2004 did not accurately report expected partner contributions for four of five Mission alliances. This inaccurate reporting occurred because the Mission did not have a formal process to verify the data included in the reporting templates before the templates were submitted to the GDA Secretariat. As a result, the Mission underreported expected partner contributions in its submissions, and that underreporting would be reflected in USAID's Performance and Accountability Report for the U.S. Congress and the public.

A USAID General Notice issued on November 14, 2003 asked missions to update their GDA data to include their alliances in fiscal year 2003 through the use of a new reporting template. The instructions for the template explained that total partner cash and in-kind contributions were the amounts expected over the life of the alliance.

Like other missions, USAID/India reported alliance data directly to the GDA Secretariat, which maintained a database to collect, summarize, and report significant information regarding GDAs. The database was the primary source for USAID's GDA reporting in its annual Performance and Accountability Report, which received wide distribution outside of USAID. Among other things, this database contained the amount of USAID funding, the names of alliance partners and their contributions, and the implementation status of each GDA. Missions submitted this information on the reporting templates (Microsoft Excel spreadsheets) provided by the GDA Secretariat.

USAID/India managed five GDAs, when it reported its GDA information to the GDA Secretariat. According to the database of the GDA Secretariat, USAID funding totaled \$7,200,000 and total expected partner contributions totaled \$22,860,849 for the five GDAs. The Mission's reporting templates for the five GDAs indicated that four GDAs were reported in December 2003 and one GDA was reported in March 2004.

While the reported USAID funding for the five Mission-managed GDAs were accurate and complete, the reported expected partner contributions were not accurate for four of the five GDAs, based on documentation in Mission files. For each of the five GDAs, Table 2 depicts the differences between total expected partner contributions reported to the GDA Secretariat through the reporting templates and total expected partner contributions supported by Mission documentation.

**Table 2: Differences in Total Expected Partner Contributions  
(As of December 2003 and March 2004)**

<b>Alliance</b>	<b>Total Reported to GDA Secretariat</b>	<b>Total Supported by Mission Documentation</b>	<b>Difference</b>
Clean Hydrogen Technology for 3-Wheel Transportation in India	\$ 1,440,849	\$ 940,849	\$ 500,000
Environmental Compliance Capacity Building Alliance	100,000	100,000	0
Green Business Center <u>a/</u>	4,920,000	4,610,000	310,000
Small Enterprises Assistance Fund	15,000,000	17,000,000	(2,000,000)
Solar Finance Capacity Building Alliance <u>a/</u>	1,400,000	1,422,200	(22,200)
<b>Totals:</b>	<b>\$22,860,849</b>	<b>\$ 24,073,049</b>	<b>\$ (1,212,200)</b>

**Note:** a/ Supporting documentation for partner contributions gave valuation in rupees.

As a whole, the Mission's reporting templates for its five alliances understated total expected partner contributions by \$1,212,200. The following paragraphs discuss the four GDAs with differences in total expected partner contributions.

**Clean Hydrogen Technology for 3-Wheel Transportation in India** – This alliance had two partners. The total expected partner contributions were reported as \$1,440,849; however, documentation supported \$940,849. A Mission official acknowledged that he had made a \$500,000 error on the reporting template by inadvertently writing in the total funding for the GDA instead of the portion of funding for the expected partner contributions.

**Green Business Center** – The \$310,000 difference could be attributable, in whole or in part, to the exchange rates used to determine the dollar equivalents for expected partner contributions. To calculate the dollar equivalents for partner contributions, we used the exchange rate in effect on the date the Mission submitted its reporting template to the GDA Secretariat. The reporting template did not identify the exchange rate used by the Mission. Mission officials could not offer other explanations for the difference because the person who completed the reporting template no longer worked at the Mission.

**Small Enterprises Assistance Fund** – For this alliance, the Mission reported three partners and total expected partner contributions of \$15 million. However, Mission documentation showed that the expected partner contributions were a minimum of \$17 million and could be as much as \$37 million. The reason for this range was that the alliance was to raise funds for a venture fund to have capital of \$20 to \$40 million, of which \$3 million would be USAID funds.

**Solar Finance Capacity Building Alliance** – The \$22,200 difference between the reporting template and Mission documentation could be attributable to the exchange rates used to calculate the dollar equivalents for expected partner contributions. The \$1,422,200 was calculated in October 2002, whereas the \$1,400,000 was calculated in December 2003. Neither calculation identified the exchange rate used. During the period between these two calculations, the exchange rate fluctuated from 48.42 to 45.55 rupees per U.S. dollar.

For all reporting templates, there was no indication of a control over the reporting templates to ensure that they were complete and accurate before submission to the GDA Secretariat. Also, Mission officials were not able to offer an explanation for the reported differences except for the Clean Hydrogen Technology GDA, but acknowledged that there was no control on the reporting templates.

In the Management's Discussion and Analysis section of USAID's fiscal year 2003 Performance and Accountability Report, USAID reported its GDA accomplishments to Congress and the public. It reported an estimated 140 alliances with USAID funding of approximately \$273 million and leveraged partner contributions of about \$1.2 billion. Since a substantial portion of USAID's total GDA results is generated at the mission level, unreliable mission data could result in unreliable reported results at the aggregate level. Inaccurate figures for the number of GDAs, the amount of USAID funding, and the amount of partner contributions could significantly overstate or understate what has actually been accomplished.

Since expected partner contributions reported by USAID/India were not accurate, USAID/Washington did not have full assurance that the leveraged contributions provided by alliance partners and reported to the U.S. Congress and the public under its GDA business model were accurate. Accordingly, we are making the following recommendation:

*Recommendation No. 2: We recommend that USAID/India develop a control for ensuring that data on Global Development Alliances submitted to the Global Development Alliance Secretariat through reporting templates are accurate.*

## **Did selected USAID/India Global Development Alliances achieve their intended results?**

USAID/India's Solar Finance Capacity Building Alliance and its Green Business Center alliance achieved their intended results for fiscal year 2003. Although USAID/India had five Mission-managed GDAs in fiscal year 2003, we only evaluated two alliances. We did not evaluate the other three GDAs for the following reasons.

- The agreements for two alliances, the Environmental Compliance Capacity Building Alliance and the Clean Hydrogen Technology for 3-Wheel Transportation in India, were not signed until late September 2003 – too late in the fiscal year to begin work and produce results.
- The agreement for the third alliance, the Small Enterprises Assistance Fund, was signed in June 2003. However, its plan was to begin activities in November 2003, according to an official of the key implementing partner.

**Solar Finance Capacity Building Alliance** – The grant agreement for this alliance was signed on January 27, 2003 to cover about 44 months. The key resource partners were Syndicate Bank with expected contributions of about \$420,000 and other financial institutions with expected contributions of over \$1 million. These expected partner contributions would consist of the partners' own costs for sending their master trainers and bank managers to training sessions. USAID was to provide funds in rupees, equivalent to \$400,000. The key implementing partners were Winrock International India for coordination, Bhartiya Vikas Trust for training, and the Center for Technology Development for monitoring and evaluation.

The primary intent of this alliance was to generate 750 million rupees for 50,000 loans to consumers and small businesses so that they could purchase solar energy systems. Only one of the alliance's four intended results was applicable to fiscal year 2003. That intended result was to hold four conferences for senior banking executives, as the first step in generating the loan funds. These four conferences were held during the period from March to September 2003 for 135 banking executives from 35 financial institutions.

**Green Business Center** – The grant agreement for this alliance was signed February 4, 2003 to cover about 25 months. The key resource partners were the Confederation of Indian Industry (CII) for staffing and operations, the state government of Andhra Pradesh for the purchase of the land, and a private company for much of the construction costs. These partners were expected to contribute a total of 210 million rupees. USAID was to provide 58 million rupees (about \$1.2 million) toward the 268 million rupees budget for this alliance. The key implementing partner, the Green Business Centre, was a division of the CII.

The primary intent of this alliance was to establish a center of excellence in clean energy and environment. Its first intended result was the construction of a "green" building that would earn a Platinum-level green building certification. This certification, the Leadership in Energy and Environmental Design (LEED), is given by the U.S. Green Building Council, which promotes a standard for developing high-performance, sustainable buildings. Its green building certification program uses a rating system that considers factors such as sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality. Its rating system is based on a point system of 26 to 32 points for "Certified," 33 to 38 points for "Silver," 39 to 51 points for "Gold," and 52 to 69 points maximum for "Platinum."

The alliance's building, which was constructed in Hyderabad, India, received 56 points and the LEED Platinum rating in October 2003. Mission officials explained that the 20,000-square foot building was the first building outside the USA to achieve the Platinum rating, and its success has led to the construction of other new buildings in India with the aim of achieving green building status.

In conclusion, both Mission-managed GDAs achieved their intended results for fiscal year 2003.

# EVALUATION OF MANAGEMENT COMMENTS

USAID/India's written comments on the draft report are included in their entirety as Appendix II to this report.

USAID/India believed that Recommendation No. 1 had already been addressed. Specifically, the Mission cited that the Bureau for Policy and Program Coordination's (PPC) guidance for fiscal year 2005 mission annual reports included a distinct table for mission's to report on their GDA activities. Additionally, the Mission provided documentation showing that it submitted the table as part of its Fiscal Year 2005 Annual Report and that the table fully complied with PPC's guidance. Further, USAID/India stated that it will continue to report on its GDAs in accordance with PPC guidance in future annual reports. Based on our review of the documentation submitted by the Mission, we consider that final action has been taken on this recommendation.

USAID/India agreed with Recommendation No. 2. The Mission also provided documentation detailing the controls it had developed and established to ensure that future GDA data submissions to the GDA Secretariat are accurate. Based on our review of the documentation submitted by the Mission, we consider that final action has been taken on this recommendation. In this final report, we modified Recommendation No. 2, but the modification did not affect resolution of the recommendation.

# SCOPE AND METHODOLOGY

## Scope

The Regional Inspector General/Manila conducted this audit in accordance with generally accepted government auditing standards. The purpose of the audit was to determine whether (1) USAID/India considered utilizing Global Development Alliances (GDAs) in planning its activities, (2) USAID/India reported its GDAs accurately and completely, and (3) selected USAID/India GDAs achieved their intended results.

To answer audit objective one, the scope included the Mission's alliances implemented in fiscal year 2003 and later fiscal years and alliances either planned or considered for fiscal year 2005 and later fiscal years. To answer audit objectives two and three, the audit universe included the five Mission-managed GDAs reported to USAID/Washington for fiscal year 2003. To answer audit objective two, we performed a detailed review of the five Mission-managed GDAs for which a contract, grant, or cooperative agreement had been issued by the end of fiscal year 2003. To answer audit objective three, we were only able to determine whether two of the five GDAs funded in fiscal year 2003 had achieved their intended results. This was because the two GDAs were the only ones with reported results for fiscal year 2003. Of the remaining three GDAs, the agreements for two were obligated at the end of fiscal year 2003 and, therefore, they did not have reported results for that fiscal year; the third GDA did not have scheduled activities until November 2003.

In planning and performing the audit, we assessed the effectiveness of internal controls related to GDAs. We identified pertinent internal controls as (1) maintaining readily available documentation related to the required elements of a GDA, (2) maintaining documentation for GDA-related amounts reported to the GDA Secretariat, (3) maintaining documentation for GDA-related data reported through the Annual Reporting system, (4) GDA-related controls in the Mission's fiscal year 2003 Performance Monitoring Plan, and (5) the Mission's annual self-assessment of internal controls through its annual Federal Managers' Financial Integrity Act review. Relevant criteria included Automated Directives System sections 200 through 203, the GDA Secretariat's *Tools for Alliance Builders, A Practical Framework: Ten Steps for Analyzing and Integrating Public-Private Alliances into USAID Strategic Planning*, and the Government Accountability Office's *Standards for Internal Control in the Federal Government*. Finally, we evaluated prior audit findings affecting the areas we audited.

For fiscal year 2003, USAID/India reported its five Mission-managed GDAs with USAID funding of \$7,200,000 and expected contributions from 20 partners of \$22,860,849. USAID/India's GDAs represented 3.6 percent of the 140 alliances reported by USAID in fiscal year 2003, as well as 2.6 percent of total USAID GDA funding and 2 percent of total partner leveraging contributions.

The audit fieldwork was performed at USAID/India offices, the New Delhi office of one of the key implementing partners for the Solar Finance Capacity Building Alliance, and the Hyderabad office of the key implementing partner of the Green Business Center alliance, during the period of January 3–20, 2005.

## **Methodology**

To answer audit objective one, we reviewed the Mission's country strategic plan for fiscal years 2003-2007, interviewed available strategic objective team leaders, and reviewed pertinent documentation. To answer audit objective two, we reviewed the Mission's 2003 GDA Secretariat reporting templates and Annual Report, reviewed supporting documentation, interviewed responsible Mission officials, and reviewed supplementary documents from alliance partners. To answer audit objective three, we reviewed funding documents and progress reports. We also conducted site visits to observe key implementing partners' alliance operations and interviewed Mission officials and implementing partners.

We did not determine materiality thresholds for any of the three audit objectives.

# MANAGEMENT COMMENTS



April 22, 2005

## MEMORANDUM

TO: RIG/Manila, John M. Phee

FROM: USAID/India Controller, Hermie Pangan, /s/

SUBJECT: Audit of USAID/India's Global Development Alliances  
Audit Report No. 5-386-05-00x-P

REFERENCE: Phee/Deikun Memorandum dated April 5, 2005

USAID/India Mission management appreciates the opportunity to comment on the subject draft report. The following outlines our management decisions and actions taken and/or proposed:

**Recommendation No. 1: that USAID/India coordinate with the Bureau for Policy and Program Coordination to develop a method for reporting the required Global Development Alliance information in accordance with the Annual Report Guidance.**

Mission Response We believe that the Bureau for Policy and Program Coordination (PPC) has already addressed this recommendation. The FY 2005 PPC Annual Report Guidance required all USAID operating units to complete the Global Development Alliance Template—a new Annual Report preparation feature. In addition, the Annual Report Application issued to all missions included a distinct chart entitled "Global Development Alliance Table" to be completed and submitted with the Annual Report. Attachment 1 is a copy of the Global Development Alliance Table that was submitted by USAID/India as part of its FY 2005 Annual Report. This table was developed by the Program Support Office in close coordination with the respective

activity managers. USAID/India will report the Global Development Alliances every year, as needed, in accordance with the PPC Annual Report preparation guidance.

Based on this new PPC requirement for submission of a distinct GDA Table in the Annual Report and the Mission's compliance to the requirement, we request that Recommendation no. 1 be dropped or closed upon report issuance.

**Recommendation No. 2: that USAID/India develop a control for ensuring that reported data on Global Development Alliances are accurate.**

Mission Response USAID/India agrees with this recommendation and proposes to institute a new internal procedure whereby the Project Development (PD) Specialist in the Program Support (PS) office, in close coordination with the respective technical offices, will complete/update the GDA database (Template). The Template was provided by the Bureau for Policy and Program Coordination (PPC) as part of the Annual Report application. The PS Budget Specialist will review the GDA database prior to inclusion/submission of the Annual Report to Washington to ensure accuracy of reported GDA-related information. Attachment 2 is an e-mail Mission notice outlining the above described new internal procedures. The attached FY 2005 GDA table was developed by the Budget Specialist (the PD Specialist position was vacant at the time) after a series of consultations with the respective technical offices, and was reviewed for accuracy and completeness by another PS staff member prior to its submission to Washington. Please note that the primary responsibility of the PD Specialist is to promote the adoption of new business models for conducting USAID business, such as global development alliances. See Attachment 3 for the position description. Finally, the cited GDA-related responsibilities will be reflected in the work objectives of both the PS Development Specialist and Budget Specialist for the rating period, April 1, 2005 through March 31, 2006.

Based on the above actions, we request that Recommendation No. 2 be closed upon report issuance.

CC: M /MPI / MIC – Diane Travis

**U.S. Agency for International Development**  
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