



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/WEST BANK AND GAZA EDUCATION PROGRAMS IMPLEMENTED BY AMERICA-MIDEAST EDUCATIONAL AND TRAINING SERVICES INC. (AMIDEAST)

AUDIT REPORT NO. 6-294-14-009-P
JUNE 12, 2014

CAIRO, EGYPT



Office of Inspector General

June 12, 2014

MEMORANDUM

TO: USAID/West Bank and Gaza Director, R. David Harden

FROM: Acting Regional Inspector General/Cairo, David Thomanek /s/

SUBJECT: Audit of USAID/West Bank and Gaza Education Programs Implemented by America-Mideast Educational and Training Services Inc. (AMIDEAST) (Report No. 6-294-14-009-P)

This memorandum transmits our final report on the subject audit. We have considered your comments on the draft report and included them in Appendix II.

The final report contains seven recommendations to help USAID/West Bank and Gaza improve the education programs implemented by America-Mideast Educational and Training Services Inc. In its comments on the draft report, the mission agreed with six of seven recommendations. Having evaluated management comments, we acknowledge the mission's management decisions on all seven and final action on Recommendations 2 and 4. Please coordinate final action on Recommendations 1, 3, 5, 6, and 7 with the Audit Performance and Compliance Division in the Office of the Chief Financial Officer.

Thank you for the cooperation and assistance extended to the audit team during this audit.

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Abbreviations

The following abbreviations appear in this report:

AOR	agreement officer’s representative
ADS	Automated Directives System
FY	fiscal year
Geo-MIS	Geo-Management Information System
HHS	Department of Health and Human Services
LOC	letter of credit
LTD	Leadership and Teacher Development
M&E	monitoring and evaluation
NIET	National Institution for Educational Training
OIG	Office of Inspector General
PFDP	Palestinian Faculty Development Program
PMP	performance management plan
RIG	Regional Inspector General
SIP	School Improvement Program

SUMMARY OF RESULTS

The World Bank's education statistics show that the West Bank and Gaza have high literacy rates among 15- to 24-year-olds, a high enrollment rate in schools, and high gender equality in education.¹ However, this is not the case for schools in certain areas of the West Bank and East Jerusalem, where many teachers are not qualified and students score lower on standardized tests.

To improve performance throughout the education sector, the Ministry of Education and Higher Education identified the following four goals in a strategic plan for 2008 to 2012.

1. To increase access of school-aged children to schools and improve the ability of the education system to retain them.
2. To improve the quality of teaching and learning.
3. To develop the ministry's capacity for planning and management, and to improve the ministry's financial management system
4. To support the conversion of the higher education sector and the technical and vocational education training sector from supply-oriented to demand-oriented that guarantees more compatibility between outputs and labor market needs.

The USAID/West Bank and Gaza mission is collaborating with the ministry to support the first three goals in the plan by training principals, teachers, and ministry officials, and improving the environment at targeted schools and universities.² The mission awarded America-Mideast Educational and Training Services Inc. (AMIDEAST)³ three cooperative agreements to support this effort. Table 1 below summarizes the terms of these agreements.

Table 1. AMIDEAST Education Programs as of December 31, 2013 (Unaudited)

Program Name (Goals Addressed)	Period of Performance	Expected Program Cost (\$)	Obligations (\$)	Program Expenses (\$)
Palestinian Faculty Development Program (PFDP) (2 and 3)	9/29/05 to 3/30/15	22,404,213	22,404,213	18,929,716
Leadership and Teacher Development Program (LTD) (2 and 3)	5/3/12 to 5/3/16	16,000,000	5,500,000	2,890,811
School Improvement Program (SIP) (1 and 2)	3/4/13 to 3/3/17	20,000,000	5,000,481	1,095,760
Cumulative Expected Program Costs and Expenses		58,404,213	32,904,694	22,916,287

¹ <http://data.worldbank.org/indicator/SE.PRM.ENRR/countries/PS-XQ-XN?display=graph>.

² <http://www.usaid.gov/west-bank-and-gaza/education>

³ AMIDEAST is a nonprofit organization based in Washington, D.C.

USAID/West Bank and Gaza faced several challenges when it developed these programs. The political priorities of the U.S. Government in West Bank and Gaza often shift, resulting in frequent changes in programs. Also, the Middle East Bureau has not scheduled planning for the mission's country development cooperation strategy framework, which is a 3- or 5-year plan required at most missions to show how USAID assistance is synchronized with other agencies' efforts, in close collaboration with the host government. Instead, the mission uses a plan for education to organize these efforts and align programs with the ministry's 5-year plan. More challenges result from the limits placed on activities in Gaza, which are restricted to working only with people and organizations sanctioned by the mission.

The Regional Inspector General (RIG)/Cairo conducted this audit as part of its fiscal year (FY) 2014 audit plan. The objective was to determine whether USAID/West Bank and Gaza's education programs implemented by AMIDEAST supported the Palestinian Ministry of Education and Higher Education's plan to provide higher quality education and to improve the quality of the teaching profession in the West Bank and Gaza.

The audit found these programs do support the ministry's strategic plan (page 4). They were designed to change teaching and learning practices, eliminate memorization and rote learning, promote the study of sciences, and nurture an educational environment that encourages critical thinking, problem solving, collaborative learning, and respecting others.

AMIDEAST had two successes.

- The School Improvement Program (SIP) and Leadership and Teacher Development (LTD) program were on track to support the ministry's training needs for principals and teachers. Furthermore, most participants we interviewed said they were using the leadership techniques and school management practices they learned from the training.
- From 2005 to 2013, the Palestinian Faculty Development Program (PFDP) provided more than 50 PhD and masters scholarships for university faculty members, teachers, and ministry officials to study in the United States. Moreover, in recent years, Centers for Excellence in Teaching and Learning at three of the targeted universities reported teaching reforms such as changes in how grading and teacher evaluations are done.

Despite these successes, we found the following problems with PFDP and LTD.

- The mission did not design indicators to determine whether PFDP was making progress toward improving higher education in the West Bank and Gaza (page 6).
- PFDP did not report results accurately or regularly (page 7).
- The mission expanded the scope beyond PFDP's intent (page 8). It added three components that dedicated resources and scholarship funds to support individuals who were not part of the higher education system.
- PFDP used higher education funds for activities that benefited basic education (page 9).
- PFDP did not adequately report measures to reduce gender inequalities (page 10). The program did not disaggregate the number of people receiving short-term fellowships and the

number of people who attended academic conferences by gender, as required by Automated Directives System (ADS) 203.

In response to these audit findings, we recommend that USAID/West Bank and Gaza:

1. Implement a plan to evaluate the impact that PFDP's scholarship activities have had on improving the quality of higher education (page 7).
2. Give AMIDEAST a written request to report the corrected data for its outcome indicators (page 8).
3. Record the corrected data in the mission's Geo-Management Information System (Geo-MIS) (page 8).
4. Make an adjustment in the Agency's accounting system to reflect the accurate amount disbursed for higher education and basic education activities under PFDP (page 10).
5. Implement a plan to integrate gender activities into work plans for PFDP and LTD (page 12).
6. Track and report all people-level indicators, disaggregated by sex, in its performance management plan (PMP) for PFDP (page 12).
7. Train AMIDEAST's PFDP staff on USAID's policies, rules, and regulations regarding gender integration and equality, and document such training (page 12).

Detailed findings appear in the following section, and Appendix I contains information on the audit's scope and methodology. Our evaluation of management comments is included on page 13 of the report, and the full text of management comments is included in Appendix II.

AUDIT FINDINGS

Education Programs Were Designed to Support Ministry's Goals

To support the Ministry of Education and Higher Education's goals to improve West Bank and Gaza's education sector, the mission awarded AMIDEAST three cooperative agreements. The objectives of these programs and how they support the ministry's goals are discussed below.

PFDP. At the national level, PFDP supports the ministry's third goal by organizing a series of roundtable events in which university professors, administrators, and ministry officials discuss higher education reforms. Ministry officials said they supported initiatives discussed during events and praised PFDP's efforts to bring these people together.

PFDP supports the ministry's second goal by providing grants to establish Centers for Excellence in Teaching and Learning at three universities in An Najah, Bethlehem, and Hebron. Representatives from the universities said they had passed some key teaching reforms, including changes in grading plans and university-wide and midterm teacher evaluations, based on initiatives proposed by the centers.

LTD. To support the ministry's second goal, LTD designed is program to improve approaches to principal leadership development and to raise the overall quality of the teaching profession by training 2,500 teachers and 300 principals.

According to a ministry official, because principals are promoted from the pool of teachers, they have experience managing classrooms but often lack the skills needed to run schools. USAID and the ministry responded to this need by identifying principals and enrolling them in a 1-year leadership training program administered through the ministry's National Institute for Education and Training (NIET). The program has district networking events, monthly meetings, and e-learning activities that teach effective methods of school management. To further the e-learning, LTD provided the principals and teachers with laptops like the one in the photo below and paid for Internet access at the schools throughout the program.



USAID gave laptops like this one to educators. (Photos by RIG/Cairo, January 2014)

LTD covered the training costs associated with principals. A consortium of five European countries provided \$800,000 to cover costs associated with teachers during the program's first 2 years⁴ and made a commitment to continue funding the rest of the program. This allows USAID to use European donor funds to expand the training opportunities under LTD.

USAID/West Bank and Gaza cannot judge whether these trainings have improved the quality of the teaching profession because the first group of 88 principals was scheduled to complete the training in the spring of 2014. The impact can be determined only after the mission and AMIDEAST analyze the results of principal leadership assessments and student achievement on standardized tests.⁵

To support the third goal, AMIDEAST and the University of Massachusetts Amherst organized study tours for ministry officials. They used their experiences from the tours as well as policy recommendations made through the program to develop the ministry's new, 6-year strategic plan, which includes standardizing teacher training and reforming the structure of the school system.

In addition, with assistance from LTD the ministry established NIET as the primary in-service training provider for teachers. It also finalized the policy and technical groundwork to establish district leadership teams in four districts. Forming the teams was part of a larger effort to decentralize the education system and to authorize school leaders to respond to challenges themselves, avoiding the inefficient process of soliciting ministry interventions and guidance on routine school management issues.

For Gaza, LTD designed two initiatives that support the ministry's second and third goals. Staff from LTD are developing a 5-year plan for the education faculty at Al Azhar University in Gaza and training them on teaching methods. The program also provides university students with the opportunity to complete a professional certification in an English language teaching program. AMIDEAST's goal is to award certificates to 120 students in Gaza throughout the program; as of early 2014, 24 have received them.

SIP. The program is designed to strengthen leadership, teaching quality, and community engagement in 50 marginalized schools in the West Bank starting in January 2014. SIP includes funding to train principals, renovate classrooms, and upgrade computer labs, all of which support the ministry's second goal. The program also provides career guidance, life skills training, and experiential learning to help schools overcome low student achievement—activities that support the ministry's first goal.

Since SIP is just starting, it is too early to make a determination on program results. Our visits confirmed that the schools and labs needed to be modernized, as shown in the photo on the next page. The principals and parents we interviewed were eager to participate in the program.

⁴ Belgium, Finland, Germany, Ireland, and Norway.

⁵ USAID and AMIDEAST use the ministry's annual reports on test scores and principal effectiveness surveys to measure results.



Schoolchildren in Jenin use these outdated computers. (Photo by RIG/Cairo, February 2014)

Because LTD and SIP are implemented under the framework of the ministry's strategic plan, the opportunities to sustain program achievements are higher than they are for programs operating on their own. For example, by implementing the principal and teacher training through NIET, these programs expand the ministry's ability to deliver training and offer greater opportunities to get other donors involved. Furthermore, using host-country systems to track performance, such as the results of the ministry's principal effectiveness surveys and standardized tests, the ministry and the mission can easily compare schools that participated in the programs to those that did not.

Ultimately, mission officials said, these programs should support the ministry's efforts to deliver improved primary education services to students in the West Bank, measured through enrollment rates and test scores. Because we noted that these education programs support the ministry's goals, we are not making a recommendation on this aspect of program design.

Mission Did Not Design Indicators to Measure Faculty Development Program's Impact

ADS 253, "Participant Training for Capacity Development," requires missions to design, implement, and track participant training programs for results and impact. ADS defines training impact as "improvements in individual and organizational performance attributable to new skills, knowledge, and attitudes acquired during training and applied at work settings, designed to contribute to institutional . . . and host-country development objectives." In addition, ADS 203.3.11.1, "Data Quality Standards," states that data should be valid and reliable. It should clearly represent the intended results and reflect stable, consistent data collection processes.

From September 2005 through December 2013, PFDP provided more than 50 PhD and masters scholarships for faculty, teachers, and ministry officials to study in the United States. While the program tracked the number of people trained, the mission did not design or track the impact the trainings or scholarships had on improving the quality of higher education.

This happened for three reasons. First PFDP had five different chiefs of party from 2005 to 2013, which contributed toward the inadequate planning for and tracking of data for impact and outcomes. The current chief of party took over the program in November 2013.

Second, the mission's previous management did not mention the need for outcome or impact indicators in earlier portfolio reviews although they did for other programs. Outcomes and impact were discussed during informal portfolio reviews only after the current mission management took over.

Third, the mission modified the PFDP agreement 17 times since 2005. However, the AOR did not use these opportunities to change the program design to measure impact and to make sure it considered appropriate baseline data for potential impact indicators.

The AOR said most of the PhD scholars returned in the past couple of years, and it would take another year or two before the program's impact could be assessed. However, the mission needed to consider which impact indicators it would measure and what baseline data it would use earlier in the program instead of at the end when the final data would need to be collected.

Training offered through PFDP may enhance peoples' knowledge and skills. However, by not measuring the impact, USAID will not know to what extent the trainees are improving the quality of higher education in West Bank and Gaza and cannot make adjustments to the program before it ends. Therefore, we make the following recommendation.

***Recommendation 1.** We recommend that USAID/West Bank and Gaza implement a plan to evaluate the impact that the program's scholarship activities have had on improving the quality of higher education.*

Program Did Not Report Results Accurately and Regularly

For PFDP, AMIDEAST had two indicators in its performance management plan (PMP) that were listed as "outcome" indicators: *Percentage of MA and PhD fellows who graduate* and *Percentage of trainees who indicated satisfaction/use [of] skills they were taught*.

However, instead of reporting the percentages, AMIDEAST consistently reported the number of people who graduated and the number of people enrolled in trainings, respectively. In addition, AMIDEAST did not report any data for these two indicators in FY 2013, even though some scholarships recipients returned that year.

AMIDEAST's chief of party said these problems were not identified, in part, because PFDP did not hire a monitoring and evaluation (M&E) officer. Instead, it relied on the chiefs of party to develop, monitor, and report on program results.

The AOR said the mission used Geo-MIS to track reported results, and it did not have the ability to accept results based on percentages. The program official in charge of Geo-MIS said he did not recollect whether the AOR or AMIDEAST notified him of this problem; however, he provided evidence that other mission programs could enter percentages into the system for the same period.

The AOR did not work with the program office to make sure the correct data were recorded in Geo-MIS. Moreover, the problems reported by AMIDEAST staff should not have prevented the AOR from asking AMIDEAST to keep track of the percentage outcomes in its quarterly reports.

Having access to accurately reported results can be useful for future programming decisions. Therefore, we make the following recommendations.

Recommendation 2. *We recommend that USAID/West Bank and Gaza require America-Mideast Educational and Training Services Inc., in writing, to report the corrected data for its outcome indicators.*

Recommendation 3. *We recommend that USAID/West Bank and Gaza's program office, in coordination with the agreement officer's representative, record the corrected data in the mission's Geo-Management Information System.*

Mission Expanded Scope Beyond Program's Intent

According to an approval document for PFDP's original design, the mission intended to improve the quality of education in Palestinian universities. PFDP was to provide both PhD and short-term training opportunities to a core group of scholars who were expected to modernize teaching and learning in their respective disciplines at their universities and to advocate for reform.

In 2009 USAID/West Bank and Gaza expanded the program's scope by adding three components to help people not connected to universities. Under these components, AMIDEAST spent \$2.4 million on scholarships and related program costs for basic and secondary school teachers to obtain their masters in teaching at Al Quds University,⁶ and for teachers and principals of private and public schools and ministry officials to obtain their masters overseas in various disciplines. AMIDEAST also spent \$2 million on scholarships for approximately 2,000 university students to spend a semester at Al Azhar University.

All six masters' scholarship recipients who responded to our audit survey said they were not applying their degrees to improve the quality of higher education or were not working in higher education. The respondents were either working with the ministry on issues related to basic education, or they were primary school teachers.

According to AMIDEAST staff, they added all three components because the mission asked them to. Staff from the mission's program and education office said they added the components because of political reasons, starting when the Palestinian Authority appointed a Hamas party member as the education minister from March 2006 to June 2007. Because U.S. Government policy prohibits working with organizations affiliated with Hamas, some elements of the program changed.

The AOR also said scholarship payments to students at local universities could be beneficial because they contributed toward the universities' operating costs (e.g. faculty salaries).

⁶ AMIDEAST officials said their subpartner incurred but had not yet been paid for additional costs of \$59,689 on the activities supporting the Al Quds basic education activities.

However, the program's goals did not include subsidizing these universities with U.S. Government funding.

Because of these changes, PFDP's primary focus shifted away from providing PhD and short-term training opportunities to scholars who were expected to modernize teaching and learning at targeted universities. Instead, the program became an amalgamation of primary, secondary, and higher education efforts. Had the mission used these funds on activities more closely related to the original design of the program, it may have achieved more results in the higher education sector. However, because the program ends next year, we are not making a recommendation on the scope.

Program Used Higher Education Funds for Activities That Benefited Basic Education

USAID reports the results of USAID's higher education spending in West Bank and Gaza both internally and publicly.⁷ Therefore, it is important to record all transactions accurately so management can use the information to make decisions.⁸

As of December 2013, the mission had obligated \$22.4 million for the PFDP program. Of this amount, \$20.8 million was for activities designed to improve the quality of higher education. The remaining \$1.6 million was set aside for basic education, supporting activities at Al Quds University.

As of December 2013, AMIDEAST spent \$2.4 million on activities that supported basic education. However, USAID's accounting system recorded only \$1.6 million as disbursements to AMIDEAST for basic education activities and not the \$2.4 million. Instead, the accounting system recorded or charged the difference of \$830,000 to higher education activities.

AMIDEAST did not know that it was spending higher education funds on basic education activities because the financial information that shows the allocation between the two in the Agency's internal accounting system is only for the mission's use. The discrepancies happened because of how USAID records transactions when an award is paid under a letter of credit (LOC) arrangement. The mission authorized AMIDEAST to use this payment method so it could fund the program through cash advances, and the U.S. Department of Health and Human Services (HHS) is responsible for providing payment to USAID implementers that request advances.

This method has limitations, however, for recording disbursements in USAID's financial system when several obligations are established for different program areas and elements (e.g., basic education, higher education) under the same award. Under the LOC, USAID's accounting system matches the requested payment from the HHS system with the first available obligation assigned to the cooperative agreement regardless of the program area or element. The system then charges a disbursement to that obligation. So, when AMIDEAST submitted its payment requests through the payment system, the system disbursed funds from the obligations set up to record costs for higher education initiatives, not considering that AMIDEAST was managing

⁷ <http://results.usaid.gov/west-bank-and-gaza/education-and-social-services/higher-education#fy2012>.

⁸ Government Accountability Office's *Standards for Internal Control in the Federal Government* (GAO/AIMD-00-21.3.1), November 1999.

activities supporting two different programs under education: higher and basic education. Therefore, as of December 2013, the mission did not have \$830,000 available to contribute toward its goal to improve the quality of higher education.

Because the three PFDP components have already ended, we are not making a recommendation on program activities. However, to make sure the Agency's accounting system reflects accurate amounts spent on basic and higher education that may be reported internally or publicly, we make the following recommendation.

***Recommendation 4.** We recommend that USAID/West Bank and Gaza make an adjustment in the Agency's accounting system to reflect the accurate amount disbursed for higher education and basic education activities under this program.*

Program Did Not Adequately Report Measures to Reduce Gender Inequalities

Over the past several years, USAID has made policy changes to reduce gender inequality. In March 2012 the Agency included requirements in ADS 201, "Planning," for missions to identify root causes of existing gender inequalities or obstacles for women and girls so it could proactively address them in a program's design. ADS 203, "Assessing and Learning," also required all people-level indicators to be disaggregated by sex. USAID incorporated these requirements into ADS 205, "Integrating Gender Equality and Female Empowerment in USAID's Program Cycle," in July 2013. This also requires missions to develop indicators for tracking progress toward achieving gender equality and include them in a program's M&E plan.

In USAID/West Bank and Gaza's July 2013 gender analysis for PFDP, the mission described numerous gender inequality gaps in higher education, noting specifically that approximately 24 percent of faculty are women. The mission also listed many adjustments that it would make to the program's design to reduce the gaps in higher education, including:

- Encourage university administrators to enable female faculty members to attend professional development activities.
- Work with centers of excellence at targeted universities to develop policies on increasing female faculty members' access to professional development activities and programs.
- Provide incentives for women to pursue postgraduate education at U.S. universities in untraditional subjects such as science and engineering.
- Identify gaps in the regulatory environment at Palestinian higher education institutions and develop or update policies and regulations supporting female faculty.

USAID/West Bank and Gaza did not make sure that all people-level indicators were sex-disaggregated and that gender analysis results aligned with important program documents. PFDP did not disaggregate the number of people receiving short-term fellowships and the number of university faculty who participated in the academic conferences in the mission's Geo-MIS for its FY 2012 PMP. In its FY 2014 draft PMP, the program did not include plans to disaggregate data by sex for the number of (1) participants at national roundtables, (2) faculty members demonstrating leadership or scholarship in teaching and learning as a result of

involvement at centers for excellence, and (3) participants attending national conferences on teaching and learning.

Moreover, the PMPs did not include gender-sensitive indicators that would measure some of the interventions mentioned in the mission's gender analysis. For example, while the FY 2014 draft PMP included an indicator to measure the number of reports produced for the ministry or accreditation council because of national roundtable seminars, the program did not include measurements to discuss what policies and regulations were developed or updated to support female faculty.

AMIDEAST's PFDP staff said they had not implemented gender activities or included gender integration activities in their work plans. Similarly, AMIDEAST's LTD staff said they designed their program components to be gender-balanced; however, their program had "no specific intermediate results or strategic results specifically targeting gender equality or empowerment." AMIDEAST's LTD staff also said that while their work plan was aligned with gender considerations mentioned in their cooperative agreement, they had not explicitly included gender integration activities in their work plans.

However, for SIP and LTD, AMIDEAST included sex-disaggregated data for all applicable indicators. Of the three programs, AMIDEAST integrated gender more thoroughly throughout its PMP for SIP.

The PFDP chief of party said that while the staff members have a general understanding of gender integration and are aware of gender issues, they have not had any training in gender integration or equality. AMIDEAST's PFDP employees said the AOR started encouraging gender integration in the summer of 2013 and asked the chief of party at that time to incorporate sex-disaggregated data. However, nothing more was done, and the AOR did not pursue it. Moreover, these employees said neither AMIDEAST nor the mission provided any training on gender integration and equality.

USAID/West Bank and Gaza's program office staff explained that during PFDP's extension phase from October 2012 to March 2013, they decided not to update the PMP with the gender requirements because they believed the program was ending soon. The mission subsequently extended PFDP from March 2013 to March 2015.

In contrast, AMIDEAST's LTD staff said in a questionnaire that they were given an orientation on gender integration at the beginning of their program. Moreover, their M&E unit staff informed them of opportunities to attend training to enhance their understanding of gender equality and integration. However, they said the program was not designed to address issues of gender equity and empowerment, which is why they did not include gender integration activities in their work plans.

Holding the implementer responsible for integrating gender, developing indicators that measure gender equality, and consistently reporting to USAID results related to gender equality and helping women and girls are essential tasks for the mission. Without integrating gender activities explicitly in its work plans and tracking and reporting data that are disaggregated by sex, USAID/West Bank and Gaza is missing an opportunity to show how effectively it is reducing gender inequalities identified in the mission's gender analyses. Therefore, we make the following recommendations.

Recommendation 5. *We recommend that USAID/West Bank and Gaza implement a plan to integrate gender activities into work plans for the Palestinian Faculty Development Program and Leadership and Teacher Development program.*

Recommendation 6. *We recommend that USAID/West Bank and Gaza track and report all people-level indicators disaggregated by sex in its performance management plan for the Palestinian Faculty Development Program.*

Recommendation 7. *We recommend that USAID/West Bank and Gaza train America-Mideast Educational and Training Services Inc.'s Palestinian Faculty Development Program staff on USAID's policies, rules, and regulations regarding gender integration and equality, and document such training.*

EVALUATION OF MANAGEMENT COMMENTS

In its comments on the draft report, USAID/West Bank and Gaza concurred with six of seven recommendations. Having evaluated the comments, we acknowledge management decisions on all seven and final action on Recommendations 2 and 4. A detailed evaluation of management comments follows.

Recommendation 1. To evaluate the impact of the program's scholarship activities, the mission, in conjunction with AMIDEAST staff, plans to conduct surveys, focus groups, individual interviews, and a meeting with scholarship recipients. The mission expects to complete this task by September 15, 2014. Accordingly, we acknowledge the mission's management decision.

Recommendation 2. On May 7, 2014, the AOR instructed AMIDEAST, in writing, to submit corrected data for the program outcome indicators. Based on the mission's comments and supporting documentation, we acknowledge the mission's management decision and final action on Recommendation 2.

Recommendation 3. The mission plans to verify the corrected data that AMIDEAST submits. Once verified, the partner will upload the data into GEO-MIS. The mission has set a target date of June 30, 2014, to complete this task. Therefore, we acknowledge the mission's management decision.

Recommendation 4. While the mission acknowledges the legitimacy of the issues raised by the audit team, the mission did not agree with the recommendation to make an adjustment in the Agency's accounting system to reflect the accurate amount disbursed for higher and basic education on the basis that it was not actionable. Mission officials said they would have to deobligate, deallow, reallow, and reobligate funds under the correct program area and element, which would also likely require reapportionment.⁹

According to the mission's chief accountant, because the funds expired, the mission would have to go through USAID/Washington to the Office of Management and Budget to ask that the funds be reapportioned. The chief accountant said there is no guarantee that the funds would be reapportioned, and they could sit in suspense indefinitely in the Agency's accounting system without a valid obligation to record against.

Based on the limitations described by the mission, we acknowledge the mission made a management decision, and final action has been taken on Recommendation 4. In addition, because we have identified this problem in other audit reports for this region, we will elevate this problem of funds not being reported accurately to the Office of the Chief Financial Officer in a separate management letter

Recommendation 5. The mission plans to work with AMIDEAST to revise PFDP and LTD's implementation plans and PMPs to apply USAID gender requirements. The mission anticipates

⁹ Reapportionment is the redistribution of funds available to the Agency to obligate for specified time periods, activities, projects, or objectives.

that the revisions will be made by October 31, 2014. Accordingly, we acknowledge the mission's management decision.

Recommendation 6. The mission agreed to track and report all people-level indicators disaggregated by sex in PFDP's PMP. The mission anticipates that the revised PMP will be completed by July 31, 2014. Therefore, we acknowledge the mission's management decision.

Recommendation 7. Mission officials said they would provide a special one-on-one training on gender integration and equality for a PFDP staff member by June 30, 2014. Therefore, we acknowledge the mission's management decision.

SCOPE AND METHODOLOGY

Scope

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

The purpose of this audit was to determine whether USAID/West Bank and Gaza's education programs implemented by AMIDEAST supported the ministry's efforts to provide higher quality education and to improve the quality of the teaching profession. As of December 31, 2013, the mission had three active cooperative agreements with AMIDEAST. As of this date, the mission had awarded \$58,404,213, and AMIDEAST reported \$22,916,287 in expenses. Because this audit focused on program performance instead of specific financial transactions, the team did not audit program disbursements.

In planning and performing the audit, we assessed significant controls including PMPs, annual work plans, annual and quarterly reports, and award modifications. We also reviewed and assessed the significant internal controls in place to monitor project activities, including site visit reports, monitoring and evaluation data systems, and budgeting procedures.

We conducted fieldwork from January 22 to February 19, 2014, at the mission, at AMIDEAST's office in Ramallah, and at the ministry office in Ramallah. We also visited program activities located throughout the West Bank; these visits are described in the methodology section below.

This performance audit covered three programs implemented by AMIDEAST: LTD, PFDP, and SIP. For LTD and SIP, the audit focused on key program activities performed from March 2013 to February 2014. For PFDP, we focused our audit on the key reported results from the start of this program in 2005 to December 2013, and we validated data for four key indicators for fiscal years 2012 and 2013.

Methodology

To answer the audit objective, we first identified the program's main goals and significant risks. We met with key personnel at the mission and reviewed relevant documentation provided throughout the audit. We gained an understanding of the program design and of how USAID planned to monitor and measure the results.

To verify reported results, we used judgmental sampling to select 6 of the 50 schools participating in SIP for observation and inspection. We used judgmental sampling to coordinate the timing of site visits with previously scheduled events organized by AMIDEAST. We also sent surveys to the 88 principals participating in the first session of the LTD training program and the 54 PFDP scholarship recipients, receiving responses from 14 and 19 respectively. Because of the low survey response rates and judgmental sampling of schools visited, we could not project the testing results on the entire population.

We interviewed the program directors for these projects and, if possible, observed ongoing activities. We traced reported results to the implementer's supporting documents. Based on the tests performed, we do not consider the data reliable for PFDP as described in the finding on page 7. As a result, we performed additional procedures (described below) to verify reported results.

To assess whether the programs are achieving the desired results, we reviewed activities and progress made toward selected outcome indicators as of December 31, 2013. We corroborated reported information through site visits, document reviews, and interviews with staff from the mission and AMIDEAST. We also performed the following project-specific audit steps:

- PFDP. We reviewed design documents and progress reports. We then visited the Centers for Excellence in Learning and Teaching at Al Najah and Bethlehem Universities. We spoke with officials at the ministry, Open Society Institute, Hebron University, Al Quds University, and Bard College. In addition, we sent survey questions to 34 PhD and 20 masters' scholarship recipients and received responses from 13 and 6 respectively.
- LTD. We reviewed program design documents and progress reports. We then observed three training events and interviewed seven principals participating in the training program. We sent surveys (in Arabic) to all 88 principals participating in the first training session and received responses from 14. We also met with the director of NIET and other ministry officials to discuss the program.
- SIP. We reviewed program design documents and progress reports. We visited 6 of the 50 participating schools. During these visits, we spoke with principals, school counselors, and parents. We toured the schools to inspect the current state of the computer and science labs, library, and overall school environment. We also visited one school that participated in the Model Schools Network program (a precursor to SIP, funded by USAID and implemented by AMIDEAST) to observe the current condition of the school once donor support ended.

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

MANAGEMENT COMMENTS



UNCLASSIFIED

ACTION MEMORANDUM

DATE: May 30, 2014

TO: Regional Inspector General, Cairo, Catherine Trujillo

FROM: Mission Director, USAID West Bank and Gaza, R. David Harden /s/

THROUGH: Deputy Mission Director, Jonathan T. Kamin /s/

SUBJECT: Mission's Comments on the Draft Performance Audit Report of the USAID/West Bank and Gaza's Educational Programs Implemented by AMIDEAST.

Draft Audit Report No. 6-294-13-XXX-P received on April 10, 2014

REFERENCE: Trujillo/Harden memorandum dated April 10, 2014

USAID West Bank and Gaza (Mission) wishes to thank the Regional Inspector General/Cairo (RIG) for conducting the referenced performance audit of the USAID/West Bank and Gaza's Educational Programs implemented by AMERICA-Mideast Educational and Training Services Inc, (AMIDEAST). The subject draft audit report has been thoroughly reviewed by the Education Office in collaboration with other offices of the Mission.

The Mission appreciates this opportunity to comment on the draft audit report and the seven recommendations therein as the RIG prepares the final report. The Mission concurs with six of the seven audit report's recommendations. The Mission does not agree with recommendation number four of the draft audit report, which is not actionable as explained further below

The Mission has nurtured a partnership with the Palestinian Ministry of Education and Higher Education that both facilitated the implementation of programs and steered the direction of programs to address the neediest areas for assistance, at the basic education and the higher education levels. The Mission's implementing partner AMIDEAST has brought technical expertise, sound management and a national and international network of partners that added value to the education programs.

The Leadership and Teacher Development (LTD) program and the School Support Program (SSP) were included in the scope of the audit along with the Palestinian Faculty Development Program (PFDP). Most findings and recommendations were related to the PFDP. Consequently, our introductory comment will focus on PFDP.

Demand for tertiary education has increased significantly in the past decade with students enrolled in tertiary education institutions more than tripling between 2005 and 2014. The higher education system has been challenged to satisfy the increasing demand from the growing population of secondary education graduates, and at the same time maintain quality and relevance of education to meet the changing demands of the global economy. The PFDP was designed to address problems of quality and relevancy through upgrading the qualifications of university faculty, promoting initiatives in teaching and learning, and fostering policy dialogue. The program was wide in scope given the magnitude of needs in the higher education sector, and the meager support that this sector has received from the PA and other donors. The program has achieved impressive results over almost a decade of implementation, and performed admirably in the face of a number of unforeseeable external events during the course of its work.

Providing PhD and Masters level training and short-term scholarly opportunities, PFDP was able to target a wide spectrum of scholarly talent capable of redressing teaching and learning and administrative needs in academia. Additionally, the PFDP provided development opportunities through in-country components: the Seminar for Excellence in Teaching, annual Academic Colloquia, Faculty Grants, Teaching Excellence Awards and Collaborative Projects in Teaching. All of these interventions were designed to encourage best practices in teaching and learning. Other activities focused on building capacities within the Ministry of Education (Master's Program for MOEHE staff), and within universities (such as Bard College / Al Quds University MAT program; and the Centers of Excellence in Teaching and Learning). Furthermore, policy dialogue among stakeholders in higher education (through the Roundtables Series) has brought about a much needed forum for all parties to discuss priorities and develop policies. The PFDP has leveraged resources through institutional partnerships with the Open Society Foundation, which contributed over \$7 million to the program, in addition to contributions from a network of American universities which provided partial waivers of tuition fees to PFDP fellows, in addition to internships and research fellowships.

Over almost a 10 year period, PFDP navigated through a continuously changing political and policy environment. PFDP had to redirect its work to focus on private institutions when a USG no-contact policy was enforced with the Palestinian Authority in the wake of the terrorist organization Hamas temporarily taking control of the Palestinian Authority. Once Hamas was no longer in charge, PFDP again revised its work to engage closely with the Ministry of Higher Education and Higher Education. PFDP also navigated shifts in the composition of the Ministry, as it was divided into several ministries and then re-combined several times over the life of the project. PFDP also adapted to changing programmatic and political requirements of the USG. Furthermore, PFDP had to work with individual university faculty members when university administrations were resistant to certain USAID compliance requirements (e.g. Anti-Terrorism Certification and vetting), and then work directly with universities when these institutions demonstrated more understanding and acceptance of USAID regulations. PFDP demonstrated a flexible and adaptive management that handled challenges in creative ways to keep the services

of the program available to the higher education sector in West Bank and Gaza. It was in this context that the Mission and AMIDEAST agreed to a number of amendments to the objectives and Program Description over the life of the program to meet evolving needs in the sector and abide by USAID or USG-mandated requirements.

With one year left in the life of the program, PFDP will focus its efforts on two main components that are deemed essential to improving the governance of higher education at the policy and institutional levels. Roundtable Policy Discussions will continue with extensive involvement from decision makers and stakeholders to rehabilitate the governance structure of higher education in West Bank and Gaza. Centers of Teaching and Learning Excellence that USAID has established will continue to influence the institutional governance and the culture of teaching and learning at higher education institutions.

The subject audit has provided the Mission with valuable insights into ways its education projects can be improved and highlighted areas that need to be considered in future designs for higher education projects. Therefore, in order to achieve significant and more focused results, and better measure the positive impact of the Education Programs, the Mission looks forward to implementing the following audit recommendations.

Recommendation No. 1:

We recommend that USAID/West Bank and Gaza implement a plan to evaluate the impact that the program's scholarship activities have had on improving the quality of higher education.

Response:

The Mission proposes to prepare a report on the effectiveness of the PFDP scholarship component through the use of a mix of assessment tools which will include a survey, focus groups and individual interviews. The Mission's Education Office staff and PFDP/AMIDEAST staff will work together to conduct the assessment.

The Education Office staff working with AMIDEAST expects to perform the following activities to evaluate the program's impact:

- Three categories of scholarship recipients will be contacted to assess the impact of the scholarship component of PFDP: 1) PhD scholars; 2) Masters' scholars; 3) Bard College / Al Quds graduates who were supported under a PFDP sub-grant.
- A mix of assessment tools will be used including a survey, focus groups, individual interviews.
- A round table meeting for PFDP alumni will be convened in June to discuss PFDP impact, especially the scholarship components. Results will inform the assessment effort.

The assessment will be principally based on self-reporting by respondents therefore it will lean toward qualitative rather than quantitative measures. PFDP does not have the contacts of all beneficiaries of scholarship programs. An effort will be made to reach as many as a possible,

however, the number of respondents who eventually participate in the assessment might - or might not - be representative of all beneficiaries. This task will be completed by September 15, 2014.

Recommendation No. 2:

We recommend that USAID/West Bank and Gaza require America-Mideast Educational and Training Services Inc., in writing, to report the corrected data for its outcome indicators.

Response:

The PFDP AOR has instructed AMIDEAST to submit the corrected data for the program outcome indicators. AMIDEAST committed to submit the corrected data to the Education Office and the Program office by May 26, 2014 for their review. Once submitted, the AOR and the Program Development Specialist will verify the corrected data and once approved by the AOR, the corrected data will be uploaded to the Geo-MIS system. This task will be completed by June 30, 2014.

Recommendation No. 3:

We recommend that USAID/West Bank and Gaza's Program Office, in coordination with the Agreement Officer's Representative, record the corrected data in the mission's Geo-Management Information System.

Response:

As indicated under the response to recommendation No. 2, AMIDEAST will submit corrected data to the Mission, which will be uploaded by the partner to the Geo-Management Information System once verified. This correction will be completed by June 30, 2014.

Recommendation No. 4:

We recommend that USAID/West Bank and Gaza make an adjustment in the Agency's accounting system to reflect the accurate amount disbursed for higher education and basic education activities under this program.

Response:

The Mission does not agree with this recommendation because it is not actionable. It is impossible for the Mission to make the changes requested by the RIG in USAID's accounting systems. Further, even if the system allowed the change, it would violate USAID policy to make this change.

The only way to make the recommended change in the accounting system is to de-obligate, de-allow, re-allow and then re-obligate under the correct program area and element, which would also likely require reapportionment. These actions cannot be done for funds that were already obligated and disbursed. While the Mission acknowledges the legitimate issues raised by the RIG, they are outside of the authority of the Mission to address and would need to be handled at the Agency level.

Furthermore, even if the Mission had the technical means to adjust the accounting, making such a change would be contrary to guidance received from M/CFO. M/CFO instructs Missions

worldwide to record disbursements against obligations with different accounting lines on a first-in first-out (FIFO) basis. That is, older accounting lines under an obligation are liquidated first. Allocating disbursements to accounting lines based on program elements requires that this reporting requirement be taken into consideration during the formulation of the activity, so that the budget is setup to allow partners to account for, and report their disbursements, per the agreement by program element. It should be noted that this is not specifically related to awards that are paid under the Letter of Credit. Disbursements are recorded against all awards (cooperative agreements and contracts) under the FIFO basis.

Based on the above, the Mission is unable to implement this recommendation.

Recommendation No. 5:

We recommend that USAID/West Bank and Gaza implement a plan to integrate gender activities into work plans for the Palestinian Faculty Development Program and Leadership and Teacher Development program.

Response:

The PFDP AOR and the LTD AOR will work closely with the implementing partner to revise the Annual Implementation Plans (AIPs) to better integrate gender throughout the programs. The Performance Monitoring Plans (PMP) will be revised to include indicators as appropriate based on the revised AIPs. The AOR for each program and the designated Program Development Specialist have already started discussions with the implementing partner (AMIDEAST) to address the subject recommendation. The Mission wishes to note, however, that devising specific gender activities is not necessarily consistent with USAID gender policy, which takes a holistic view of integrating gender into programs. Therefore, while the revised AIPs and PMPs will apply USAID gender requirements, this does not necessarily mean that specific gender activities will be incorporated. Both, the revised AIPs and the revised PMPs for the two projects will be completed by October 31, 2014.

Recommendation No. 6:

We recommend that USAID/West Bank and Gaza track and report all people-level indicators disaggregated by sex in its performance management plan for the Palestinian Faculty Development Program.

Response:

The Mission agrees with the recommendation and will track and report all people-level indicators disaggregated by sex in its PMP for PFDP. The revised PMP will be completed by July 31, 2014

Recommendation No. 7:

We recommend that USAID/West Bank and Gaza train America-Mideast Educational and Training Services Inc.'s Palestinian Faculty Development Program staff on USAID's policies, rules, and regulations regarding gender integration and equality and document such training.

Response:

Gender integration training was conducted by PPDO and Gender Bureau for implementing partners on March 11, 2014. A PFDP staff member attended the training, but later she left her position, as such, the Mission will have a special one-on-one training session for the replacement staff member. This session will be completed by June 30, 2014.

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