



# OFFICE OF INSPECTOR GENERAL

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## AUDIT OF USAID/DEMOCRATIC REPUBLIC OF CONGO'S EFFORTS TO MITIGATE ENVIRONMENTAL IMPACT IN ITS PROJECT PORTFOLIO

AUDIT REPORT NO. 7-660-10-009-P  
JULY 21, 2010

DAKAR, SENEGAL



*Office of Inspector General*

July 21, 2010

**MEMORANDUM**

**TO:** USAID/DRC Mission Director, Stephen Haykin

**FROM:** Regional Inspector General, Gerard Custer /s/

**SUBJECT:** Audit of USAID/Democratic Republic of Congo's Efforts to Mitigate Environmental Impact in Its Project Portfolio (Audit Report No. 7-660-10-009-P)

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

The report includes six recommendations for your action. Based on actions taken by the mission and supporting documentation provided, management decisions have been reached on all the recommendations. Please provide the Audit Performance and Compliance Division in the USAID Office of the Chief Financial Officer (M/CFO/APC) with the necessary documentation to achieve final action.

I appreciate the cooperation and courtesy extended to my staff during the audit.

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# SUMMARY OF RESULTS

Adverse environmental effects stemming from economic development are a fundamental concern in the developing world. As USAID-funded programs are implemented across the globe, it is imperative that the environmental impacts of those programs be carefully considered and mitigated to the extent possible. To help ensure adequate environmental oversight, USAID implements Title 22, part 216 of the Code of Federal Regulations, “Environmental Procedures” (22 CFR 216 [2009]). These procedures ensure that environmental considerations are integrated into the decisionmaking process for all USAID-funded projects, programs, and activities.

22 CFR 216 (1) assigns responsibilities within USAID for assessing the foreseeable environmental impacts of USAID’s actions, (2) requires that environmental safeguards be incorporated into program planning and design, and (3) directs that programs be continually monitored and modified when necessary to mitigate environmental impact. In addition, it is USAID policy to assist host countries with strengthening their capability to evaluate potential environmental effects of proposed projects and to develop effective environmental programs. USAID’s Automated Directives System (ADS) 204, “Environmental Procedures,” provides policy and directives and required procedures on how to apply 22 CFR 216.

Implementation of 22 CFR 216 is coordinated and enforced by a team of professional environmental staff led by the Agency environmental coordinator and a network of environmental advisors at the bureau, regional, and mission levels. While the environmental officers provide support to program staff, ultimately it is the activity managers’ responsibility to continually monitor and evaluate the environmental impact of USAID activities. If properly implemented throughout the project cycle, 22 CFR 216 will result in environmentally sound activities and the promotion of environmental policies consistent with USAID’s development mandate.

The USAID mission in the Democratic Republic of Congo (DRC) was selected as one site in a series of audits to be conducted at selected missions worldwide to evaluate the implementation of 22 CFR 216. With a population currently estimated at 71 million, DRC is one of the largest countries in Africa and has by far the largest surface area of intact tropical rain forest. The country’s natural environment is severely threatened. Some of the most serious threats to the natural environment are occurring in the areas of highest biodiversity value. Poverty combined with population growth, migration, armed conflict, and political and institutional collapse are the underlying causes of environmental degradation in the country.<sup>1</sup>

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<sup>1</sup> The Wildlife Conservation Society, *Democratic Republic of Congo Environmental Analysis—Final Report*, December 2003.

**Figure 1: Map of Democratic Republic of Congo**



The USAID/DRC mission funds a broad array of activities with varying levels of potential environmental impact. As shown in appendix III, the audit focused on 4 out of 77 projects active in 2009. The four projects were awarded a total of \$133,930,935, or 23 percent of the mission's portfolio.

The Initial Environmental Examination is the first step in USAID's environmental assessment process. The Initial Environmental Examination is a document that details the effects of a proposed action on the environment. It evaluates the program activities with respect to environmental impact potential and establishes mitigation actions, including the monitoring and evaluation required from project design through implementation. The Initial Environmental Examination also determines the threshold decision, which is a formal agency assessment that determines whether a proposed agency action is a major action significantly affecting the environment. Threshold decisions are divided into the following categories:

- Categorical Exclusion (no risk of environmental impact)
- Negative Determination without Conditions (no impacts)
- Negative Determination with Conditions (some risk of environmental impact)
- Positive Determination (significant risk of environmental impact)
- Deferral (activity is not developed enough to make a determination)

Mission staff are responsible for developing the Initial Environmental Examinations. If sufficient detail is available at the time of its development, this document also establishes environmental baseline data to be collected before activities commence.

Implementing partners should complete Environmental Review documents when specific project locations and activities are further defined after the contract is awarded and more detailed analysis is needed. These documents can include a variety of assessments,

but they are meant to determine the scope and extent of additional environmental evaluation, mitigation, and monitoring necessary to fulfill federal environmental requirements.

Environmental Mitigation and Monitoring Plans detail the measures required by the Initial Environmental Examination or the Environmental Review documents that will be implemented to lessen (or mitigate) any potential environmental impacts of an activity. These plans determine indicators or criteria for monitoring their implementation and effectiveness, and lay out who is responsible for mitigation and monitoring, as well as the frequency with which mitigation and monitoring data will be reported to mission staff.

The Regional Inspector General/Dakar (RIG/Dakar) conducted this audit to answer the following question:

- Is USAID/Democratic Republic of Congo achieving its goals and objectives to mitigate environmental impact?

Based on the audit team's review of four projects, USAID/DRC is achieving its goals and objectives related to mitigating environmental impacts. The audit did not identify any significant adverse impacts as a direct result of USAID activities. This is partly because the mission avoids projects with components that normally have a significant effect on the environment. For the most part, activities implemented by USAID/DRC have a low risk of negative environmental impact, and the mission and its partners have developed specific measures to minimize and compensate for adverse effects of these activities.

Although USAID/DRC has taken steps to minimize adverse effects of its activities on the environment, the audit team found pervasive environmental management compliance deficiencies. USAID/DRC (1) did not adequately incorporate Initial Environmental Examination assessment requirements into solicitations and awards, (2) has not updated the appointment memorandum for the mission's environmental officer to include important responsibilities, (3) needs to strengthen the process for ensuring environmental compliance, and (4) needs to report on environmental compliance annually (see pages 5 to 11). This audit recommends that USAID/DRC:

- Require activity managers to include specific environmental assessment requirements from the Initial Environmental Examination in the solicitation documents, and include environmental compliance expertise in the evaluation criteria for selecting implementing partners (page 6).
- Require implementing partners to respond to environmental assessment requirements in their proposal, detailing staff and budget necessary to address environmental assessment and monitoring concerns (page 6).
- Require activity managers to ensure that environmental assessment and monitoring requirements are included in agreements and contracts signed by implementing partners (page 6).
- Revise and update its Mission Environmental Officer Appointment Memorandum to include the recommended language specified in the ADS 204 Additional Help (page 7).

- Ensure that environmental compliance issues are considered at all stages of projects in its portfolio, and document these processes in a mission order (page 10).
- Provide periodic life-of-project environmental compliance training for mission staff and implementing partners (page 10).

Detailed findings appear in the following section. The audit's scope and methodology are described in appendix I.

USAID/DRC agreed with all but one of the recommendations in the draft report. RIG/Dakar carefully reviewed and considered management's comments and deleted this recommendation. Based on actions taken by the mission and supporting documentation provided, management decisions have been reached on all the recommendations. USAID/DRC's comments are included in appendix II.

# AUDIT FINDINGS

## **Environmental Assessment Requirements Should Be Incorporated Into Solicitations and Awards**

Automated Directives System (ADS) 204.3.4.a and 303.3.6.3.e require incorporating the environmental assessment requirements outlined in the environmental evaluation documents into implementation instruments for programs, projects, activities, or amendments. ADS 204.3.8 states that strategic objective teams and activity managers must consider the environmental findings and recommendations made in the approved environmental evaluation documents when designing and approving funding for a program or activity. The contracting officer or agreement officer must incorporate these requirements into any contracts, grants, cooperative agreements, or other mechanisms used to implement the activity.

The process of ensuring proper environmental oversight for USAID programs begins during the program design phase. Potential impacts of a proposed action on the environment and mitigation and monitoring requirements should be determined up front so that responsibilities of project implementers are explicitly enumerated in the solicitations and subsequent awards prior to project implementation. According to USAID bureau environmental staff in Washington, D.C., the Initial Environmental Examination (IEE) should be completed prior to the USAID solicitation so that conditions can be included in the solicitation and bidders can incorporate associated cost and staffing in their proposals. In instances where the IEE cannot be completed prior to the solicitation, the implementing partners should be informed of the requirements, and the requirements should be included in the agreement and contracting documents.

The audit found that USAID/Democratic Republic of Congo (USAID/DRC) did not adequately incorporate IEE assessment requirements into solicitations and awards, and the solicitations did not include environmental compliance expertise of the implementing partners as recommended for partner selection. In the four projects audited, none of the agreements had fully incorporated the requirements outlined in the IEE. For example, (1) the Education Development Center Inc. and the Program for Appropriate Technology in Health agreements did not include the IEE assessment requirements or the environmental compliance expertise of the implementing partner, (2) the International Institute of Tropical Agriculture contract modifications did not contain compliance language (the audit team reviewed only the contract modifications because the original contract was maintained in Washington and had been signed before the environmental requirements were in effect), and (3) the Development Alternatives Inc. agreement contained some of the required language about environmental compliance, but the conditions listed in the IEE were not included in the agreement.

The USAID solicitation documents establish the criteria for evaluating the proposals received from potential implementing partners. The criteria identify the significant factors that the bidders should address in their proposals and set the standard against which all proposals will be evaluated. None of the four USAID/DRC solicitations audited included evaluation criteria related to environmental compliance.

Environmental compliance evaluation criteria were not included because environmental considerations were not taken into account during the planning phase of the activities. According to the mission environmental officer (MEO), most of the required environmental compliance language was new to the agreement officer's technical representative (AOTR) and the regional contracting officer, and they were not aware of the language requirements. Additionally, the AOTR designation letter does not include environmental compliance requirements as an enumerated responsibility. Another factor contributing to the lack of required language in the agreements was poor coordination among the regional contracting officer, the MEO, and the AOTR related to environmental compliance.

If these elements are not incorporated into the solicitations and awards, implementing partners may be unaware of environmental requirements that could affect staffing, budget, and program design. To strengthen USAID/DRC environmental compliance, this audit makes the following recommendations:

*Recommendation 1: We recommend that USAID/Democratic Republic of Congo establish and implement procedures to require activity managers to provide the agreement officer or contracting officer the specific environmental assessment requirements from the Initial Environmental Examination to be included in the solicitation documents, and include environmental compliance expertise in the evaluation criteria for selecting implementing partners.*

*Recommendation 2: We recommend that USAID/Democratic Republic of Congo establish and implement procedures to require implementing partners to respond to environmental assessment requirements in their proposal, detailing staff and budget necessary to address environmental assessment and monitoring concerns associated with the project.*

*Recommendation 3: We recommend that USAID/Democratic Republic of Congo require activity managers to follow up with the Regional Contracting Officer to ensure that environment assessment and monitoring requirements are included in agreements and contracts signed by implementing partners.*

## **Mission Environmental Officer Appointment Memorandum Needs To Be Updated**

USAID/DRC issued a mission order dated January 31, 2006, to designate the agricultural development officer as the mission environmental officer. Although the mission order clearly assigned responsibility for ensuring compliance with 22 CFR 216 to Strategic Objective teams, it did not incorporate all of the recommended language indicated in the ADS 204 Additional Help, "Recommended Mission Environmental Officer Appointment Memorandum."

For example, the recommended language specifically stated, "all Mission 22 CFR 216 documents must be cleared by the MEO (or in his/her absence, by the Deputy MEO) prior to forwarding to the Mission Director for his/her concurrence and transmittal to the Bureau Environmental Officer in AID/Washington. This includes Initial Environmental

Examinations (IEE), Requests for Categorical Exclusions and Deferrals, Scoping Statements, Environmental Assessments (EAs), Environmental Impact Statements, Amendments to any of these documents or other 22 CFR 216 determinations. (After MEO clearance and prior to submission to the Mission Director, all 22 CFR 216 documents must be cleared by the Regional Environmental Advisor and the Regional Legal Advisor).”

In addition, ADS Section 204.3.5 specifies, “Each Mission Director is encouraged to appoint a Mission Environmental Officer (MEO) in writing. When staffing patterns permit, the Mission Director also may appoint a Deputy Mission Environmental Officer to ensure timely operations in Missions where the MEO is absent, or when a Mission’s portfolio is of such size that a Mission Director judges that one or more Deputy MEOs are needed to address their Mission’s workload.”

The mission order did not include the following:

- Designation of a deputy mission environmental officer (although one has been informally assigned)
- Requirement that all mission 22 CFR 216 documents (including IEEs, EAs, environmental impact statements, amendments to any of these documents, or other 22 CFR 216 determinations) be cleared by certain officers
- Appointment of the MEO to serve as an advisory member of each team in the operating unit

This occurred because environmental compliance requirements were new to the mission, and mission staff were not fully aware of all the new requirements. Also, the MEO has been at post for 9 months and was focused on other priorities.

An MEO appointment memorandum is an important document that clearly defines the responsibilities of the MEO in ensuring mission-wide environmental compliance. Without an MEO appointment memo that fully conforms to best practice standards and specifically identifies the process for handling environmental issues, the mission may be at risk of not handling environmental issues properly. To correct this issue, this audit makes the following recommendation:

*Recommendation 4: We recommend that USAID/Democratic Republic of Congo revise and update its Mission Environmental Officer appointment memorandum to include the recommended language specified in the ADS 204 Additional Help, “Recommended Mission Environmental Officer Appointment Memorandum.”*

## **Process of Ensuring Environmental Compliance Needs To Be Updated**

According to ADS 204, “Environmental sustainability is integral to USAID’s overall goal, and therefore must be mainstreamed into all activities to achieve optimal results, to avoid inadvertent harm to the people we are trying to help, and to prevent wasting taxpayer dollars. To meet this goal, USAID incorporates environmental considerations into results-based planning, achieving, and assessing and learning.”

ADS 204.2 states that Strategic Objective and Program Support Objective teams, activity managers, and cognizant technical officers are responsible for ensuring full compliance with 22 CFR 216. According to ADS 204.2, missions are responsible for providing the staff and financial resources to their management units to implement the approved strategies consistent with the Agency's environmental procedures. Missions are accountable for meeting these requirements and continuously monitoring their results. Each mission and Strategic Objective team must develop effective essential environmental review procedures consistent with its strategic and operational plans to—

- Ensure that activity managers have the resources to complete all environmental work required under 22 CFR 216 before funds are obligated
- Once funds are obligated, ensure that activity managers, contracting officer's technical representatives (COTRs), and AOTRs have the resources to adaptively manage environmental compliance during implementation
- Ensure effective collaboration with the MEO during all strategic objective designs and approvals to create a system and adequate resources to ensure effective implementation of the requirements

COTRs/AOTRs, Strategic Objective teams, and activity managers are responsible for the design, monitoring, and modification of all programs, projects, activities, amendments, and Activity Approval Documents in order to ensure that the environmental consequences of all actions taken by USAID and the host country are considered and that appropriate environmental safeguards are adopted.

Also, ADS 204 Additional Help, "Environmental Compliance: Language for Use in Solicitations and Awards," states that partners shall prepare an environmental mitigation and monitoring plan (EMMP) or project mitigation and monitoring plan describing in specific terms how they will implement all IEE and/or EA conditions that apply to proposed project activities within the scope of the award. The EMMP or project mitigation and monitoring plan shall include monitoring the implementation of the conditions and their effectiveness.

Although the mission has taken steps to comply with 22 CFR 216, such as developing IEEs, appointing an MEO, and providing some training on environmental compliance, the mission does not have a management system in place to fully meet the regulation's requirements. For example, the mission does not continuously monitor environmental impact or issues for all its activities. A determination is made prior to project implementation (which is the development of the IEEs), but no followup or subsidiary reviews were conducted during project implementation to update the IEEs.

During site visits, the audit team noted two instances of environmental noncompliance due to the lack of monitoring and followup of environmental issues:

- During a site visit to the Centre de Sante de Matadi in the Bas-Congo, the audit team observed large cracks in the wall of an incinerator and some stray syringes that had fallen from the incinerator which had to be put back for burning. The incinerator therefore was not operating effectively.
- During a site visit to Medeki, the audit team observed an uncovered drainage pit containing cassava water accessible to animals and humans and unsecured

drainage trenches. Because cassava water is poisonous to humans and animals, access to the drainage area should be secured.



**Picture of a cracked incinerator taken at the Centre De Sante de Matadi by an OIG auditor on April 21, 2010.**

Furthermore, the audit team determined that the mission—

1. Does not have a documented process in place for submitting, reviewing, and tracking environmental compliance documents to ensure that issues are timely identified and resolved
2. Does not have a system in place to track and record the status of environmental compliance issues
3. Has not incorporated environmental compliance into its portfolio reviews
4. Has not coordinated with the host country on environmental issues
5. Has not developed, budgeted, and implemented EMMP for activities operating under negative determinations with conditions
6. Does not have a systematic process for ensuring that partners report on environmental compliance in their progress reports
7. Does not have a system in place for ensuring that AOTRs/COTRs systematically verify environmental compliance during site visits

This occurred because most AOTRs/COTRs, implementing partners, and subpartners were not aware of their environmental compliance responsibilities. For example, all four USAID partners interviewed were unaware that they were responsible for preparing an environmental analysis of their activities and submitting it to USAID as part of their environmental compliance documentation. Neither the AOTRs/COTRs nor the

implementing partners were aware that the environmental analysis was critical to the development of the IEE.

Although the AOTRs/COTRs and implementing partners were aware to some extent that their activities should not damage the environment, they were not aware of their responsibility to ensure full compliance with 22 CFR 216 and did not commit the appropriate level of resources to allow them to properly monitor their activities. Also, the implementing partners had not been trained on how to develop an EMMP. The mission did not take the necessary steps to ensure that resources were formally committed to environmental compliance and reviews. The MEO was also engaged in other priorities and did not devote adequate time to environmental compliance issues.

As a result of not having an internal management system to fully meet the 22 CFR 216 requirements, the mission's activities may be less effective and may not achieve their intended results. In addition, inadequate processes might result in new high-environmental-impact activities being conducted without adequate safeguards, which could negatively reflect on USAID and the U.S. Government.

The mission acknowledged the problems and has taken steps to hire a natural resources management specialist to support the MEO in carrying out his environmental compliance responsibilities. However, to improve the mission's processes regarding environmental compliance, this audit makes the following recommendations:

*Recommendation 5: We recommend that USAID/Democratic Republic of Congo develop and implement processes that require environmental compliance issues are considered at all stages of projects in its portfolio, and document these processes in a Mission Order.*

*Recommendation 6: We recommend that USAID/Democratic Republic of Congo develop, document, and implement a plan of action to provide periodic life-of-project environmental compliance training for mission staff and implementing partners.*

## **Environmental Compliance Should Be Reported Annually**

ADS 204.3.3 states, "Each USAID Operating Unit must prepare and submit an environmental section as an integral part of its Annual Report that is submitted to Washington." The section consists of two parts:

- a. The first part must include a discussion of implementation of mitigation measures, monitoring provisions, or other implementation requirements agreed to under 22 CFR 216 during activity design. It must also identify any cases of noncompliance, and for such noncompliance situations, identify corrective steps that will be taken.
- b. The second part must be an illustrative schedule of upcoming activities that may require 22 CFR 216 review.

In addition, ADS 203.3.8.5 requires that missions include a brief summary sentence of

the status of compliance with 22 CFR 216 in their Performance Summary and must complete the Supplementary Reference: Environmental Compliance template in the Foreign Assistance Coordination and Tracking System (FACTS).

In reviewing USAID/DRC's Performance Plan and Report (its annual report submitted to Washington) for fiscal years (FYs) 2008 and 2009, the audit team noted that the mission had not included a summary of the status of compliance with 22 CFR 216 in the FY 2009 report. In fact, there was no mention of compliance with 22 CFR 216 as required. Also, the environmental template had not been completed in FACTS. For FY 2008, the summary of the status of compliance with 22 CFR 216 was incomplete. The mission provided an attachment on environmental compliance in addition to the FY 2008 report, but the attachment was incomplete and did not include a discussion of implementation of mitigation measures, monitoring provisions, or other implementation requirements required under 22 CFR 216.

This occurred because the mission received guidance from Washington not to report on environmental issues in FY 2009. The MEO arrived at the mission 9 months ago and was not involved in the FYs 2008 and 2009 reporting process.

In addition to being a legal requirement, adequate review of environmental considerations optimizes development results and ensures wise investment of taxpayer money. Reporting on environmental issues and effective implementation of environmental laws, regulations, and procedures would help ensure that the development activities USAID undertakes not only are economically sustainable but also protect the environment.

Based on comments received from the mission on the draft audit report, the audit recommendation has been deleted from the final audit report. This issue will be discussed further with USAID/Washington officials as part of a worldwide audit effort.

# EVALUATION OF MANAGEMENT COMMENTS

USAID/Democratic Republic of Congo agreed with all but one of the recommendations in the draft report. Based on a careful review and consideration of management's comments, the Regional Inspector General/Dakar has deleted this recommendation. The evaluation of management comments is summarized below.

For recommendations 1 and 2, USAID/Democratic Republic of Congo agreed with the recommendations and will issue a formal detailed mission order addressing the recommendations to all agreement officers' technical representatives and contracting officers' technical representatives by October 31, 2010. Accordingly, a management decision has been reached for these recommendations.

For recommendation 3, USAID/Democratic Republic of Congo agreed with the recommendation and will ensure that appropriate clauses are included in the agreements and contracts by October 31, 2010. Accordingly, a management decision has been reached for this recommendation.

For recommendation 4, USAID/Democratic Republic of Congo agreed with the recommendation and will revise and update its Mission Environment Officer Appointment Memorandum by October 31, 2010. Accordingly, a management decision has been reached for this recommendation.

For recommendation 5, USAID/Democratic Republic of Congo agreed with the recommendation and will develop and implement the processes and document them in a Mission Order by October 31, 2010. Accordingly, a management decision has been reached for this recommendation.

For recommendation 6, USAID/Democratic Republic of Congo agreed with the recommendation and will hold the training by March 31, 2011. Accordingly, a management decision has been reached for this recommendation.

# SCOPE AND METHODOLOGY

## Scope

The Regional Inspector General/Dakar (RIG/Dakar) conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions, based on our audit objective.

The objective of this audit was to determine if USAID/Democratic Republic of Congo (DRC) is achieving its goals and objectives to mitigate environmental concerns throughout the project life cycle. Audit fieldwork was conducted at USAID/DRC from April 12 to 30, 2010. The audit covered projects and activities implemented as of October 1, 2009; however, we considered it appropriate to incorporate information pertaining to current contracts and original environmental documentation for some projects that began prior to October 2009.

In planning and performing the audit, we assessed USAID/DRC's controls regarding its efforts to mitigate environmental impact. Specifically, we obtained an understanding of and evaluated (1) environmental documentation, including Initial Environmental Examinations; (2) contract and agreement documents; (3) program documents, such as work plans, quarterly reports, and monitoring plans; (4) best management practices; and (5) the monitoring of and interaction with implementing partners by contracting officer's technical representatives/agreement officer's technical representatives (activity managers). We interviewed key USAID/DRC environmental staff and implementing partners. We completed fieldwork at USAID/DRC in Kinshasa and visited four project sites in the province of Madati.

The audit team reviewed four projects to answer the audit objective. The total amount awarded for the projects reviewed is approximately \$134 million, or 23 percent of the mission's portfolio.

## Methodology

To answer our audit objective, we met with key USAID environmental personnel, staff at USAID/DRC, and implementing partners. We reviewed relevant documentation provided by USAID/DRC and implementing partners. We also reviewed applicable policies, best practices, and guidelines pertaining to USAID, specifically the Code of Federal Regulations (22 CFR 216, "Environmental Procedures") and Automated Directives System 204.

To assess USAID/DRC's efforts to mitigate environmental impact, we reviewed relevant documentation provided by the mission and implementing partners. We assessed implementing partners' monitoring practices on environmental impact by interviewing officials of these organizations and reviewing work plans, quarterly reports, and other project documents. We also determined the level of monitoring provided by activity

managers and USAID environmental staff over implementing partners through interviews and by reviewing relevant documentation, including available site visit reports.

In reviewing relevant documentation provided by the mission and implementing partners, we evaluated contract and agreement documents for corresponding environmental compliance language. We compared these documents with work and monitoring plans, quarterly reports, and other project documents.

We verified through interviews with mission personnel, Agency environmental staff, and implementing partners, or by reviewing relevant documentation prepared by the mission and implementing partners that no significant environmental impact exists. Also, we conducted four site visits in DRC to further confirm that USAID/DRC's activities have not resulted in significant impact to the environment.

As of September 30, 2009, there were 77 active projects at USAID/DRC with a total amount awarded of approximately \$571 million. We judgmentally selected four projects for the audit (all four projects selected were categorized as negative determination with conditions since there were no active projects with positive determination). These four projects represented the mission's diverse project portfolio and captured consideration of environmental concerns in a variety of program areas, including health, education, good governance, and economic growth/agriculture. It was also important to review projects at varying stages of implementation to enable observation of mission environmental procedures from project design to closeout. Additional selection criteria included likelihood of causing significant environmental impact and environmental mitigation and monitoring requirements. The results from the sample cannot be projected to the universe of all activities on a statistical basis. However, we believe that our work provides a reasonable basis for our conclusions.

# MANAGEMENT COMMENTS



To: Regional Inspector General/Dakar, Gerard Custer

From: USAID/DRC Mission Director, Stephen M. Haykin

Date: July 7, 2010

Subject: Audit of USAID/Democratic Republic of Congo's Efforts to Mitigate Environmental Impact in Its Project Portfolio (Report No. 7-660-10-00X-P)

The USAID/DRC Mission would like to thank the RIG/Dakar audit team for its work in the DRC and recommendations for improving the efforts to mitigate environment impact in our project portfolio. The Mission agrees with the recommendations and we find them to be reasonable and in line with the discussions we had during the evaluation out-briefing meeting. The audit findings are overall straightforward and helpful for our Mission. USAID/DRC has already started using the proposed environmental language for use in solicitations and awards. The Mission submits the following specific comments on the RIG Audit Report findings and conclusions.

## Comments on Recommendations

*Recommendation No. 1: We recommend that USAID/Democratic Republic of Congo establish and implement procedures to require activity managers to provide the agreement officer or contracting officer the specific environmental assessment requirements from the Initial Environmental Examination to be included in the solicitation documents, and include environmental compliance expertise in the evaluation criteria for selecting implementing partners.*

*Recommendation No. 2: We recommend that USAID/Democratic Republic of Congo establish and implement procedures to require implementing partners to respond to environmental assessment requirements in their proposal, detailing staff and budget necessary to address environmental assessment and monitoring concerns associated with the project.*

Comments: The Mission agrees with these recommendations (1, and 2 above). It will issue a formal detailed mission order to guide all Agreement Officer Technical Representatives (AOTRs) and Contracting Officer Technical Representatives (COTRs) in this regard by October 31, 2010 with Cc to RIG office.

*Recommendation No. 3: We recommend that USAID/Democratic Republic of Congo establish and implement procedures to require activity managers to include environmental assessment and monitoring requirements in agreements and contracts signed by implementing partners.*

Comments: Mission agrees in principle with these recommendations but notes that it is the role of the Regional Contracting Officer and not the Mission to ensure that appropriate clauses are in agreements and contracts.

*Recommendation No. 4: We recommend that USAID/Democratic Republic of Congo revise and update its Mission Environmental Officer Appointment Memorandum to include the recommended language specified in the ADS 204 Additional Help, "Recommended Mission Environmental Officer Appointment Memorandum."*

Comments: The Mission agrees with this recommendation. By October 31, 2010 it will revise and update its Mission Environment Officer Appointment Memorandum accordingly and a copy of the revised memorandum will be shared with RIG office.

*Recommendation No. 5: We recommend that USAID/Democratic Republic of Congo develop and implement processes that require environmental compliance issues are considered at all stages of projects in its portfolio, and document these processes in a Mission Order.*

Comments: The Mission agrees with this recommendation. It will develop and implement the processes and document them in a Mission Order by October 31, 2010 with a copy to the RIG office.

*Recommendation No. 6: We recommend that USAID/Democratic Republic of Congo develop, document, and implement a plan of action to provide periodic life-of-project environmental compliance trainings for mission staff and implementing partners.*

Comments: The Mission agrees with this recommendation. Also, taking into consideration the mission's limited capacity and environmental expertise on environmental impact assessment, we cannot commit ourselves for more than one training session every two years. The Mission will work with the BEO in Nairobi to hold the next training by March 31, 2011.

*Recommendation No. 7: We recommend that USAID/Democratic Republic of Congo develop, document, and implement an action plan to ensure that required environmental issues are properly reported in the fiscal year 2010 Annual Report.*

Comments: The Mission does not submit annual report to Washington anymore instead the PPR, the MSP and the OP. None of these has a requirement to report on environmental compliance.

The mission would recommend that RIG check with Washington to Update the ADS 204.3.3 and to include provision in the reporting guidelines for MSP or PPR or OP for environmental compliance.

## Funding Levels for Projects Reviewed

<b>Activity Name</b>	<b>Awarded Amount</b>
Integrated HIV/AIDS Prevention, Care, and Treatment Service Delivery Program	\$47,452,167
Emergency Response to the Outbreak of Cassava Mosaic Disease in the DRC	\$10,227,000
Programme de Bonne Gouvernance	\$36,251,768
Improving the Quality of Primary Education in the DRC	\$40,000,000
<b>TOTAL</b>	<b>\$133,930,935</b>

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