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**OFFICE OF INSPECTOR GENERAL**

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**AUDIT OF  
USAID/AFGHANISTAN'S  
CAPACITY DEVELOPMENT  
PROGRAM**

AUDIT REPORT NO. 5-306-08-012-P  
September 30, 2008

MANILA, PHILIPPINES



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*Office of Inspector General*

September 30, 2008

**MEMORANDUM**

**TO:** USAID/Afghanistan Director, Michael Yates

**FROM:** Regional Inspector General/Manila, Catherine M. Trujillo /s/

**SUBJECT:** Audit of USAID/Afghanistan's Capacity Development Program (Audit Report No. 5-306-08-012-P)

This memorandum transmits our final report on the subject audit. In finalizing the report, we considered your comments on the draft report and included the comments in their entirety (excluding the attachments) in appendix II.

This report contains four recommendations to assist the mission in improving its management and oversight of the Capacity Development Program. Based on the information provided by the mission in response to the draft report, we determined that management decisions have been reached on Recommendation Nos. 1 and 2 and final actions have been taken on Recommendation Nos. 3 and 4 upon issuance of this report. A determination of final action will be made by the Audit Performance and Compliance Division upon completion of the planned corrective actions for Recommendation Nos. 1 and 2.

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

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# SUMMARY OF RESULTS

Capacity building is needed in almost every sector in Afghanistan in order to rebuild and promote economic expansion. In February 2007, USAID/Afghanistan awarded a \$218.6 million contract to BearingPoint, Inc. (contractor) to implement the Capacity Development Program (program), with an expected end date of 2012. The mission intended the program to be a broad, cross-cutting capacity-building initiative to support all of the mission's objectives. The program aims to strengthen Afghan capacity-building institutions; build near-term capacity with target institutions in the public, private, and educational sectors; and develop a critical mass of Afghans trained in management and other basic skills. These goals are to be accomplished through a combination of training and technical assistance (see page 3).

The Regional Inspector General/Manila conducted this audit to determine whether USAID/Afghanistan's Capacity Development Program was achieving planned results and to assess the impact of the program (see page 4).

There was a lack of evidence to demonstrate that this program was on track to achieve planned results. The program lacked key deliverables necessary for effective implementation, monitoring, and reporting of program activities and results. Specifically, detailed work plans outlining what the contractor planned to accomplish and results monitoring plans with performance indicators, targets, and periodic reporting against these targets were not in place. Given these shortcomings and considering that the contract was signed only in February 2007, it is too early to assess this program's overall impact (see page 5).

In the absence of detailed work plans and a results monitoring plan, during the first 14 months of program implementation, both the mission and the contractor spent an inordinate amount of time attempting to define the program's activities and priorities. During this time, the contractor embarked on activities stemming from ad hoc requests from the mission, the U.S. Embassy, and benefiting ministries to implement tasks that did not always appear to contribute directly to overall program objectives (see page 5). For example, the contractor, at the direction of the mission, was paying the salaries for approximately 460 of Afghanistan's Ministry of Education employees, which would amount to \$11.1 million over a 2-year period (see page 8). Because the contractor did not have a detailed work plan identifying the specific activities it intended to implement for the program's participant training component, it is questionable whether the program will achieve its intended objectives under this component, which according to the contract was to comprise almost two-thirds of the program's funding (see page 8).

The audit report addresses the contractor's lack of detailed work plans and results monitoring plans in accordance with the terms of the contract, as such plans are needed to manage the program effectively (see page 6). In addition, the audit report addresses the contractor's lack of the required approved branding implementation and marking plan (see page 10). The audit includes four recommendations to address these issues, including a recommendation that the mission reevaluate the appropriateness of funding salaries for Afghanistan's Ministry of Education employees (see pages 9 to 11).

In its response to the draft report, USAID/Afghanistan agreed with the findings and recommendations. Based on the Regional Inspector General/Manila's review of the mission's comments and planned actions, we determined that management decisions have been reached on Recommendation Nos. 1 and 2 and final actions have been taken on Recommendation Nos. 3 and 4 (see page 12).

# BACKGROUND

Afghanistan remains one of the poorest countries in the world, emerging from more than 20 years of conflict that devastated Afghanistan politically and economically and affected the state of its society. It continues to face a complex and interrelated set of political, administrative, economic, environmental, and social challenges. Since 2002, the Government of Afghanistan and the international community have focused on supporting the establishment of national government structures, education and health systems, civil society, and Afghanistan's private sector economy. Now the Government of Afghanistan and USAID are shifting the program focus from emergency reconstruction to developing Afghanistan's capacity to plan and manage its own long-term economic and social development.

Most Afghan institutions—whether public, private, or nonprofit—are in need of expertise to accomplish the tasks associated with planning and managing their development efforts. To assist them, USAID/Afghanistan launched the Capacity Development Program<sup>1</sup> (program). This program was intended to contribute to the achievement of each of USAID/Afghanistan's mission strategic objectives: a thriving economy led by the private sector, a democratic government with broad citizen participation, and a better educated and healthier population. This program was intended to be cross-cutting and contribute to the achievement of the mission's objectives by doing the following:

- a) Building near-term capacity within target institutions such as select line ministries, businesses, universities, and local government.
- b) Strengthening Afghan capacity-building institutions in the public, private, nongovernmental organization, and educational sectors.
- c) Developing a critical mass of Afghans trained in management and other skills through training, technical assistance, and the participant training program.

The program aimed to strengthen institutions, increase their effectiveness, and streamline their operations, regardless of sector, and to provide training and technical assistance. The program was broken into five components: (1) public sector, (2) private for-profit businesses, (3) nongovernmental organizations, (4) higher education institutions, and (5) participant training and capacity-building technical assistance.

To implement this program, on February 2, 2007, USAID/Afghanistan awarded a \$218.6 million contract to BearingPoint, Inc., with an expected end date of 2012. As of March 31, 2008, USAID/Afghanistan had obligated \$49.6 million and disbursed \$24.4 million for program implementation.

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<sup>1</sup> Originally, the name of the program was the Afghans Building Capacity Program; however, in June 2007 the name was changed to the Capacity Development Program.

## **AUDIT OBJECTIVE**

The Regional Inspector General/Manila conducted this audit as part of its fiscal year 2008 annual audit plan to answer the following question:

- Was USAID/Afghanistan's Capacity Development Program achieving planned results, and what has been the impact?

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

# AUDIT FINDINGS

There was a lack of evidence to demonstrate that this program was on track to achieve planned results. The program lacked key deliverables necessary for effective implementation, monitoring, and reporting of program activities and results. Specifically, detailed work plans outlining what the contractor planned to accomplish and results monitoring plans with performance indicators, targets, and periodic reporting against these targets were not in place. Given these shortcomings and considering that the contract with BearingPoint, Inc. (contractor) was signed only in February 2007, it is too early to assess the overall impact of this program.

In the absence of detailed work plans and a results monitoring plan, during the first 14 months of program implementation, both the mission and the contractor spent an inordinate amount of time attempting to define the program's activities and priorities. During this time, the contractor embarked on activities stemming from ad hoc requests from the mission, the U.S. Embassy, and benefiting ministries to implement tasks that did not always appear to contribute directly to the overall program objectives. Because the contractor did not have a detailed work plan in place identifying the specific activities it intended to implement in the program's participant training component, it is questionable whether the program will achieve its intended broad objectives under this component, which was the largest in terms of budget.

Nevertheless, as mentioned, the contractor responded to requests for technical advisory services and assigned technical advisors to work on a number of the illustrative tasks spelled out in the contract. In some cases, the activities have proven successful. For example, in response to a request from Afghanistan's Ministry of Finance, the contractor provided technical support to seven line ministries to enable each ministry to prepare and submit both operational and program budgets. This was the first time the ministries developed and submitted budgets in the new format based on ministry program and policy objectives instead of nominal inputs. The program also supported the opening of a construction training center in the Kunar Province in March 2008, in an effort to increase the quality, quantity, and variety of goods and services offered by Afghan construction firms. The Capacity Development Program provided the training programs, hired staff, bought class materials and equipment, and provided operational funding.

However, the success of these and other activities was not sufficient to demonstrate whether the overall program was on track to achieve intended program results under each of the targeted components. With its broad mandate—to be a cross-cutting program—coupled with its sizable funding—\$218.6 million over 5 years—the program achievements of each fiscal year are critical for establishing the course of action for the following fiscal year. This program is critical to the Afghan people and to the U.S. Government. Without a detailed work plan in place at the beginning of each fiscal year and a results monitoring plan to measure program results, this important program will continue to remain unfocused and may have difficulty making an impact.

These issues are further addressed below, along with a separate issue concerning the contractor's lack of an approved branding implementation and marking plan.



## **Work Plan and Results Monitoring Plan Not In Place**

Summary: The contractor was required to have a mission-approved work plan and results monitoring plan covering activities through September 30, 2007, in place no later than May 2, 2007. The contractor was also required to submit a life-of-project work plan with its fiscal year (FY) 2008 work plan, 15 days before the start of the fiscal year. The contractor did not have a mission-approved work plan and results monitoring plan in place by May 2, 2007, and did not submit a life-of-project work plan 15 days before the start of FY 2008, as required by the contract. According to the mission, the contractor did not have a mission-approved work plan in place because of mission staffing issues and broad and ambitious program objectives, which made it difficult for the contractor to satisfy the mission with sufficient detail identifying how it intended to achieve the program objectives. The contractor did not develop a results monitoring plan because this plan was contingent on the outputs of an approved work plan. As a result, the contractor embarked on activities stemming from ad hoc requests from the mission, the U.S. Embassy, and benefiting ministries to implement tasks that did not always appear to contribute directly to the overall program objectives. Without a results monitoring plan in place, the mission lacked the data to effectively monitor and report on the progress of the program.

The contractor was required to have a mission-approved work plan and results monitoring plan covering activities through September 30, 2007, in place no later than May 2, 2007—90 days after contract award. The contractor was also required to submit a life-of-project work plan with its FY 2008 work plan, 15 days before the start of the fiscal year. Thereafter, the contractor was required to update annual and life-of-project work plans, which included the results monitoring plan, no later than 15 days before the beginning of the fiscal year.

Work plans were to serve as the basis for providing technical direction throughout the life of the program. These plans were also to serve as the basis for identifying the specific services and deliverables required under the contract. As such, these plans were to have sufficient detail to provide a working guide to the activities, services, and deliverables that the contractor intended to provide during the year and life of project. The contractor and the mission's cognizant technical officer together were to identify the details and format of the annual work plans, with the cognizant technical officer making a final determination on the content and format.

The contractor was to prepare the results monitoring plan for all core activities and tasks, consistent with the mission's performance management plan to provide mission management with the information to track the quarterly results achieved. Therefore, at a minimum, the contractor's results monitoring plan should have included a calendar of performance management tasks that the contractor planned to conduct over the life of the project, set forth performance indicators to assess progress, provided baseline and targeted values for each performance indicator, specified the source of the data and the method for data collection, established the schedule for data collection, described any known data limitations for each performance indicator, and described the quality assessment procedures to verify and validate the measured values of actual performance.

The contractor did not have a mission-approved work plan and results monitoring plan in place by May 2, 2007, and did not submit a life-of-project work plan 15 days before the start of FY 2008, as required by the contract. Additional information on these key deliverables is presented below.

**Work Plan**—The contractor did not have a mission-approved work plan in place by May 2, 2007, detailing the activities it intended to accomplish through September 30, 2007, as stipulated in the contract. The contractor submitted a draft work plan, which the cognizant technical officer reviewed and to which the cognizant technical officer requested substantive changes. For example, the cognizant technical officer commented that, in general, the contractor's FY 2007 work plan did not address very clearly how the contractor intended to integrate the program into the national capacity development strategies and coordinate closely with other donors. The cognizant technical officer also brought to the contractor's attention an expanded list of items that the contractor was required to deliver but that were not addressed in the work plan, such as the establishment of an advisory group, the preparation of a marking plan and a communications strategy, and the development of a gap analysis for each sector describing the work carried out and the current needs in each sector to assist with identifying where this program should further assist. The contractor and the mission agreed on a detailed work plan for FY 2007 on August 8, 2007, 6 months into project implementation and less than 2 months before the end of the fiscal year. In preparation for FY 2008, the contractor was required to have a life-of-project work plan and its FY 2008 work plan in place 15 days before the start of FY 2008. However, the contractor did not submit these key deliverables until March 31, 2008, 6 months into FY 2008.

According to the mission, the contractor did not have mission-approved work plans in place because the program's objectives were very broad and ambitious, making it difficult for the contractor to satisfy the mission with a detailed work plan identifying how it intended to achieve the objectives.

Mission officials commented that the mission's staffing was not sufficient to manage this program and that constant staff turnover, in part, prevented the mission from approving key planning documents promptly. Initially, the mission assigned technical responsibility to one cognizant technical officer; however, mission officials commented that this program was too large for one person to manage. In addition, mission management changed, with four different mission directors over a 2-year period, which put the program under a constant state of review and delayed decisions.

According to the cognizant technical officer, the contract was overambitious and very broad for workforce development because Afghanistan did not have skilled labor in any area. However, the mission designed the program to support capacity-building activities in every sector of the USAID/Afghanistan Mission through five components: (1) public sector, (2) private for-profit businesses, (3) nongovernmental organizations, (4) higher education institutions, and (5) participant training and capacity-building technical assistance.

Because it did not have a detailed work plan in place, the contractor embarked on activities stemming from ad hoc requests from the mission, the U.S. Embassy, and benefiting ministries to implement tasks that did not always appear to contribute directly to the overall program objectives. For example, the U.S. Embassy requested the

mission to pay salaries for 2 years for approximately 460 employees of Afghanistan's Ministry of Education. The mission met this request by directing the contractor to fund these salaries through the Capacity Development Program. The contractor estimates that approximately \$11.1 million needs to be budgeted to pay the salaries of these employees over the 2-year period. These individuals are in positions within Afghanistan's Ministry of Education's internal audit, provincial program management, security and school protection, and education infrastructure divisions. According to one contractor official, this activity does not strengthen the current needs of the government.

In addition, in responding to requests for technical advisory services, the contractor built up a cadre of international advisors, which the mission's cognizant technical officer believed was not contributing directly to overall intended program results. As of March 31, 2008, the contractor had more than 50 international advisors in-country working on the program. To remedy this situation, in March 2008 the cognizant technical officer asked the contractor to begin a phase-out plan for advisors who were not contributing directly to the achievement of the program's objectives. The mission advised the contractor that international advisors not contributing directly to the program would have to find other sources of funding or start working for the program objectives more directly. At the beginning of program implementation, a detailed work plan mapping out the specific activities needed to achieve intended results could have prevented the hiring of unnecessary personnel and ineffective use of funds.

Further, the lack of a mission-approved work plan at the start of the program meant that the contractor did not have a plan detailing how it intended to implement the participant training component—the largest of the program's five components in dollar terms. The mission initially designed the program so that two-thirds of the budget (\$140.8 million of the total \$218.6 million) was to fund participant training activities across each of the mission's strategic objectives. However, in the absence of a detailed work plan for participant training, the priorities shifted to the first two contract line item activities which were receiving the most funding and supported administrative costs and technical assistance by international advisors.

The contractor, therefore, requested the mission to realign the program funding by transferring funds from the contract line item of "participant training and capacity building" (the fifth component) to the line items of "management and administration" and "core program components" (the first four components). This realignment would reduce the participant training and capacity-building contract line item from \$140.8 million to \$50.8 million (see Table 1). According to the contractor's budget justification, the budget realignment was needed to address the current activities and associated costs for those activities through February 2008 and to cover projected expenditures for the duration of the program. The contractor based its projections for future periods on its FY 2008 work plan and life-of-program plan, explaining that it was recognizing in this realignment the shift in the type of assistance requested by the mission and the Government of Afghanistan under this program. In other words, the realignment was being requested not on the basis of a well-thought-out work plan, but on how funds currently were being spent. The result appears to be that considerably less is to be spent on participant training and capacity building assistance than originally envisioned.

**Table 1. Current and Requested Realigned Contract Budgets**

<b>Contract Line Item</b>	<b>Current Contract Budget (millions)</b>	<b>Requested Realigned Budget (millions)</b>
Management and Administration	\$33.1	\$63.1
Core Program Components <sup>2</sup>	\$44.7	\$104.7
Participant Training and Capacity-Building Technical Assistance Component	\$140.8	\$50.8
<b>Total Budget</b>	<b>\$218.6</b>	<b>\$218.6</b>

**Results Monitoring Plan**—During the first 14 months of program implementation, the contractor did not have in place a mission-approved results monitoring plan as required by the contract. Per the terms of the contract, a final results monitoring plan should have been in place by May 2, 2007, 90 days after contract award. The contractor submitted drafts of the results monitoring plan; however, these draft plans fell short of the requirements because, according to the mission, they were not focused and lacked specificity needed to be useful in measuring the program’s progress.

This happened because of the challenges the contractor experienced in developing a detailed work plan. Without the work plan, the contractor could not develop a results monitoring plan that reflected and aligned with the services and deliverables it intended to implement.

Without approved performance targets and clear definitions for how to measure progress, the contractor had no vehicle for collecting and reporting timely, consistent, and meaningful progress data. The mission, therefore, had no data to effectively monitor and report on the progress of the program.

The mission is responsible for establishing a performance management system to measure progress toward intended objectives. At the onset, the mission should have required the contractor to provide the key deliverables critical to the successful implementation of this multimillion-dollar contract. As well, the mission should have directed the contractor to comply with the contract, updating the annual work plan to incorporate the program achievements of the preceding year and setting the course of direction for the upcoming fiscal year. This audit is making the following recommendations.

*Recommendation No. 1: We recommend that USAID/Afghanistan direct the contractor to develop a detailed work plan to align with expected results for fiscal year 2009 and require the contractor to submit the work plan 15 days prior to the start of the fiscal year as required by the contract.*

<sup>2</sup> Core Program Components include public sector, private for-profit businesses, nongovernmental organizations, and higher education institutions.

*Recommendation No. 2: We recommend that USAID/Afghanistan direct the contractor to put in place an approved results monitoring plan to measure the progress and results of the activities detailed in the work plan addressed in recommendation no. 1.*

*Recommendation No. 3: We recommend that USAID/Afghanistan reevaluate the appropriateness of funding salaries for approximately 460 of Afghanistan's Ministry of Education employees through the Capacity Development Program. If the mission determines that funding the Ministry's employees does not directly contribute to the Capacity Development Program, the estimated salary payments of \$11.1 million should not be funded by this contract.*

## **Branding Implementation and Marking Plan Not Approved**

USAID's Automated Directives System section 320.3.2 addresses the Agency's branding and marking requirements. Contractors are to develop a branding implementation plan to describe how the program will be promoted to beneficiaries and host-country citizens. The branding implementation plan requires key milestones or opportunities anticipated to generate awareness that the program, project, or activity is from the American people, or an explanation if this is not appropriate or possible. Further, contractors are to develop a marking plan to ensure that programs, projects, activities, public communications, or commodities implemented or delivered under contracts and subcontracts exclusively funded by USAID are marked exclusively with the USAID identity. These requirements were included in the Capacity Development Program (program) contract.

The program has been operating for more than a year without an approved branding implementation and marking plan. Several plans were submitted to the mission for approval—the most recent one on December 16, 2007—which the mission has yet to approve. The mission thought that tentative approval had already been given to the contractor, but after searching for documentation of the approval, the responsible mission official determined that the contractor's plan had not been approved.

This lack of approval appeared to have resulted from mission oversight. However, the contractor cited other reasons, such as leadership changes at the mission and changes in USAID's branding and marking requirements, for the delay in approval.

Without an approved branding implementation and marking plan, the contractor found it difficult to produce and distribute awareness and media materials and to appropriately name initiatives. For example, as shown in the picture below, signage at the contractor's program office in Kabul, Afghanistan, does not acknowledge USAID support of this program. Furthermore, business cards of the contractor's key management staff did not show USAID as the sponsor of this program. This could cause considerable confusion because of the number of capacity development programs being operated by other donors in Afghanistan as well as the Afghan Government's own capacity development initiative.



Photograph of the signage at the Capacity Development Program office in Kabul, Afghanistan. (Office of Inspector General, May 2008)

The mission's Capacity Development Program is crucial to the U.S. Government's and USAID's efforts to build stability in Afghanistan. This \$218.6 million program is key to helping Afghanistan acquire long-term economic and social development. USAID is not effectively enhancing the visibility and value of U.S. foreign assistance to the Afghan community if items are not properly branded or marked.

*Recommendation No. 4: We recommend that USAID/Afghanistan take immediate action to approve and ensure implementation of a branding implementation and marking plan under its Capacity Development Program.*

# EVALUATION OF MANAGEMENT COMMENTS

In its response to the draft report, USAID/Afghanistan agreed with the findings and recommendations. Based on the Regional Inspector General/Manila's review of the mission's comments and planned actions, we determined that management decisions have been reached on Recommendation Nos. 1 and 2. Further, based on the actions already taken by the mission and review of subsequent supporting documentation received, we determined that final actions have been taken on Recommendation Nos. 3 and 4.

In response to Recommendation No. 1, USAID/Afghanistan stated that on September 1, 2008 it directed the contractor to submit the draft work plan 15 days prior to the start of fiscal year 2009 as required by the contract. The contractor submitted the draft work plan on September 14, 2008. The mission is currently reviewing the plan and will assess the contractor's implementation of the approved work plan by November 20, 2008. Based on the mission's planned actions, we determined that a management decision has been reached on this recommendation.

In response to Recommendation No. 2, USAID/Afghanistan plans to put in place an approved results monitoring plan for fiscal year 2009, once the fiscal year 2009 work plan is approved. The mission has set a target of November 20, 2008 to complete this action. Based on the mission's planned actions, we determined that a management decision has been reached for this recommendation.

In response to Recommendation No. 3, USAID/Afghanistan stated that it believes that supporting technical advisors in the Ministry of Education, in combination with an intensive training component, has merit and does contribute to the core capacity-building objective of the contract. The mission further plans to implement several training programs to directly support its effort in enhancing aid effectiveness through building local capacity, particularly in the line ministries. Based on the actions taken by USAID/Afghanistan, we determined that final action has been taken on this recommendation.

In response to Recommendation No. 4, USAID/Afghanistan approved the Branding Implementation and Marking Plan for the program on September 17, 2008. Based on the actions taken by the mission, we determined that final action has been taken on this recommendation.

USAID/Afghanistan's written comments on the draft report are included in their entirety (without attachments) as appendix II to this report.

# SCOPE AND METHODOLOGY

## Scope

The Regional Inspector General/Manila 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 whether USAID/Afghanistan's Capacity Development Program (program) achieved intended results, and what has been the impact.

We conducted the audit fieldwork in Kabul, Afghanistan from May 14 to June 4, 2008, at the offices of USAID/Afghanistan and BearingPoint, Inc. (contractor). We also met with selected Afghan ministries and nongovernmental organizations. The audit of the program covered the period from February 2, 2007, to March 31, 2008.

As part of the audit, we assessed the significant internal controls used by USAID/Afghanistan to monitor program activities. The assessment included controls related to whether the mission (1) approved the contractor's work plan, (2) established performance indicators and targets to measure the program's progress, and (3) reviewed progress reports. We also reviewed the mission's Federal Managers' Financial Integrity Act report for fiscal year 2007. Finally, we reviewed relevant prior audit reports for any issues related to the audit objective.

## Methodology

To answer the audit objective, we interviewed officials from USAID/Afghanistan and the contractor. We also reviewed and analyzed relevant documents at the offices of the mission and the contractor. This documentation included work plans, performance management plans, progress reports, financial records, and the contract between USAID/Afghanistan and the contractor.

Since the mission had not approved a performance management plan that established agreed-upon performance indicators and targets to measure the program's progress, we could not use this as a basis for our testing. Instead, we used the requirements in the contract and the approved first 6 months' work plan as a basis for testing the program's accomplishments during the period covered by the audit. Specifically, we verified the accuracy, appropriateness, and sufficiency of the documentation supporting the reported progress against tasks outlined in the contract to determine whether the contractor's progress against the tasks was in line with what was outlined in the contract.



# MANAGEMENT COMMENTS



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## **ACTION MEMORANDUM FOR THE MISSION DIRECTOR**

**TO:** Catherine M. Trujillo, RIG/Manila

**From:** USAID/Afghanistan Mission Director, Michael J. Yates, PHD./s/

**DATE:** September 24, 2008

**SUBJECT:** Audit of USAID/Afghanistan's Capacity Development Program  
(Audit Report No. 5-306-08-00X-P)

**REFERENCE:** CTrujillo memo dated 28 August, 2008

Thank you for providing the Mission the opportunity to review the subject draft audit report. We would like to express our gratitude for the professionalism exhibited by the audit team during the performance of the field work. We are providing confirmation of the actions that have been taken or are planned to be taken to address the four audit recommendations.

## **MISSION RESPONSES TO AUDIT RECOMMENDATIONS**

***Recommendation No. 1: We recommend that USAID/Afghanistan direct the contractor to develop a detailed work plan to align with expected results for fiscal year 2009 and require the contractor to submit the work plan 15 days prior to the start of the fiscal year as required by the contract.***

The Mission agrees with this recommendation.

### **Action Taken:**

The Cognizant Technical Office (CTO) has been working with the Capacity Development Program (CDP) on developing the FY 2009 work plan for the last several weeks. On September 01, 2008 the CTO directed the contractor to submit the draft work plan 15 days prior to the start date of FY 2009 as required by the contract. The draft work plan for FY 2009 was submitted by the contractor on September 14, 2008 (Attachment A). The Mission is currently reviewing the work plan. It is projected that the approved work plan will be implemented by mid. October 2008. By November 20, 2008, the Mission will have assessed Bearing Point's implementation of the approved work plan.

The target date for closure of this recommendation is November 20, 2008. We therefore

request RIG/Manila's concurrence that a management decision has been reached.

**Recommendation No. 2: We recommend that USAID/Afghanistan direct the Contractor to put in place an approved results monitoring plan to measure the Progress and results of the activities detailed in the work plan addressed in Recommendation no. 1.**

The Mission agrees with this recommendation.

**Action Taken:**

The Mission approved the Performance Management Plan (2008 – 2012) (Attachment B) on September 6, 2008. As soon as the FY09 work plan is finalized, the Mission will put in place an approved results monitoring plan for FY09 to measure the progress.

The target date for issuance of the final results monitoring plan for FY09 is November 20, 2008. We therefore request RIG/Manila's concurrence that a management decision has been reached.

**Recommendation No. 3: We recommend that USAID/Afghanistan reevaluate the appropriateness of funding salaries for approximately 460 of Afghanistan's Ministry of Education employees through the Capacity Development Program. If the Mission determines that funding the Ministry's employees does not directly contribute to the Capacity Development Program, the estimated salary payments of \$11.1 million should not be funded by this contract.**

**Planned Action:**

In the short term, USAID believes that supporting these technical advisors in the Ministry of Education (MoE) in combination with an intensive training component does have merit and does contribute to the core capacity-building objective of this contract. USAID/Afghanistan and CDP are taking various steps to evaluate, implement, and improve this training, as outlined below.

CDP is building the capacity of the MoE provincial specialists it is currently funding. In some functional areas, training programs have already started. This initial plan is addressed in three phases: commitment, assessment, and implementation. The intent is to draw on existing training materials and local CDP staff to develop senior staff in the MoE to continue the training and coaching of other employees in the functional areas. Currently, the Sub-national Educational Development Program (SEDP) covers 449 current staff, out of 492 approved positions, in four areas: program management, internal audit, infrastructure, and school protection.

**Commitment:** The CDP Chief of Party met with the Minister of Education on August 28, 2008 and confirmed the interest and commitment of the Minister to support plans for training and capacity development of the individuals whose salaries are being paid by USAID.

**Assessment:** CDP advisors are working with the MoE Human Resources management staff to conduct training needs assessments related to educational program management. This assessment will be completed by the end of September 2008 so the training can commence before October 31, 2008.

In the specialized areas of internal audit and infrastructure (construction and engineering), basic development needs have been identified and training courses have been planned.

**Implementation:** The remainder of the second year of our support for SEDP provincial staff will include several training programs in the three areas of program management, infrastructure, and internal audit. Training courses will be delivered both centrally at the Ministry (for internal audit and infrastructure, and at the Afghanistan Civil Service Institute in Kabul) as well as regionally at the seven field education departments.

Training has already begun with the engineers in the MoE's Infrastructure section. Seven experienced engineers have been identified and five have already been trained as trainers. Training covers seven subjects addressing construction management and critical technical subjects. Two courses will start on September 25, for twenty-five engineers. In addition, three Afghan technical training organizations have been pre-qualified as supplementary resources for further training. The training programs being developed for construction and project management for the MoE will be applicable for the construction and engineering management needs in other ministries and private sector organizations.

In the internal audit area, six topics have been identified, with a tentative schedule beginning by October 31, 2008 and continuing for one year. Training will use existing material developed for internal audit capacity building in other ministries. Confirmation with Ministry officials is currently awaited.

It is important to note that this staff training directly supports USAID's effort to enhance aid effectiveness through building local capacity, in particular capacity within GIRoA line ministries. The Director of Foreign Assistance/USAID Administrator called on USAID to increase its emphasis in this area in her speech at a donors conference in Kabul, Afghanistan in April 2008, specifically to do more to "deliver support directly to some line ministries" so that they may be able to administer USAID funds directly. The training that will be provided under this program) e.g. for internal audit capacity) will play an important role in supporting this effort, and Ministry of Education is a priority partner in this regard.

The mission believes that this restructured approach contributes directly to CDP and requests that this recommendation should be closed.

**Recommendation No. 4: We recommend that USAID/Afghanistan take immediate action to approve and ensure implementation of a Branding Implementation and Marking Plan under its Capacity Development Program.**

The Mission agrees with this recommendation.

**Action Taken:**

The Mission approved the Branding Implementation and Marking Plan under its Capacity Development Program on September 17, 2008. The approved Branding Implementation and Marking Plan is contained in Attachment C.

The Mission requests that this recommendation be closed.

The Mission believes that the actions taken and planned to be taken discussed above adequately address the recommendations and therefore requests RIG/Manila's concurrence.

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