



**USAID**  
FROM THE AMERICAN PEOPLE

**OFFICE OF INSPECTOR GENERAL**

---

# AUDIT OF USAID/AFGHANISTAN'S PRIMARY EDUCATION PROGRAM

AUDIT REPORT NO. 5-306-05-005-P  
APRIL 14, 2005

MANILA, PHILIPPINES



**USAID**  
FROM THE AMERICAN PEOPLE

*Office of Inspector General*

April 14, 2005

**MEMORANDUM**

**TO:** USAID/Afghanistan Director, Patrick Fine

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

**SUBJECT:** Audit of USAID/Afghanistan's Primary Education Program  
(Report No. 5-306-05-005-P)

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

This report contains four recommendations to improve USAID/Afghanistan's Primary Education Program. Based on your comments, management decisions have been reached on all four recommendations. USAID/Afghanistan should coordinate final actions on these recommendations with USAID's Office of Management Planning and Innovation.

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

# CONTENTS

<b>Summary of Results</b> .....	1
<b>Background</b> .....	2
Audit Objective .....	2
<b>Audit Findings</b> .....	3
Were USAID/Afghanistan’s Primary Education Program activities on schedule to achieve key planned outputs?.....	3
Some Planned Outputs Were Not Achieved .....	4
Evaluations of Contractor’s Performance Need to be Conducted and Documented .....	7
<b>Evaluation of Management Comments</b> .....	9
<b>Appendix I – Scope and Methodology</b> .....	10
<b>Appendix II – Management Comments</b> .....	12

# SUMMARY OF RESULTS

The Regional Inspector General/Manila conducted this audit to determine whether USAID/Afghanistan's Primary Education Program activities were on schedule to achieve key planned outputs (page 2).

The audit found that USAID/Afghanistan's Primary Education Program activities achieved key planned outputs, except for three activities that did not achieve their planned outputs (page 3).

At December 31, 2004, 3 of 10 Afghanistan Primary Education Program (APEP) activities audited—despite making significant progress—had not achieved their planned outputs. Specifically, textbook distribution was delayed, grade equivalents for accelerated learning students were also delayed, and the female student enrollment target was not achieved (pages 4 to 7). These three activities did not achieve their planned outputs for a number of reasons, including a delay in receiving funding for the APEP.

USAID/Afghanistan generally monitored progress to address performance challenges. For example, Mission officials held weekly meetings with contract officials to discuss and resolve performance problems, and the Mission reviewed quarterly performance reports (page 3).

Although USAID/Afghanistan generally monitored progress, it did not perform annual contractor performance evaluations as required by USAID's Automated Directives System (page 7). As a result, vital information on the APEP contractor's performance was not officially documented (page 7).

This report made four recommendations to improve USAID/Afghanistan's Primary Education Program (pages 5 to 8). Based on USAID/Afghanistan's comments, management decisions have been reached on all four recommendations (page 9). USAID/Afghanistan's comments are included as Appendix II to this report (page 12).

# BACKGROUND

Afghanistan's education system has been devastated by two decades of war, and the country's uneducated or undereducated youth are legacies of that turmoil. The existing school system cannot meet the demand for schooling, especially in rural communities. The lack of textbooks and poorly trained teachers prevent thousands of children from attending school. Women and girls have suffered the most, particularly in the past decade when they were denied education.

In January 2003, USAID/Afghanistan awarded Creative Associates International, Inc. (CAII) a \$ 16.5 million contract to implement the Afghanistan Primary Education Program (APEP). Since the award date, contract modifications have increased estimated costs to \$87.9 million. The contract ends in December 2005.

USAID/Afghanistan designed APEP to respond to the major constraints facing Afghanistan's primary education system through a two-phase strategy.

Phase One included reproducing and distributing 10.2 million textbooks nationwide, training 600 teachers in classrooms, developing and broadcasting radio-based teacher training educational programs over the radio to reach large numbers of teachers, and providing accelerated learning classes to 15,706 students in three provinces so that they can reach their appropriate grade level in reduced time.

Phase Two included expanding APEP activities to 17 provinces, printing and distributing a second round of 16.2 million textbooks, enhancing the quality of teaching by providing training to 6,800 teachers, expanding accelerated learning classes to reach 170,000 students, and providing technical assistance to the Ministries of Education and Higher Education.

In implementing APEP, CAII works with the Afghan Ministry of Education and several nongovernmental organizations.

## **AUDIT OBJECTIVE**

The Regional Inspector General/Manila included this audit in its fiscal year 2005 audit plan to answer the following question:

- Were USAID/Afghanistan's Primary Education Program activities on schedule to achieve key planned outputs?

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

# AUDIT FINDINGS

## Were USAID/Afghanistan’s Primary Education Program activities on schedule to achieve key planned outputs?

USAID/Afghanistan’s Primary Education Program (APEP) activities achieved key planned outputs except for three activities that did not achieve their planned outputs.

On March 11, 2004, USAID/Afghanistan issued Modification No. 9 to its contract with Creative Associates International, Inc. (CAII). The modification established APEP’s planned outputs for calendar years 2004 and 2005. As Table 1 shows, 7 of 10 APEP activities achieved their planned outputs for calendar year 2004. For example, nearly 170,000 children in 17 provinces were enrolled in accelerated learning classes, almost 6,800 village teachers were trained, and 16.2 million textbooks were printed. These activities were successful, in large part, because of USAID/Afghanistan’s monitoring efforts. For example, the Mission conducted site visits to observe progress and participated in weekly meetings with the contractor and other implementing partners. In addition, the Mission reviewed the contractor’s quarterly performance reports to ensure the accuracy of those reports, and it developed progress reports to track some outputs.

**Table 1: Planned and Actual Outputs for APEP Activities  
(As of December 31, 2004)**

Key Outputs	Planned	Actual	Achieved <sup>1</sup>
Second round of textbooks printed	more than 15 million	16.2 million	yes <sup>2</sup>
Second round of textbooks distributed	16.2 million	14.7 million	no <sup>3</sup>
Students enrolled in accelerated learning classes in 17 provinces	170,000	169,846	yes
Students served per province	10,000	9,991	yes
Grade equivalents	340,000	264,645	no
Female students enrolled (target was 70%)	119,000	94,494	no
Trained provincial trainers	680	680	yes
Trained village teachers	6,800	6,778	yes
Produced and broadcasted radio-based teacher training educational programs	350	384	yes
Of 350 radio programs, 50 percent in Pashtu language and 50 percent in Dari language	175/175	192/192	yes

<sup>1</sup> As defined in the methodology section of Appendix I, a planned output was considered achieved if it was at least 90 percent complete within two weeks of its planned completion date.

<sup>2</sup> We reviewed this output as of June 2004, the planned completion month for this output.

<sup>3</sup> The distribution of over 15 million textbooks should also have been completed in June 2004, but distribution did not begin until June 28, 2004. Therefore, this planned output was not achieved.

However, as described in the next section, three activities did not achieve their planned outputs.

## **Some Planned Outputs Were Not Achieved**

For calendar year 2004, the APEP contained 39 output indicators which the Mission used to monitor the program's progress. In our audit we identified 10 of the 39 activity indicators as being key indicators for measuring the program's progress. At December 31, 2004, 3 of 10 APEP activities that we reviewed—despite making significant progress—had not achieved their planned outputs. Specifically, textbook distribution and grade equivalents for accelerated learning students were both delayed, and the planned level of female student enrollment was not achieved. The failure to achieve these Phase Two planned outputs was caused by several factors. For example, Phase Two of the APEP, which was to start in November 2003, was delayed until supplemental funding was approved by Congress in March 2004. Other reasons included one instance of insufficient monitoring, and cultural differences regarding the value of female education. Because they did not achieve their planned outputs at the time of our audit, it is more likely that these three activities will not achieve their intended results by December 31, 2005 (the end of the APEP program), thereby adversely affecting the overall success of the APEP program.

**Textbook Distribution** - According to the statement of work in contract Modification No. 9, the printing and distribution of more than 15 million textbooks should have been completed in June 2004. However, 1.5 million textbooks were still stored in warehouses at December 31, 2004. Several factors impeded textbook distribution, including a 4-month delay in getting funding to begin Phase Two of the APEP. As a result, there was a possibility that students' ability to learn might have been adversely affected.

In November 2003, the Afghan Ministry of Education provided CAII with information on the number of textbooks that were needed by grade level, subject matter, and language requirements. Based on this information, 16.2 million textbooks were printed. As noted above, textbook distribution was to have been completed in June 2004. However, at December 31, 2004, one million textbooks remained in a World Food Program (WFP) warehouse in Jalalabad City in Nangarhar province (scheduled to be distributed to over 700 schools), and about 500,000 textbooks remained in an Afghan Ministry of Education warehouse in Kabul.

Textbook distribution was delayed by a number of factors. One factor was that USAID did not receive until March 2004 the supplemental funding needed to begin Phase Two of the APEP. Additionally, distribution was delayed because: (1) WFP put off delivery of textbooks to some areas of the country because of security concerns; and (2) of an instance of a lack of monitoring of textbook distribution by the contractor—CAII adequately monitored the first distribution of textbooks (10.2 million), but it did not adequately monitor the second distribution (16.2 million).



**Photograph of the Afghan Ministry of Education warehouse in Kabul, Afghanistan, where about 500,000 USAID-purchased textbooks were stored. (The photograph was taken in January 2005.)**

As a result of these factors, 1.5 million textbooks had not been distributed to schools. When this occurs, the possibility exists that students' ability to learn may be adversely affected. Therefore, we are making the following recommendation:

*Recommendation No. 1: We recommend that USAID/Afghanistan obtain from Creative Associates International, Inc. a distribution plan identifying the specific dates and locations for delivering the remaining textbooks in storage to ensure that the correct quantity, grade level, and language of textbooks are distributed to schools.*

**Grade Equivalents** - The APEP's accelerated learning classes were designed to quickly raise the educational levels of older students who had not attended school, and then move the students into Afghanistan's public school system at the appropriate grade level for their ages. Through the accelerated learning classes, the Afghan Ministry of Education expected that students would be able to complete one normal year of schooling in six months (i.e., advance two grade levels in one year). According to the statement of work in contract Modification No. 9, the planned outputs were 340,000 grade equivalents (170,000 students multiplied by two grade levels) by December 2004. However, the contract did not state how grade equivalents were to be computed. Grade equivalents can be computed in two ways: totaling the number of grade levels completed, or totaling the number of grade levels completed plus the number of students still attending accelerated learning classes.

The method of computing grade equivalents affects whether grade equivalents were achieved. We believe that grade equivalents should be based on the cumulative number of grade levels completed because APEP activities were aimed at quickly bringing up the education levels of overage students to an appropriate grade level. Therefore, at December 31, 2004, the grade equivalents for students were delayed. By that date, the actual output for grade equivalents was 264,645 (78 percent of the planned outputs). This shortfall was mainly due to accelerated learning classes not starting on time because USAID did not receive until March 2004 the supplemental funding needed to expand the APEP into Phase Two, which increased planned enrollment to 170,000 students. As a result of classes not starting on schedule, students



did not complete two grade levels in calendar year 2004, and this may affect the number of grade levels students can complete by the end of APEP activities in December 2005.

According to CAII, it computed grade equivalents by including 166,321 students that were still attending accelerated learning classes. Based on this determination, the grade equivalent outputs were achieved. CAII officials believed that the cumulative grade equivalents by December 31, 2004 should have included grade equivalents for students enrolled in accelerated classes at that date. However, we believe grade equivalents should be computed once students complete an entire class curriculum. USAID/Afghanistan needs to define how to compute grade equivalents to accurately assess the progress of this activity and to decide if and when a change in the method of implementing the activity is needed to achieve the planned outputs. Therefore, we are making the following recommendation:

*Recommendation No. 2: We recommend that USAID/Afghanistan clearly define the method by which to compute grade equivalents that are to be achieved in the Afghanistan Primary Education Program. If change is needed to meet the planned outputs, the Mission should obtain a detailed action plan from Creative Associates International, Inc. showing how the grade equivalent shortfalls will be achieved.*

**Female Students Enrolled** - According to Modification No. 9, 119,000 (70 percent) of 170,000 students enrolled in accelerated learning classes were to be female. At December 31, 2004, however, female enrollment was only 94,494 or 56 percent of 170,000 students.



**Photograph of a third grade accelerated learning class in Kabul, Afghanistan. (The photograph was taken in January 2005.)**

APEP fell short of its female enrollment target for several reasons. One contributory cause was that the supplemental funding needed to expand accelerated learning opportunities from 15,706 students in Phase One to 170,000 students in Phase Two was not approved by the U.S. Congress until March 2004—reducing by four months the time available for recruiting students, particularly females. A more important factor was the

conservative attitudes of parents and communities regarding the value of providing education to females. Given those conservative attitudes and the fact that female enrollment in Afghanistan's public school system was only 35 percent, CAII and Mission officials stated that the 70 percent goal was not attainable or even realistic.

Having realistic performance targets is important because such targets allow USAID managers to accurately assess the progress of their activities and to decide when a change in approach might be needed. Consequently, we are making the following recommendation:

*Recommendation No. 3: We recommend that USAID/Afghanistan reassess the female enrollment target for its Afghanistan Primary Education Program to ensure that performance can be managed toward an obtainable target.*

During our review of the Mission's management controls related to the audit objective, we identified the following area for improvement in the Mission's controls related to annual contractor performance evaluations.

## **Evaluations of Contractor's Performance Need to be Conducted and Documented**

Summary: Contrary to USAID policy, USAID/Afghanistan did not conduct annual contractor performance evaluations of or prepare annual contractor performance reports for Creative Associates International, Inc. This requirement, to evaluate and document the performance of the contractor, was not conducted because it was not a priority of the Mission. As a result, vital information on the contractor's performance had not been officially documented. This practice could result in the future selection of contractors with poor past performance.

According to Automated Directives System (ADS) 302.5.9,

*It is USAID policy that contracts in excess of \$100,000, including individual task orders under indefinite quantity contracts, must be evaluated at least annually (for contracts exceeding one year in duration) and upon completion of activities, as required by FAR 42.1502. More frequent evaluations may be conducted if the Contracting Officer and Cognizant Technical Officer determine them to be in the best interests of the activity.*

Additional guidance is provided in ADS 202.3.6.1, which states that Cognizant Technical Officer (CTO) responsibilities for monitoring contractor performance may include, in part, "preparing annual Contractor Performance Reports for contracts that have a value of more than \$100,000, and submitting them to the Contracting Officer."

CAII's APEP contract has been in effect since January 2003. Because the contract exceeded the ADS dollar threshold, USAID/Afghanistan should have conducted annual performance evaluations of the contract. However, as of February 5, 2005, USAID/Afghanistan had not conducted any annual evaluations of the contract. A contracting official stated that the Mission had not conducted annual performance evaluations for any of its contractors because; given the Mission's staffing shortages, the

evaluations were not a priority. The CTO responsible for monitoring CAII also stated that he was not aware of the requirements for annual evaluations and performance reports until he attended his first CTO training course in January 2005. The Mission has tried to increase staffing by improving working and living conditions and offering financial incentives. However, issues such as the tenuous security situation in Afghanistan continue to affect its recruitment efforts.

Performance evaluations are an important management tool. They document contractor performance in areas such as quality, cost control, and timeliness. USAID should conduct and document these evaluations to identify any problems that need correcting and to support future award decisions. Moreover, such evaluations could be useful to other U.S. government agencies considering contracts with USAID contractors. Not conducting annual contractor performance evaluations could result in the inefficient use of U.S. government resources. To ensure that CAII's performance is documented in accordance with USAID policy, we are making the following recommendation:

*Recommendation No. 4: We recommend that USAID/Afghanistan conduct a current performance evaluation of Creative Associates International, Inc.'s implementation of the Afghanistan Primary Education Program, and prepare a contractor performance report documenting the results of the evaluation.*

# EVALUATION OF MANAGEMENT COMMENTS

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

USAID/Afghanistan agreed with Recommendation Nos. 1, 2, 3 and 4, and it detailed the actions it has taken or plans to take to implement the recommendations, including target completion dates where applicable. Based on our review of the detailed actions, we consider that management decisions have been reached on all four recommendations. USAID/Afghanistan should coordinate final actions on these recommendations with USAID's Office of Management Planning and Innovation.

# SCOPE AND METHODOLOGY

## Scope

The Regional Inspector General/Manila conducted this audit in accordance with generally accepted government auditing standards. This audit was designed to determine whether USAID/Afghanistan's Primary Education Program (APEP) activities were on schedule to achieve key planned outputs.

The audit covered APEP's planned outputs for calendar year 2004, as detailed in Modification No. 9 to the \$87.9 million contract between USAID/Afghanistan and Creative Associates International, Inc. (CAII). The audit fieldwork was conducted from January 13 to February 5, 2005, at the offices of USAID/Afghanistan and CAII in Kabul, Afghanistan. We visited fifteen accelerated learning classes located in the Kabul, Parwan, and Kapisa provinces of Afghanistan. We also visited an Afghan Ministry of Education warehouse in Kabul.

In planning and performing the audit, we reviewed and assessed the Mission's internal controls related to ensuring that APEP activities were on schedule to achieve key planned outputs. The APEP contained 39 planned outputs for calendar year 2004 in Modification No. 9 to its contract with CAII. We identified the following 10 outputs as key outputs for judging the performance of the program: textbook printing, textbook distribution, student enrollment in accelerated learning classes, students served per province, grade equivalents, female student enrollment, trained provincial trainers, trained village teachers, radio-based teacher training educational programs, number of Pashtu and Dari language programs produced.

During the audit, we assessed controls related to whether the Mission: (1) conducted site inspection visits to evaluate progress; (2) established and maintained a separate work file for documents and correspondence; (3) documented significant actions, meetings, or conversations with CAII; (4) reviewed and approved performance reports submitted by CAII; (5) developed progress reports to keep track of inputs and outputs; and (6) conducted annual performance evaluations of CAII. We also reviewed the Mission's self-assessment prepared in compliance with the Federal Managers Financial Integrity Act for fiscal year 2004 for those management controls related to the audit objective. There were no prior audit findings affecting this audit.

## Methodology

To answer the audit objective, we interviewed officials of USAID/Afghanistan and CAII, as well as APEP teachers involved in accelerated learning activities. In addition, we reviewed and analyzed the relevant documentation and processes related to APEP activities for calendar year 2004. The documentation and processes reviewed included those related to the program's (a) planned outputs, and (b) actual outputs reported by CAII to the Mission. We also visited 15 judgmentally selected accelerated learning classes and an Afghan Ministry of Education warehouse.

We judged that each planned output was achieved if it was at least 90 percent complete within two weeks of its planned completion date. We answered the audit objective as unqualified, qualified, or adverse by applying the following parameters to all the planned outputs:

- The opinion would be unqualified if 90 percent of all planned outputs were achieved.
- The opinion would be qualified if less than 90 but not less than 70 percent of all planned outputs were achieved.
- The opinion would be adverse if less than 70 percent of all planned outputs were achieved.

# MANAGEMENT COMMENTS



**USAID | AFGHANISTAN**  
FROM THE AMERICAN PEOPLE

## MEMORANDUM

**To:** Mr. John M. Phee, RIG/A/Manila

**From:** Barry Primm, A/Mission Director /s/

**Subject:** Audit of USAID/Afghanistan's Primary Education Program  
(Report No. 5-306-05-00x-P)

**Ref.:** J. Phee memo dated March 10, 2005

Presented below are management comments and plans for corrective actions on the four recommendations in the subject audit report.

**Recommendation No. 1: We recommend that USAID/Afghanistan obtain from Creative Associates International, Inc. a distribution plan identifying the specific dates and locations for delivering the remaining textbooks in storage to ensure that the correct quantity, grade level, and language of textbooks are distributed to schools**

**Comment:** The USAID/Afghanistan Education Office agrees and as recommended, has obtained a distribution plan from Creative Associates International, Inc (CAII). Attached is a letter from CAII's sub-contractor AMEG providing the outline for the distribution plan. They in turn are awaiting the MOE's final approval of the plan that the MOE has agreed to carry out, including specific dates and locations for delivering the remaining textbooks. CAII has advised USAID that the final distribution plan will be approved by the MOE and forwarded to USAID by the end of next week, April 14, 2005. At that time, USAID/Afghanistan will forward a copy of the final plan to RIG/Manila.

**Recommendation No. 2: We recommend that USAID/Afghanistan clearly define the method by which to compute grade equivalents that are to be achieved in the Afghanistan Primary Education Program. If change is needed to meet the planned outputs, the Mission should obtain a detailed action plan from Creative Associates International, Inc. showing how the grade equivalent shortfalls will be achieved.**

**Comment:** USAID/Afghanistan agrees with the recommendation and will immediately request the Mission's Office of Acquisition and Assistance to change the language for the planned outputs so that computing grade equivalents is clearly understood as grades "in process."

**Recommendation No. 3: We recommend that USAID/Afghanistan reassess the female enrollment target for its Afghanistan Primary Education Program to ensure that performance can be managed toward an obtainable target.**

**Comment:** USAID/Afghanistan agrees with the recommendation and proposes a revised target of 52.5% girls' participation in the APEP accelerated learning activities. This figure represents one and a half times the current national girls' participation rate (35%) and would seem a reasonable and achievable goal.

**Recommendation No. 4: We recommend that USAID/Afghanistan conduct a current performance evaluation of Creative Associates International, Inc.'s implementation of the Afghanistan Primary Education Program, and prepare a contractor performance report documenting the results of the evaluation.**

**Comment:** USAID/Afghanistan agrees with the recommendation and since the audit has conducted a training program for all CTOs on contractor performance reporting (CPR). The APEP/CTO completed and submitted the CPR for APEP on March 27, 2005.

Closure of the recommendations will be requested upon RIG's acceptance of the above management comments. Thank you for the constructive recommendations.

Attachment: As stated

Cc: Andrew Holland, USAID/Afghanistan Supervisory Contracting Officer  
Amanda Levenson, USAID/Afghanistan Controller  
James Sarn, Director, SSR  
James McCloud, CTO



**U.S. Agency for International Development**  
1300 Pennsylvania Ave, NW  
Washington, DC 20523  
Tel: (202) 712-1150  
Fax: (202) 216-3047  
**[www.usaid.gov/oig](http://www.usaid.gov/oig)**