

GAO

Report to the Chairman, Subcommittee
on Foreign Operations, Export
Financing and Related Programs,
Committee on Appropriations, House of
Representatives

May 2006

FOREIGN ASSISTANCE

USAID Completed Many Caribbean Disaster Recovery Activities, but Several Challenges Hampered Efforts



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Highlights

Highlights of [GAO-06-645](#), a report to the Chairman, Subcommittee on Foreign Operations, Export Financing and Related Programs, Committee on Appropriations, House of Representatives

Why GAO Did This Study

In September 2004, Hurricane Ivan and Tropical Storm Jeanne passed through the Caribbean, taking lives and causing widespread damage in several countries. After initial U.S. emergency relief, in October 2004 Congress appropriated \$100 million in supplemental funding, primarily for Grenada, Jamaica, and Haiti, which were significantly affected. The U.S. Agency for International Development (USAID), leader of the U.S. recovery programs, agreed, in consultation with the Office of Management and Budget, to complete the programs by December 31, 2005, giving the agency a 1-year time frame. GAO was asked to (1) review the nature and status of the programs in Grenada, Jamaica, and Haiti as of December 31, 2005; (2) identify factors that affected the programs' progress; and (3) assess USAID's use of guidance and lessons learned from previous similar programs and efforts to draw lessons from the current programs.

What GAO Recommends

GAO recommends that the USAID Administrator (1) develop disaster recovery and reconstruction guidance that incorporates lessons learned from the current and previous programs and (2) revise staffing procedures to facilitate the rapid reassignment or hiring of needed personnel for postdisaster recovery and reconstruction programs. USAID agreed with our recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-06-645.

To view the full product, including the scope and methodology, click on the link above. For more information, contact David Gootnick at (202) 512-3149 or gootnickd@gao.gov.

FOREIGN ASSISTANCE

USAID Completed Many Caribbean Disaster Recovery Activities, but Several Challenges Hampered Efforts

What GAO Found

As of December 31, 2005, USAID had spent about 77 percent of funds allocated for assistance in Grenada, Jamaica, and Haiti and completed many disaster recovery activities, such as providing business and agriculture grants. However, the agency significantly reduced its targets for building and repairing houses, in part because of cost increases, and granted contractors extensions to complete some of these projects.

Severe weather delayed the progress of recovery activities in Jamaica and Haiti—for example, two hurricanes in the summer of 2005 disrupted Jamaican housing repairs. In addition, difficulty coordinating activities with the Grenadian and Jamaican governments hampered housing construction. Further, other construction-related challenges—for example, shortages of cement—delayed projects in Grenada and Jamaica. Finally, frequent security problems in Haiti hindered contractors' progress.

USAID has not issued guidance that incorporates lessons learned from previous recovery and reconstruction programs, such as ways to mitigate challenges commonly faced in rebuilding after disasters. USAID staff inexperienced with disaster recovery efforts said that this made it difficult to design and implement the programs. Further, in agreeing to complete the programs within 1 year, USAID faced challenges in designing a broad spectrum of activities that would help rebuild residents' lives and that could be sustained after the programs ended. In addition, the agency did not adopt recommendations from GAO and USAID reviews of past recovery programs that could have helped it more rapidly hire and transfer staff for the Caribbean programs. Although the agency contracted with a management firm to quickly staff its program in Grenada and Jamaica, this led to additional challenges, such as confusion about the management firm's roles and responsibilities in relation to USAID staff and other contractors. USAID staff and contractors are recording lessons learned from the programs in each country.

New Housing Construction in Jamaica (left) and Grenada



Source: GAO.

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Abbreviations

Hurricane Ivan Program	Hurricane Ivan Recovery and Rehabilitation Program
NGO	nongovernmental organization
OFDA	Office of Foreign Disaster Assistance
OMB	Office of Management and Budget
ONR	Office of National Reconstruction, Jamaica
RIG	Regional Inspector General
Tropical Storm Program	Tropical Storm Jeanne Recovery Program
USAID	U.S. Agency for International Development

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United States Government Accountability Office
Washington, DC 20548

May 26, 2006

The Honorable Jim Kolbe
Chairman
Subcommittee on Foreign Operations,
Export Financing and Related Programs
Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

In September 2004, Hurricane Ivan struck several Caribbean islands, including Grenada and Jamaica, where it killed 59 people and inflicted damage of about \$1.4 billion. In the same month, Tropical Storm Jeanne struck parts of Haiti with heavy rains, causing flash floods that killed more than 2,000 people, affected an estimated 300,000 others through loss of homes, schools, and livelihoods, and caused an estimated \$300 million in damage. The United States and other donors¹ responded initially to these disasters by providing emergency relief, such as food, water, medical supplies, and temporary shelter. In October 2004, recognizing the need for longer-term recovery and reconstruction assistance, Congress passed a supplemental appropriation allocating \$100 million for additional hurricane recovery efforts in the Caribbean.² The U.S. Agency for International Development (USAID), designated to lead the U.S.-funded assistance, initiated the Hurricane Ivan Recovery and Rehabilitation Program (Hurricane Ivan Program) in Grenada and Jamaica and the Tropical Storm Jeanne Recovery Program (Tropical Storm Program) in Haiti in January 2005.³ Following discussions with the Office of Management and Budget (OMB), USAID agreed to complete the programs by December 31, 2005—that is, within 1 year of initiating the programs; this time frame is shorter than for previous USAID disaster recovery and

¹Other donors' pledges for recovery assistance amounted to about \$177 million in Grenada and about \$23 million in Jamaica. In Haiti, pledges amounted to about \$16 million.

²Emergency Hurricane Supplemental Appropriations Act, 2005, Pub. L. 108-324, Div. B, Chapter 5 (Oct. 13, 2004).

³USAID allocated most of the appropriated funds to Grenada, Jamaica, and Haiti, which sustained the heaviest damage in the storms; this report focuses on the agency's work in these countries.

reconstruction programs, such as USAID's program in Central America following Hurricane Mitch. In addition, instead of transferring or directly hiring staff, as it has done in the past, USAID hired a management firm, Wingerts Consulting, to quickly staff and establish the programs in Grenada and Jamaica.

Having previously examined U.S. efforts to provide disaster recovery assistance,⁴ we were asked to monitor USAID's delivery of the assistance in the Caribbean. In this report, we (1) review the recovery and reconstruction activities in Grenada, Jamaica, and Haiti, including the status of the activities as of December 31, 2005; (2) identify factors that affected USAID's ability to implement and complete the programs within the 1-year time frame; and (3) assess USAID's use of guidance and application of lessons learned from similar previous programs and its efforts to draw lessons from the current programs.

To address these matters, we reviewed USAID's objectives and oversight strategy for the Hurricane Ivan and Tropical Storm Programs. We made several trips to Grenada and Jamaica and one trip to Haiti.⁵ In all three countries, we reviewed program documents and interviewed USAID staff, private contractors, and host government officials. We visited 80 project sites, most of them randomly selected, in Jamaica and Grenada as well as nine project sites in Haiti that were not randomly selected. We also analyzed program expenditure and activity data, having assessed the data's reliability and finding it sufficient for our purposes. We conducted our work from March 2005 through May 2006 in accordance with generally accepted government auditing standards. (See app. I for a more detailed discussion of our scope and methodology).

Results in Brief

USAID completed many of the activities that it implemented in Grenada, Jamaica, and Haiti within the 1-year time frame, but the agency required additional time to finalize many construction-related projects. Of the \$92.4

⁴For example, see GAO, *Foreign Assistance: Disaster Recovery Program Addressed Intended Purposes, but USAID Needs Greater Flexibility to Improve Its Response Capability*, GAO-02-787 (Washington, D.C.: July 24, 2002); and *Foreign Assistance: USAID's Earthquake Recovery Program in El Salvador Has Made Progress, but Key Activities Are Behind Schedule*, GAO-03-656 (Washington, D.C.: May 15, 2003). See Related GAO Products.

⁵After our initial trip to Haiti in March-April 2005, the Department of State restricted access to emergency personnel because of security concerns.

million allocated for recovery and reconstruction in the three countries, USAID expended \$71.3 million, or about 77 percent. In Grenada and Jamaica, USAID completed a range of non-construction-related recovery activities, including providing business and agriculture recovery grants, technical assistance to farmers, and grants to fisherfolk or artisans. In Haiti, USAID's completed nonconstruction activities included restoring irrigated farmland and hillsides, removing mud from streets and canals, and issuing household support grants. USAID also initiated construction-related projects, including repairing houses and public facilities and building new homes in Grenada and Jamaica and repairing homes, public facilities, and infrastructure in Haiti. However, in part because of increases in the cost of materials and labor, USAID lowered initial targets for many of these projects—for example, reducing new housing targets in Grenada from 150 to 55, house repair targets in Jamaica from 3,450 to 932, and house repair targets in Haiti from 3,000 to 600. However, USAID contractors did not achieve the adjusted targets for 11 of the 14 construction activities. In November 2005, USAID granted the contractors in Grenada and Jamaica a 6-month extension to complete approximately 240 new houses and finish other construction activities. In September 2005, contractors in Haiti received an 18-month extension to complete housing and infrastructure repairs but expected to finish these projects by June 2006.⁶

Several factors hampered USAID's ability to implement and complete program activities within the 1-year time frame. First, periods of severe weather delayed construction and some agriculture activities in Jamaica as well as some construction projects in Haiti. Second, coordination challenges in Grenada and Jamaica negatively affected USAID's implementation and completion of construction projects. For example, the Grenadian government lacked a central agency to identify needs and coordinate hurricane recovery efforts, and Jamaica's Office of National Reconstruction did not complete certain construction activities it had agreed to, delaying USAID's completion of new houses. Third, construction-related challenges, including difficulty in identifying housing recipients who could demonstrate land ownership, delayed construction activities in the three countries. Finally, according to USAID officials, ongoing security challenges disrupted the work in Haiti, leading, for

⁶The extensions that USAID granted to contractors in Grenada, Jamaica, and Haiti entailed no additional cost to the agency.

example, to the temporary evacuation of some USAID staff during the summer of 2005.

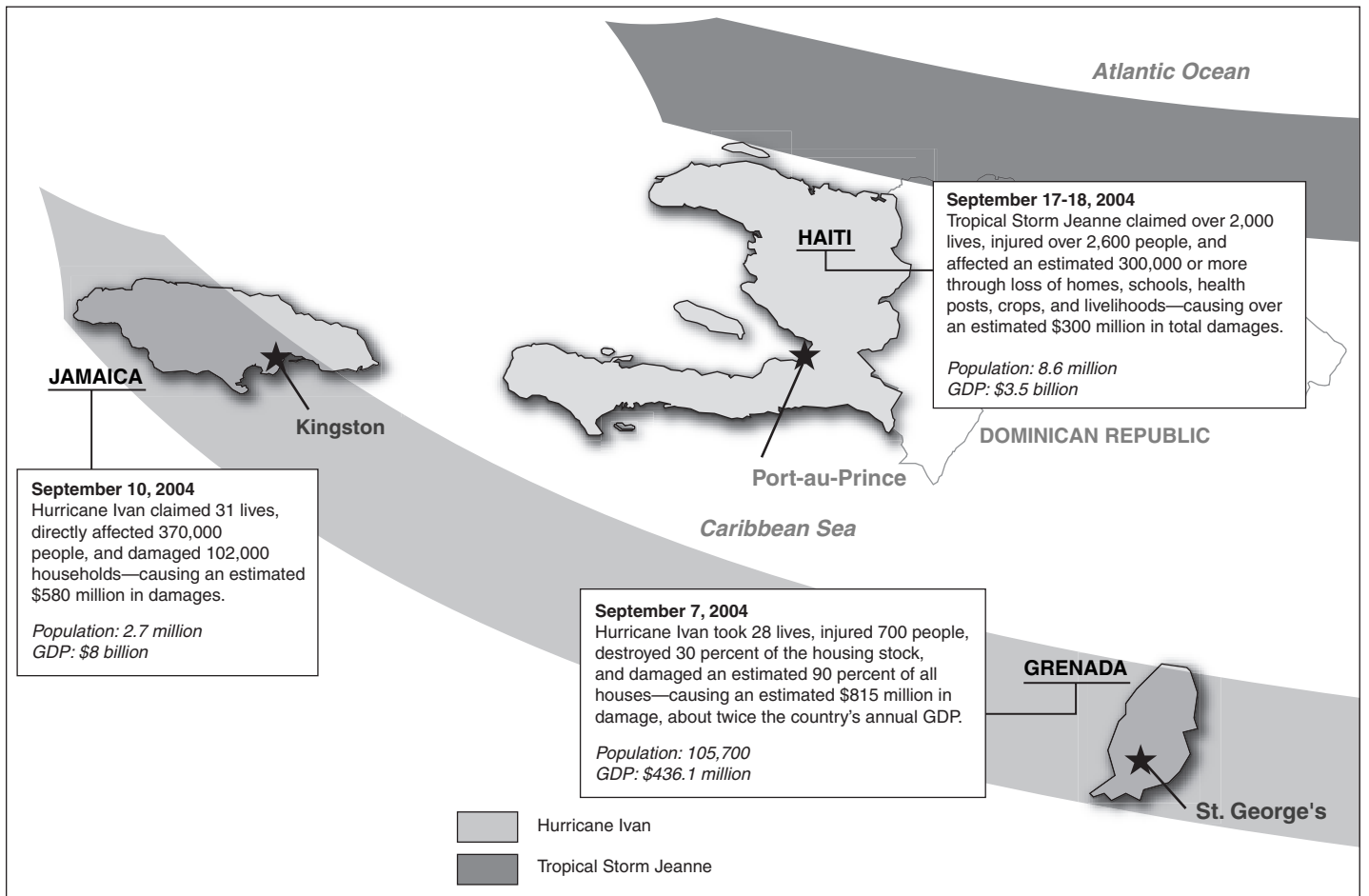
USAID staff reported that a lack of guidance incorporating lessons learned from previous USAID recovery and reconstruction programs led to design and implementation challenges; further, the agency did not adopt prior recommendations regarding time frames and staffing, resulting in additional problems. Although USAID has managed several recovery and reconstruction programs since 1999, it has not issued guidance that incorporates lessons learned from designing and implementing such programs. For example, if USAID officials had had access to lessons learned regarding likely increases in postdisaster demand for construction materials and labor, it might have helped them to establish more realistic targets for activities to be achieved within a 1-year time frame. Staff who designed the activities told us that they applied some lessons from prior reconstruction programs—for example, hiring monitoring firms to assist with technical and financial oversight of program activities. However, in agreeing to complete activities by December 31, 2005, USAID did not take into account lessons learned regarding implementation time frames. It also faced trade-offs in trying to complete a broad spectrum of activities within 1 year while ensuring that activities had the intended impact of helping beneficiaries find jobs in the postdisaster environment and could be sustained by host government staff after the programs were completed. For instance, to finish activities within the 1-year time frame, USAID contractors in Grenada designed job skills training to last 6 weeks, but participants later reported that the training had been too brief to develop some skills, such as those needed for construction work. The contractors told us that a longer time frame would have allowed them to assess and adjust the training to make it more sustainable. In addition, at the time of our review, the agency had not adopted prior GAO and USAID recommendations for revising agency procedures to quickly hire or reassign staff with technical skills to manage disaster recovery activities. In order to quickly staff its program in Grenada, which has no USAID mission, the agency hired a management and oversight firm to manage program activities. However, USAID staff and contractors told us that the use of this firm led to several implementation problems, such as confusion about roles and responsibilities and redundant layers of oversight. USAID staff and contractors in all three countries are recording lessons learned that could be valuable in future efforts.

We are recommending that, to better facilitate the design and implementation of USAID's disaster recovery and reconstruction programs and address ongoing staffing issues, the USAID Administrator develop guidance that incorporates lessons learned from the Hurricane Ivan, Tropical Storm Jeanne, and other USAID recovery and reconstruction programs and revise staffing procedures to facilitate the rapid reassignment or hiring of needed personnel for longer-term recovery programs. We provided a draft of this report to USAID, the Department of State, and OMB. We received a formal comment letter from USAID (see app. III), in which they agreed with our recommendations. USAID and OMB provided technical comments that we incorporated, as appropriate. The Department of State provided no comments.

Background

In September 2004, four major hurricanes and storms, including Ivan and Jeanne, caused extensive damage in the Caribbean, particularly in Grenada, Jamaica, and Haiti. Figure 1 shows the paths of Hurricane Ivan and Tropical Storm Jeanne and describes the extent of damage in the three countries.

Figure 1: Areas and Extent of Hurricane Damage in Grenada, Jamaica, and Haiti



Source: GAO analysis of USAID data and 2004 World Bank statistics.

Note: Map is not drawn to scale.

U.S. Emergency Relief and Immediate Recovery Assistance

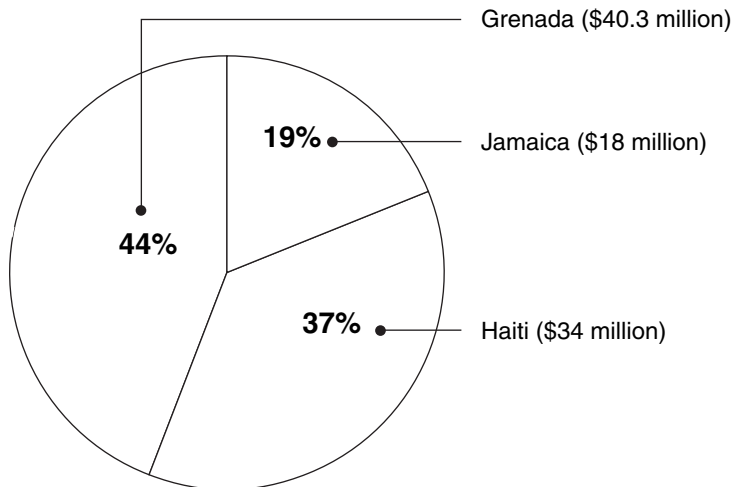
USAID's Office of Foreign Disaster Assistance (OFDA) provided emergency relief, such as food, water and sanitation, and shelter, to address the urgent needs of those affected by the storms. Following OFDA's relief efforts in response to Hurricane Ivan, USAID directed existing agency funding to Grenada and Jamaica—\$3.2 million and \$7.3 million, respectively—for immediate recovery activities, including clearing farmland, cleaning up communities, and repairing houses and schools, that were carried out through June 30, 2005. Soon after Tropical Storm Jeanne struck Haiti, the U.S. government provided \$11.8 million for immediate

emergency relief and recovery assistance, including emergency food and water, as well as for cleaning up communities.

U.S. Recovery and Reconstruction Assistance

Of the \$100 million supplemental assistance that Congress approved for hurricane recovery and reconstruction activities in the Caribbean, USAID allocated \$92.4 million to Grenada, Jamaica, and Haiti.⁷ Figure 2 shows the amount and percentage allocated to each country.

Figure 2: Recovery and Reconstruction Allocations by Country



Source: GAO analysis of USAID data.

Note: Dollar amounts do not add due to rounding.

Lacking a mission in Grenada, the agency administered the Hurricane Ivan Program from its Jamaica mission and Barbados satellite office, and it administered the Tropical Storm Program from its Haiti mission. Using a new approach to its program staffing, rather than reassign USAID staff or

⁷USAID also allocated about \$5.6 million to OFDA as reimbursement for relief efforts and \$2 million to the Bahamas, Tobago, and the Caribbean Community islands, which sustained some damage from Hurricane Ivan.

hire personal services contractors,⁸ the agency hired Wingerts Consulting to manage and oversee project activities in Grenada and Jamaica. Wingerts's responsibilities included monitoring program activities, reporting progress to the USAID mission in Jamaica, and coordinating USAID's efforts with the Grenadian and Jamaican governments and with other donors.

USAID created special objectives for each country that defined the target areas for the recovery and reconstruction funding. For Grenada and Jamaica, the supplemental funding expanded the initial emergency, or a short-term response and aimed to help people quickly rebuild their communities, enhance and improve their skills, provide limited income support, and resume their path of sustainable development through activities that provide immediate income, skills training and employment opportunities. In Haiti, supplemental funds aimed to meet the immediate needs of Haitians affected by the tropical storm, help them regain sources of economic activity, and help them prepare for future natural disaster threats. According to USAID, recovery and reconstruction programs are essentially development programs with short time frames but share the same objectives of sustainable growth and prosperity.

USAID Completed Numerous Recovery Efforts within 1 Year but Granted Extensions for Many Construction Projects

USAID completed many activities it implemented in Grenada, Jamaica, and Haiti by December 31, 2005. Of the \$92.4 million allocated for recovery and reconstruction across the three countries, the agency expended \$71.3 million. The agency implemented a variety of non-construction-related activities—for example, providing business rehabilitation grants in Grenada and Jamaica and implementing community cleanup activities in Haiti—and met or exceeded its targets for these projects within the 1-year time frame. In addition, it implemented a number of construction-related projects, such as repair and building housing and infrastructure. However, although USAID reduced targets, in part because of cost increases for these projects in all three countries, USAID contractors did not complete

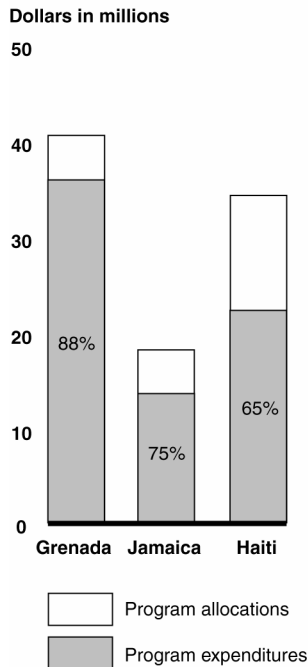
⁸USAID defines its workforce as comprising individuals with whom it has an employer-employee relationship. The Federal Acquisition Regulations define a personal services contract as one that makes the contractor appear as a government employee by the nature of the relationship that is established. USAID is authorized by section 636(a)(3) of the Foreign Assistance Act of 1961, as amended, to contract with individuals for personal services abroad. USAID's personal services contractors may be U.S. citizens, host country nationals, or third country nationals.

many of them by December 31, 2005—in particular, new housing construction—and required extensions to finish these projects.

USAID Expended Majority of Recovery Funds within 1 Year

As of December 31, 2005, USAID had expended approximately 77 percent of the \$92.4 million that it allocated for recovery efforts in the three countries. Figure 3 shows program allocation and expenditure by country.

Figure 3: USAID Allocation and Expenditure for Disaster Recovery Assistance for Grenada, Jamaica, and Haiti, as of December 31, 2005



Source: GAO analysis of USAID data.

USAID Implemented Various Nonconstruction Recovery Activities

USAID implemented a variety of non-construction-related activities to help hurricane and storm survivors in Grenada, Jamaica, and Haiti recover from the disasters, completing most of them within the 1-year time frame. USAID generally reached or exceeded its targets for nonconstruction recovery activities, despite having raised many of these targets after initiating the activities. We visited a total of 37 non-construction-related sites to observe USAID's progress and interview beneficiaries. Table 1 shows a selection of USAID's initial and revised nonconstruction targets

and its completed activities, in Grenada, Jamaica, and Haiti as of December 31, 2005.

Table 1: USAID Key Nonconstruction-Related Recovery Activities in Grenada, Jamaica, and Haiti, as of December 31, 2005

Key nonconstruction recovery activities	Initial targets (January 2005)	Revised targets (as of December 2005)	Completed activities (as of December 31, 2005)
Grenada			
People trained in tourism, construction, and other skills	1,600 ^a	1,800	2,402
Grants for small and medium-size enterprises	200	200	192
Grants and technical assistance for farmers	450	1,327	1,427
Grants and technical assistance for fisherfolk	35	155	100
Government supported operations (dollars in millions)	\$8	\$8	\$8
Primary schools resupplied and re-equipped	18	21	24
Jamaica			
Grants to small and medium-size enterprises ^b	2,500	2,451	11,478
Technical assistance for farmers	2,300	2,447	2,479
Grants for fisherfolk	1,500	2,700	2,855
Grants for artisans	100	100	120
Primary schools and colleges resupplied and re-equipped	219	52	56
Haiti^c			
Irrigated land restored to full production	5,600 acres	6,474 acres	5,264 acres
Land protected with conservation methods	4,960 acres	4,960 acres	4,975 acres
Communities trained in watershed management	16	16	19
Water associations trained in watershed management	61	51	0
Mud removed from urban streets and canals	48,000 m ³	48,000 m ³	69,734 m ³
Asset restoration grants	3,000	3,000	3,023
Communities trained in disaster preparedness and mitigation	27	21	21

Source: GAO analysis of USAID data.

Notes: The table shows USAID's primary nonconstruction-related recovery activities in the three countries; the agency conducted other nonconstruction-related activities that are not shown.

^aInitial target reflects tourism and construction skills only; other skills were added later in the program and are reflected in the revised target number.

^bGrants to small and medium-size enterprises included assistance to business owners and farmers.

^cInitial targets for Haiti according to USAID's February 2005 Tropical Storm Recovery Program report.

In all three countries, USAID provided assistance to revitalize businesses and agriculture. In addition, in Haiti, USAID also helped communities clear

away flood debris and take steps to prevent similar disasters in the future. Following are descriptions of several USAID nonconstruction activities in the three countries:

- In Grenada, USAID provided grants averaging about \$6,300 to small businesses (those with 5 to 24 employees) and grants averaging about \$15,000 to medium-sized businesses (those with 25 to 75 employees) to reimburse them for hurricane-related repairs. We visited five grant recipients, each of whom reported using the grants to pay for repairs or purchase equipment. According to a survey conducted by the contractors that implemented these grants, about half of the businesses receiving assistance estimated that they reopened at least 6 months sooner than if they had had to finance the repairs themselves. Fisherfolk received grants averaging about \$1,900 to replace fishing gear and equipment and repair boats. Many of the farmers and fisherfolk also received technical assistance—for example, farmers were taught techniques for turning backyard yam production into commercial production.
- In Jamaica, USAID grants to poultry farmers allowed them to buy egg grading and cold storage equipment, which in turn will enable them to increase production and incomes. We visited six horticultural farmers who received grants from USAID consisting of a technology package, such as seedling nurseries, drip irrigation systems, or integrated pest management systems. According to USAID staff, they were able to provide an unexpectedly large number of grants (11,478 versus the revised target of 2,451) to small and medium-size enterprises because the implementing team decided to make several grants to individual beneficiaries as an incentive for beneficiaries to continue to adopt various new technologies and practices. According to a November 2005 USAID report, agricultural production for farmers who received grant and technical assistance through the program was estimated to have increased by 41 percent compared with pre-Hurricane Ivan production levels. USAID also conducted workshops that taught artisans how to improve and develop products, procure goods and services, and package and label their merchandise. In addition, fisherfolk in Jamaica received grants and disaster preparedness training. For example, training courses in “Safe Seamanship and Environmental Management” were delivered to 295 fisherfolk.
- In Haiti, USAID cleared streets of mud and improved urban drainage that had been damaged from flooding. In addition, USAID implemented a cash-for-work program that paid local workers about \$2 per day for assisting with various activities throughout the program, including road and schools repair, mud removal, and clearing of urban drains (see fig. 4). Further,

USAID funded training in disaster preparedness and response that, according to a report by a USAID contractor, aimed to “raise disaster awareness, reduce risks, and prepare for contingencies in vulnerable local communities and municipalities.” Among the topics covered were forming community emergency response teams, designating first responders to coordinate emergency activities, and developing risk management and mitigation plans.

Figure 4: USAID-Supported Drainage Canal Cleanup in Haiti



Source: USAID.

USAID Began Many Construction-Related Projects but Did Not Complete All

USAID initiated construction-related projects to repair or replace hurricane and storm-damaged structures in each of the three countries. However, USAID contractors did not complete a number of these projects, although USAID reduced its targets for many of the projects. According to USAID staff and contractors, rising costs in all three countries were a factor in USAID’s decision to reduce construction targets. According to an April 2006 Regional Inspector General (RIG) audit of the Hurricane Ivan Program,⁹ the high cost of housing construction was due, in part, to the

⁹USAID, Office of the Inspector General, *Audit of USAID/Jamaica’s Hurricane Recovery and Rehabilitation Activities*, Audit Report No. 1-532-06-004-P (San Salvador, El Salvador, April 2006).

contractor's unfamiliarity with the local market, which led to the negotiation of unfavorable subcontracts. The report also indicated that the cost of houses financed by USAID in Grenada was 37 percent to 49 percent higher than comparable houses built by the Grenadian Housing Authority; and, in Jamaica, USAID-funded houses were more than double the cost of houses built by the Jamaican government. In addition, in Haiti, USAID staff indicated that a detailed needs survey found that the costs of material and labor needed to make repairs had more than doubled since the initial estimates. Table 2 shows a selection of USAID's initial and revised construction targets and its completed activities, in Grenada, Jamaica, and Haiti as of December 31, 2005.

Table 2: USAID Key Construction-Related Recovery Activities in Grenada, Jamaica, and Haiti, as of December 31, 2005

Key construction-related recovery activities	Initial targets (January 2005)	Revised targets (as of December 2005)	Completed activities (as of December 31, 2005)
Grenada			
Houses repaired or rebuilt	1,675	650	1,100
New houses built	150	55	0
Tourist sites repaired	3	5	7
Schools repaired	12	17	20
Community colleges repaired	1	0	0
Jamaica			
Houses repaired	3,450	932	762
New houses built	200	186	0
Sanitation and septic systems repaired	440	200	66
Primary schools and colleges repaired	219	47	46
Teachers colleges repaired	3	2	2
Haiti			
Roads repaired	32 km	32 km	0
Bridges constructed	0	2	0
Schools repaired	20	20	13
Houses repaired	3,000	600	476

Source: GAO analysis of USAID data.

Note: The table shows USAID's primary construction-related recovery activities in the three countries; the agency conducted other construction-related activities that are not shown.

In Grenada and Jamaica, USAID negotiated 6-month extensions of the bilateral agreements with the respective host governments in December 2005 and, subsequently, granted contractors extensions of varying lengths

based on the expectation that they could complete activities by June 30, 2006. In Haiti, USAID granted the contractor an 18-month extension in September 2005 to complete major infrastructure repair on a road and bridge; however, USAID officials managing the program said they expected to complete these activities by June 2006.¹⁰

In Grenada and Jamaica, USAID's construction efforts have focused primarily on repairing and rebuilding houses and building new homes, and in Haiti, on repairing infrastructure, public facilities, and houses. Following are descriptions of several of USAID's construction-related projects.

- In Grenada, USAID is building 55 new houses on the sites of homes that had been destroyed by the hurricane. The new houses consist of lumber over a concrete slab and include septic systems and electrical connections. Of the 55 homes, 36 have an area of 400 square feet and 19 have an area of 650 square feet, with the size of the house depending on the size of the household. We visited 11 housing construction sites in August 2005 and revisited five of them in December, at which time, for the most part, construction was just beginning. In addition, USAID has initiated repairs of houses, tourist sites, and schools, among other buildings (see fig. 5).

¹⁰USAID reported that the extensions in all three countries imposed no additional program costs.

Figure 5: USAID-Funded School Repair in Grenada



Source: GAO.

- In Jamaica, USAID is constructing 220-square-foot concrete-block houses in two sites provided by the Jamaican government. The Jamaican Office of National Reconstruction agreed to provide septic systems and electrical connections for the houses. Most of the beneficiaries are families whose houses were destroyed by the hurricane because they were close to the shore; the new housing sites are near the old sites but a safe distance from the shoreline. We visited the two sites in the early stages of construction and several months later, after construction had begun. As of January 2006, construction was well under way in the two communities, but none of the houses were complete.
- In Haiti, USAID funded the construction of a bridge and the repair of a national road that runs from Gonaives to Cap-Haitien. According to USAID's contractor implementing infrastructure activities, repairs to the road will have a significant impact on the local economy by restoring farm-to-market transportation and supporting USAID's other rehabilitation projects in the area. According to USAID staff, as of December 2005, 60 percent to 70 percent of the road was completed.

Various Factors Slowed USAID's Implementation and Completion of Program Activities

USAID's implementation and completion of recovery activities in Grenada, Jamaica, and Haiti within the 1-year time frame were hampered by several factors. Severe weather in 2005 delayed the progress of some activities, in particular the reconstruction of houses in Jamaica and infrastructure in Haiti. Coordination challenges in Grenada and Jamaica contributed to delays in the implementation and completion of program activities. In addition, USAID contractors encountered various construction-related challenges, such as shortages of materials and labor, and difficulty in fulfilling USAID requirements. Haiti faced continued security challenges that limited access to recovery sites, consequently delaying progress.

Severe Weather Delayed Program Activities in Jamaica and Haiti

Hurricanes and heavy rains in 2005 affected the progress of USAID reconstruction and recovery activities in Jamaica and Haiti. In Jamaica, two hurricanes during the summer of 2005, as well as heavy rain in October and November, contributed to delays in housing reconstruction and some agriculture activities, including the training of farmers. In Haiti, a heavier than usual rainy season delayed some USAID construction activities. Some structures that protected ongoing work on riverbank repair and irrigation pumps were washed away, and protective dikes had to be rebuilt. The heavy rain also damaged roads in many of the project areas, making it difficult to transport construction materials and field staff.

Coordination Challenges Hindered USAID's Implementation and Completion of Activities in Grenada and Jamaica

USAID faced several coordination challenges in Grenada, owing in part to the agency's lack of a permanent presence in the country, which affected its ability to implement recovery activities. In Jamaica, USAID encountered challenges in coordinating with the government, which negatively affected its ability to complete new housing.

- **Coordination challenges in Grenada.** Grenada lacked a central coordinating agency immediately following the hurricane to facilitate disaster recovery within the country. Because USAID has no mission in Grenada, staff and contractors had to work with various government ministries to initiate the recovery process. To address the lack of a central agency, USAID and other donors provided funds to help Grenada establish the Agency for Reconstruction and Development to coordinate donor hurricane recovery efforts; however, establishing the agency took several months, contributing to delays in certain activities, such as developing criteria for, and identifying, beneficiaries to receive housing repairs and reconstruction.
- **Coordination challenges in Jamaica.** The government of Jamaica did not complete certain construction activities as agreed with USAID,

delaying USAID's completion of new houses. Jamaica's Office of National Reconstruction (ONR), established by the government to coordinate Hurricane Ivan recovery activities, verbally agreed to provide, by December 31, 2005, concrete bases and install water, roads, and drainage infrastructure at the two sites selected for new USAID housing construction. However, USAID did not sign a memorandum of agreement with the Jamaican government that clearly designated the construction responsibilities of each party and deadlines for completion.¹¹ According to USAID officials and our observations during site visits, ONR made slow progress in fulfilling its part of construction activities and as of January 2006 had not installed electricity and septic systems, although USAID's construction of many houses was close to completion. As of March 2006, ONR had not completed the construction activities that it had agreed with USAID to complete by December 31, 2005.

Construction-Related Challenges Led to Delays in Grenada, Jamaica, and Haiti

USAID contractors encountered several challenges that slowed the agency's implementation and completion of construction projects in all three countries. These challenges included shortages of materials, USAID's policies regarding land titles and bank guarantees, and difficulties working with nongovernmental organizations (NGO) and subcontractors.

- **Materials shortages.** In Grenada, disruptions following the hurricane, as well as the island's relatively remote location, led to shortages of construction materials that periodically delayed housing repairs and new housing construction. According to USAID, obtaining building materials in Grenada became more challenging following Hurricane Emily in 2005. In Jamaica, according to USAID, increased duties on imported cement, heavy rains that soaked the cement quarries, and a labor strike that occurred in the country's only cement factory led to shortages that delayed housing repairs and construction. As of March 2006, USAID reported that construction in Jamaica continued to be slowed by a shortage of cement because the production site that supplies the region shut down after producing low-quality cement.
- **Difficulty in establishing land titles.** In Grenada, difficulties in establishing land title or ownership caused construction delays. A USAID housing contractor in Grenada told us that although it originally identified

¹¹In responding to a draft of this report in May 2006, USAID commented that, in response to issues raised by GAO and USAID's RIG, the Jamaica Mission was in the process of developing a memorandum of understanding for negotiation and signature with the government of Jamaica's Office of National Reconstruction.

400 to 500 prospective beneficiaries who met selection criteria established by the Grenadian government, many of these people lacked the land titles or proof of ownership, which USAID required of new-housing beneficiaries.¹² Because the process of verifying ownership was so time consuming, the contractor eventually ran advertisements soliciting respondents who met the selection criteria and had proof of land ownership.

- **Delays in obtaining bank guarantees.** In Haiti, delays encountered by contractors seeking bank guarantees contributed to implementation delays of some construction projects. USAID staff in Haiti explained that the agency requires construction contractors to provide a bank guarantee in order to receive advance disbursements to buy materials and pay for labor, which USAID officials said is common commercial practice. However, Haiti's economic situation made it difficult for local contractors to obtain bank guarantees, even when the contractors were reputable and had a valid contract with an international organization. Because contractors could not begin work without the guarantees, some construction activities were delayed. For example, according to USAID officials, one highway construction contractor lost a month and a half of work time and another contractor lost 2 months while obtaining bank guarantees.
- **NGO-related and subcontractor challenges.** In Grenada, contractors encountered challenges in working with local NGOs and subcontractors. The implementing contractor in Grenada relied on NGOs to help identify people who met government criteria to receive housing support. However, according to the contractor, the NGOs had difficulty quickly selecting beneficiaries and, as a result, housing construction was delayed. In Jamaica, USAID worked with NGOs to perform housing repairs. According to USAID staff, it was difficult to attract NGOs that could fulfill the agency's documentation and reporting requirements in order to receive grants for the housing repairs. In addition, according to an April 2006 RIG report, the sole subcontractor hired to build houses performed poorly, which also contributed to construction delays.

¹²According to USAID officials, agency policy does not prohibit beneficiaries without land titles from receiving recovery assistance; however, USAID staff managing the Caribbean programs determined that to avoid land disputes, land titles were necessary for beneficiaries of new-housing construction.

Security Problems Disrupted Program Activities in Haiti

In Haiti, kidnappings and continued violence in areas affected by the tropical storm presented security challenges that disrupted USAID's recovery work. According to USAID officials, most security issues that delayed program activities occurred in Haiti's capital, Port-au-Prince, where frequent kidnappings and violence made the port zone extremely dangerous. In addition, attacks on port officials prompted them to strike for better security, and sometimes delayed distribution of materials. USAID officials told us that the lack of security required USAID's contractors to take precautionary measures, such as daily monitoring of the security situation, and invest additional resources to protect staff and activity sites before undertaking activities. In addition, security concerns led to the temporary evacuation of most direct-hire USAID staff from Haiti during the summer of 2005. Security concerns also limited USAID staff's and contractors' access to project sites and ability to provide assistance in certain areas. For example, U.S. embassy security policies required special approval for travel to Gonaives—one of the areas most affected by the tropical storm and a target for USAID assistance—because of continued violence there.

Lack of Formal Program Guidance, Time Frame, and Staffing Issues Contributed to Implementation Problems

USAID has not issued recovery and reconstruction program guidance that incorporates lessons learned from previous programs; as a result, USAID staff were challenged to find information to guide the design and implementation of the Hurricane Ivan Program, leading to an ad hoc design process and implementation delays. In addition, although it applied some lessons learned from its Hurricane Mitch and other past programs, USAID did not apply lessons and recommendations regarding time frames and staffing, and as a result, USAID staff tasked with managing the Caribbean disaster recovery programs faced challenges similar to those encountered in prior programs. USAID staff and contractors stated that they are currently recording lessons learned from the Hurricane Ivan and Tropical Storm Programs.

Lack of Guidance That Includes Lessons Learned Contributed to Program Design and Implementation Challenges

Although USAID has managed several large disaster recovery and reconstruction programs since 1999,¹³ USAID has not provided guidance specific to these programs that includes lessons learned from previous programs. USAID has issued guidance for OFDA emergency assistance¹⁴ that serves as a reference both for OFDA staff and for the private and public organizations that work with OFDA in providing emergency assistance. However, this guidance does not address the design and implementation of the recovery and reconstruction activities that USAID provides following OFDA's emergency response. In addition, the agency has not issued guidance that incorporates lessons learned from designing and implementing its prior recovery and reconstruction programs. For example, for our 2002 report on USAID's assistance after Hurricanes Mitch and Georges,¹⁵ USAID staff and other federal agencies involved in the recovery efforts in Latin America provided us with some lessons learned and ideas for improving the delivery of future disaster recovery assistance, such as the need to establish accountability mechanisms as part of program design, hire firms to provide technical oversight, and develop fixed-amount reimbursable contracts. Although USAID recorded some lessons learned from its Hurricanes Mitch and Georges recovery program, this document, unlike its OFDA guidance, has remained in draft form since 2002, has not been formally issued or approved by the agency, and may not be readily available to all staff.¹⁶

USAID staff assigned to manage the Hurricane Ivan Program, who did not have prior experience in managing recovery and reconstruction activities, reported that the lack of guidance and access to lessons learned created challenges in planning and managing a wide range of activities. According to USAID staff designing the Hurricane Ivan Program, the lack of ready access to lessons learned from previous recovery and reconstruction

¹³In addition to administering the \$100 million that Congress appropriated for Caribbean disaster recovery in 2004, USAID administered about \$525 million for disaster recovery assistance following Hurricanes Mitch and Georges in 1999 and \$159 million for recovery assistance in El Salvador following the 2001 earthquakes. USAID's efforts to assist with reconstruction in Asia following the 2004 tsunami, which are ongoing, received \$908 million in funding.

¹⁴USAID, Office of Foreign Disaster Assistance, Bureau for Democracy, Conflict, and Humanitarian Assistance, *Disaster Reduction: A Practitioner's Guide* (Washington, D.C., November 2002).

¹⁵[GAO-02-787](#).

¹⁶USAID, *Lessons Learned from Planning and Implementation of the Hurricane Mitch Supplemental Reconstruction Program* (draft report) (Washington, D.C., June 27, 2000).

programs resulted in an ad hoc approach to planning recovery activities. USAID headquarters officials told us that no formal agency guidance was available to assist them in planning the recovery effort; consequently, they had to search for documents and contact staff involved in previous USAID disaster recovery efforts to understand how previous programs were implemented.

Officials at USAID headquarters told us that some program planning during disaster recovery situations is by necessity country specific and based on the political, economic, and disaster situation in the affected country. However, a USAID official stated that operational guidance would have facilitated the design process and that ready access to lessons learned could have prevented some mistakes. For example, if USAID officials had had access to lessons learned regarding likely increases in postdisaster demand for construction materials and labor, it might have helped them to establish more realistic targets for activities to be achieved within a 1-year time frame. With regard to construction and repair, important lessons from prior USAID disaster recovery programs include the need to account for the difficulties involved with hiring and supervising contractors unfamiliar with USAID requirements, selecting beneficiaries and verifying land titles.

USAID Applied Some Lessons from Previous Disaster Programs but Did Not Follow Prior Recommendations on Time Frame and Staffing

In designing and implementing recovery efforts in Grenada, Jamaica, and Haiti, USAID applied some lessons from previous disaster recovery programs. However, the agency did not apply lessons and recommendations regarding time frames and staffing for recovery programs. As a result, USAID staff tasked with managing the Caribbean disaster recovery programs faced challenges that could have been avoided if they had had access to lessons learned from prior programs; in addition, staffing issues remain unaddressed.

USAID Applied Some Lessons Learned from Previous Programs

Despite lacking ready access to lessons learned, USAID headquarters officials that designed the recovery programs gained access to draft documents that they said allowed them to apply some lessons learned from USAID's Hurricane Mitch recovery program. For instance, referring to lessons regarding accountability and sustainability, officials involved the Regional Inspector General to ensure that appropriate accountability mechanisms were in place and incorporated the concept of "build back better," such as rebuilding hurricane-affected infrastructure to better withstand future natural disasters. According to USAID, the team implementing business, agriculture, and training activities in Jamaica followed lessons learned from Hurricane Mitch regarding hiring

contractors with proven track records. USAID staff in Haiti also reported that some lessons learned from the Hurricane Georges recovery program, which included projects in Haiti, had been incorporated into their program's design, including

- simplifying the task order approval process for hiring contractors,
- working with community-based organizations to implement recovery activities, and
- hiring monitoring firms to assist with technical and financial oversight of program activities.

One-Year Time Frame May Have Limited Impact and Sustainability of Some Activities and Conflicted with Prior Lessons Learned

In agreeing to a 1-year time frame for the Hurricane Ivan and Tropical Storm Programs, USAID may have limited the impact and sustainability of some activities and did not take into account lessons learned from the Hurricanes Mitch and Georges effort. According to OMB officials responsible for foreign affairs programs, the 1-year time frame was developed to speed its completion of recovery activities relative to previous USAID disaster recovery efforts and, in response to concerns expressed by members of Congress that these emergency supplemental resources be expended in a timely manner, to assist with recovery efforts and not divert funds to regular long term development programs.¹⁷ However, our recent interviews with USAID staff and contractors, as well as previous GAO work, suggests that in agreeing to the December 31, 2005, deadline, USAID faced a trade-off in trying to complete a broad spectrum of activities within the 1-year time frame and ensure that activities supported through these programs have the intended impact in helping beneficiaries recover, rebuild, and find jobs in the postdisaster environment and can be sustained by host government staff after the programs end.

- In Grenada, USAID provided training in various trades and also paid participants a stipend while they attended 6-week courses. However, in a later evaluation of this program component, the contractors conducting the training reported that participants had commented that 6 weeks was too short to fully develop some skills, such as those needed for construction; however, because the contractor did not assess the training

¹⁷OMB staff indicated that they encourage USAID to consult with OMB on any difficulties the 1-year time frame may have posed on program implementation, but USAID did not seek additional consultation.

until the end of the 1-year time frame, they were unable to modify the training design. The contractor reported that a longer program time frame, such as 18 months, would have allowed them to assess the training's results—for instance, by tracking the number of people that found jobs after being trained—and adjust the design to increase its impact. The contractors also found that the time frame limited their ability to assess the results of training in hotel services, because many of the islands' hotels were still closed for repair during the year that training was provided. We interviewed 19 persons who participated in USAID's skills training in Grenada and found that fewer than half were employed 3 to 6 months after completing it.¹⁸

- In Haiti, USAID officials said that although they tried to select projects that fit the needs of affected areas, the 1-year time frame had implications for the sustainability of some program activities. For example, the officials explained that their activities included hillside stabilization and the development of an early warning system to be transferred to the government of Haiti at the program's conclusion. However, the USAID officials said that 1 year was not enough time to implement and test some activities, and train government staff to take them over. USAID officials said that 2 years would have been a more reasonable time frame.

Our prior assessments of the agency's Hurricane Mitch recovery program highlighted some of the trade-offs in trying to design activities that are sustainable and can be completed within a short time frame. In our 2002 assessment of USAID's administration of disaster recovery assistance after Hurricanes Mitch and Georges,¹⁹ we reported, based on responses from USAID staff and other agencies involved in providing the assistance, that "the December 31, 2001, deadline was a major factor in how they planned, designed, and implemented their disaster recovery activities, and it also affected the extent to which sustainability could be built into the program." For example, one agency involved in the Mitch recovery reported that the deadline limited project sustainability because it did not allow enough time to complete training for local entities. Another agency said future projects should have follow-on activities to assess the implementation of technical guidance and training provided. USAID officials in the Dominican Republic acknowledged that they selected some

¹⁸This was partially owing to limited employment opportunities for women who took construction courses but had difficulty obtaining jobs in this field.

¹⁹USAID had agreed to expend all of the appropriated funds by December 31, 2001, about 30 months from enactment of the supplemental appropriation. See [GAO-02-787](#).

USAID Did Not Implement
Some Prior Staffing
Recommendations and
Encountered Challenges
Related to Use of Management
Firm

activities because they knew they could complete them by the program deadline, despite recognizing that other activities might have achieved greater sustainability.

USAID did not adopt several prior recommendations that could have helped it to more rapidly hire and transfer staff in response to recovery and reconstruction needs, and as a result of hiring Wingerts Consulting to quickly staff the Hurricane Ivan Program in Grenada and Jamaica, the agency encountered additional challenges. In our 2002 report,²⁰ we observed that USAID did not have the “surge capacity” to quickly design and initiate a large-scale infrastructure and development program with relatively short-range deadlines (2.5 years) while providing emergency relief and initial reconstruction assistance and managing its regular development program. Based on these findings, we recommended that USAID develop and implement procedures that would (1) allow it to quickly reassign key personnel in postemergency and postcrisis situations and (2) allow missions to hire personal services contractors to augment staff on an expedited basis.²¹ In addition, USAID’s draft document outlining lessons learned from its Hurricane Mitch program indicates that a shortage of qualified engineering and technical staff constrained the implementation of the program; the document recommends designating an official to identify staffing needs quickly and take action to address them.²² USAID agreed with the recommendations in our 2002 report but as of April 2006 had not taken steps to respond to them; it also had not implemented the recommendations in its 2002 draft lessons-learned report. In addition, we recently reported that USAID had not staffed several positions that it considered critical to essential technical oversight of its tsunami reconstruction programs in Indonesia and Sri Lanka, indicating that staffing these types of programs remains a challenge.²³

USAID decided to hire Wingerts Consulting to manage and oversee the program in Grenada, where USAID has no permanent presence, and assist

²⁰ [GAO-02-787](#).

²¹ [GAO-02-787](#).

²² *Lessons Learned from Planning and Implementation of the Hurricane Mitch Supplemental Reconstruction Program*.

²³ *GAO, Foreign Assistance: USAID Has Begun Tsunami Reconstruction in Indonesia and Sri Lanka, but Key Projects May Exceed Initial Cost and Schedule Estimates*, [GAO-06-488](#) (Washington, D.C.: Apr. 14, 2006).

with oversight in Jamaica. According to USAID's Mission Director in Jamaica and other staff, factors influencing the decision included the following:

- The mission needed assistance in initiating recovery activities and personnel with technical skills to oversee disaster recovery activities, particularly construction.
- The agency's process for hiring personal services contractors can take up to 6 months, and given the 1-year time frame, staff were needed quickly.
- Hiring a consulting firm provided the agency the flexibility to acquire short-term staff with skills needed for specific program activities as well as to replace staff when their skills were no longer needed.

According to USAID's Regional Inspector General, USAID staff, and contractors, the agency's decision to hire Wingerts Consulting to oversee the program in Grenada and Jamaica led to additional challenges.

- In its April 2005 report, USAID's RIG found that Wingerts's roles and responsibilities in monitoring the program's implementation had not been clearly defined, making it difficult for contractors to implement the program, and for USAID staff to manage program activities. USAID subsequently refocused Wingerts's responsibilities primarily on providing technical oversight and supporting the USAID permanent staff responsible for various program components in Grenada and Jamaica. It took two months after the Wingerts contract was signed to more clearly define each party's roles and responsibilities.²⁴
- USAID staff and contractors told us that they were uncertain about Wingerts's role in managing the program. In addition, according to USAID contractors, the added layer of oversight that Wingerts provided sometimes created tension and confusion because contractors were still required to report to USAID staff overseeing their program activities in Jamaica and Barbados. In its April 2006 follow-up audit, the RIG noted that the Wingerts oversight model was problematic in that USAID's other contractors were not accustomed to having Wingerts perform functions

²⁴USAID, Office of the Inspector General, *Audit of USAID/Jamaica's Hurricane Recovery and Rehabilitation Activities*, Audit Report No. 1-532-05-008-P (San Salvador, El Salvador, April 2005).

that USAID staff would normally perform, and as a result, working relationships were uncomfortable.²⁵

Although USAID staff and contractors reported some challenges in working with Wingerts, USAID officials in Jamaica noted that the mission has benefited by engaging a contracting firm to fulfill specific functions, rather than hiring staff. According to USAID, by using a contractor to provide a range of management and oversight support, the mission created a structure that was highly flexible and allowed for quick responses to changing needs throughout the program. USAID also noted that in Grenada, where USAID has no presence, the contracting firm served an essential function of handling day-to-day interaction with the government in addition to managing the \$8 million allocated for direct government support. While the use of Wingerts provided USAID with flexibility, USAID staff and the U.S. embassy in Grenada said that temporarily relocating USAID permanent staff or personal services contractors to manage recovery efforts in the country would have been more efficient than using the management firm.

USAID Staff and Contractors Are Recording Lessons Learned

As part of its internal evaluation of the Hurricane Ivan reconstruction, USAID staff and contractors are recording lessons learned, including an assessment of the program's economic impact and whether the program helped the countries to "build back better" and prepare for future disasters. The staff and contractors told us in December 2005 that they would incorporate this information into their final program summary, which they expected to complete in May 2006. Staff at the Haiti mission told us that they were recording lessons learned from the Tropical Storm Program disaster mitigation activities and that overall lessons learned will be included in the final program report. However, we have not yet learned whether USAID headquarters intends to incorporate lessons learned from the Caribbean programs into guidance that would be available to staff implementing future recovery and reconstruction programs. (See app. II for our summary of lessons learned reported by U.S. officials and contractors involved in the Hurricane Ivan and Tropical Storm Programs as well as for lessons culled from our and USAID's reviews of its previous disaster recovery programs.)

²⁵USAID, Office of the Inspector General, *Audit of USAID/Jamaica's Hurricane Recovery and Rehabilitation Activities*, Audit Report No. 1-532-06-004-P (San Salvador, El Salvador, April 2006).

Conclusions

Disaster recovery and reconstruction assistance is an important component of USAID's development assistance portfolio, providing a bridge between its emergency relief efforts and its long-term development assistance. In responding to the Caribbean disasters, USAID provided a wide range of recovery and reconstruction support. However, despite having administered several large-scale disaster recovery programs in Latin America, the Caribbean, and Asia since 1999, USAID has not issued guidance for recovery and reconstruction programs that incorporates lessons learned from its prior efforts, leading to challenges in designing and implementing the recovery and reconstruction activities discussed in this report. In addition, although USAID and GAO have previously documented USAID's difficulties in quickly staffing its recovery and reconstruction programs and have made recommendations to assist USAID in correcting these problems, these issues remain unaddressed. As a result, the agency is likely to be unprepared to rapidly recruit and mobilize technically skilled staff for its next disaster recovery program.

Recommendations for Executive Action

To better facilitate USAID's ability to design and implement future disaster recovery programs and address its previously documented recurring staffing challenges, we recommend that the USAID Administrator take the following two actions:

- Develop disaster recovery and reconstruction program guidance that incorporates lessons learned from the Hurricane Ivan Recovery and Reconstruction Program and Tropical Storm Jeanne Recovery Program as well as previous disaster recovery programs.
- Revise staffing procedures to allow the agency to more quickly reassign or hire key personnel, either to augment staff responsible for disaster recovery efforts in countries with a USAID mission or to manage efforts in countries where USAID does not maintain a permanent presence.

Agency Comments and Our Evaluation

We provided a draft of this report to USAID, the Department of State and OMB. We received a formal comment letter from USAID (see app. III), in which they agreed with our recommendations. USAID and OMB provided technical comments that we incorporated into the report, as appropriate. The Department of State had no comments.

USAID agreed with our first recommendation and indicated it has established an agency task force for complex emergency and stabilization responses to allow it and other U.S. government agencies to undertake a

structural approach based on past experience to provide an integrated and effective response to future disasters. Further, as part of its technical comments, USAID indicated that the Jamaica Mission has taken steps to document a draft list of lessons learned that will be included in the final report at the conclusion of the Hurricane Ivan program. USAID said these reports will be shared with USAID officials in Washington for developing guidelines for future disaster recovery programs and for inclusion in USAID's Center for Development and Evaluation databases.

USAID also agreed with our second recommendation. The agency acknowledged that recent large-scale natural disaster and complex emergencies, including the Asian tsunami and conflicts in Afghanistan and Iraq, have revealed glaring gaps in the U.S. capacity to respond effectively, particularly for stabilization and reconstruction programs. In technical comments, USAID's Jamaica mission noted that its use of a management and oversight firm provided a highly flexible structure to respond quickly to changes in staffing needs throughout the program; however, USAID further recommended that any adjustment to the agency's policy address ongoing urgent needs to change staffing under projects with a short time horizon. To respond to staffing challenges, USAID has proposed the development of a "civilian surge capacity," which, if approved and funded, would give USAID over a 3-year time period to develop short- to long-term staff on an as-needed basis, focusing on skill sets that USAID has identified as lacking sufficient capacity.

We are sending copies of this report to interested congressional committees as well as the Administrator, USAID; Acting Director, OMB; and the Secretary of State. We will also make copies available to others upon request. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-3149 or gootnickd@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix IV.

Sincerely yours,

A handwritten signature in black ink, appearing to read "David Gootnick". The signature is fluid and cursive, with the first name "David" written in a larger, more prominent script than the last name "Gootnick".

David Gootnick
Director
International Affairs and Trade

Appendix I: Objectives, Scope, and Methodology

We were asked to periodically monitor the delivery of assistance under USAID's Hurricane Ivan Recovery and Reconstruction Program (Hurricane Ivan Program) and Tropical Storm Jeanne Recovery Program (Tropical Storm Program). In this report, we (1) review the recovery and reconstruction activities in Grenada, Jamaica, and Haiti, including the status of activities as of December 31, 2005; (2) identify factors that affected USAID's ability to implement and complete the programs within the 1-year time frame; and (3) assess USAID's use of guidance and application of lessons learned from similar previous programs as well as its efforts to draw lessons from the current programs.

To determine the status of the programs, we initially reviewed the supplemental appropriation language passed in 2004 and USAID documents that outline special objectives for each country and interviewed program officials regarding program goals. We also made three monitoring trips to Grenada, two trips to Jamaica, and one trip to Haiti.¹ The information on foreign law in this report does not reflect our independent legal analysis but is based on interviews and secondary sources. After our initial monitoring trip to Haiti, our ability to travel there was curtailed when, because of security concerns, the U.S. Department of State restricted country access to emergency personnel only. Therefore, after the initial trip, we reviewed monthly reports and held periodic conference calls with USAID staff and contractors to discuss the status of the recovery program in that country. During our monitoring trips to Grenada and Jamaica, we conducted document reviews and held interviews with USAID staff as well as contractors to discuss program progress, determine compliance with established requirements set by audit entities, and learn how funding allocation decisions were made and tracked. We also met with private contractors and subcontractors, and host government officials involved in the recovery efforts to discuss program implementation and progress. In Grenada, we interviewed 19 attendees of the skills training program to get a sense for the skills that were taught and the extent to which the training provided employment opportunities for the attendees. In addition, we conducted field visits to various project sites to observe the progress of activities and verify the extent to which objectives and timelines were being met. We visited a random selection of 80 project sites in Jamaica and Grenada, and 9 project sites in Haiti that were not randomly selected due to security restrictions

¹GAO did not visit the Caribbean islands of Bahamas, Tobago, and Caribbean Community islands, which received a total of \$2 million for small-scale hurricane recovery efforts.

and our inability to visit following our initial information gathering trip. (See table 3.)

Table 3: Number and Types of Activities at Project Sites GAO Visited in Grenada, Jamaica, and Haiti

Country	Type of activity at project site	Number
Grenada	Community rehabilitation	
	Housing repairs	8 recipients
	New housing construction	11 ^a recipients
	Community centers	2 projects
	Water and sanitation	1 project
	School repairs	10 schools
	Business recovery	
	Agriculture grants	4 recipients
	Fishery grants	2 recipients
	Small to medium-size business grants	5 recipients
Skills training	4 centers	
Jamaica	Community rehabilitation	
	Housing repairs	10 ^b recipients
	New housing construction	2 sites with total of 186 houses
	School repairs	7 schools
	Business recovery	
	Agriculture grants	10 ^c recipients
	Fishery grants	1 community
Craft grants	3 recipients	
Haiti	Community revitalization ^d	
	School repairs	1 school
	Disaster preparedness training	1 community
	Asset restoration grants	5 recipients
	River-widening project	1 project
Canal cleanup	1 project	
Total		89

Source: GAO.

^aWe visited 11 sites in August 2005 and revisited 5 of these sites during December 2005 to assess progress.

^bWe randomly selected housing repair sites, which then were used by USAID to coordinate visits based on their proximity to Kingston.

^cTwo of these sites were not randomly selected.

^aSite visits in Haiti were not randomly selected.

We assessed factors affecting the implementation and completion of program activities by reviewing USAID monthly reports and interviewing USAID staff, contractors, and host government officials overseeing the various program activities during our monitoring trips to Grenada and Jamaica. For Haiti, during our periodic conference calls, we discussed implementation and completion challenges with USAID staff and contractors with oversight responsibility for the various program components.

To assess USAID's application of lessons learned from previous disaster recovery programs, we reviewed reports from prior USAID recovery efforts and interviewed agency officials in Washington, D.C., Grenada, Jamaica, and Haiti as well as contractors. We reviewed documentation on lessons learned that USAID officials had compiled following the Hurricane Mitch recovery program in Central America. We further reviewed reports on disaster relief from various international organizations, such as the World Bank, that detailed lessons learned from other disaster recovery efforts. Two members of our audit team also attended a Caribbean Basin conference that highlighted disaster preparedness and mitigation strategies, including strategies for funding reconstruction, whether building codes should be regionally or nationally applied, and how the private sector can contribute to effective disaster preparedness and mitigation strategies. Finally, we collated lessons learned in a separate appendix (see app. II) based on interviews with staff and contractors administering the Hurricane Ivan and Tropical Storm Jeanne Programs and lessons documented in previous GAO and USAID assessments of disaster recovery programs in Latin America, the Caribbean, and Asia.

To ensure that appropriate internal controls were established to account for program funds, we interviewed USAID financial management staff in Jamaica and reviewed program documents that described USAID's mechanisms for ensuring accountability. We also coordinated with USAID's Regional Inspector General to determine the Inspector General's involvement with establishing internal controls and monitoring how well USAID maintained controls throughout the program.

For this report, we relied primarily on USAID's data reported to date in the agency's monthly reports on expenditures and progress in each country. We assessed the reliability of this data by (1) interviewing USAID program staff and its contractors to determine how data were collected and reported and what quality assurance mechanisms were in place, (2)

reviewing a sample of USAID's program files as well as its contractors' files in Grenada and Jamaica, and (3) collaborating with USAID's Regional Inspector General on the reliability of expenditure data. During our trip to Grenada in August 2005, we found errors and a misrepresentation of data in USAID's monthly reports, which we reported to USAID staff and contractors responsible for the collating the data. USAID corrected the data errors and made changes to certain indicators that we had found to be misleading. Overall, we found that USAID's data as corrected were sufficiently reliable for the purposes of addressing our reporting objectives. We conducted our work from March 2005 through May 2006 in accordance with generally accepted government auditing standards.

Appendix II: Summary of Lessons Learned from USAID Disaster Recovery and Reconstruction Efforts

We reviewed USAID's recovery efforts following the 1998 hurricanes in Latin America and 2001 earthquakes in El Salvador, as well as its ongoing efforts in response to the 2004 tsunami in Asia. Following is a compilation of lessons reported by U.S. officials and contractors involved in USAID's Hurricane Ivan Recovery and Rehabilitation Program and Tropical Storm Jeanne Recovery Program as well as lessons from GAO and USAID reviews of previous disaster recovery programs. Although this list is by no means exhaustive, it summarizes some common lessons and examples of USAID's efforts to address disaster recovery challenges and is intended as a tool for future disaster recovery programs.

Lessons Learned for Program Planning and Implementation

- *Set appropriate time frames.* Disaster recovery program time frames should be based on a needs assessment of the activities that best aid recovery and should be undertaken in phases, if necessary. In our 2002 report on USAID's Hurricane Mitch and Georges recovery program, various agency officials said the program's time frame influenced how planning, design, and implementation of recovery activities affected program sustainability. For example, the Dominican Republic mission reported that it selected some activities it knew could be completed by the expenditure deadline despite recognizing that other activities may have achieved greater sustainability, especially those with more cost sharing with the host government and other implementing organizations. Other agency officials involved in the recovery suggested that future efforts include time for follow-on activities, such as training, to ensure better sustainability. USAID staff and contractors implementing the Caribbean programs' activities discussed in this report stated that the 1-year time frame influenced the types of activities they selected and may have limited the sustainability of some projects. One contractor explained that in a previous program, activities were divided into different phases (e.g., immediate recovery activities were implemented in less than 1 year, while road construction was given a 1.5-year time frame and railroad reconstruction was planned for 2 years but completed in 3). In the Hurricane Ivan Program, USAID was able to identify beneficiaries for business and agriculture recovery grants and expend the majority of program funds allocated to these activities within a 1-year time frame, while reconstruction of houses in Jamaica and Grenada required an extension several months beyond December 31, 2005. Based on their experience in the Hurricane Mitch and Georges recovery program, USAID officials designing and implementing the Tropical Storm Program in Haiti said that program staff should not attempt to complete activities in an arbitrarily short time frame. USAID staff and contractors we interviewed stated that 15 to 18 months is a more reasonable time frame for reconstruction activities.

- *Conduct thorough cost assessments.* USAID should ensure that initial cost estimates are based on specific information about site conditions. Due to inadequate estimates in the Caribbean programs regarding the cost of labor and materials for reconstruction activities, USAID originally targeted an unrealistically high number of activities that later had to be reduced. Part of this lesson includes anticipating increases in construction materials and labor due to increases in demand for construction after a disaster. For example, in Indonesia, USAID’s initial cost estimates for a road to be rebuilt after the tsunami were based on limited information about site conditions. Because of the uncertainty about the site conditions, the Army Corps of Engineers included a 20 percent contingency in its cost estimate. However, actual costs may still exceed this estimate because plans for the road have changed.
- *Look beyond restoration of the status quo and aim to improve infrastructure and livelihood opportunities.* In the planning of Hurricanes Mitch and Georges recovery efforts, the U.S. and its international partners agreed on an approach that would not simply replace what was destroyed, but would “build back better” with a lasting impact. This approach was adopted in the Caribbean programs. For example, in the rehabilitation of schools, USAID repaired schools to their pre-Ivan condition or better in compliance with the building codes and hurricane resistance standards. In Haiti, USAID also provided household restoration grants as well as created a cash-for-work program to help those affected by the storm to rebuild their livelihoods and decrease their vulnerability to future floods.
- *Establish a host government agency to coordinate the international response to the disaster.* USAID worked with the governments of Grenada and Jamaica to establish independent coordination entities separate from those countries’ ministries to facilitate the recovery process and streamline working with the government. A central agency to coordinate disaster recovery between donors is important for ensuring that activities are not duplicated; however, USAID and other donors should take into account the time needed to establish these agencies when developing implementation schedules and setting program completion time frames. For example, USAID reported that the Agency for Reconstruction in Development in Grenada, funded by USAID and other donors, did not take over coordination responsibilities until March 2005, about 3 months into USAID’s program. In Jamaica, USAID coordinated with the Office for National Reconstruction to identify recipients for recovery assistance as well as to build new housing communities. The Indonesian government established the Rehabilitation and Reconstruction Agency to coordinate the international response to the tsunami. The entity has produced a

master plan for reconstruction that it has used to attempt to control and track organizations involved in reconstruction.

- *Channel assistance through organizations and contractors with proven track records and a history of working in the affected country.* USAID officials administering Haiti's Tropical Storm Jeanne Recovery Program reported that they selected contractors that had a history of working there as a means of strengthening coordination and ensuring implementation of program activities. This was particularly critical given Haiti's security challenges and USAID's inability to travel to many of the project sites regularly. In El Salvador, USAID contracted with at least five private voluntary organizations that it had previously worked with to implement earthquake recovery projects. According to USAID officials, using organizations that have proven to be capable and reliable reduces the likelihood of misuse of funds and corruption.
- *Involve community-based organizations in program implementation.* Noting that this was a successful approach in Hurricane Georges, USAID officials in Haiti worked with community-based organizations in implementing the Tropical Storm Jeanne Recovery Program. For example, one contractor worked with local management committees it had worked with during a previous program in Gonaives several years before. These groups were one of the few functioning civil society organizations in Gonaives immediately after the flooding and served as program partners and liaisons on community issues, security, and sustainable maintenance efforts. Another contractor worked with already existing water user groups organized around irrigated parcels in the Plaine des Gonaives and Trois Rivieres areas. The use of community-based organizations also allowed the contractor to mobilize the local population rapidly to execute short-term employment generation activities, such as tertiary roads and ravine protection structures. In addition, school rehabilitation frequently was organized around parent and teacher groups that supported the school in pre-flood periods.
- *Avoid overlap between host governments and community-based organizations to avoid inefficiencies.* To avert potential future overlap with nongovernmental organizations in Sri Lanka during tsunami reconstruction, USAID participated in weekly meetings with the government coordinating entity and NGOs, among others, to designate responsibility for different geographic areas.

Lessons Learned for
Staffing

- *Identify staffing needs quickly and designate someone to manage the staffing process.* USAID officials involved in Hurricane Mitch recovery

activities drafted lessons learned recommending that, when responding to disaster recovery, USAID mission and Washington officials need to quickly identify staffing needs and that an appropriate official should be charged with tracking staff issues to facilitate the response. For example, in our 2002 report of Hurricane Mitch and Georges, we reported that the number of USAID direct-hire staff in general, and contracts officers in particular, has declined and USAID had difficulty finding qualified personnel to manage the large-scale emergency program on an expedited basis. In the same report, USAID's Honduran mission reported serious constraints due to the absence of a contracts and grants officer needed to negotiate and sign agreements and ensure that implementation and acquisition mechanisms are in place. The mission in the Dominican Republic reported that the majority of staff hired for its reconstruction effort had no prior USAID experience and that implementation slowed as new staff learned the agency's management system. As stated earlier in this report, the lack of experienced staff was also a challenge in the Hurricane Ivan program.

- *Create a mechanism to quickly hire staff for recovery and reconstruction programs.* In addition, a draft document in which contractors assessed USAID's Hurricane Mitch program reported that lengthy personal service contract hiring practices added to staffing bottlenecks, and some USAID staff recommended that waiver authorities should be made available to hire staff quickly on a noncompetitive basis. In addition, the Honduras Mission stated that USAID needs to do a better job of immediately identifying staff with the skills needed for reconstruction activities rather than relying on staff within the mission or region. In the tsunami program, to establish technical oversight, USAID reassigned and hired experienced staff, such as engineers, and acquired additional technical expertise through interagency agreements but had difficulty filling some positions it considered critical to technical oversight.

Lessons Learned for Recovery Activities

Disaster Preparedness and Mitigation

- *Provide disaster preparedness and mitigation training to communities.* In Haiti, 222 participants in seven communities were trained in disaster preparedness and mitigation, including the designation of emergency responders and the development of local action plans focused on risk assessment, disaster mitigation, and preparedness. In Jamaica, fisherfolk received training in "Safe Seamanship and Environmental Management." USAID also developed training to ensure sustainability and provide local capacity building through a course on "General Safety and Survival at

Sea,” which was taught to 60 participants from three local NGOs, in coordination with the Caribbean Maritime Institute. Participants received safety equipment and an emergency response guide developed for the fisheries sector, including specific measures to reduce vulnerability with regard to small boat safety, search and rescue, sinking vessels, fires, bad weather, and survival at sea under different distress situations.

Construction

- *Ensure quality control of construction and follow building codes appropriate to type of disaster sustained.* USAID has difficulty ensuring that contractors build houses correctly and completely. For example, in our review of the El Salvador earthquake program, we reported problems such as roof supports that were improperly connected to walls, and metal windows and doors that were not functioning properly. Following the GAO visit, USAID issued detailed procedures that Army Corps of Engineers Officials and contractors were required to complete following their work. USAID also conducted additional quality control training that contractors, NGOs, and other entities involved in implementing the program were required to attend. USAID officials stated that the training was useful in reinforcing the principle of “building back better” and that, following the training, the quality of construction improved. Contractors in the Hurricane Ivan program followed local building and hurricane resistance codes, including the use of hurricane straps and Caribbean Disaster Mitigation Standards for wood and concrete houses.
- *Understand the local land tenure system.* In El Salvador, many Salvadorans whose houses were destroyed had no legal proof that they owned the property on which their house had stood. Housing starts were delayed because contractors had to wait weeks for approvals to begin construction. The USAID contractor responsible for housing in Grenada also encountered challenges due to land title issues. The contractor told us that although it originally identified 400 to 500 prospective beneficiaries who met selection criteria established by the Grenadian government, many of these people lacked the land titles or proof of ownership that USAID required of new-housing beneficiaries. Because the process of verifying ownership was so time consuming, the contractor eventually ran advertisements soliciting respondents who met the selection criteria and had proof of land ownership.
- *Establish memorandums of understanding or formal agreements if reconstruction efforts are shared with the host government.* In Haiti, USAID officials established a memorandum of understanding with the government for road and bridge construction activities. Conversely, in Jamaica, USAID did not establish a memorandum of understanding with the government in its coordination for new-housing construction.

According to USAID, when the Jamaican government did not fulfill its obligation to install electricity and septic systems and to provide other infrastructure for the housing communities, USAID had to grant extensions to complete activities that were impacted by the delays and, as a result, delayed the delivery of new housing to beneficiaries.

- *Address warranties and liabilities for construction projects before building.* Warranty and liability responsibilities should be detailed in the contract agreements and determined prior to construction. In the Hurricane Ivan Program, USAID did not determine who would fulfill warranty and defects liability responsibility early on in the program, and such issues were still being resolved, in some cases, after construction of schools and other buildings were already completed and the contractor considered the project closed.

Nonconstruction

- *Coordinate with local industry boards and organizations to identify recipients and community leaders.* USAID contractors in Grenada worked to improve tourism services after Hurricane Ivan left 50 percent of the persons previously working in this sector unemployed and another 40 percent underemployed. The contractor formed partnerships with several local tourism associations, including hotel, airport, taxi, and small-business organizations. The contractors developed skills training courses to improve hospitality and tourist services. For example, after some participants were trained in craft making, the contractors organized a “Buy Grenada” fair to showcase the participants’ work. In addition, the contractors partnered with several community-based organizations to deliver training in small business management, food vending, ecotourism, and professional tour guiding.
- *Coordinate with government for education or skills training.* USAID’s skills training program in Grenada provided needed income support and skills development, but was not designed in consultation with the government’s Ministry of Education. Moreover, the government does not recognize the training certificates issued to participants. Also, contractors and participants recognized that the 6-week training period was not long enough to develop certain skills, such as construction, and that it would have made more sense to develop fewer, but longer, courses to adequately train participants.

Lessons Learned for Ensuring Accountability

- *Establish accountability mechanisms.* Concerns over public and private corruption due to the wide dispersion of activities following Hurricane Mitch influenced USAID to take extra precautions to safeguard program funds. USAID’s Regional Inspector General (RIG) and GAO monitored the

Hurricane Mitch and El Salvador earthquake reconstruction programs and briefed USAID staff as well as Congress on a regular basis on key issues that USAID needed to correct. In the Caribbean program, USAID involved RIG officials early in the design to ensure proper accountability mechanisms were established and audits were performed early in the program.

- *Hire third-party monitoring firms.* USAID officials in Haiti contracted with an engineering firm to monitor construction activities and with a financial management firm to validate performance reports, report on the quality of activities executed by the contractor, and identify problem areas, and ensure flexibility in implementation. USAID officials reported that the oversight and recommendations from the two firms have proven to be invaluable. Specifically, the engineering firm was instrumental in providing several good recommendations on urgent needs that had not been identified in the damage survey; additionally, the firm provided early warning on a number of occasions where work needed immediate correction and collaborated closely with the implementing firms and quickly gained their confidence for sound recommendations. It served as a capable arbiter on several disputes between implementers and their subcontractors. Both the engineering and financial firms served a critical function at a time when USAID direct hires were unable to travel freely in Haiti to monitor progress due to poor security. In its El Salvador earthquake recovery program, USAID required that a private accounting firm conduct a concurrent audit of a USAID-funded health clinic being implemented by AmeriCares, a U.S.-based private voluntary organization that provides medical supplies overseas. This was done because AmeriCares had no experience implementing a USAID-funded program and was working through a Salvadoran nongovernmental organization to carry out the construction.

In Grenada and Jamaica, USAID also contracted engineering expertise to monitor the completion and quality of implementing contractors' construction activities. The USAID Mission in Jamaica obtained these services by augmenting the engineering staff of Wingerts Consulting. The work of the engineers engaged through Wingerts was similar to that typically performed by a USAID staff engineer, including monitoring and reviewing the processes utilized by the implementing contractor to assure reasonable costs, quality control, and delivery of a final product that is consistent with the expected results specified in the contract. According to USAID, the Wingerts staff served as an extension of the mission, given that the mission needed to move swiftly to implement construction and renovation activities and the mission did not have internal staff with sufficient expertise to effectively implement the activities under a short

time frame. The engineers engaged by the Jamaica Mission through Wingerts worked collaboratively with USAID's technical staff and the implementing contractors to provide technical approval of contract award processes and certifications and to perform site visits and environmental monitoring during execution of construction contracts and grants.

**Lessons Learned for
Monitoring and Evaluation**

- *Conduct monthly progress reviews and provide interim reports.* In its April 2005 report, the Regional Inspector General recommended that USAID staff responsible for the Hurricane Ivan Program monitor the program by maintaining a spreadsheet of target due dates for each activity and verify that all activities are completed on time. USAID provided monthly reports of its Caribbean recovery efforts that summarized the progress of program activities, challenges in implementing and completing activities, and the programs' expenditures to date. According to USAID officials responsible for the Hurricane Ivan Program, the contractor hired to assist with oversight, Wingerts Consulting, played a role in ensuring regular and timely progress reporting and program analysis, including capturing cross-country and cross-program implementation issues, and providing program-level financial analyses. USAID also reported that Wingerts conducted various site visits and served as a liaison between USAID's technical staff and implementing contractors to better assess the status of activities "on the ground" and report back to the mission, the bureau, and other stakeholders. USAID officials acknowledged that these reports might have been prepared by mission staff rather than Wingerts if USAID had a mission in Grenada or had sufficient staff in Jamaica to compile and produce the reports.

Appendix III: Comments from the U.S. Agency for International Development



May 18, 2006

Jacquelyn L. Williams-Bridgers
Managing Director
International Affairs and Trade
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Ms. Williams-Bridgers:

I am pleased to provide the U.S. Agency for International Development's (USAID's) formal response on the draft GAO report entitled "USAID Completed Many Caribbean Disaster Recovery Activities, but Several Challenges Hampered Efforts (GAO-06-645)." USAID acknowledges the validity of the GAO report and its recommendations.

Recommendation: Develop disaster recovery and reconstruction program guidance that incorporates lessons learned from the Hurricane Ivan Recovery and Reconstruction Program and Tropical Storm Jeanne Recovery Program as well as previous disaster recovery programs.

USAID Response: In light of its experience, the Agency has developed a crisis management model that utilizes task forces composed of USAID and other key USG department and agency personnel to provide an effective, integrated platform for complex emergency and stabilization responses. The task force, to be activated by the Administrator and with the Deputy Administrator serving as Chair, is responsible for the following:

- a. Serve as a coordination point for information sharing and joint planning among Agency bureaus;
- b. Coordinate externally with State Department regional bureau and other USG counterparts, and respond to requests from the National Security Council and other USG agencies;

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- c. Identify and track specific policy and operational roadblocks within the Agency and the USG and work to remove them expeditiously;
- d. Develop appropriate waiver authority with respect to proposed Agency work in response to the complex emergency;
- e. Develop bilateral country planning, as appropriate, and program design for relief and reconstruction efforts;
- f. Determine workforce planning and staffing for Agency activities in response to the complex emergency;
- g. Have responsibility for review and approval of resource allocations for Agency activities;
- h. Develop appropriate internal technical support for the task force; and
- i. Prepare, as appropriate, Congressional testimony and responses to Congressional inquiries.

The Agency has taken lessons learned and published them on the Agency intranet site for Agency employees.

Recommendation: Revise staffing procedures to allow the Agency to more quickly reassign or hire key personnel, either to augment staff responsible for disaster recovery efforts in countries with a USAID mission or to manage efforts in countries where USAID does not maintain a permanent presence.

USAID Response: Recent large scale natural disasters and complex emergencies (e.g., conflict), including the Asia Tsunami, Afghanistan, and Iraq, have revealed glaring gaps in U.S. capacity to respond effectively, particularly for stabilization and reconstruction programs. USAID acknowledges that it has, at times, limited capacity to respond to certain crises. We also lack sufficient quantities of particular skill sets, such as engineers. For nearly a dozen years the Agency did not have a budget that allowed us to replace attrition. As a consequence the Agency has been reduced in size by over 40%. Although we have had limited funding to hire additional staff over the past two years, we have been able to build our capacity in critical skill sets by hiring additional contracting officers and health officers. However, these limited numbers are not enough to meet the full range of

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competencies and numbers of staff we require, leading to staffing shortfalls in USAID missions throughout the world. Therefore, USAID has proposed the development of a “civilian surge capacity” which, if approved and funded, would give USAID over a three-year time period the ability to grow short-to-long-term staff on an as needed basis. The surge capacity program would not add permanent staff, but would augment current staff levels on a temporary basis. The USAID surge package focuses on particular skill sets where we have identified a lack of sufficient capacity.

Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff in the conduct of this review.

Sincerely,



Cynthia Pruett
Acting Chief Financial Officer

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

David Gootnick, (202) 512-3149 or gootnickd@gao.gov

Staff Acknowledgments

In addition to the contact named above, Phillip Herr (Assistant Director), Francisco Enriquez, Adrienne Spahr, Reid Lowe, Shana Wallace, and Mark Dowling made key contributions to this report.

Related GAO Products

Foreign Assistance: USAID Has Begun Tsunami Reconstruction in Indonesia and Sri Lanka, but Key Projects May Exceed Initial Cost and Schedule Estimates. [GAO-06-488](#). Washington, D.C.: April 14, 2006.

Foreign Assistance: Strategic Workforce Planning Can Help USAID Address Current and Future Challenges. [GAO-03-946](#). Washington, D.C., August 22, 2003.

Foreign Assistance: USAID's Earthquake Recovery Program in El Salvador Has Made Progress, but Key Activities Are behind Schedule. [GAO-03-656](#). Washington, D.C.: May 15, 2003.

Foreign Assistance: Disaster Recovery Program Addressed Intended Purposes, but USAID Needs Greater Flexibility to Improve Its Response Capability. [GAO-02-787](#). Washington, D.C.: July 24, 2002.

Foreign Assistance: AID Strategic Direction and Continued Management Improvements Needed. [GAO/NSIAD-93-106](#). Washington: D.C.: June 11, 1993.

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