



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/WEST BANK AND GAZA'S CIVIC PARTICIPATION PROGRAM

AUDIT REPORT NO. 6-294-13-003-P
NOVEMBER 25, 2012

CAIRO, EGYPT



Office of Inspector General

November 25, 2012

MEMORANDUM

TO: USAID/West Bank and Gaza Director, Michael T. Harvey

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

SUBJECT: Audit of USAID/West Bank and Gaza's Civic Participation Program
(Report No. 6-294-13-003-P)

This memorandum transmits our final report on the subject audit. In finalizing the report, we considered your comments on the draft report and have included them in their entirety (without attachments) in Appendix II.

The report includes three recommendations to assist the mission in improving its management and oversight of the Civic Participation Program. Based on management's comments on the draft report and other information provided, we acknowledge that the mission made management decisions on all three recommendations and completed final action on Recommendation 2.

Please provide the Office of Audit Performance and Compliance Division with the necessary documentation to achieve final action on Recommendations 1 and 3. Recommendation 2 is closed upon the issuance of this report.

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

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Abbreviations

The following abbreviations appear in this report:

ADS	Automated Directives System
AOR	agreement officer's representative
CRS	Catholic Relief Services
FY	fiscal year
PA	Palestinian Authority
RIG	Regional Inspector General

SUMMARY OF RESULTS

According to USAID/West Bank and Gaza and research groups, Palestinian civil society organizations can play a significant role in minimizing extremism and promoting democratic ideas. These organizations have provided key services to Palestinians in the absence of a national government, and researchers recognize the West Bank and Gaza as having a historically vibrant and active civil society.

Prior to 2007, the organizations received significant funding from various donors to support democracy-related activities. However, following the establishment of a reconstituted Palestinian Authority (PA) that year, donors shifted their support from civil society organizations to PA institutions. The support remaining for Palestinian civil society organizations was for short-term projects and was limited in scope.

In September 2010 USAID/West Bank and Gaza awarded a 3-year cooperative agreement worth about \$17.9 million to Catholic Relief Services (CRS) to implement the Civic Participation Program. The program was designed to help Palestinian civil society organizations reinvigorate participation in PA government processes and strengthen civic participation in governmental decision making. Objectives included:

- Increasing institutional capacity of targeted civil society organizations.
- Increasing public awareness of how to participate in the decision-making processes of targeted PA institutions and local government entities.
- Helping government institutions, citizens, civil society organizations, and other groups form partnerships.

CRS awarded four types of subgrants to Palestinian civil society organizations.¹

- **Civic Participation.** These subgrants support activities like advocacy campaigns to mobilize public efforts to address community problems and help organizations build their capacity. CRS anticipated awarding 76 subgrants estimated at \$100,000 each.
- **Coalition and Networking.** These subgrants support collaboration between smaller civil society organizations and larger, more established ones. CRS anticipated awarding nine subgrants estimated at \$65,000 each.
- **Institutional Support Incentive Fund.** These subgrants provide additional support to high-performing civic participation subgrantees to develop their capacity further. CRS anticipated awarding five subgrants during the program's third year, averaging \$50,000 each.
- **Window of Opportunity.** These subgrants support initiatives with short durations—between 6 to 8 months—to raise public awareness, increase civic participation, and respond to the changing political, economic, and social environments in West Bank and Gaza. CRS anticipated awarding 74 subgrants averaging \$35,000 each.

¹ The audit refers to these organizations as subgrantees throughout the report.

As of the end of June 2012, USAID/West Bank and Gaza had obligated \$10.3 million and disbursed \$3.7 million for the program.

The Regional Inspector General/Cairo (RIG/Cairo) conducted this audit as part of its fiscal year (FY) 2012 audit plan to determine whether USAID/West Bank and Gaza's Civic Participation Program made progress toward achieving its main goal of reinvigorating civic participation in PA government processes by supporting civil society organizations.

While the program made progress in supporting capacity development, increasing public awareness of the importance of participating in public sector decision-making, and developing partnerships among civil society organizations and key stakeholders, it had mixed results in achieving its targets on 21 indicators established to measure performance.² As of June 30, 2012, the program met or exceeded its cumulative FY 2011 and FY 2012 targets for 7 of 21 indicators and had not met targets for 7 others. CRS did not have data on the remaining 7 because they could not be generated until the subgrants were completed and the program employees had completed impact assessments. As of June 30, 2012, CRS had completed 9 subgrants and started the impact assessments. Appendix III contains a list of the 21 indicators with targets and reported results (page 14).

The program provided capacity development support to 28 civil society organizations that, according to mission officials, included training sessions on a variety of topics such as advocacy, coalition building and networking, governance, project management, fund-raising, and monitoring and evaluation. According to interviews with five of the organizations, they received valuable program management tools, such as hardware and software, samples of procurement documents, and monitoring and evaluation templates. Four of the five also reported benefiting from an assessment tool used to identify organizational weaknesses. Officials from one subgrantee said that until they got the subgrant, the organization had never assessed its weaknesses since it began in 1965. Another subgrantee found the assessment to be so helpful that it started using the tool with its partners.

The program completed 18 advocacy campaigns promoting participation in topics that were important to local communities. For example, one organization implemented a campaign advocating for the rights of people with disabilities; activities included developing a pamphlet on those rights, holding workshops on building modifications necessary to accommodate persons with disabilities, and running a national conference on disability issues that included representatives from government ministries, civil society organizations, and the United Nations.

The program created 169 new partnerships among civil society organizations and key stakeholders, including local communities and universities. One subgrantee established a partnership with nine small organizations that identified their communities' needs and implemented activities to address them. One of the nine then mobilized volunteers to tackle contaminated wells, and this initiative led to efforts to purify 500 wells in the area.

The program entered its third and final year on October 1, 2012. Despite the successes described above, the audit identified the following problems that the mission needs to address:

² The database USAID/West Bank and Gaza used to track program results separates one of the program's indicators into three subcomponents, resulting in 23 indicators tracked in this system, rather than 21.

- The program's subgrant activities were behind schedule (page 4). Almost 2 years into the program, CRS had awarded only 34 of a targeted 55 subgrants. Congressional holds on Palestinian aid were the main reasons for the delays.
- Indicator targets were unrealistic (page 5). CRS set some modest targets, but neither it nor the mission modified those targets after it became clear that they were too low.
- A requirement in the cooperative agreement raises the potential for future conflict with U.S. law (page 6). Several mission officials were not familiar with the Brownback Amendment, which states that organizations implementing USAID activities "shall not be subject to the prior approval" of foreign governments. This amendment could conflict with the mission's requirement that CRS use subgrantees that are registered with PA if the authority starts using registration to control which organizations are allowed to operate.

The audit recommends that USAID/West Bank and Gaza improve the effectiveness of the program by:

1. Preparing an implementation plan including (1) deadlines for the subgrant types behind schedule and (2) an explanation of how it intends to use or reprogram the \$2.4 million in undisbursed window of opportunity subgrants (page 5).
2. Working with CRS to review and revise the program targets and, if appropriate, direct program resources to other activities under the cooperative agreement (page 6).
3. Providing guidance to its staff on the Brownback Amendment and how it may affect mission programs (page 7).

Detailed findings follow. The audit scope and methodology are described in Appendix I. Our evaluation of management comments is included on page 8, and the full text of management comments is included in Appendix II.

AUDIT FINDINGS

Program Activities Were Behind Schedule

According to the May 2011 performance management plan, the program planned to award 201 subgrants during the 3-year period. In December 2011 the mission reduced that to 161, the minimum number included in the original cooperative agreement.

As of June 30, 2012, 21 months into the award, CRS had awarded only 34 subgrants—short of FYs 2011 and 2012 cumulative target of 55. CRS was behind schedule primarily for the window of opportunity and civic participation subgrants. For example, as of June 30, 2012, CRS had awarded 7 of 17 window of opportunity subgrants and 25 of 35 civic participation subgrants—in total 20 short of the cumulative FYs 2011 and 2012 target.

Congressional holds on appropriated FY 2011 foreign aid to the Palestinians were the primary reasons the program fell behind. However, the window of opportunity subgrants also were affected by the cancelled PA elections and the lack of clear instructions for potential subgrantees on the intent of these particular subgrants.

Beginning in August 2011, members of congressional committees placed informal holds on \$192.2 million in Economic Support Fund assistance for the West Bank and Gaza to be distributed through nongovernmental organizations.³ During this period, the mission and CRS limited the number of subgrants awarded, given the uncertain budget. Mission officials said they received a portion of the mission's FY 2011 funds in December 2011, and the remainder came in April 2012. In its decisions on prioritizing the budget for all programs, the mission obligated \$4.3 million of the \$6 million planned for the program. At the end of audit fieldwork, the mission was unclear on whether the remaining \$1.7 million would be made available. Mission and CRS officials were not sure how much funding would be available for the program's final year, which began in October 2012.

In addition to budgetary delays, CRS's subgrant process was affected by political events. The mission's program description included a variety of opportunities appropriate for window of opportunity subgrants, such as research and analysis of key legislation or initiatives to monitor government performance. However, in 2011 CRS awarded a total of eight subgrants to organizations working specifically on election-related activities. After PA cancelled the 2011 elections, CRS—in consultation with the mission—terminated three of the subgrants. Despite the variety of opportunities considered eligible for window of opportunity subgrants, CRS officials said it has been challenging to identify opportunities appropriate for this type of subgrant since the elections were cancelled.

The instructions that CRS included in the December 2011 solicitation for window of opportunity subgrants were also problematic. While they provided information on possible subgrant activities, they did not clearly convey a critical element, which, according to CRS officials, was for activities to “capitalize on momentum created emerging issues, notable developments, or important occasions.” As a result, many applications received did not meet the subgrant intent and CRS made only two awards.

³ USAID FY 2011 Congressional Notification No. 133, August 18, 2011.

The delays affected the program in two ways. First, they reduced the overall program impact, as measured by program indicators. For example, the target set for one capacity development indicator, *Number of civil society organizations using U.S. Government assistance to improve internal organizational capacity*, was based on the number of civil society organizations receiving subgrants awarded. Since that number was lower than expected, fewer civil society organizations were using U.S. Government assistance to improve their capacity. For FYs 2011 and 2012, this indicator was 57 percent under its target.

Second, about \$2.4 million programmed for the window of opportunity subgrants was not used. As of June 30, 2012, CRS awarded about \$227,000 of the \$2.6 million for these grants, meant to raise public awareness of the importance of civic participation. Given the relatively small size of this type of subgrant—an average of \$35,000 per subgrant—and the difficulties encountered in identifying appropriate activities, it could be difficult for the program to award the \$2.4 million in the 15 months that remain. Even though the mission is considering a no-cost program extension⁴ to allow time for more subgrants, we make the following recommendation.

Recommendation 1. We recommend that USAID/West Bank and Gaza prepare an implementation plan including (1) deadlines for the subgrant types behind schedule and (2) an explanation of how it intends to use or reprogram the \$2.4 million in undisbursed window of opportunity subgrants.

Indicator Targets Were Not Realistic

USAID's Automated Directives System (ADS) 203.3.4.5 states, "Targets should be ambitious, but achievable given USAID (and other donor) inputs. Missions should be willing to be held accountable for achieving their targets. On the other hand, targets that are set too low are also not useful for management and reporting purposes." Additionally, ADS 203.3.4.6 states that missions should update performance management plans annually, "with new performance information as [development objectives] develop and evolve."

During FYs 2011 and 2012, CRS exceeded the targets for seven indicators. Some results were as high as 954 percent—which begs the question of how reasonable the targets were. While some targets were analyzed and lowered because of USAID/West Bank and Gaza's funding delay, the targets for these seven indicators were not modified adequately. Three are outlined below:

- *Number of people participating in civil society organizations' advocacy campaigns.* For FY 2011, the indicator target was 350; however, the reported result was 3,340—almost 10 times the target. Similarly, as of FY 2012's third quarter, the program dramatically exceeded the FY target of 1,450, reporting estimated results of 12,589—almost 9 times the established amount.
- *Number of government actions that were taken due to partner civil society organization's advocacy.* As of the third quarter of FY 2012, CRS reported 11 actions taken, 220 percent of the target of 5.

⁴ A no-cost extension gives the implementer more time to complete the activities, but does allow for additional funds.

- *Number of new partnerships.* In FY 2011, the program's reported results were 750 percent of the indicator target—45 partnerships compared with the target of 6. As of the third quarter of FY 2012, the program reported 126 new partnerships—630 percent of the target of 20.

Appendix IV contains a list of all seven indicators with targets and reported results (page 16).

According to mission officials, CRS exceeded the targets for these seven indicators because it was overly conservative in setting initial targets. The agreement officer's representative (AOR) said she initially encouraged CRS to set higher targets, but it preferred more modest ones. Mission officials said CRS set the indicator targets based on what it believed was reasonable given its prior work in the area. Additionally, when reviews of targets were performed, the focus was on reducing targets that would be affected by budgetary constraints.

At the beginning of the program's second year in October 2011, the mission adjusted the targets affected by funding delays, but it did not analyze and adjust them based on the program's performance. The AOR said there were no discussions about modifying the targets that CRS was rapidly exceeding to reflect the actual achievements, successes, and challenges from the first performance year.

Mission officials agreed that if targets are being exceeded significantly, they should be adjusted. They noted that October 2012—the start of the program's third and final year—would be an opportunity to make any revisions; monitoring and evaluation officials anticipated conducting training in fall of 2012 so the mission's employees would know how to set appropriate targets.

USAID/West Bank and Gaza needs to adjust targets to reflect events during the course of the program so the mission can evaluate CRS's performance and appropriately allocate resources. Given the impact of the mission's funding delays on the program, it is important that the mission and CRS closely review activities that significantly exceed targets. By doing so, the mission can determine whether the targets need adjustments or whether the program's goals have been achieved and resources can be reallocated to other program needs. Therefore, we make the following recommendation.

Recommendation 2. *We recommend that USAID/West Bank and Gaza review and revise the Civic Participation Program targets and determine, in writing, if program resources should be directed to other activities under the cooperative agreement.*

Agreement Requirement Raises Potential for Conflict With U.S. Law

According to researchers, repressive governments often require organizations in their countries that seek to receive U.S. aid to register legally. The governments then control the registration process to select which receive aid.⁵ To counteract such attempts, the Brownback Amendment states that organizations implementing USAID's democracy and governance activities and the

⁵ Sarah Trister, "Exercising U.S. Leadership: Democracy Funding in a Time of Global Change," *Freedom House*, May 15, 2012, and Mohamed Agati, "Undermining Standards of Good Governance: Egypt's NGO Law and Its Impact on the Transparency and Accountability of CSOs," *International Journal of Not-for-Profit Law*, April 2007.

specific nature of the assistance “shall not be subject to the prior approval by the government of any foreign country.”⁶

Several West Bank and Gaza mission officials interviewed during the course of the audit were not familiar with the amendment’s legal restrictions. While the audit team did not find any violations of the amendment in the mission’s agreement with CRS, one aspect has the potential to cause a conflict. USAID required CRS to select subgrantees that were:

Officially registered as a non-profit organization with legal status granted by the PA authorities with demonstrated capacity to comply with all applicable administrative legal requirements and fiscal regulations, including but not limited to the Palestinian [nongovernmental organizations] law.

Mission officials said they included this requirement based on discussions with CRS and because PA’s registration process requires organizations to have internal controls similar to those required by the preaward surveys that USAID conducts.⁷ According to mission officials, this registration process reflects the increase in capacity of PA, which they believe is a positive development in making local nongovernmental organizations more accountable and transparent. The mission considered the registration requirement to be, in effect, a proxy for ensuring that potential subgrantees have been duly organized and have established elements of good governance.

Additionally, although PA requires nongovernmental organizations to be registered, it does not require prior approval of the specific nongovernmental organizations implementing USAID programs or approval of the nature of the activities those nongovernmental organizations conduct—important elements of the Brownback Amendment. Mission officials said PA instituted procedural safeguards that grant nongovernmental organizations rights to prevent abuse of the registration process. The mission’s senior legal advisor said that while most agreements do not require organizations to be registered with host-country governments, the mission tries to be certain that programs involving subgrants comply with local laws by using subgrantees that are registered. In addition, the registration requirement helps ensure that CRS only works with true legal entities, something mission officials said is an important consideration for financial management and legal accountability.

Based on these factors, mission officials said they felt that the use of registration as a requirement for selecting subgrantees was both reasonable and in line with USAID objectives.

While the audit team found no indications that PA was misusing the registration process at the time of the audit, should that change, the mission would need to examine whether there is a conflict with the Brownback Amendment. Therefore we make the following recommendation.

Recommendation 3. *We recommend that USAID/West Bank and Gaza provide guidance to its staff on the Brownback Amendment and how it may affect mission programs.*

⁶ Public Law 110–1617, Sec. 7034(m)(4). The Brownback Amendment was first included in the Consolidated Appropriations Act of 2005 (P.L. 108-447), but until 2008 it applied only to democracy and governance assistance to Egypt.

⁷ Palestinian Law No. 1, “Law of Charitable Associations and Community Organizations.”

EVALUATION OF MANAGEMENT COMMENTS

In its comments on the draft report, USAID/West Bank and Gaza agreed with all three recommendations. We have acknowledged management decisions on all recommendations, and final action was taken on Recommendation 2. A detailed evaluation of management comments follows.

Recommendation 1. USAID/West Bank and Gaza, along with the implementer, agreed to develop a third-year implementation plan that decreases the number of proposed subgrants, including the window of opportunity subgrants. This reflects an expected reduction in overall program funds as well as recognition that issuing a large number of window of opportunity subgrants in a short period of time is unrealistic, particularly given past difficulties awarding these types of subgrants. In addition, mission officials said they would reprogram approximately 50 percent of the \$2.4 million in undisbursed window of opportunity subgrants to the program's civic participation component. Target completion date for these actions is November 30, 2012. As a result, we acknowledge that the mission made a management decision on Recommendation 1.

Recommendation 2. USAID/West Bank and Gaza, in conjunction with the implementer, revised the program management plan to adjust targets, based on expected funding, program performance, and lessons learned. Based on management's comments and the supporting documentation provided, we acknowledge that the mission made a management decision and final action has been taken on Recommendation 2, as it relates to reviewing and revising program targets.

Recommendation 3. USAID/West Bank and Gaza agreed to provide information to its staff during mission staff meetings on the Brownback Amendment and how it could affect mission programs. Target completion date for this action is December 14, 2012. As a result, we acknowledge that the mission made a management decision on Recommendation 3.

SCOPE AND METHODOLOGY

Scope

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

The purpose of this audit was to determine whether USAID/West Bank and Gaza's Civic Participation Program was achieving its main goal of reinvigorating civic participation in PA government processes by supporting civil society organizations. The mission awarded CRS a 3-year cooperative agreement worth about \$17.9 million on September 30, 2010. As of June 30, 2012, \$10.3 million had been obligated and \$3.7 million disbursed under the program. The audit team tested approximately \$558,369, or 16 percent, of the disbursements.

The audit covered the period from September 30, 2010—the program's start—to June 30, 2012. In planning and performing this audit, we assessed mission internal controls related to proper approval of documents, data verification, reporting, supervisory and management review, and establishment and review of performance measures and indicators. We also reviewed the internal controls in place to monitor program activities. Controls reviewed included but were not limited to data quality assessments, AOR files, annual and quarterly reports, and portfolio reviews.

We conducted audit fieldwork at USAID/West Bank and Gaza in Tel Aviv and at CRS's offices and field locations in the West Bank. The work took place from July 30 to August 17, 2012.

Methodology

To answer the audit objective, we interviewed personnel from the mission, CRS, and program subgrantees. In addition to interviewing key personnel and making auditor on-site observations, we reviewed reports and files that the mission and CRS maintained as part of their program monitoring activities. We obtained an understanding of the program and how USAID/West Bank and Gaza monitored and measured results by reviewing the cooperative agreement, subsequent modifications, the performance management plan, CRS's annual implementation plans, site visit documentation, and progress reports. We reviewed the mission's FY 2011 Federal Managers' Financial Integrity Act assessment, the oversight performed by the AOR (including site visit reports and subgrantee approvals), performance measures, and data quality assessments. Furthermore, we reviewed applicable laws and regulations and USAID policies and procedures, including ADS Chapters 203 ("Assessing and Learning") and 303 ("Grants and Cooperative Agreements to Non-Governmental Organizations") and Title 22 of the Code of Federal Regulations, Part 226, "Administration of Assistance Awards to U.S. Non-Governmental Organizations."

We reviewed the compliance of both USAID/West Bank and Gaza and CRS with Executive Order 13224, "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism," and with USAID/West Bank and Gaza's Mission Order 21, "Anti-Terrorism Procedures." We also reviewed compliance with USAID's "Counter

Trafficking in Persons Code of Conduct” and relevant countertrafficking laws and regulations. To review compliance with antiterrorism and countertrafficking requirements, we reviewed relevant documentation, including USAID/West Bank and Gaza’s cooperative agreement with the implementer and the subgrants. We tested a statistical sample of 24 subgrants for the inclusion of mandatory agreement language and evidence that USAID/West Bank and Gaza had vetted institutions and key subgrant personnel as required by antiterrorism criteria.

To verify reported program results, we selected a judgmental sample of 12 program indicators for testing from a universe of 21 indicators (57 percent), 14 of which had data available at the time of our audit. For these indicators, we validated reported results by (1) tracing results that the mission reported to documented results and records (e.g., implementer and subgrantee attendance sheets, training documents, and progress reports), (2) visiting the program subgrantee sites to observe activities, and (3) interviewing mission and CRS staff members, subgrantees, and beneficiaries. In addition, we reviewed supervisory approvals and the level of monitoring conducted by the AOR and USAID/West Bank and Gaza by reviewing site visit reports and data quality assessments. Results from this sample cannot be generalized to the entire program; however, because we tested 12 of the 14 (87 percent) indicators that had data at the time of this audit, we consider that data were sufficiently reliable to address the audit objective.

To test the appropriateness of CRS disbursements, we tested a judgmental sample of 26 from the third quarter of FY 2011. Those disbursements amounted to \$558,369—42 percent of total disbursements for that quarter (approximately \$1.3 million). For the selected transactions, we matched the amounts to supporting documents such as invoices, payment requests, and time sheets. No discrepancies were identified in this review.

We conducted site visits to a judgmental sample of 5 of 28 organizations receiving program subgrants (18 percent). This sample was selected to include subgrantees with multiple subgrant types, significant subgrant value, and both active and completed subgrants. The subgrantees accounted for 8 subgrants (worth \$690,657) of the 34 (worth \$3 million) that CRS had awarded as of June 30, 2012. The audit team conducted site visits to the subgrantees’ offices in Bethlehem, Hebron, and Ramallah in the West Bank, but it could not visit any sites in Gaza because of security restrictions. To the extent possible, we verified the existence of deliverables, verified compliance with USAID branding requirements, and determined the extent to which subgrantees were aware of the source of program funding. We interviewed subgrantees to determine whether the program was meeting their needs and to learn about their experiences with CRS and USAID/West Bank and Gaza. The results of these site visits cannot be generalized to all subgrantees.

MANAGEMENT COMMENTS



USAID
FROM THE AMERICAN PEOPLE

WEST BANK/GAZA

UNCLASSIFIED

Date: November 9, 2012

To: Regional Inspector General, Cairo, Catherine Trujillo

From: Mission Director, USAID West Bank and Gaza, Michael T. Harvey /s/

Through: Deputy Mission Director, Sherry F. Carlin /s/

Subject: Mission's Comments on the Draft Performance Audit Report of the Civic Participation Program.

Draft Audit Report No. 6-294-13-00X-P dated October 11, 2012

Reference: Trujillo/Harvey memorandum dated October 11, 2012

USAID West Bank and Gaza wishes to thank the Regional Inspector General/Cairo for conducting the referenced performance audit of the Civic Participation Program (CPP). The subject draft audit report has been thoroughly reviewed by the Democracy and Governance Office (DGO) in collaboration with other offices of the Mission.

The Mission appreciates this opportunity to comment on the draft audit report and the three recommendations therein as the RIG prepares the final report. The following are the Mission's comments on each of the three recommendations.

Recommendation No. 1:

We recommend that USAID/West Bank and Gaza prepare an implementation plan including (1) deadlines for the subgrant types behind schedule and (2) an explanation of how it intends to use or reprogram the \$2.4 million in undisbursed window of opportunity subgrants.

Response:

USAID and Catholic Relief Services (CRS) will reflect this recommendation in the third year CPP implementation plan. The recommendation will be addressed as follows:

(1) In the year three implementation plan, the number of proposed grants will be lowered given the expected reduction in overall funding for the program. The remaining number of grants will be determined based on the amount of FY12 funds expected to be obligated into the award and based on the amount of time remaining for implementation of activities following the obligation of funds (close-out of the award is scheduled for September 30, 2013). The implementation plan will include deadlines for awarding the remainder of the grants to be implemented under the program.⁸

(2) USAID will reduce the number of targeted grants under the Windows of Opportunity (WIN) component. USAID and CRS agreed that the number of targeted grants under the WIN component should be reduced for two reasons: First, it would be unrealistic to issue a large number of grants in the remaining time period of the award. Second, during year two implementation, CRS did not receive the expected number of competitive applications under this component. While USAID and CRS agreed to modify the competitive process for WIN grants (described below), the expectation is that there will be fewer grants awarded under the WIN component.

On October 10, 2012 USAID and CRS agreed to reduce the number of WIN grants. As a result, approximately 50 percent of the \$2.4 million will remain in the WIN component of the program. The remaining approximately 50 percent of the \$2.4 million will be re-programmed for the Civic Participation component. In addition, CRS will improve the sub-award solicitation process by expanding the scope of the WIN Request for Application to include more examples of activities and ideas such as awareness raising, civic participation, research, analysis of key legislation, and initiatives to monitor government performance, in addition to emerging women, children and disabled issues. We expect this to increase the number of competitive applications from civil society organizations.

These changes, including the timeframe of each CPP component will be reflected in the third year implementation plan. USAID and CRS are reviewing the year three draft implementation plan and we expect to approve the plan by November 30, 2012.

Recommendation No. 2:

We recommend that USAID/West Bank and Gaza review and revise the Civic Participation Program targets and determine, in writing, if program resources should be directed to other activities under the cooperative agreement.

Response:

USAID and CRS revised the CPP Program Management Plan (PMP) and modified the targets based on the amount of FY12 funds expected to be obligated into the cooperative agreement and

⁸ CRS had awarded only 34 sub grants as of June 30, 2012 (the end of the audit period). The FY11 and FY12 cumulative target was 55. From July 1, 2012 until September 30, 2012, CRS awarded an additional 17 Civic Participation grants and two Coalition and Networking grants, which increase the number of awarded grants from the first and second year to 53 out of the planned 55 grants.

the amount of time remaining until close-out of the award (scheduled for September 30, 2013). The modified PMP targets also take into consideration the audit recommendations, lessons learned and the targets that CPP succeeded to achieve last year.

For example, in the newly revised PMP, indicator No. 14, Number of people participating in advocacy campaigns changed from 750 to 10,000 based on the targets that CRS achieved last year under this indicator. Also for indicator No. 12, Number of CSO advocacy campaigns supported by USG assistance changed from 5 advocacy campaigns to 16.

As mentioned under the first recommendation, approximately 50 percent of the \$2.4 million of the budget for the WIN component will remain in the WIN component while the other approximately half will be re-programmed for the Civic Participation component. This change has been reflected in the recently revised PMP that was submitted to USAID on October 15, 2012 USAID approved the PMP on November 8, 2012 (Attachment A).

Recommendation No. 3:

We recommend that USAID/West Bank and Gaza provide guidance to its staff on the Brownback Amendment and how it may affect mission programs.

Response:

Mission management agrees and will address this recommendation by taking the following actions by December 14, 2012. First, the regional legal advisor will explain the Brownback Amendment and how it could affect programs at the Mission's weekly senior staff meeting, and ask office directors to discuss with their staff. Second, the regional legal advisor will explain the Brownback Amendment at a weekly all staff meeting, noting that staff can discuss the amendment in further detail with their office director or the regional legal advisor as necessary.

Attachment:

- A) Revised PMP plan.

Program Indicators and Targets (Audited)

Indicators	FY 2011 and 2012 Cumulative Targets*	Overall Targets*	Cumulative FY 2011 and 2012 Reported Results as of June 30, 2012
<i>Increased institutional capacity of targeted civil society organizations</i>			
<i>Percentage of civil society organizations that demonstrate considerable improvements in their institutional capacity</i>	80	80	Results not yet available
<i>Number of civil society organizations receiving Institutional Support Incentive Fund subgrants</i>	0	5	Subgrants to be awarded third program year
<i>Number of civil society organizations using U.S. Government assistance to improve internal organizational capacity</i>	65	116	28
<i>Average number of coaching visits done by Catholic Relief Services partner relations officers to each partner civil society organization</i>	10	10	13
<i>Number of civil society organizations participating in quarterly grantee workshops to discuss capacity building issues</i>	50	58	27
<i>Number of civil society organizations' Business Development Plans developed as a result of Participant Organizational Needs Assessment Testing findings with civil society organizations written commitment</i>	25	55	34
<i>Number of civic participation subgrants awarded</i>	35	76	25
<i>Percentage of targeted civil society organizations' beneficiaries who report improved capacity of civil society organizations in civic participation</i>	80	80	Results not yet available
<i>Percentage of targeted civil society organizations' paid staff members who show improved business practices</i>	80	80	Results not yet available
<i>Increased public participation in public sector decision making with targeted PA institutions and local government entities</i>			
<i>Percentage increase of sample targeted institutions perceiving an improvement in public participation (PA / local government members/ partner civil society organizations)</i>	5/7/10	10/14/20	Results not yet available

Indicators	FY 2011 and 2012 Cumulative Targets	Overall Targets *	Cumulative FY 2011 and 2012 Reported Results as of June 30, 2012
<i>Number of civil society organizations and community-based organizations that demonstrate improvements in their ability to engage their communities</i>	37	45	Results not yet available
<i>Number of civil society organization advocacy campaigns supported by U.S. Government</i>	11	16	18
<i>Number of U.S. Government-funded organizations representing marginalized constituencies trying to affect government policy or conducting government oversight</i>	30	60	14
<i>Number of people participating in civil society organizations' advocacy campaigns</i>	1,800	2,550	15,929
<i>Number of civil society organizations using U.S. Government assistance to promote political participation</i>	16	26	23
<i>Number of Window of Opportunity subgrants awarded</i>	17	71	7
<i>Number of civil society organizations receiving U.S. Government assistance engaged in advocacy interventions</i>	57	77	12
<i>New strategic partnerships among government institutions, citizens, civil society actors and other stakeholders</i>			
<i>Number of new strategic partnerships among stakeholders</i>	26	36	171
<i>Number of Coalition and Network subgrants awarded</i>	3	9	2
<i>Percentage increase of civil society organization members' perceptions of effectiveness of public involvement in decision making</i>	7	7	Results not yet available
<i>Number of government actions that were taken due to partner civil society organizations' advocacy</i>	5	15	11

* Targets based on December 2011 revised performance management plan.

Reported Results Significantly Exceeding Targets as of June 30, 2012 (Unaudited)

Indicator	FY 2011			FY 2012		
	Target	Actual	Actual as Percent of Target	Target	Actual	Actual as Percent of Target
<i>Average number of coaching visits done by Partner Relations Officers to partner civil society organizations</i>	10	12	120	10	14	140
<i>Number of civil society organizations' Business Development Plans developed as a result of Participatory Organizational Needs Assessment Tool findings with civil society organization written commitment</i>	25	34	136	0	0	-
<i>Number of civil society organization advocacy campaigns supported by U.S. Government</i>	2	2	100	9	16	178
<i>Number of people participating in civil society organizations' advocacy campaigns</i>	350	3,340	954	1,450	12,589	868
<i>Number of civil society organizations using U.S. Government assistance to promote political participation</i>	8	8	-	8	15	188
<i>Number of new strategic partnerships among stakeholders</i>	6	45	750	20	126	630
<i>Number of government actions that were taken due to partner civil society organizations advocacy</i>	0	0	-	5	11	220

U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Avenue, NW
Washington, DC 20523
Tel: 202-712-1150
Fax: 202-216-3047
<http://oig.usaid.gov>