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# Quarterly Progress and Oversight Report on the Civilian Assistance Program in Pakistan

As of June 30, 2012



# Foreword

This is the tenth quarterly progress and oversight report on the U.S. Government's civilian assistance program in Pakistan. The U.S. Embassy in Pakistan requested quarterly reporting to inform stakeholders about progress achieved to date, problems encountered during program implementation, and actions taken to address them.

This report covers the period from April 1 to June 30, 2012. The U.S. Embassy reported that, as of June 30, 2012, \$3.162 billion in civilian assistance funds for fiscal years 2010, 2011, and 2012 had been obligated and that \$2.876 billion had been spent since fiscal year 2010.

Program status information in this report is based on information provided by the departments and agencies working in Pakistan—the Departments of Agriculture, Commerce, Defense, and State, and the U.S. Agency for International Development, U.S. Institute of Peace, and U.S. Trade and Development Agency. In most instances, this information has not been independently verified or audited. The information on program oversight comes from audits, reviews, and investigations performed by the Offices of Inspector General of the U.S. Agency for International Development and the Departments of Agriculture, Defense, Homeland Security, Justice, and State, as well as by the Government Accountability Office.

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# Executive Summary

The Enhanced Partnership with Pakistan Act of 2009, Public Law 111-73 (October 15, 2009), authorizes democratic, economic, and development assistance to Pakistan of up to \$1.5 billion per year from fiscal year (FY) 2010 to FY 2014, for a total of \$7.5 billion. The U.S. Department of State's *Pakistan Assistance Strategy Report*, issued in December 2009, guides the U.S. Government's civilian assistance program in Pakistan, which is designed to build trust and a long-term partnership between the two countries by strengthening mutual security, stability, and prosperity.

The U.S. Embassy reported that, as of June 30, 2012, \$3.162 billion in civilian assistance funds for FYs 2010, 2011, and 2012 had been obligated and that \$2.876 billion had been spent since FY 2010.<sup>1</sup> These funds are intended to address the country's most critical infrastructure needs, help the Pakistani Government meet its citizens' basic needs and provide improved economic opportunities, and strengthen Pakistan's capacity to pursue economic and political reforms that reinforce stability.

Challenges to implementation of the civilian assistance program in Pakistan remain in every sector. Limited technical capacity, corruption, and a shift toward more decentralized governance have affected the implementation of many assistance efforts. Implementing partners and program participants are sometimes subject to criticism and harassment for their association with U.S. Government efforts. Assistance programs are also hindered by strict Government of Pakistan requirements for travel outside Islamabad and provincial capitals. Program staffing and events have been hampered by the denial of visas and visa extensions to U.S. Government employees. Despite these challenges, implementation of assistance programs continued.

The U.S. Agency for International Development (USAID) continued to implement programs through Pakistani institutions, including national and provincial governments and nongovernmental organizations (NGOs). During FYs 2010 and 2011, USAID awarded more than \$1.7 billion to governmental and nongovernmental Pakistani institutions. From October 1, 2011, through June 30, 2012, USAID made awards to these groups totaling \$398.8 million. To overcome risks to its programs and improve monitoring and oversight of them, USAID continued to conduct preaward assessments of local implementing partners. USAID also began to conduct broad-based monitoring and evaluation activities under a new institutional contract to enhance the mission's oversight.

To protect USAID funds against waste and theft, USAID's Office of Inspector General (OIG) pursued hotline complaints and conducted investigations and audits. In May 2012, USAID proposed the Sindh Rural Support Organization for debarment after an OIG investigation revealed mismanagement, theft, and corruption associated with the organization's participation in several USAID-funded projects. Later

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<sup>1</sup> U.S. Government expenditures from FY 2010 to date exceed the amount of assistance funding obligated in FYs 2010, 2011, and 2012, because they include expenditures of funds obligated in previous fiscal years.

that month, USAID agreed with the Rafi Peer Theater Workshop to end its cooperative agreement to implement the Children's Television Project after OIG investigators referred initial findings regarding violations of USAID procurement policies and standards to the USAID mission in Pakistan.

During the quarter, USAID OIG issued two performance audits, one review, six financial audits, and two quality control reviews relating to Pakistan. The financial audits and reviews identified \$4.1 million in questioned costs and recommended funds to be put to better use. Meanwhile, OIG's April 2012 performance audit of USAID's Entrepreneurs Project found that, although it had provided training and technical instruction to help the owners of microenterprises improve their commodities, it was not possible to determine whether the project was achieving its overall goal of increasing the incomes of owners of microenterprises because USAID/Pakistan had not yet started tracking income changes. OIG's May 2012 audit of USAID support of the Benazir Income Support Program found that USAID's first installment of \$85 million transferred to the Government of Pakistan for the program was disbursed to approximately 480,000 beneficiaries who were given regular cash payments as a way of stabilizing the economy. In July 2010, USAID provided a second installment of \$75 million to the Government of Pakistan for use in the program but as of March 2012 had not authorized the government to transfer this money to the program because mission officials were unable to verify that the program had implemented an effective monitoring and evaluation plan.

The U.S. Department of State (DOS) OIG also completed work related to Pakistan during the quarter. A DOS OIG evaluation of the Antiterrorism Assistance (ATA) Program in the Near East and in South and Central Asia found that the Department had no assurance that the program was achieving intended statutory purposes or that the overall or individual programs were successful because the bureau managing the program had not developed outcome-oriented program objectives or established a mechanism for evaluating the program. DOS OIG also noted that the bureau had not developed a process for ensuring that contractors responsible for providing ATA training were meeting requirements. Furthermore, equipment provided under the program was sometimes unused or incompatible with the partner country's existing equipment and, in some cases, exceeded the country's needs.

DOS OIG also issued a follow-up report on the performance of Embassy Islamabad. DOS OIG inspectors credited Embassy leadership with effectively managing the fallout from major events in the relationship with Pakistan during 2011. According to the OIG report, Embassy reporting provided a clear-eyed assessment of realities in Pakistan and sober advice to Washington on how to deal with those realities. However, according to DOS OIG, Embassy leadership needed to accelerate its assessment of the implications of the changing relationship between the United States and Pakistan. OIG inspectors also observed that the mission struggled to program more than \$2 billion in annual funding for development and security assistance programs and to manage proposed staffing increases and housing needs.

Meanwhile, in May 2012, the Government Accountability Office (GAO) issued a report on U.S. Government efforts to assist Pakistan in countering improvised explosive devices (IEDs), which are a significant source of fatalities in Pakistan and among U.S. and coalition forces in Afghanistan. Several U.S. agencies are engaged in efforts to assist Pakistan in countering IEDs. These agencies face a variety of challenges in carrying out their activities, such as delays in obtaining visas and in the delivery of equipment. GAO found that DOS had established a performance indicator and targets to track some of Pakistan's counter-IED efforts. However, GAO observed that these performance metrics did not cover the full range of U.S.-assisted efforts. DOS agreed with GAO's recommendation to broaden the scope of metrics to better reflect and evaluate interagency participation in counter-IED efforts.

# Background

U.S. civilian assistance to Pakistan is important to maintaining the long-term strategic partnership that the U.S. Government sought to forge with the Government of Pakistan and its citizens through the Enhanced Partnership with Pakistan Act of 2009, Public Law 111-73 (October 15, 2009). The act authorized \$1.5 billion per year for FYs 2010–2014, for a total of \$7.5 billion, to support democratic, economic, and development assistance.

In 2009, DOS developed a strategy for providing civilian assistance to Pakistan.<sup>2</sup> The strategy's objectives include addressing the country's most critical infrastructure needs; helping the Pakistani Government meet basic needs and provide improved economic opportunities, especially in areas most vulnerable to extremism; and strengthening Pakistan's capacity to pursue economic and political reforms that reinforce stability. The strategy initially focused on high-impact, high-visibility infrastructure programs, the provision of humanitarian and social services, and improved governance and security. In 2011, USAID and DOS refined the strategy to focus assistance on energy, economic growth, stabilization, education, and health. Programs in these sectors incorporate crosscutting themes of good governance, gender equity, and greater transparency.<sup>3</sup>

The U.S. assistance effort in Pakistan continues to face political challenges. In late November 2011, a cross-border incident involving North Atlantic Treaty Organization (NATO) and Pakistani forces claimed the lives of 24 Pakistani soldiers. This incident and other security and political developments in 2011 prompted some elected officials in the United States and Pakistan to call for a reevaluation of the relationship between the two countries. In April 2012, Pakistan's parliament approved a resolution condemning the November incident, calling for a review of the U.S. footprint in Pakistan, and stressing the need for Pakistan-U.S. relations to be based on the mutual respect for one another's sovereignty, independence, and territorial integrity. As U.S. officials worked with the Government of Pakistan to reset elements of the relationship between the two nations in line with the National Assembly's recommendations, Pakistan's Supreme Court disqualified Prime Minister Yousaf Raza Gillani from office. On June 22, parliament elected a new prime minister, Raja Pervez Ashraf.

Meanwhile, security conditions in Pakistan continued to complicate project design, implementation, and monitoring. U.S. Government personnel are subject to security-related travel restrictions, and project activities are often delayed or cancelled because of security issues. In addition, following the incident on the Afghanistan-Pakistan border in late November 2011, U.S. Government partners have been under heightened scrutiny and, sometimes, threat for their association with the U.S. assistance efforts. In late

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<sup>2</sup> *Pakistan Assistance Strategy Report*, December 14, 2009.

<sup>3</sup> Office of the Special Representative for Afghanistan and Pakistan, *Status Report: Afghanistan and Pakistan Civilian Engagement*, November 2011.

March, a USAID implementing partner's vehicle was attacked, and two people associated with the U.S.-funded project were killed and a third injured. According to a database of major security incidents against aid workers, 24 aid workers have been killed in Pakistan, 23 wounded, and 30 abducted from October 2009 to June 2012.<sup>4</sup>

Since the ratification of the Enhanced Partnership with Pakistan Act, the U.S. Congress has appropriated \$3.604 billion in civilian assistance funding for Pakistan through four foreign operations accounts. As of June 30, 2012, the U.S. Embassy in Islamabad reported that U.S. Government agencies had obligated \$2.255 billion of this total (Table I). Other assistance funds for Pakistan, such as International Disaster Assistance, Food for Peace, Migration and Refugee Assistance (MRA), and Emergency Refugee and Migration Assistance (ERMA), are not designated for use in specific countries during the appropriations process. These other funds are not shown in Table I.

**Table I. Civilian Assistance to Pakistan by Fund and Agency for Select Foreign Assistance Funds as of June 30, 2012 (\$ Million; Unaudited)**

Fund	Appropriated*				Agency	Obligated
	FY 2010	FY 2011	FY 2012	Total		FYs 2010–2012
<b>Economic Support Fund (ESF)</b>	1,292.0	918.9	864.7	<b>3,075.6</b>	Department of Commerce (DOC)	0.3
					Department of Defense (DOD)	10.0
					DOS	50.2
					USAID	1,778.1
					U.S. Department of Agriculture (USDA)	19.0
					U.S. Institute of Peace (USIP)	3.0
					U.S. Trade and Development Agency (USTDA)	4.6
					<b>Subtotal</b>	<b>1,865.2</b>
<b>Global Health and Child Survival (GHCS)</b>	29.7	28.4	–	<b>58.1</b>	USAID	<b>55.9</b>

<sup>4</sup> Humanitarian Outcomes, *Aid Worker Security Database, 2009–12*, <https://aidworkersecurity.org/>.



Fund	Appropriated*				Agency	Obligated
	FY 2010	FY 2011	FY 2012	Total		FYs 2010–2012
<b>International Narcotics and Law Enforcement (INCLE)</b>	170.0	114.3	116.0	<b>400.3</b>	DOS	<b>281.5</b>
<b>Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)</b>	23.9	24.8	20.8	<b>69.5</b>	DOS	<b>52.6</b>
<b>Total</b>	<b>1,515.6</b>	<b>1,086.4</b>	<b>1,001.5</b>	<b>3,603.5</b>		<b>2,255.2</b>

Source: DOS Office of Foreign Assistance Resources and U.S. Embassy Islamabad.

\* Reported amounts are limited to funds that were designated for use in Pakistan during the appropriations process. Foreign operations appropriations for FY 2010 were provided in the Consolidated Appropriations Act, 2011, Public Law 111-117 (December 16, 2009) and the Supplemental Appropriations Act, 2010, Public Law 111-212 (July 29, 2010). Foreign operations appropriations for FY 2011 were provided in the Department of Defense and Full-Year Continuing Appropriations Act, 2011, Public Law 112-10 (April 15, 2011), and foreign operations appropriations for FY 2012 were provided in the Consolidated Appropriations Act, 2012, Public Law 112-74 (December 23, 2011).

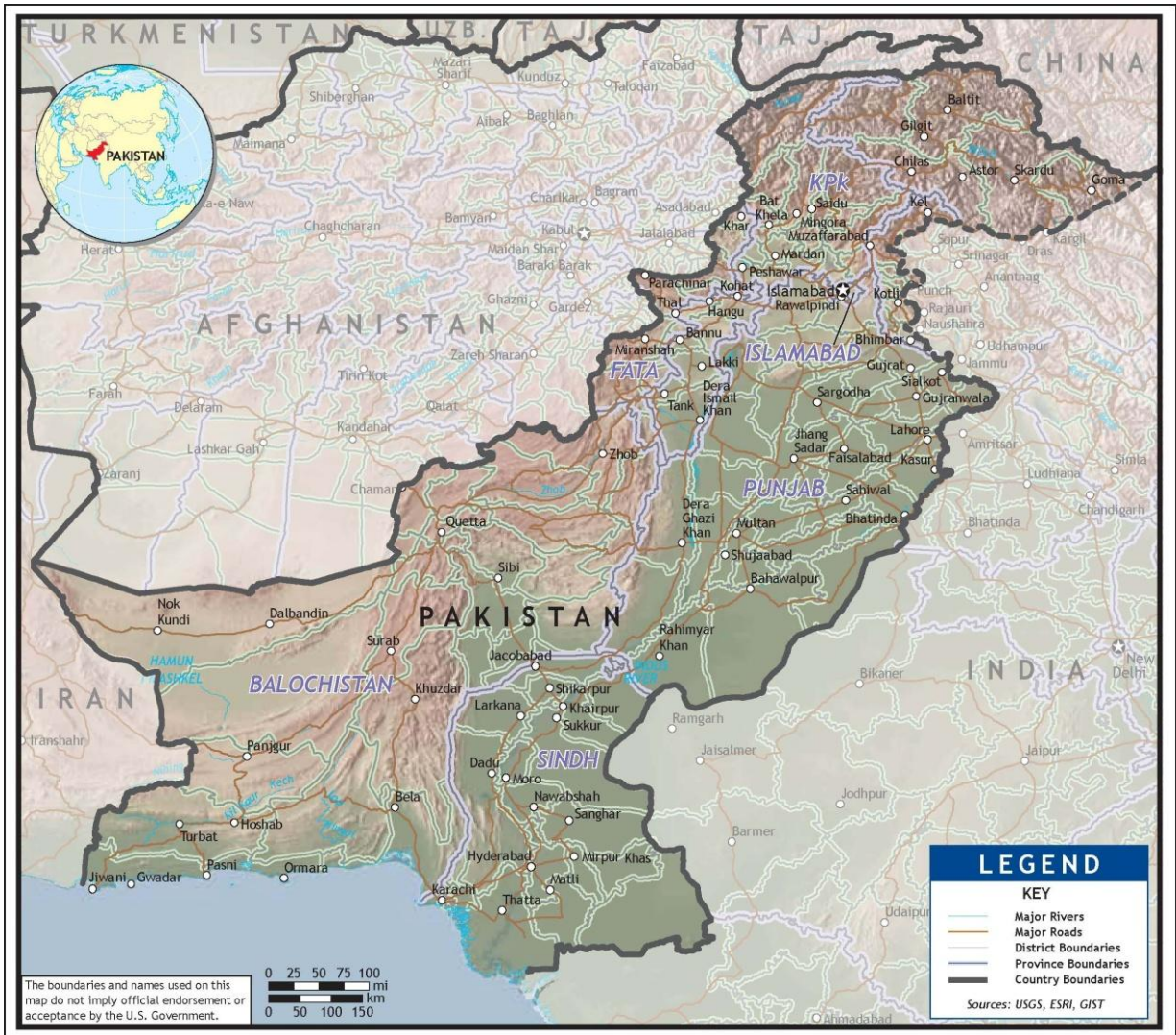
The U.S. Congress considered the President's FY 2013 budget request<sup>5</sup> for civilian assistance to Pakistan and introduced related appropriations measures during the reporting period. Whereas the President requested \$1.071 billion in FY 2013 ESF, INCLE, and NADR funds for civilian assistance to Pakistan, the related appropriations measure introduced in the Senate in May provides \$494 million.<sup>6</sup> The corresponding measure introduced in the House of Representatives does not specify amounts to be provided for civilian assistance to Pakistan, but would increase conditions on assistance.<sup>7</sup> Under the House bill, before using any FY 2013 ESF or INCLE funds for Pakistan, the Secretary of State would have to certify that the Government of Pakistan is, among other matters, cooperating in counterterrorism efforts, dismantling IED networks, and issuing visas in a timely manner for U.S. visitors engaged in assistance programs. As was the case last year, the FY 2013 Senate appropriations bill permits the Secretary of State to waive this certification requirement if it is in the national security interest of the United States to do so.

<sup>5</sup> U.S. Department of State, Congressional Budget Justification, Fiscal Year 2013, Volume 2: Foreign Operations, February 13, 2012.

<sup>6</sup> For more information on this topic, refer to S. 3241 and accompanying Senate Report 112-172.

<sup>7</sup> See H.R. 5857 and accompanying House Report 112-494 for additional detail.

# Map of Pakistan



Source: USAID Office of Transition Initiatives, Geographic Information Unit.

# Program Status

The U.S. departments and agencies delivering development assistance in Pakistan are implementing programs in energy, economic growth, stabilization, education, and health; the crosscutting areas of governance, gender equity, and greater transparency; and humanitarian assistance. Table 2 and the sections that follow it provide information on the status of the programs in these areas.

The U.S. Embassy reported that as of June 30, 2012, \$3.162 billion in civilian assistance funds from FYs 2010, 2011, and 2012 had been obligated and that \$2.876 billion in funding had been spent to support the civilian assistance strategy since FY 2010 (Table 2).

**Table 2. Civilian Assistance to Pakistan by Sector, Agency, and Fund as of June 30, 2012 (\$ Million; Unaudited)**

Managing Agency or Office	Fund	Obligated*				Disbursed FYs 2010–2012 <sup>†</sup>
		FY 2010	FY 2011	FY 2012	Total	
<b>Energy</b>						
USAID	ESF	98.3	–	–	98.3	143.8
<b>Subtotals</b>		<b>98.3</b>	<b>–</b>	<b>–</b>	<b>98.3</b>	<b>143.8</b>
<b>Economic Growth</b>						
DOC	ESF	–	0.3	–	0.3	2.6
USAID	ESF	284.6	267.6	–	552.3	348.5
USDA	ESF	19.0	–	–	19.0	13.2
USTDA	ESF	3.8	–	0.8	4.6	3.0
<b>Subtotals</b>		<b>307.4</b>	<b>267.9</b>	<b>0.8</b>	<b>576.2</b>	<b>367.3</b>
<b>Stabilization</b>						
DOD	ESF	10.0	–	–	10.0	1.0
Economic Section (ECON), U.S. Embassy	NADR	15.0	10.7	–	25.7	–

Managing Agency or Office	Fund	Obligated*				Disbursed FYs 2010–2012 <sup>†</sup>
		FY 2010	FY 2011	FY 2012	Total	
Narcotics Affairs Section (NAS), U.S. Embassy	ESF	–	–	–	–	11.4
	INCLE	166.0	114.4	1.1	281.5	106.3
Political Section (POL), U.S. Embassy	NADR	1.6	1.8	0.8	4.2	2.6
Regional Security Office (RSO), U.S. Embassy	NADR	15.4	7.3	–	22.7	23.1
USAID	ESF	34.2	51.2	–	85.4	104.1
USIP	ESF	3.0	–	–	3.0	1.1
<b>Subtotals</b>		<b>245.2</b>	<b>185.3</b>	<b>1.9</b>	<b>432.4</b>	<b>249.6</b>
<b>Education</b>						
Public Affairs Section (PAS), U.S. Embassy	ESF	19.5	19.5	–	39.0	42.6
USAID	ESF	206.5	116.7	–	323.2	197.7
<b>Subtotals</b>		<b>226.0</b>	<b>136.2</b>	<b>–</b>	<b>362.2</b>	<b>240.3</b>
<b>Health</b>						
USAID	ESF / GHCS	224.3	95.6	–	319.9	186.0
<b>Subtotals</b>		<b>224.3</b>	<b>95.6</b>	<b>–</b>	<b>319.9</b>	<b>186.0</b>
<b>Crosscutting Priorities: Good Governance, Gender Equity, and Greater Transparency</b>						
Bureau of Democracy, Human Rights, and Labor (DRL), DOS	ESF	2.2	–	–	2.2	1.1
	Human Rights & Democracy Fund <sup>‡</sup>	2.1	–	–	2.1	1.1
PAS	Consular and Diplomatic Programs	6.9	9.3	5.5	21.8	11.1
	ESF	–	9.0	–	9.0	7.1

Managing Agency or Office	Fund	Obligated*				Disbursed FYs 2010–2012 <sup>†</sup>
		FY 2010	FY 2011	FY 2012	Total	
USAID	ESF	97.6	22.4	–	120.0	63.7
<b>Subtotals</b>		<b>108.8</b>	<b>40.8</b>	<b>5.5</b>	<b>155.0</b>	<b>84.1</b>
<b>Humanitarian Assistance</b>						
Population, Refugees, and Migration Section (PRM), U.S. Embassy <sup>§</sup>	MRA	57.0	33.5	12.2	102.7	102.2
	ERMA	33.0	–	–	33.0	33.0
USAID	ESF	335.0	–	–	335.0	677.5
	Food for Peace	96.8	115.1	68.1	279.9	279.9
	International Disaster Assistance	265.0	163.0	39.4	467.3	512.3
<b>Subtotals</b>		<b>786.7</b>	<b>311.5</b>	<b>119.7</b>	<b>1,218.0</b>	<b>1,604.9</b>
<b>Totals</b>		<b>1,996.8</b>	<b>1,037.3</b>	<b>127.8</b>	<b>3,161.9</b>	<b>2,876.0</b>

Source: U.S. Embassy Islamabad.

Note: In some cases, numbers do not sum to provided subtotals and totals because of rounding. A dash indicates a value of zero.

\* Obligations are reported by the fiscal year in which funds were appropriated.

† Disbursement figures refer to funds disbursed in FYs 2010–2012, regardless of when the funds were appropriated or obligated. Some disbursements during this period were of funds appropriated before FY 2010. As a result, these figures cannot be used to determine how much of the obligated funding reported in this table remains unexpended.

‡ DRL has provided additional assistance to Pakistan as part of a grant program that also funds activities in Saudi Arabia. Because the level of funding provided for activities in Pakistan in particular is not available, funds associated with the grant program are not included in this table.

§ In addition to these funds, PRM provides funding to assist Afghan refugees in the region, including those in Pakistan. PRM obligated \$215.1 million in FY 2010–2012 funds, and disbursed \$180.4 million from October 1, 2009, to June 30, 2012, for this regional effort.

## Energy

Nearly half of the Pakistani population lacks access to modern energy services. With diminished hydroelectric generation because of low water levels, rolling blackouts often last 8 to 20 hours, constraining economic development and disrupting health, education, and other services. This form of energy rationing will likely continue until the monsoon rains fill the reservoirs.

Power shortages have serious implications. According to the Asian Development Bank, power and gas shortages have reduced economic growth by 3–4 percent over the last 2 years. In addition to stunting growth, persistent difficulties in the sector can be destabilizing. In late June, anger over limited electrical supplies led to riots in which Pakistani Government buildings were attacked and two deaths occurred.

High subsidies, low tariff collection rates, and distorted prices have discouraged private companies from investing in energy infrastructure and building additional capacity. The U.S. Government and other donors provide technical assistance to help the Pakistani Government develop appropriate energy pricing, regulatory, and privatization policies and assist in implementing Pakistan’s energy reform plan. In addition, the United States aims to increase electricity generation, decrease transmission losses, and increase cost recovery by investing in selected energy infrastructure.

**USAID.** USAID has nine energy programs under way (Table 3). To meet growing energy demands, USAID’s programs seek to help the Pakistani Government supply hydropower through the completion of the Gomal Zam and Satpara Dams and the rehabilitation of the Tarbela Dam. USAID is also rehabilitating three thermal power stations. Table 3 lists USAID’s active programs in this category of assistance.

**Table 3. USAID Energy Programs as of June 30, 2012 (Unaudited)**

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
<b>Energy Efficiency Program</b>	Improves efficiency of tube wells	3/09	7/12	International Resources Group and Khushhali Bank	28,500,000
<b>Energy Policy Project</b>	Provides technical and engineering support to USAID-funded infrastructure projects implemented by the Government of Pakistan	10/08	1/15	Advanced Engineering Associates International	16,336,559
<b>Gomal Zam Dam Project</b>	Increases hydropower capacity and builds transmission lines	1/11	12/12	Water and Power Development Authority (WAPDA)	40,000,000

<b>Name</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Implementing Partner</b>	<b>Funding (\$)</b>
<b>Guddu Project</b>	Repairs and maintains a thermal power station	5/10	6/13	Central Power Generation Company Limited	18,068,000
<b>Jamshoro Project</b>	Rehabilitates a thermal power station	5/10	6/13	Jamshoro Power Company Limited	18,360,000
<b>Muzaffargarh Project</b>	Rehabilitates a thermal power station	5/10	6/13	Northern Power Generation Company Limited	15,193,000
<b>Power Distribution Project</b>	Improves management capacity, financial systems, billings, and collections of power distribution companies	9/10	3/15	International Resources Group	29,499,409
<b>Satpara Dam Project</b>	Increases hydropower capacity by 17 megawatts	1/11	4/13	WAPDA	19,000,000
<b>Tarbela Dam Project</b>	Rehabilitates a hydropower station	4/10	12/12	WAPDA	16,500,000

Source: USAID/Pakistan.

As of June 30, 2012, USAID reported that 500 megawatts of energy had been added to or saved in Pakistan's national grid as a result of U.S. Government-supported construction and rehabilitation efforts. USAID also reported the following accomplishments in its portfolio of energy programs:

- Progress continued on the six signature energy projects involving rehabilitation and construction of hydroelectric and thermal power plants that Secretary Clinton announced in October 2009 and July 2010. During the reporting period, USAID amended the agreements for the three thermal power plants at Guddu, Jamshoro, and Muzaffargarh to comply with Pakistani Government banking procedures and to help guarantee that sufficient dollars are available to implementers for them to make foreign exchange procurements. These changes translated into increased cash reimbursements to the Government of Pakistan, which amounted to a cumulative total of approximately \$76 million by the end of May 2012.
- During the quarter, General Electric signed an agreement with the Guddu Thermal Power Plant to rehabilitate a portion of the power plant that is expected to add 75 megawatts to Pakistan's national grid.

- Since early 2010, projects at the thermal power plants at Jamshoro and Muzaffargarh have added 25 megawatts and 280 megawatts, respectively, of power generation capacity to the country.
- USAID-funded work on the Tarbela Dam has increased its power generation capacity by 128 megawatts. Now that this capacity has been installed, project efforts are focused on pre-shipment inspections of the computer system to monitor and control the dam and of the digital controls for the dam's turbines.
- USAID-sponsored capacity-building efforts under the Energy Efficiency, Energy Policy, and Power Distribution Projects continued at more than 20 key government institutions with responsibilities relating to the performance of the power sector. More than 1,000 Government of Pakistan officials have received technical training on critical energy activities aimed at improving operational performance, customer service, and financial results.
- Women working in engineering, customer service, and other departments of the Islamabad Electric Supply Company continued to receive information technology training as part of the Power Distribution Project. The project is helping reform the energy sector by improving the performance of Pakistan's power distribution companies so that they can reduce losses and generate more revenue. In total, 1,100 people are being trained.
- The main component of the Energy Efficiency Program was intended to demonstrate potential energy savings throughout the agricultural sector by replacing old, inefficient tube well pumps with more efficient equipment. The program succeeded in saving approximately 10.4 megawatts of power, but pricing policies for water and electricity reduced financial incentives for farmers to replace inefficient pumps. USAID decided to end the program by July 31, 2012, and focus instead on demand management through energy distribution companies.
- The Power Distribution Project has saved a total of 50.6 megawatts of power through its efforts to improve distribution company performance by introducing new technology and improved work practices in all nine government-owned distribution companies. The project is also (1) strengthening distribution company governance through assistance to the Ministry of Water and Power and distribution company boards of directors, (2) reducing losses and improving revenues and customer services through technical and procedural system improvements, and (3) improving institutional performance through capacity building and training.

USAID reported that it continues to experience challenges in implementing energy projects at the Guddu, Jamshoro, and Muzaffargarh thermal power plants. These generating companies are having difficulties completing their procurements, which has slowed down project disbursements. In response, USAID has increased the personnel capacity building component of the thermal plant projects in procurement, and in financial, human resources, and administrative management. USAID has also been closely collaborating with Pakistan's Ministry of Water and Power and the Economic Affairs Division of the Ministry of Economic Affairs and Statistics to address project bottlenecks.



## Economic Growth

Over the past 3 years, Pakistan has experienced high inflation and relatively low or stagnant economic growth—stagflation. The combination of stagflation, falling exports, and multibillion-dollar repayments to the International Monetary Fund has reduced confidence in the rupee, and these factors could contribute to balance-of-payments problems for Pakistan.

Nationally, unemployment exceeds 12 percent, and rates are higher in urban areas. Although small businesses provide the majority of new employment, they lack access to finance. Similarly, the agricultural sector, which accounts for 21 percent of Pakistan's gross domestic product and employs 44 percent of the labor force, is constrained by insufficient investment and inappropriate policies.

The U.S. Government's assistance program for Pakistan is designed to stimulate broad-based, inclusive economic growth, particularly in agriculture, trade, and entrepreneurship, through projects that support policy reform, improve access to finance, improve trade conditions, assist in workforce development, increase agricultural productivity, and improve water management. DOC, USAID, USDA, and USTDA support programs under this category of assistance.

**DOC.** DOC has five programs and activities that support the Embassy's economic growth initiative.

- *Market research.* This program aims to provide interested investors with information about promising sectors of Pakistan's economy,
- *Preliminary information memorandum development.* This activity is designed to highlight projects with high potential for financial return.
- *Event management.* DOC sponsors investment promotion events and business exchanges between Pakistan and the United States under its Event Management Program.
- *Commercial law.* The Commercial Law Development Program provides technical assistance in commercial law to foreign governments and private sector representatives with the aim of supporting their economic development goals. This year's programming focuses on university-based innovation and entrepreneurship with an emphasis on technology licensing. The program has been working with Pakistan's Higher Education Commission, select Pakistani universities, and key private sector stakeholders to establish technology transfer offices and technology incubators on university campuses, and plans to conduct a range of associated activities this fall.
- *International visitor training and business association development.* These activities are designed to accelerate the diversification of Pakistan's exports and to connect Pakistani entrepreneurs with the long-term business partners and suppliers they will need to sustain Pakistan's economic growth. In May and June 2012, DOC led a delegation of Pakistani gem and jewelry business leaders from Balochistan, Gilgit-Baltistan, and Punjab on a mission to the United States. The delegation traveled

to three U.S. cities to attend the premier industry trade show; meet with U.S.-based retailers, government officials, trade groups, and industry associations; and receive branding and marketing training.

DOC reported that the security situation in Pakistan poses a significant challenge to its assistance programs and activities. Experts who traveled to Pakistan in the past are now declining to travel, so DOC has worked to expand its network of experts. DOC also noted that delays in accessing program funds have created challenges in front-end participant recruitment and event scheduling. These delays have also limited the amount of time available to process U.S. visa applications for Pakistanis scheduled to attend events in the United States.

**USAID.** USAID currently has ten programs and three transfers of funds to other agencies (Table 4) that contribute to agriculture and economic growth objectives. These programs support trade facilitation, development of provincial irrigation systems, and production and sale of agricultural commodities, among other activities.

**Table 4. USAID Programs to Promote Economic Growth as of June 30, 2012 (Unaudited)**

<b>Name</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Implementing Partner</b>	<b>Funding (\$)</b>
<b>Agribusiness Project</b>	Increases productivity, product quality, and competitiveness of agribusiness value chains*	11/11	11/16	Agribusiness Support Fund	36,700,000
<b>Agriculture Policy Project</b>	Strengthens evidence-based policy analysis for food security and macroeconomic stability	7/11	7/15	International Food Policy Research Institute	23,600,000
<b>Balochistan Agriculture Project</b>	Helps improve livelihoods and food security	1/09	12/15	United Nations (U.N.) Food and Agriculture Organization	16,300,000
<b>Dairy Project</b>	Improves milk production and increases sales	7/11	7/14	Dairy and Rural Development Foundation	4,000,000
<b>Entrepreneurs Project</b>	Supports women's microenterprises in vulnerable areas	6/09	6/14	Mennonite Economic Development Associates	26,826,069

<b>Name</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Implementing Partner</b>	<b>Funding (\$)</b>
<b>Firms Project</b>	Assists small and medium-size enterprises in areas vulnerable to conflict to help them become internationally competitive	5/09	4/13	Chemonics	72,388,726
<b>Gomal Zam Irrigation Project</b>	Provides flood control and irrigation water to 160,000 acres to increase agricultural output	10/11	9/14	WAPDA	79,256,031
<b>Grain Storage Project</b>	Provides technical expertise to support the establishment of public-private partnerships for managing, handling, and storing strategic grain reserves	4/11	10/12	International Finance Corporation	2,500,000
<b>Satpara Irrigation Project</b>	Provides flood control and irrigation water to 15,000 acres to increase agricultural output	1/11	3/17	WAPDA / Aga Khan Foundation	19,628,000
<b>Trade Project</b>	Improves customs procedures and the Pakistani Commercial Service to increase exports and trade at the Afghan border	6/09	6/13	Deloitte	20,323,820
<b>Transfer to DOC</b>	Provides business and legal capacity building and exchanges for Pakistani entrepreneurs, government ministries, universities, and legal and business institutions	2011	Renewed annually	DOC	4,000,000

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
<b>Transfer to USDA</b>	Improves production and sales of commodities, enhances government research and extension work, and helps eradicate agricultural diseases	2009	Renewed annually	USDA	40,000,000
<b>Transfer to USTDA</b>	Conducts feasibility studies and provides technical assistance in transportation, energy, communications, and food security	2009	Renewed annually	USTDA	8,000,000

Source: USAID/Pakistan.

\* A value chain includes all activities required to produce a product or service and deliver it to the final customer. Value chains include activities such as production, marketing, and distribution.

As of June 30, 2012, USAID reported that 701,341 rural households had benefited directly from U.S. Government assistance. USAID also reported the following examples of progress and success in its portfolio of economic growth and agricultural programs:

- This quarter, the Agribusiness Project provided support to 59 women entrepreneurs. The project provided enterprise development and technical training as well as equipment to 32 women entrepreneurs to develop labels and packaging for pickle products to increase their marketability. The project provided 13 women from Gilgit-Baltistan with regional exposure and instruction in supply chain management, and 6 others with the opportunity to display their products at agricultural expos in Lahore and Karachi. Eight other women entrepreneurs received training in good agricultural practice certification and on the conduct of food safety audits for food processing and packing operations.
- The implementer for the Agribusiness Project also trained 90 Pakistanis to certify horticultural and livestock products—a requirement for exporting to Europe. In addition, the project signed a memorandum of understanding with the Sindh Enterprise Development Fund to undertake joint agribusiness sector activities.
- Three districts were added to the Balochistan Agriculture Project area, increasing the total to eight.

- The Dairy Project, in partnership with Nestle, trained 1,961 farmers in farm and livestock management, 184 farmers in artificial insemination, and 370 female livestock extension workers in livestock management and milk-marketing techniques. The project is also running a media campaign regarding breed improvement, best management practices, and marketing.
- The Entrepreneurs Project registered and trained 2,266 producers in improved production practices, bringing the number of owners of microenterprises benefiting from this project to 22,959.
- The Grain Storage Project received 12 applications from private companies and prequalified 7 to make a bid to take over some government grain storage functions. The volume of applications points to substantial private sector interest in grain storage coinvestment opportunities.
- WAPDA continued to complete work on the Gomal Zam Irrigation Project as planned. WAPDA completed work on an earthen wall to provide flood protection and completed more than 50 percent of the work on the main canal and a gated concrete water diversion structure.
- A private sector component of the Satpara Irrigation Project was awarded to the Aga Khan Foundation in March 2012. The project will irrigate 15,000 acres and help 30,000 beneficiary families irrigate their cropland and grow high-value crops, thereby increasing incomes and creating employment.
- The Trade Project finished its assessment of Khokarapar as a prospective border crossing for trade between Pakistan and India, and submitted its report to Pakistan's Federal Board of Revenue. In addition, at the request of the Ministry of Commerce, the Trade Project shared its report on infrastructure and processes at the border crossing at Wagah-Attari. The report identifies bottlenecks hampering trade at the Pakistan-India border.

USAID also reported challenges in implementing its economic growth and agriculture programs. USAID cited security as an ongoing challenge. In late March, a Balochistan Agriculture Project vehicle was attacked, and two people associated with the project were killed and a third injured. The USAID mission also noted that obtaining long-term visas for expatriate implementers poses a significant challenge.

**USDA.** USDA continues to manage agricultural development programs with funding from USAID. These programs provide assistance to increase agricultural productivity through technical exchanges, agricultural research, and control of plant and animal diseases. USDA programs are implemented through international organizations. These institutions, in turn, work with Pakistani universities, Pakistani agricultural research groups, and government agencies to implement program activities.

USDA reported the following examples of progress and success for the quarter:

- Under the Wheat Productivity Enhancement Program, 181 stem-rust samples were collected in Pakistan and sent to USDA labs for analysis. Field trials across Pakistan were evaluated in the field and, after harvest, yields were measured, documented and evaluated. Program representatives conducted field surveys in the Murree, Kaghan Valley, Abbottabad, and Mansehra areas for alternate wheat-rust hosts and found large populations of barberry infected with wheat rust.
- Vaccination campaigns and efforts to build laboratory capacity continued under the USDA Program for Progressive Control of Foot and Mouth Disease. More than 47,000 vaccines have been administered under the program at 15 sites in 6 provinces and territories. The program upgraded diagnostic lab capacity by bringing three new labs online this quarter, bringing the total to seven labs supporting foot and mouth disease diagnosis and monitoring.
- Under the Cotton Productivity Enhancement Program, implementing partners conducted two 10-day train-the-trainer courses with 40 small farmers in each. The courses introduced new agronomic practices that can reduce the impact of cotton curl leaf virus on cotton yield. Over 1,200 varieties of cottonseed were imported and planted in Punjab and Sindh to screen for resistance to cotton curl leaf virus and evaluate the plants' environmental suitability.
- Under the Plant and Animal Health Regulatory Capacity Building Program, USDA's implementing partner, the Centre for Agricultural Bioscience International, initiated a distance learning program on plant and animal health. Experts from the implementing partner, Texas A&M University, USDA, and Pakistani regulatory authorities met to prioritize course subjects, design course format, and plan course content.
- Under the Watershed Rehabilitation Program, the International Center for Agricultural Research in the Dry Areas and its implementing partner at the Faisalabad Research Center conducted the first Farmers' Field Day to introduce new irrigation technologies and on-farm, water-saving techniques to more than 200 farmers.
- Under the Aquaculture Feed Trial and Fisheries Productivity Enhancement Program, USDA's implementing partner, the American Soybean Association, imported more than 20 tons of U.S. feed and distributed more than 1,500 fingerlings to participating fish farmers to initiate the first feeding trials. The American Soybean Association and the Pakistan Fisheries Development Board identified a Pakistani feed miller to participate in the program to produce high-efficiency floating fish feed.
- USDA continues to work with host-government authorities. During the quarter, USDA successfully engaged the new Ministry of National Food Security and Research to provide formal support for USDA programs. USDA also continued to strengthen its technical links to Pakistani Government agencies and research centers and Pakistani universities through exchange programs and site visits from USDA technical experts in watershed management, crop forecasting, and sanitary and phytosanitary regulation.

**USTDA.** USTDA funds various forms of technical assistance, feasibility studies, reverse trade missions, and business workshops that support the development of modern infrastructure and a fair and open trading environment. In Pakistan, USTDA activities emphasize infrastructure improvement in energy, transportation, and food security, and link Pakistani development interests with U.S. exports and American companies offering project solutions. USTDA measures the success of its activities both in terms of resulting U.S. goods and service exports and positive development impacts in Pakistan.

USTDA works with Pakistani grantees in the public and private sectors to conduct feasibility studies and technical assistance activities. USTDA competitively selects U.S. contractors to perform expert assessments and reverse trade missions.

USTDA is currently in the process of implementing its program using the FY 2011 Economic Support Funds transfer that it received in February 2012.

USTDA reported several noteworthy project developments and successes over the reporting period.

- In May 2012, USTDA awarded a grant to Premier Mercantile Services, a private sector port and freight logistics operator in Pakistan. This grant funds technical assistance to facilitate the acquisition and operation of a fleet of locomotives on the Karachi-Lahore Railway, an initiative central to improving the capacity of one of Pakistan's most important trade corridors and promoting continued economic growth in northern Pakistan.
- A recently completed USTDA-funded feasibility study for biomass cogeneration<sup>8</sup> for a paper mill prompted the owner of the mill to begin pursuing the acquisition of a 60-megawatt biomass boiler, which the study found was the most practical option in terms of power generation and cost. The owner issued a tender for the biomass boiler system in May 2012.

## Stabilization

The U.S. Government seeks to enhance stability in border areas and regions vulnerable to violent extremism. The U.S. Government supports the Government of Pakistan's efforts in the Federally Administered Tribal Areas (FATA) and Khyber Pakhtunkhwa through short-term development activities, long-term investments in infrastructure, and support for incremental improvements in governance. Stabilization activities are guided by the U.S. Government's strategy for stabilization of Pakistan and closely aligned with USAID's 2010 *Post-Crisis Needs Assessment for Khyber Pakhtunkhwa and FATA*. Activities include improving the responsiveness and effectiveness of the Pakistani Government in restoring citizen trust, stimulating employment and livelihood opportunities, ensuring the delivery of

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<sup>8</sup> Biomass cogeneration is the burning of low-value byproducts to create electricity, and the conversion of the heat lost in the process to steam or hot water for thermal energy.

basic services, countering radicalization, and fostering reconciliation. The U.S. Embassy's ECON, NAS, POL, and RSO support ongoing assistance programs in this category, as do USAID and USIP.

**ECON.** The Economic Section of the Embassy has supported U.S. stabilization efforts through the Biosecurity Engagement Program. The program promotes the safe, secure, and responsible use of biological materials that are at risk of accidental release or intentional misuse. Program objectives include supporting best practices in biorisk management, improving laboratory capacity to conduct disease surveillance and diagnostics, and fostering international scientific partnerships through collaborative research and development. Following the November 2011 cross-border incident involving NATO and Pakistani troops, however, the Government of Pakistan suspended all Biosecurity Engagement Program activities. DOS has reprogrammed all of the program's FY 2011 funds planned for Pakistan and may need to reprogram FY 2012 funds because they cannot be used during this period of suspension.

**NAS.** NAS has seven programs that support improved security, legal reforms, and counternarcotics. Aside from the limited direct assistance it provides to Pakistani NGOs to reduce demand for drugs, NAS implements all of its projects in partnership with the Government of Pakistan. Partners include the Ministry of Narcotics Control, the Ministry of Interior, the FATA Secretariat, Pakistani police, and civilian law enforcement agencies.

NAS reported the following developments in its current programs:

- *Aviation Program.* The NAS-supported Air Wing continued to provide air support to Pakistani police and the Khyber Pakhtunkhwa Frontier Corps as well as to Ministry of Interior agencies. The Air Wing also expanded support to the Gilgit-Baltistan Government. Missions this quarter included counterterrorism and law and order operations, a medical evacuation, and aerial security operations. The Air Wing also provided air support during the visit of six members of the U.S. Congress to Pakistan to observe U.S.-funded projects. In total, the Air Wing flew 721.4 hours during the quarter.
- *Corrections Program.* In May and June, the program sponsored the training of nine deputy prison superintendents and the Deputy Secretary of Khyber Pakhtunkhwa's Home Department at the International Corrections Management Training Center in Colorado. The 2-week training was designed for senior corrections administrators and dealt with prison management. Sessions covered ways to address external threats and emergency response preparedness.
- *Rule of Law Program.* During the reporting period, the U.S. Government delivered three courses to 107 prosecutors and investigators in Pakistan. The program sent an additional 36 Pakistani prosecutors on study programs abroad to learn about combatting money laundering.
- *Drug Demand Reduction Program.* During the quarter, three additional grants were approved for Pakistan NGOs conducting drug awareness, treatment, and rehabilitation activities.



- *Law Enforcement Reform Program.* Representatives of the U.S. Department of Justice's International Criminal Investigative Training and Assistance Program provided training for 210 Pakistani police personnel from April to June 2012.
- *Police Assistance Program.* The program has committed support to Pakistani law enforcement agencies through the provision of vehicles, surveillance and operational equipment, and training, as well as the construction of 14 guard towers. During the quarter, the program delivered commodities valued at \$676,700 and provided training to 54 Khyber Pakhtunkhwa police officers in Peshawar. In March, the program officially kicked off its project for the development of training modules for the Sindh Police at a press conference with the Sindh Police Inspector General.
- *Crop Control and Area Development Project, Border Security Project, and Infrastructure Program.* Three police stations built under the program in Swat were handed over to the Police Department in late April. Meanwhile, construction continued on the Joint Police Training Center in Nowshera and police headquarters and barracks complex in Swat, which were, respectively, 25 percent and 50 percent complete at the end of the reporting period. The program reported that construction of headquarters and barracks in Orakzai and Kurram Agencies was 90 percent complete at the end of June. Two border outposts and three defense works for the Frontier Corps were also completed, and construction of the facility at Spina Thana progressed.

Twenty-six kilometers of road were completed in FATA's Khyber Agency, and 18 percent of the Peshawar Southern Ring Road had been built. The balance of road work and bridge-widening activity on the Southern Ring Road was being retendered, with the bidding process due for completion in mid-July.

NAS assistance efforts continue to be complicated by delays in the issuance of visas for technical advisers, and five Law Enforcement Reform Program courses were cancelled this quarter because of security and travel issues.

**POL.** The U.S. Embassy's Political Section oversees implementation of the Export Control and Related Border Security Assistance Program (EXBS) in Pakistan.

EXBS is designed to help participating countries improve their export control systems. In Pakistan, EXBS assists the Government of Pakistan in stemming the proliferation of weapons of mass destruction and their delivery systems, and in preventing irresponsible transfers of conventional weapons. Since 2004, Pakistan has made progress with EXBS assistance in strengthening its strategic trade controls through legal and regulatory reforms and the development of licensing capacity. Building on these successes, EXBS assistance aims to expand the capacity of Pakistani law enforcement agencies to counter the proliferation of weapons of mass destruction and related materials.

Although Pakistan has made significant strides in adopting strategic trade control legislation, Pakistan's national control list omits several commodities and technologies controlled under the multilateral

export control regimes, and this remains a concern. EXBS therefore promotes Pakistan's adoption of a comprehensive national control list that includes all commodities covered under the control lists of the Nuclear Suppliers Group, Missile Technology Control Regime, Wassenaar Arrangement, and Australia Group.

Pakistani border security agencies have poor communications infrastructure, lack needed equipment, and face challenges in coordination across agency lines. Customs officer training is underdeveloped and depends on foreign support. Accordingly, while focusing on trade controls, the program will increase the delivery of training and equipment to Pakistani customs agencies, especially the Federal Board of Revenue. In addition, EXBS will continue to support enhanced cross-border cooperation between Afghan and Pakistani agencies engaged in trade control regulation and enforcement. The Department of Homeland Security provides training in support of EXBS activities in these areas.

**RSO.** RSO contributes to improved security and legal institutions in Pakistan through the Antiterrorism Assistance Program. The program is designed to build Pakistani law enforcement capacity to detect, deter, and respond to terrorist threats. The ATA program provides a full range of tactical and investigative courses and support to Pakistani law enforcement officials from all the country's provinces and the Frontier Constabulary. The program's strategic priorities in Pakistan are to build border security capacity through training in fraudulent document recognition and border control management, and to expand cooperation between police and prosecutors.

During the reporting period, the program delivered eight courses on protecting government officials, preventing terrorist attacks against bus and rail systems, managing critical incidents, conducting forensic examinations of terrorist crime scenes, and improving instructional skills. One hundred and sixty-six Pakistani officers participated in these courses.

RSO reported that obtaining visas for instructors in a timely manner continues to pose difficulties. Six ATA courses were postponed during the quarter because instructors were unable to obtain visas by the scheduled date of instruction. Visa restrictions have also set back an assessment and evaluation of the Pakistan ATA program, with several assessment team members unable to take part in the June 2012 assessment trip because of visa delays. In addition, RSO has not distributed equipment grants since March 2011 because of a lack of Pakistani Government assistance in approving and importing the grant equipment. In one instance, equipment already en route to Pakistan was turned back because of a lack of Government of Pakistan assistance in granting landing approvals for the equipment. Despite the above challenges, ATA program trainings continue to draw large numbers of working level Pakistani law enforcement officers, and have built significant capacity in counterterrorism skills like explosive ordinance disposal.

**USAID.** USAID had 13 stabilization programs and 2 monitoring activities under way during the quarter (Table 5). These programs provide cash transfers for housing damage, vocational training, and improvements in roads and electricity generation. USAID's newest stabilization program, the Conflict Victims Support Project, will provide physical, social, and economic support to civilian victims of conflict.

**Table 5. USAID Stabilization Programs as of June 30, 2012 (Unaudited)**

<b>Name</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Implementing Partner</b>	<b>Funding (\$)</b>
<b>Benazir Income Support Program (BISP)*</b>	Provides cash assistance to needy families	6/09	6/10	BISP, Government of Pakistan	160,000,000
<b>Child Protection Program</b>	Establishes child protection centers and provides support for psychological counseling	9/10	9/12	U.N. Children's Fund (UNICEF)	3,538,000
<b>Citizens' Damage Compensation Fund*</b>	Provides cash assistance to flood-affected households	6/11	6/12	National Database and Registration Authority, Government of Pakistan	190,000,000
<b>Conflict Victims Support Project</b>	Provides medical, psycho-social, and livelihoods support to Pakistanis directly affected by violence in FATA and Khyber Pakhtunkhwa	4/12	4/15	***	20,245,806
<b>FATA Child Health Project</b>	Provides health equipment and mobile health units, reconstructs health facilities, and trains health-care providers	9/06	12/12	***	26,150,000
<b>FATA Infrastructure Program</b>	Improves roads; water infrastructure; and electricity generation, distribution, and transmission	12/09	12/14	***	291,986,537
<b>FATA Secretariat Institutional Strengthening Project</b>	Increases the Secretariat's capacity in participatory planning, management, and oversight of stabilization and development activities	8/11	9/16	***	10,698,085

<b>Name</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Implementing Partner</b>	<b>Funding (\$)</b>
<b>Khyber Pakhtunkhwa, FATA, and Balochistan Multi-Donor Trust Fund<sup>†</sup></b>	Provides grants for restoration of damaged infrastructure and disrupted services, improvement of government service delivery, and maintenance of community livelihoods	7/10	12/15	World Bank	25,000,000
<b>Khyber Pakhtunkhwa Reconstruction Program</b>	Supports the reconstruction and recovery of conflict-affected districts	3/10	12/14	Provincial Reconstruction, Rehabilitation and Settlement Authority (PaRRSA), Government of Khyber Pakhtunkhwa	105,383,047
<b>Malakand and FATA Housing Support Program*</b>	Provides housing damage assistance through a cash transfer	6/10	9/12	PaRRSA, Government of Khyber Pakhtunkhwa	65,000,000
<b>Monitoring and Evaluation – FATA and Malakand</b>	Supports monitoring and verification of USAID investments in road and electricity infrastructure	12/09	12/14	***	5,786,536
<b>Monitoring and Evaluation – Malakand</b>	Supports monitoring and verification of USAID investments in small-scale infrastructure	4/10	12/14	***	5,760,000
<b>Pakistan Transition Initiative</b>	Supports conditions for stability and development in conflict-prone and other priority areas of Pakistan	11/07	12/15	USAID Office of Transition Initiatives	207,076,547
<b>PaRRSA Capacity Building Project</b>	Increases capacity for management and oversight of stabilization and development activities	2/10	1/14	***	1,527,398

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
<b>Radio Transmitters in FATA and Khyber Pakhtunkhwa Project</b>	Provides radio transmitters	6/10	12/12	***	8,656,471

Source: USAID/Pakistan.

Note: A triple asterisk (\*\*\*) indicates that the name of a USAID implementing partner has been withheld for security reasons.

\* USAID has fully disbursed assistance dollars to BISP, the Citizens' Damage Compensation Fund, and the Malakand and FATA Housing Support Program, but continues to monitor rupee disbursements to beneficiaries.

† USAID has also fully disbursed assistance dollars to the Khyber Pakhtunkhwa, FATA, and Balochistan Multi-Donor Trust Fund but continues to monitor project implementation activities.

As of June 30, 2012, USAID reported that 469 kilometers of road had been constructed or repaired with U.S. Government assistance. USAID also reported these examples of progress and success in its stabilization activities:

- USAID's Pakistan Transition Initiative supported the FATA Secretariat in launching its 2,000th project in May 2012. That project was a workshop for journalists on water contamination held at Hazara University in Mansehra, Khyber Pakhtunkhwa. This is just the latest of more than 500 projects launched in the water and sanitation sector since 2007. More than 25 percent of the projects implemented under the initiative, totaling more than \$23 million, have been devoted to meeting the water and sanitation needs of communities across FATA and Khyber Pakhtunkhwa. The initiative has provided funding for the installation or rehabilitation of more than 1,300 drinking-water supply systems or water points and constructed or rehabilitated 75 kilometers of drainage and sanitation systems. USAID estimates that the initiative has provided more than 1.7 million residents in FATA with clean drinking water in the last 4½ years. According to the most recent census data, that is more than half the population of the tribal areas.
- USAID's Khyber Pakhtunkhwa Reconstruction Program continued to support reconstruction and recovery in districts affected by conflict and flooding. During the quarter, construction of 4 basic health units began, and 9 schools were completed, bringing the total number of schools completed to 14. Rehabilitation of the Amandara and Munda Headworks and the Khwazakhela Bridge was 70 percent, 30 percent, and 5 percent complete, respectively.
- USAID's FATA Infrastructure Program completed 15 kilometers of roads this quarter— 10 kilometers of the Wana-Makeen Road and 5 kilometers of the Bannu-Miran Shah Road. Survey

work was undertaken on 37 kilometers of the Wana-Makeen Road and 15 kilometers of the Ghulam Khan-Miran Shah Road. Rehabilitation work on the Barang Road, including the construction of retaining walls, began in mid-June 2012.

- USAID's FATA Secretariat Institutional Strengthening Project made several information technology (IT) improvements during the quarter. In April, the project established a public feedback portal for the FATA Development Authority's Web site. In May, the project completed the installation of a file tracking system at the Office of the Governor and provided the FATA Development Authority with information systems to manage human resources and track attendance. Finally, in mid-June, the project delivered IT networking capability to the FATA Secretariat.
- The FATA Secretariat Institutional Strengthening Project provided financial support for six staff members attached to the Frontier Crimes Regulation Tribunal, an appellate court in which citizens can appeal decisions made by political agents. These staff positions, which have been financed by the project since May, will be funded by the Government of Pakistan after July. In May, the FATA Secretariat approved the Local Government Framework and Financial Plan that the project developed. The project organized a conference on FATA political reforms in June. Project staff members started work with the FATA Secretariat to produce documentaries showcasing development activities in each of the seven agencies of the FATA.
- The FATA Child Health Project, which was launched in cooperation with the FATA Health Directorate in December 2006, will end in December 2012. The project has worked to increase the use of key health services and the adoption of behaviors that support the health and development of children. During the quarter, the project reached:
  - 67,536 children and 6,778 mothers through 604 Health Immunization and Nutrition Days.
  - 14,185 people, more than half of whom were female, through 152 mobile health unit visits.
  - 20,239 women and 21,959 men through 3,751 gender-focused sessions to boost community health awareness.
  - 204 female health workers and 45 health-care providers through training on integrated management of neonatal and childhood illnesses.
  - 50 health-care providers through training on essential maternal and newborn care.
- The Child Protection Program completed its sustainability strategy and continued to deliver services. During the reporting period, the program directly assisted 8,649 children (3,711 girls, 4,938 boys) and 21 women through 30 child protection centers. The program also identified 573 vulnerable boys and 480 vulnerable girls—orphans, street children, and children with health issues—and referred them to service providers for assistance. The program also provided vocational training to 199 girls and 150 boys. The program also encourages the registration of newborns and previously unregistered children and was able to register 89 births in the Buner District of Khyber Pakhtunkhwa.

- The Malakand and FATA Housing Support Program compensates beneficiaries whose houses were damaged during the militancy and ensuing military operations that concluded in 2009. Approximately 50 percent of eligible beneficiaries in FATA have received compensation, and the program has disbursed \$19 million to approximately 6,000 beneficiaries in FATA's Bajaur Agency alone. In Malakand, meanwhile, by May 2012 the program had provided compensation to, 9,030 out of 10,364 eligible beneficiaries (87 percent). Program disbursements are expected to conclude in September 2012.
- USAID signed a cooperative agreement for the Conflict Victim's Support Project on April 16, 2012. The program is intended to provide assistance to approximately 4,500 families affected by conflict-related violence in FATA and Khyber Pakhtunkhwa. The implementer hired key team members and began the process of establishing a main office in Peshawar and four field offices. The program is expected to be fully operational next quarter.

USAID reported three challenges affecting the implementation of its stabilization programs:

- In early April 2012, a second-tier subcontractor for the Radio Transmitters in FATA and Khyber Pakhtunkhwa Project filed a lawsuit with the civil court of Peshawar against the prime contractor, USAID, a Pakistani Government agency, and others. As a result, the court issued a stay order, and the project site is now sealed. The mission is seeking a quick resolution to the lawsuit, without which the mission may be forced to cancel the project. This, in turn, may hamper efforts to counter extremist messages in FATA and Khyber Pakhtunkhwa.
- The lack of women's participation in development programs continued to be a challenge. USAID/Pakistan commissioned a 10-week gender analysis of conditions in FATA and Khyber Pakhtunkhwa and of how well programs in these areas incorporate gender considerations. The analysis was completed at the end of May, and the mission received the draft report in June. The mission intends to align its stabilization portfolio with new Agency gender policy by implementing the report's recommendations where feasible.
- Poor security conditions delayed the progress of some stabilization activities. The pace of construction on the Bannu-Ghulam Khan Road between Mir Ali and Miran Shah was slowed during the quarter because of the difficult security situation there. Meanwhile, the Malakand and FATA Housing Support Program experienced delays in disbursing funds to beneficiaries in the Mohmand Agency of FATA primarily due to security issues. USAID worked with PaRRSA and FATA's Disaster Management Authority to expedite the disbursement process in this area.

**USIP.** USIP supports stabilization in Pakistan by promoting religious tolerance and peaceful interfaith dialogue while countering extremist messages. USIP is working to accomplish associated objectives through a 2 ½-year program with three components: (1) a grant competition to build the capacity of civil society to counter extremism and promote peace and religious tolerance, (2) sponsorship of

projects and activities to counter extremist voices through the media, and (3) policy research and analysis on religious intolerance and extremism.

In early June, one of USIP's grant recipients began airing a regular weekday radio program designed to counter extremist propaganda by providing alternative information and cultural programming. Another USIP media project implementer conducted stakeholder workshops and developed listener clubs in Khyber Pakhtunkhwa and FATA before broadcasting radio programs designed to help empower marginalized women and foster dialogue among youth at risk of being absorbed into the insurgency and conflict. The programs feature news updates, one-on-one interviews, panel discussions, songs, poetry, and a serial drama. They are. During the quarter, another USIP grant recipient began training young facilitators to increase youth involvement in conflict prevention in Balochistan. Another USIP-sponsored effort to train local police in peacebuilding and conflict management kicked off in northern Punjab.

Meanwhile, USIP's media project began the process of hiring a local partner to analyze the content of Pakistan's non-English mainstream media. The partner is to determine the extent, nature, and relevance to local audiences of extremist media content.

## Education

Pakistan's education system faces serious challenges. According to the U.N. Educational, Scientific and Cultural Organization's 2011 *Education for All Global Monitoring Report*, Pakistan ranks 119 out of 127 countries on the Education for All Development Index. Pakistan's school system is beset by chronic underfinancing, poor quality, and corruption, resulting in some of the worst and most unequal results on education indicators in South Asia. At present, only 56 percent of school-age children are enrolled in primary school. Children who do attend school encounter poorly equipped classrooms and teachers who are ill prepared for the job. Only 49 percent of children complete Grade 5; of those, less than half can read a simple sentence. In higher education, Pakistan remains far behind most of its neighbors in terms of quality, access, and capacity. Institutions of higher learning in Pakistan lack productivity-enhancing technologies, and university graduates are not always prepared to lead the country's growth. In 2011, only 7.8 percent of 17- to 23-year-olds in Pakistan had access to higher education. This is a significantly smaller proportion than in Nepal (10 percent) and similar to rates in sub-Saharan Africa.

The United States aims to improve access to high-quality education through its assistance to provincial governments and universities. Assistance includes repairing and rebuilding schools and colleges, providing teaching and learning materials, renovating and building teacher education facilities, improving teacher preparation, strengthening the reading skills of primary-grade students, improving provincial and district management and policies, developing university scholarship fund-raising programs, supporting faculty exchanges in applied research in key disciplines, and fostering effective oversight of education by civil society. The U.S. Embassy's PAS and USAID support programs for educational improvement.

**PAS.** PAS focuses on maintaining exchange programs and expanding in-country English instruction and alumni programs. PAS exchange programs are largely implemented through U.S.-based, nonprofit



institutions, but related outreach and recruitment activities are conducted in association with Pakistani Government entities, media, educational institutions, and NGOs. The United States Educational Foundation in Pakistan (i.e., the Fulbright Commission), in particular, is heavily engaged in the recruitment and selection of participants for academic and professional programs.

From April 1 to June 30, 2012, PAS engaged in an intense interview and selection process for academic programs scheduled to begin in the fall. More than 100 students were selected for the semester-long undergraduate non-degree program at schools across the United States. These students are to depart for the United States in August. PAS also began scheduling interviews in Karachi and Islamabad for approximately 200 master's degree and Ph.D. candidates hoping to attend U.S. institutions.

PAS worked to establish an office and professional staff for a nationwide, Pakistani-led alumni association. PAS anticipates that the staff and 5-year funding for the initiative will be in place by August 2012.

PAS also continued to support the development of university partnership programs. PAS awarded the first \$1 million university partnership grant to the University of Texas at Austin for a partnership with Fatimah Jinnah University in Rawalpindi. U.S. institutions are currently competing for four other opportunities to partner with selected Pakistani universities to create faculty development programs, staff and student exchanges, online classes and video conferences, joint research projects, and other activities. PAS expects to award the four additional grants by September 2012.

Plans for an outside evaluation of PAS's Global Undergraduate Exchange Program, which provides fellowships for one semester of undergraduate study in the United States to emerging student leaders from underrepresented sectors in Pakistan, continued to be developed during the reporting period. The evaluation is scheduled to begin in the fall of 2012.

PAS noted one ongoing challenge during the reporting period. According to PAS, domestic security agencies' continued to harass Pakistanis who have participated in PAS exchanges, Pakistani organizations that implement PAS programs, and attendees at PAS-sponsored events. PAS works to highlight the open nature of its programming but reports that such continuing harassment will harm its programs in the long run.

**USAID.** During the reporting period, USAID had eight education programs under way and two transfers of funds to other agencies (Table 6). These programs focus on improvement in basic and higher education by providing training for teachers, scholarships for students, and support for reconstruction and renovation of schools.

**Table 6. USAID Education Programs as of June 30, 2012 (Unaudited)**

<b>Name</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Implementing Partner</b>	<b>Funding (\$)</b>
<b>Children's Television Project*</b>	Provides interactive teaching and learning for children through a television program and associated community-based campaigns	5/10	9/12	Rafi Peer Theatre Workshop	10,000,000
<b>Earthquake-Damaged Schools Reconstruction Program</b>	Reconstructs earthquake-damaged schools	10/06	4/13	CDM Constructors Inc. (CDM)	147,454,624
<b>Education Quality and Access Project</b>	Trains primary and middle school teachers and renovates conflict-damaged schools	10/07	10/12	American Institutes for Research	95,314,430
<b>Higher Education Commission Support</b>	Provides merit and needs-based scholarships for students to study at Pakistani higher education institutions; initially provided budget support to the Higher Education Commission	3/10	2012	Higher Education Commission	93,000,000
<b>Merit and Needs-Based Scholarship Program</b>	Provides bachelor's and master's degree scholarships	6/04	3/16	Higher Education Commission	13,223,605
<b>Sindh Basic Education Program</b>	Supports early grade reading program, provides technical assistance, and supports reconstruction of schools	9/11	9/16	Sindh Department of Education	91,700,000
<b>Teacher Education Project</b>	Provides preservice education for teachers	5/11	9/13	Educational Development Center	37,000,000

<b>Name</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Implementing Partner</b>	<b>Funding (\$)</b>
<b>U.S.-Pakistan Science and Technology Cooperative Program</b>	Provides opportunities for cooperation between Pakistan and the United States in science and technology	9/05	Renewed annually	National Academy of Sciences	12,502,034
<b>Women's Hostel Project</b>	Supports construction of a 360-bed women's dormitory at Forman Christian College	7/11	8/14	Forman Christian College	7,300,000
<b>Transfer to PAS – Fulbright Scholar Program</b>	Provides scholarships to Pakistani graduate students to study at U.S. universities	9/04	Renewed annually	PAS and United States Educational Foundation in Pakistan	151,500,000

Source: USAID/Pakistan.

\* This project was terminated by mutual agreement in May. Project closeout activities are to be completed by September 30, 2012.

As of June 30, 2012, USAID reported that U.S. Government-supported education programs had strengthened the skills of 4,741 teachers, educators, teaching assistants, and tertiary faculty. USAID also reported the following examples of accomplishments in its portfolio of education projects:

- The Government of Sindh released funds to set up a Project Management and Implementation Unit that will oversee the \$155 million Sindh Basic Education Program. The Sindh Basic Education Program awarded two agreements: a \$30 million cooperative agreement with the Teacher Resource Centre to implement the Sindh Reading Program, and a \$15 million contract to Halcrow (Pvt.) Limited, an architecture and engineering firm, to design and monitor the construction and consolidation of 200 schools.
- The Teacher Education Project increased emphasis on capacity development and training by working in tandem with the Higher Education Commission, provincial education departments, and partner colleges and universities to expand and deliver programs culminating in a 2-year associate's degree in education and a 4-year bachelor of education honors degree. The project helped five universities develop strategic plans through workshops attended by 61 participants. It also conducted 12 planning workshops attended by 111 representatives from 24 teacher training colleges to help the institutions develop improvement plans.
- USAID is also providing financing and technical assistance for the construction of facilities for the education of faculty at participating universities. USAID funds the design of the buildings in line with

specifications identified by participating universities in consultation with the Teacher Education Project. During the reporting period, universities approved designs for the construction of six buildings. USAID will now work with the architects and Pakistani construction companies to complete the facilities.

- USAID’s performance management contractor, Management Systems International (MSI), conducted an independent evaluation of the Merit and Needs-Based Scholarship Program. MSI concluded that the program increased the access of students from remote and rural areas to education and that scholarship recipients graduated on time. MSI found that the program was unique among donor scholarship programs in its coverage of tuition and room and board, and determined that, compared with a control group, the program’s business graduates had lower unemployment rates and higher salaries. MSI also found that the USAID scholarship and financial aid model has spread to universities across Pakistan. Since 2004, 11 universities have established financial aid offices and awarded 1,807 scholarships.
- The U.S.-Pakistan Science and Technology Cooperative Program finished its project to build molecular biology capacity for preventing tick-transmitted diseases in Pakistan at Sindh Agricultural University. Under the program, the Tick Laboratory received new equipment, and researchers piloted an undergraduate student exchange between Sindh Agricultural University and the University of Rhode Island using videoconferencing to collaborate on disease perception, survey development, and data analysis.
- The Children’s Television Project completed the production and airing of 26 episodes of *Sim Sim Hamara* (Pakistan’s version of “Sesame Street”), and dubbed the program in one regional language. The project was terminated by mutual agreement with the Rafi Peer Theater Workshop in May 2012 following OIG findings on procurement violations. Project closeout has begun and is to be completed by the end of September 2012.

USAID also reported challenges to the implementation of its education projects. Several partners have found it challenging to implement activities in line with their work plans given the country’s security situation. Project activities were cancelled or postponed during the reporting period, especially in Balochistan and Gilgit-Baltistan. These delays increased implementers’ level of effort and necessitated constant rescheduling of activities with partner institutions. As a result, several activities, including scholarship award ceremonies, formative evaluation surveys, and training workshops, could not be carried out on schedule. Despite the uncertain security environment, projects continued to work closely with all stakeholders to complete activities in a timely manner in all regions.

## Health

The quality of basic health services is uneven in Pakistan, with the rural population particularly underserved. Improving the quality of care is complicated by the country’s growing population and by the ongoing devolution of health services to the provinces. Pakistan’s high fertility rate is expected to

more than double the population by 2050, further straining the health system. The provinces, which do not yet have the financial and human resources to assume added health-care responsibilities, are negotiating with the federal government for adequate funding, skilled staff, and management and accountability systems at the provincial level. Pakistan is one of three countries still struggling to eradicate polio; of the three, Pakistan is the only one with an increasing incidence of the disease.

The U.S. Government supports the Government of Pakistan in developing the capacity to deliver high-quality, cost-effective health interventions with the assistance of NGOs and contractors. Examples include efforts to reduce infant mortality, prevent maternal deaths, and improve provincial health systems.

**USAID.** USAID had ten programs and one transfer of funds to another agency to support health services in Pakistan during the reporting period (Table 7). These programs focus on renovation and reconstruction of facilities, family planning, and polio eradication. During the reporting period, USAID designed a new program to consolidate efforts and provide comprehensive technical assistance nationally while focusing on Sindh Province. Health supplies and their distribution will be consolidated under the new program. Meanwhile, USAID-funded efforts in support of the national tuberculosis survey and a national nutrition assessment recently concluded.

**Table 7. USAID Health Programs as of June 30, 2012 (Unaudited)**

<b>Name</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Implementing Partner</b>	<b>Funding (\$)</b>
<b>Demographic and Health Survey</b>	Supports a survey to collect data on national health indicators	12/11	12/15	Macro International Inc.	3,700,000
<b>Health Care Management Project</b>	Assists with the devolution of nearly all public health responsibilities from the federal to provincial ministries	1/11	1/14	John Snow Inc.	6,000,000
<b>Health Services Academy Support Project</b>	Develops and strengthens institutional capacity in public health training and research	7/08	12/12	Health Services Academy	7,747,517

<b>Name</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Implementing Partner</b>	<b>Funding (\$)</b>
<b>Health Supplies Distribution Project</b>	Provides logistical support for the distribution of contraceptives to provincial health ministries	9/08	Renewed annually	John Snow Inc.	13,242,088
<b>Health Supplies Project</b>	Procures contraceptives and vaccines for national distribution	4/10	4/15	Various	105,420,953
<b>Jacobabad Civil Hospital Project</b>	Renovates this hospital	10/10	10/13	CDM	11,049,000
<b>Jinnah Post-Graduate Medical Center Project</b>	Reconstructs the obstetrics and gynecology/fistula ward	5/10	4/13	CDM	5,629,069
<b>Nutrition Assessment Project</b>	Supports the National Nutrition Survey, which will identify links between nutrition and family planning and determine the level of vaccination coverage in Pakistan	4/11	4/12	Aga Khan University	588,974
<b>Polio Vaccination Program</b>	Conducts annual polio eradication campaigns	1/03	Renewed annually	UNICEF and the World Health Organization (WHO)	22,370,271
<b>Tuberculosis Survey Program</b>	Conducts a survey of tuberculosis prevalence	6/10	3/12	Koninklijk Nederlandsche Centrale Vereeniging	4,570,000
<b>Transfer to the Centers for Disease Control and Prevention (CDC) – Field Epidemiology and Laboratory Training Program</b>	Provides training to epidemiologists	8/05	3/13	CDC, U.S. Department of Health and Human Services	5,683,676

Source: USAID/Pakistan.

As of June 30, 2012, USAID reported that 14 polio immunization campaigns had been completed. USAID also reported the following examples of progress and success in its health programs:

- With technical and operational assistance from USAID implementing partners, the Government of Pakistan conducted a national polio campaign in April 2012 in 100 districts and towns, targeting 32 million children.
- Technical experts from the Health Supplies Distribution Project drafted the curriculum for a supply chain management course at the Health Services Academy and worked with the academy to integrate the three-credit course into its masters of science in public health and health policy program.
- Also under the Health Supplies Distribution Project, three shipments of medical supplies for the National Blood Transfusion Program, National Hepatitis Program, National HIV Program, and Immunization Program arrived in Pakistan during the quarter. The supplies, valued at approximately \$8 million, are now being distributed according to plans developed with Government of Pakistan partners.
- Seventy master trainers nominated by provincial departments of health and population received hands-on training on the USAID-supported logistics management information system. The computerized supply chain management system tracks health commodities throughout Pakistan and allows district and provincial authorities to place orders and track stock levels of medical supplies.
- USAID's Health Care Management Project inaugurated the Health Sector Reform Unit of the Sindh Health Department on May 18, 2012. Unit staff members are now working to enact health reforms in Sindh. The project also completed a health communication strategy for Sindh and is providing technical assistance in human resources planning, community midwifery, health service integration, and the management of Jacobabad Civil Hospital.
- The Nutrition Assessment Project, which concluded in April 2012, supported two research modules in Pakistan's 2011 National Nutrition Survey. The modules, which were designed to identify links between nutrition and family planning and determine vaccination coverage, provided information that can be used to improve nutrition-related health programming and vaccination efforts.
- The USAID-supported National Tuberculosis Prevalence Survey concluded in March 2012 and was in the data entry and analysis phase during the reporting period. The final report for this program was due for publication at the end of July 2012.

USAID also reported health program implementation challenges associated with changes in the administration and management of government health systems in Pakistan. With the devolution of the Ministry of Health, adequate financing and clear roles and responsibilities at the provincial level have yet to be resolved. The lack of organization after devolution remains problematic for the Pakistani health-

care system.

## Crosscutting Priorities: Good Governance, Gender Equity, and Greater Transparency

The crosscutting priorities of U.S. Government assistance—improved governance, gender equity, and greater transparency—are integrated, as appropriate, into programs in the sectors discussed in the previous sections of this report. The U.S. Government also supports programs focused exclusively on these areas. DRL, the Embassy’s PAS, and USAID support programs in this category of assistance.

**DRL.** DRL supports eight projects that strengthen human rights, support democratic institutions, promote fair labor standards, and encourage interfaith dialogue. In addition to the projects listed in Table 8, DRL is in the final stages of awarding a grant that enhances the role of the legal profession and the justice sector in protecting and strengthening human rights and the rule of law in the context of national security.

**Table 8. DRL Human Rights and Democracy Programs as of June 30, 2012 (Unaudited)**

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
<b>Balochistan Initiative</b>	Supports human rights initiatives within Balochistan through small grants	10/11	9/12	Consulate Karachi	500,000
<b>Empowering Home-Based Women Workers</b>	Advocates for the rights of home-based workers; strengthens cooperatives and builds their capacities	9/11	3/13	International Catholic Migration Commission	484,186
<b>Ensuring the Protection of Human Rights Defenders and Journalists</b>	Increases the capacity, sustainability, and geographic reach of local organizations that protect human rights and journalists	9/11	3/13	Freedom House	792,080
<b>Ethnic and Religious Minorities School Curriculum</b>	Supports development of enhanced madrasa teaching materials and a university madrasa teacher training certificate course	9/11	3/13	International Center for Religion and Diplomacy	410,000*



<b>Name</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Implementing Partner</b>	<b>Funding (\$)</b>
<b>Promoting Media Transparency on National Security Issues</b>	Increases skills of journalists and civil society groups; works with media outlets to ensure higher-quality reporting reaches broader audiences	9/11	9/13	Internews	750,000
<b>Promoting Peaceful Co-existence</b>	Promotes peaceful coexistence, mutual understanding, and respect among religious minorities and the Muslim majority in Pakistan	1/11	12/14	Church World Service	648,543
<b>Strengthening Women Parliamentarians for Effective Government</b>	Increases the capacity of elected women parliamentarians by bolstering engagement in decision making at the provincial levels	9/11	9/13	Search for Common Ground	829,800
<b>Strengthening Worker and Trade Union Rights</b>	Builds trade union and worker organizations' organizational and managerial capacity in collective bargaining, dues collection, recruitment, and other areas	4/09	9/13	Solidarity Center	1,095,049

Source: DRL.

\* This program operates in both Pakistan and Saudi Arabia. The funding figure provided is for the Pakistan component of the program.

DRL provided the following examples of progress and success in its programs:

- As part of Promoting Media Transparency on National Security Issues, Internews conducted six training sessions on responsible reporting for 88 journalists in Khyber Pakhtunkhwa, FATA, South Punjab and Balochistan despite a challenging security environment. Participating journalists were also take part in a 2-day safety and security training session, in which they would learn to develop good security habits and discuss ways to ensure personal safety in threatening environments for media professionals.

- Under DRL's Strengthening Worker and Trade Union Rights effort, the Solidary Center targeted outreach to 29 local unions in two of the Pakistan Workers' Federation's eight regions. The outreach was designed to encourage unions to adopt approaches to dues collection that would support financial self-sustainability and provide adequate funding for regional and national trade union entities. Several of the targeted unions have already increased their membership dues, while the executive bodies of other local unions have committed to reforms, including increasing union dues, collecting dues based on a percentage of wages rather than a flat sum, and adequately funding regional and national trade union bodies. With increased dues, many of the unions have organized legal defense funds. These funds have increased union bargaining power, leading to more favorable contracts for program beneficiaries.
- In an example of interfaith dialogue supported with DRL funds, Christian and Muslim religious leaders from different sects gathered in a madrassa on Eid-ul-Adha, a Muslim festival of sacrifice. Religious leaders addressed the students with messages of peace and harmony. According to DRL, this was the first time that Christian leaders had addressed Muslim students in any madrassa and also the first time that Muslim leaders from different sects had interacted with students of different schools of religious thought.

DRL cited several challenges in implementing its programs: (1) ensuring that DRL programs stay relevant as the country prepares for the next national elections, (2) finding alternate sources of power as the country struggles through the energy crisis, (3) ensuring women's equal participation in the full range of DRL programs, and (4) addressing the safety of staff and project participants when implementing project activities in conflict areas.

**PAS.** As part of the U.S. Embassy's strategic communication efforts, PAS is expanding the in-country English Language Access Program. As of June 2012, this after-school program had provided English instruction to 5,000 Pakistani students between the ages of 14 and 18. Using Pakistani interlocutors, the program is expanding into regions of strategic interest, including Quetta and other parts of Balochistan, as well as Khyber Pakhtunkhwa.

**USAID.** USAID has eight projects designed to improve governance, gender equity, and transparency (Table 9). In addition, USAID transfers funds to PAS to support exchanges, and funds a contract to enhance the Agency's project monitoring and evaluation in education. USAID's projects in this category of assistance include a hotline for the public to register complaints, support to organizations that oppose domestic violence and gender discrimination, and broader civil society support. In addition to its ongoing programs, USAID is planning a program to monitor the upcoming national elections. During the reporting period, USAID's contractor completed construction of the Pakistan Institute of Parliamentary Services Building.

**Table 9. USAID Good Governance, Gender Equity, and Transparency Programs as of June 30, 2012 (Unaudited)**

<b>Name</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Implementing Partner</b>	<b>Funding (\$)</b>
<b>Anti-Fraud Hotline Project / Anti-Corruption Project</b>	Allows citizens to report waste, fraud, and abuse of U.S. Government funds through a free hotline	1/09	9/15	Transparency International–Pakistan	2,650,000
<b>Assessment and Strengthening Program</b>	Conducts preaward assessments and develops the capacity of Pakistani organizations to manage assistance funds	10/10	10/15	Rural Support Programs Network, Lahore University of Management Sciences, and Associates in Development	19,400,000
<b>Citizens' Voice Project</b>	Makes small grants to civil society projects that support U.S. foreign assistance objectives	5/11	9/15	Trust for Democratic Education and Accountability	15,500,000
<b>Construction of Pakistan Institute of Parliamentary Services Building</b>	Funds building construction	3/10	6/12	Habib Rafiq	9,929,214
<b>Gender Equity Program</b>	Makes small grants to organizations opposing domestic violence and gender discrimination	8/10	8/15	Aurat Foundation	19,868,429
<b>Independent Monitoring and Evaluation Contract</b>	Provides mission-wide support for monitoring, evaluation, and the PakInfo system	6/11	6/16	MSI	7,000,000
<b>Municipal Services Program, Sindh and Khyber Pakhtunkhwa</b>	Improves delivery of basic municipal services, including water in Jacobabad and Peshawar	7/10	7/15	Provincial governments' planning and development departments	119,924,194

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
<b>Political Parties Development Project</b>	Improves the transparency and accountability of Pakistani political parties to their constituents	7/11	7/15	National Democratic Institute	7,898,790
<b>Small Grants and Ambassador's Fund Program</b>	Makes small awards for community initiatives that support U.S. foreign assistance objectives	8/10	8/15	National Rural Support Programme	21,500,000
<b>Transfer to PAS – Exchanges / Strategic Communications</b>	Conducts exchange programs and in-country English language instruction that support strategic communications objectives	7/05	2015	DOS Bureau of Educational and Cultural Affairs	23,740,000

Source: USAID/Pakistan.

As of June 30, 2012, USAID reported that 187 local NGOs had received support through U.S. Government assistance. USAID also provided the following examples of progress and success in its governance and gender-equity assistance programs:

- The Citizens' Voice Project is awarding civil society advocacy grants in three cycles. It awarded 13 grants during its first grant cycle in municipal services, energy reform, and water rights. Seventeen second-cycle project grants have been submitted for USAID approval in tax policy, legislative governance, and education sector reform. In total, these grants will provide \$3.5 million to recipients. Grant themes for the third grant cycle have been finalized, and solicitations will be issued in July 2012.
- The Gender Equity Program has been facilitating the work of the Pakistani Government's National Registration and Database Authority to register women in remote rural areas. So far, 1.7 million women have registered to receive a computerized national identity card through the program. The program recently added a voter and civic education component to the registration activity so that newly registered women will be able to better understand and exercise their voting rights in the upcoming elections. Overall, the program has executed 95 grants—such as those for legal training for women's rights lawyers and community advocacy campaigns across Pakistan on gender-based violence—valued at \$4.3 million.
- Planning documents for the Municipal Services Programs for Sindh and Khyber Pakhtunkhwa were

granted anticipatory approval by the Government of Pakistan in May 2012, permitting provincial governments to begin project implementation. Also in May, a meeting was held at the Karachi Consulate to discuss future program planning and to brief program participants on World Bank water and sanitation program interventions in Sindh and possible program support to Jacobabad.

- The Municipal Services Program in Peshawar, the capital of Khyber Pakhtunkhwa, reached several key milestones, including the approval of its planning documents by the Government of Pakistan, establishment of a project management unit responsible for smooth and timely implementation of projects, and the awarding of an architecture and engineering services contract.
- The Pakistan Institute of Parliamentary Services Building, constructed by USAID for conducting parliamentary training and research, was completed and inaugurated by the U.S. Ambassador and the Under Secretary of State for Public Diplomacy and Public Affairs in May 2012. This state-of-the-art structure is powered by the largest on-grid solar power station installed on a building in Pakistan.
- To date, 79 awards totaling \$10.2 million have been executed under USAID's Small Grants and Ambassador's Fund Program. Communities have praised these investments, noting that they have responded to some of the most urgent community priorities in agriculture, education, and water and sanitation.

USAID noted two principal challenges in implementing programs for improved gender equity and governance: (1) women's equal participation in the full range of development programs and (2) the timing of Pakistan's next national elections and the first civilian-to-civilian transfer of power remains uncertain. USAID is working closely with other U.S. Government entities to ensure that appropriate plans are in place to prepare for and monitor the upcoming national elections.

## Humanitarian Assistance

The U.S. Government continues to provide humanitarian assistance in Pakistan as the country grapples with both man-made and natural crises. Ongoing military operations and militant activity that began in August 2008 have resulted in a sizable internal displacement in Khyber Pakhtunkhwa and FATA. With the help of U.N. agencies and the international community, Pakistan continues to recover from flooding in 2010 and 2011, while also strengthening crisis planning mechanisms and implementing disaster risk reduction methods to decrease the devastation of future floods. The country also hosts some 1.7 million registered Afghan refugees, as well as approximately 1 million unregistered Afghans who reside in Pakistan as economic migrants. The first wave of refugees arrived in 1979, making Pakistan host to one of the largest and most protracted refugee situations in the world.

DOS's Bureau of Population, Refugees, and Migration and USAID manage and coordinate humanitarian assistance programs and activities in Pakistan on behalf of the U.S. Government.

**PRM.** PRM’s main goals in Pakistan are to meet humanitarian assistance needs, maintain effective protections, support durable solutions for Afghan refugees and migrants, and advance the sustainability of PRM services through successful transitions.

The U.N. High Commissioner for Refugees (UNHCR) is PRM’s primary partner in Pakistan in providing assistance to Afghan refugees. UNHCR provides protection and essential services to refugees and oversees their repatriation to Afghanistan. Since 2002, 3.7 million Afghan refugees have returned to Afghanistan through UNHCR’s voluntary repatriation centers in Pakistan. With PRM support, UNHCR and the International Committee of the Red Cross also provide protection and assistance to people in Pakistan who have been affected by conflict and natural disaster.

In addition, PRM is partnering with eight NGOs in Pakistan to provide Afghan refugees with primary education, maternal and child health care, skills development, and gender-based-violence prevention and response services (Table 10).

**Table 10. PRM Humanitarian Assistance Programs as of June 30, 2012 (Unaudited)\***

<b>Name</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Funding (\$)</b>
<b>Community-Based Comprehensive Health Services and Livelihoods Opportunities for Afghan Refugees and Host Communities in Balochistan Refugee Camps</b>	Provides services to refugees and host community members in and around three refugee settlements in the Pishin and Quetta Districts of Balochistan	9/11	8/12	793,335
<b>Construction Trade Training and Skills Development Program</b>	Provides training to Afghan refugees and their hosts living in Mansehra District to help them develop skills to carry out dignified and economically sustainable livelihood activities	7/11	6/12	357,978
<b>Education, Skills, and Protection for Afghan Refugees and Host Communities Program</b>	Provides primary education, skills development, and gender-based-violence response services to Afghans and host-community members in semi-urban Quetta, Balochistan	9/11	9/12	457,157

<b>Name</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>	<b>Funding (\$)</b>
<b>Extension of Project Skills Training and Income Generation for Urban Afghan Refugees Program</b>	Provides skills training and job placement services to Afghan refugee men and women in Rawalpindi and Islamabad	7/11	6/12	469,628
<b>Integrated Afghan Refugee Assistance Program</b>	Supports eight government health facilities in Balochistan's Quetta District to provide quality maternal and child health care and health education to Afghan refugees and members of the host community	9/11	8/12	999,992
<b>Mansehra Health Program</b>	Improves healthcare and builds health-care system capacity for refugees and host community residents in and around Barari, Ichrian, and Khaki refugee villages in the Mansehra District of Khyber Pakhtunkhwa	7/11	6/12	221,319
<b>Primary Healthcare, Repatriation and Gender-Based-Violence Support for Afghan Refugees in Khyber Pakhtunkhwa</b>	Provides primary and reproductive healthcare and health and hygiene information, and prevents and responds to gender-based violence for Afghan refugees and host-community members in seven refugee villages and one urban area in the Peshawar, Swabi, and Buner Districts of Khyber Pakhtunkhwa	5/11	4/12	1,000,000
<b>Transition Support Programming for Afghan Refugees in Pakistan</b>	Provides access to health care and basic education for Afghan refugees in Balochistan and in Haripur, Khyber Pakhtunkhwa	7/11	6/12	1,000,000

Source: PRM, U.S. Embassy Islamabad.

\* The names of PRM's implementing partners have not been provided in this table for security reasons.

PRM provided the following information on recent program developments and achievements related to its humanitarian assistance programs:

- The Construction Trade Training and Skills Development Program provided training to 132 Afghan refugee men, 96 Afghan refugee women, 48 host-community men, and 24 host-community women in carpentry, welding, electricity, tailoring, and beading and embroidery. The program will assist beneficiaries in securing employment following the training. More than 60 percent of those trained in FY 2010 secured employment in their respective trades, with graduates securing employment in Pakistan and Afghanistan. A third of trainees increased their household income by 40 percent or more within 3 months of graduating from the program.
- The Education, Skills, and Protection for Afghan Refugees and Host Communities Program established partnerships with two local organizations to conduct project activities in three community centers. The program's literacy and numeracy courses for out-of-school Afghan children have been recognized by the Afghan Ministry of Education. This recognition and the credentials that come with it will help students enter schools in Afghanistan upon repatriation.
- The Integrated Afghan Refugee Assistance Program continued to coordinate effectively with local institutions to support sustainable health-care solutions for the 107,000 refugees and host community residents in its operating area. Four birthing stations, which opened in FYs 2009 and 2010 are expected to be handed over to the Peoples' Primary Healthcare Initiative, which has indicated that it will hire project staff for them and maintain services 24 hours a day, 7 days a week. As another step towards sustainability, PRM's implementing partner will work to prepare community health workers and midwives to take on more maternal, child, and reproductive health responsibilities in the area.
- In concert with its implementing partner for the Mansehra Health Program, PRM has agreed to approach the transfer of the program to local service providers in phases so as not to abruptly discontinue health services for beneficiaries. During the FY 2011 project period, the implementing partner transferred curative services from one of its three basic health units to Government of Pakistan facilities, but continued to provide maternal and child health services and work through its cadre of 142 male and 262 female health workers as well as with district health authorities to facilitate beneficiaries' access to other service providers in the area.
- PRM's implementing partner for the Primary Healthcare, Repatriation, and Gender-Based Violence Support Program in Khyber Pakhtunkhwa has significantly improved health standards for the communities it serves and trained a cadre of community health professionals, many of whom have repatriated and joined the Afghan Ministry of Public Health. The implementing partner is pursuing a phased transfer of project services starting with an emergency obstetric center in Peshawar and curative and preventive health services in Swabi. The implementing partner is also building the capacity of two local partners to manage three of the project's seven basic health units and has included district health personnel in training activities.

**USAID.** Since October 1, 2009, USAID has provided approximately \$919 million in humanitarian assistance to Pakistan. USAID's Offices of Food for Peace (FFP) and U.S. Foreign Disaster Assistance



(OFDA) provide humanitarian assistance in response to complex emergencies and natural disasters in Pakistan. Both offices manage their programs from Washington, D.C., but have assigned technical experts to the USAID mission to coordinate activities with its technical and provincial offices. These experts provide links with other humanitarian assistance actors in Pakistan and advise the mission on emergency conditions and ways for USAID to respond to them. The mission was working with other international organizations and the Pakistani Government to develop contingency plans for the 2012 monsoon season. The mission was also developing a new project with a focus on disaster risk reduction.

FFP has contributed to the food security of internally displaced persons (IDPs) in Khyber Pakhtunkhwa and FATA since 2009, and to those throughout Pakistan who were affected by the 2010 and 2011 floods. FFP provides in-kind and cash assistance.

The bulk of FFP assistance is channeled through the U.N. World Food Programme (WFP). WFP provides food rations to IDPs while they are away from home and for 6 months after their return. It provides supplementary food for malnourished children and for pregnant and lactating mothers. WFP also provides rehabilitation and reconstruction assistance in the form of food rations for workers on community development projects.

WFP began food distributions within 2 days of the 2010 flood and distributed food rations to 7 million beneficiaries at the height of the flood response in October 2010. During the 2011 flood response for Sindh and Balochistan, WFP reached more than 4 million people after the Pakistani Government requested international assistance. During these two flood response efforts, FFP contributions accounted for more than half of WFP's emergency operations.

In addition to supporting WFP flood response efforts, FFP funded an NGO program to distribute food vouchers to vulnerable families after the initial phase of the flood response. Under the program, each family received a food voucher booklet to be redeemed for pre-selected food items.

As of June 30, 2012, USAID reported the following examples of progress and success in FFP humanitarian assistance programs:

- FFP-supported emergency nutrition led to acute malnutrition recovery rates that met or exceeded Sphere standards—internationally recognized standards for the delivery of quality humanitarian response. Whereas Sphere standards call for recovery rates of 75 percent or more, emergency nutrition program results from the 2011 flood response were between 77 percent and 90 percent for moderately malnourished children. Pregnant and lactating women participating in the program demonstrated similar recovery rates.
- With FFP support, WFP has reached more than 2 million people through food-for-work activities in the Swat Valley and flood-affected districts in Sindh. Work projects under the program help communities withstand future floods, for example, through the rehabilitation of irrigation and

drainage canals, construction of raised platforms, rehabilitation of drainage canals, reconstruction of livestock sheds, and establishment of kitchen gardens.

- FFP's NGO food voucher program ended on June 21, 2012, after reaching 17,500 families in the Mirpur Khas and Sanghar Districts of Sindh Province. These districts were very heavily affected by the 2011 flood, which left many tenant farmers without work or a means to care for their families. Valued at \$200, the food voucher booklets that families received under the program were designed to cover most of their' food needs for 3 months.

USAID's OFDA responds to humanitarian needs in Pakistan that result from natural and man-made disasters. OFDA launched a robust humanitarian response to the 2005 earthquake, which left 2.8 million Pakistanis homeless. In 2009, OFDA ramped up activities to address the needs of people displaced by conflict in Khyber Pakhtunkhwa and FATA. And, in 2010, when historic floods affected two-fifths of the country and more than 18 million people, OFDA responded by providing assistance that spanned all humanitarian sectors. This assistance laid the foundation for OFDA's rapid response to monsoon flooding that occurred in Sindh and Balochistan Provinces in 2011.

Ten major OFDA programs were active in Pakistan during the reporting period. To date in FY 2012, OFDA has committed nearly \$12 million to meet the country's humanitarian needs. This assistance builds on the nearly \$432 million in emergency relief funding provided by OFDA over the previous 10 years.

USAID provided the following examples of progress and success in OFDA humanitarian assistance programs during the reporting period:

- OFDA continued its humanitarian response strategy of supporting conflict-affected populations—particularly newly displaced people in Khyber Pakhtunkhwa and FATA—as well as providing sustained assistance to communities affected by the 2010 and 2011 floods to enable them to recover from the devastation. OFDA has focused on health and water, sanitation, and hygiene assistance, as well as on the provision of shelter and emergency relief supplies, for newly displaced individuals, and prioritizes economic recovery and agriculture support for IDPs returning to home areas. In addition, OFDA is working with disaster-prone communities to reduce their vulnerability to disaster through community-based initiatives to manage disaster risk.
- To prepare for contingencies such as increased displacement, OFDA has supported a rapid-response fund, known as RAPID (Responding to Pakistan's Internally Displaced), through the international NGO Concern Worldwide. The RAPID Fund is designed to provide speedy, targeted grants to partners—primarily local NGOs—with the capacity, local knowledge, and access required to meet the needs of IDPs, host communities, and returnees.
- OFDA is also working with Concern Worldwide to train community disaster management committees and schoolteachers on appropriate disaster response techniques. At the start of the

reporting period, Concern Worldwide had trained 4,834 people in disaster preparedness, mitigation, and management; assisted in the development of nearly 100 community plans for disaster risk reduction; and organized 6 disaster response and recovery advocacy events. These activities continued throughout the reporting period, as the organization distributed disaster preparedness materials to community members and trained newly established local emergency response teams in search and rescue.

- The Rural Support Programs Network (RSPN) completed the first stages of an OFDA project to provide economic recovery assistance to people whose livelihoods had been depleted or lost as a result of floods in southern Pakistan. By late May 2012, RSPN had helped form approximately 370 community organizations that opened bank accounts and decided on projects to rehabilitate community infrastructure. The projects will serve as OFDA-funded temporary employment. The communities identified 194 work sites, district offices received 48 sets of tools to facilitate the work, and RSPN mobilized more than 4,440 households to participate in the cash-for-work projects. RSPN also worked with communities to select more than 150 beneficiaries to receive cash grants, with priority given to vulnerable and female-headed households.
- With OFDA support, the International Organization for Migration (IOM) is rehabilitating damaged shelters and providing training on building weather-resistant structures as part of a project designed to reach 19,500 people affected by flooding in Sindh Province. In addition, OFDA is supporting IOM's role as the Shelter and Non-Food Item Cluster lead in the flood response to facilitate the development of common strategies and promote information sharing to reduce duplication and inequities in assistance.
- OFDA continues to work with the Agency for Technical Cooperation and Development to meet the recovery needs of 38,500 people whose homes were destroyed by severe 2011 monsoon flooding in southern Sindh Province. The organization is providing locally appropriate and low-cost shelter; kitchen, gardening, and crop inputs; and training to reduce food insecurity.

## Assistance to Pakistani Institutions

To ensure greater responsiveness and increase the sustainability of civilian programs, the United States plans to continue to implement programs through Pakistani institutions, including national and provincial governments and NGOs, when feasible.<sup>9</sup> The purpose of this focus is to:

- Align programs with locally identified priorities.
- Build Pakistanis' sense of ownership of programs.

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<sup>9</sup> The Enhanced Partnership with Pakistan Act of 2009 encourages appropriate use of Pakistani firms and NGOs to implement the programs authorized under Title I of the act (Section 101(c)(3)).

- Build Pakistani institutional and leadership capacity for better fiscal management.
- Promote decentralization to engage provincial and local partners and beneficiaries more actively.
- Deliver on-budget assistance<sup>10</sup> to promote transparency, harmonization, and better budget planning by the Government of Pakistan.
- Reduce costs.

USAID awarded more than \$1.268 billion to Pakistani institutions during FY 2010 and \$439.5 million to Pakistani institutions during FY 2011. USAID reported awarding approximately \$398.8 million during FY 2012 (Table II). Awards made by USAID in FY 2012 fall into one of the following three categories: direct funding for government projects, awards to nonprofit Pakistani organizations, and awards to Pakistani for-profit entities.

**Table II. USAID Assistance to Pakistani Institutions Since October 1, 2011 (Unaudited)**

<b>Implementing Partner, Project</b>	<b>Number of Awards</b>	<b>Value (\$) of Subobligations</b>
<b>Direct Funding for Government Projects</b>	<b>26</b>	<b>351,512,731</b>
FATA Secretariat, Barang Road and Silay Patay Bridge in Bajaur	1	2,000,000
FATA Secretariat, Ghulam Khan-Bannu Road	1	106,310,673
FATA Secretariat, Jandola Bridge reconstruction	1	4,125,425
FATA Secretariat, Jandola-Sararogha Road, Repair of bridges	1	1,158,820
FATA Secretariat, Kaur-Wana Road, Repair of flood damage	1	6,254,588
FATA Secretariat, Kundiwam Dam and Dhana Irrigation Projects, Swat	1	18,000,000
*FATA Secretariat, Reactivation and Rehabilitation of Transformers and Tension Lines	1	3,530,000
FATA Secretariat, Sararogha-Janjal Road	1	19,557,582

<sup>10</sup> Delivering U.S. assistance through Pakistan's own budgetary, spending, and accounting systems as much as possible is expected to help the Government of Pakistan meet the fiscal targets required by the International Monetary Fund and raise Pakistanis' awareness of where U.S. funds are going and how they harmonize with resources from the Government of Pakistan and other donors. On-budget assistance should also help reduce disruptions in implementation by enabling federal and provincial governments to improve budget planning and cash-flow management.

<b>Implementing Partner, Project</b>	<b>Number of Awards</b>	<b>Value (\$) of Subobligations</b>
FATA Secretariat, Sararogha-Makeen Road, Repair of bridges	1	6,939,654
FATA Secretariat, Tank-Makeen Road, Repair of flood damage	1	4,090,215
FATA Secretariat, Tank-Makeen Road, Ahmad Wam Tunnel	1	279,740
FATA Secretariat, Tank-Makeen Road, Kotkai Tunnel/Bypass	1	1,651,558
FATA Secretariat, 132 kilovolt-ampere transmission line from Gomal Zam Dam	1	8,270,000
Government of Khyber Pakhtunkhwa, Municipal Services Program	1	55,000,000
PaRRSA, Capacity building	1	2,600,000
PaRRSA, Construction of integrated government complex	1	2,500,000
PaRRSA, Flood-damaged infrastructure: Amandara Headworks	1	6,564,000
PaRRSA, Flood-damaged infrastructure: Khwazakhela Bridge	1	4,980,000
PaRRSA, Flood-damaged infrastructure: Munda Headworks	1	8,495,000
*PaRRSA, Khyber Pakhtunkhwa Reconstruction Program, Health recovery and supplies	1	2,863,282
PaRRSA, Malakand Reconstruction and Recovery Program, Construction of schools	1	1,342,194
PaRRSA, Malakand Reconstruction and Recovery Program, Health recovery and supplies	1	2,000,000
PaRRSA, Malakand Reconstruction and Recovery Program, Water and sanitation systems	1	3,000,000
Sindh Department of Education, Sindh Basic Education Program, Construction of schools	1	20,000,000
Sindh Department of Education, Sindh Basic Education Program, Reforms to upgrade and merge schools	1	20,000,000
WAPDA, Gomal Zam Multipurpose Dam Project	1	40,000,000
<b>Awards to Pakistani Nonprofit Organizations</b>	<b>9</b>	<b>29,042,496</b>
*Aga Khan Foundation, Satpara Irrigation Project	1	1,928,595
Agribusiness Support Fund, USAID's Agribusiness Project	1	10,300,000
Dairy and Rural Development Foundation, Dairy Project	1	1,500,000

<b>Implementing Partner, Project</b>	<b>Number of Awards</b>	<b>Value (\$) of Subobligations</b>
Health Services Academy, Health Services Academy Support Project, Developing and strengthening capacity in public health and research	1	2,551,164
Lahore University of Management Sciences, Assessment and Strengthening Program	1	3,900,000
National Rural Support Programme, Small Grants and Ambassador's Fund Program	1	4,000,000
RSPN, Emergency relief and early recovery for Pakistan flood victims	1	1,502,737
Transparency International-Pakistan, Anti-Fraud Hotline	1	1,360,000
*Trust For Democratic Education and Accountability, Citizens' Voice Project	1	2,000,000
<b>Awards to Pakistani Private Sector, For-Profit Entities</b>	<b>9</b>	<b>18,196,366</b>
Associates in Development, Monitoring and evaluation for FATA Infrastructure Projects	1	3,446,537
Associates in Development, Assessment and Strengthening Program	1	3,777,000
Habib Rafiq International (Pvt.) Limited, Construction of Pakistan Institute of Parliamentary Services Building	1	1,226,075
*Halcrow Pakistan (Pvt.) Ltd., Sindh Basic Education Program	1	2,989,756
*Halcrow Pakistan (Pvt.) Ltd., Municipal Services Program—Khyber Pakhtunkhwa, Peshawar	1	1,100,000
*Halcrow Pakistan (Pvt.) Ltd., Women's Hostel Project	1	653,563
*Interflow Communications (Pvt.), Public Communications Project	1	4,500,000
*National Development Consultants (Pvt.) Ltd., Education Quality and Access Project	1	352,435
*National Engineering Services Pakistan (Pvt), Milestone verification—Gomal Zam Irrigation Project	1	151,000
<b>Total</b>	<b>44</b>	<b>398,751,593</b>

Source: USAID/Pakistan.

\* Awards made to Pakistani institutions from March 13 to June 14, 2012.

Prior to disbursing funds, USAID's Office of Financial Management performs preaward assessments of all prospective partner organizations. The assessments examine organizational and management structure, accounting and financial management systems, internal controls, technical capabilities, and quality assurance capabilities, as well as organizations' policies, procedures, and practices for effective and efficient management of USAID/Pakistan resources. To date, USAID has completed 198 preaward assessments.

USAID has also sponsored 14 institutional capacity-building activities and initiated 54 others, while completing 4 research studies on streamlining project management units. Under the Lahore University of Management Sciences (LUMS) component of the Assessment and Strengthening Program, 13 training sessions have been completed on courses of study developed under the program. The courses are designed for government, civil society, and local private sector participants at all levels. LUMS offers participating organizations studies on financial management, procurement management, human resources and administrative management, and monitoring and evaluation. The mission is also working with the Office of the Auditor General (Pakistan's Supreme Audit Institution) to strengthen its capacity to provide audits required under government-to-government agreements.

# Staffing

The U.S. Mission in Pakistan—including USAID and Embassy components—increased its staff size in Karachi, maintained its staff size at the regional office in Lahore, but saw staff size decrease in Islamabad and Peshawar.

As shown in Table 12, USAID reported a total of 229 staff (49 U.S. direct hires and 180 others) as of June 30, 2012. USAID mission management was unable to fill all vacancies during the quarter because of limited availability of office facilities. The USAID mission has recruited staff so that it is in a position to take advantage of the additional work space that will become available with the completion of a temporary USAID office building. With an FY 2012 target of 296 staff, USAID/Pakistan remains understaffed by 67 positions.

**Table 12. USAID Staffing in Pakistan as of June 30, 2012**

Category	Islamabad	Peshawar*	Lahore	Karachi	Total	Change From March 31, 2012
U.S. direct hire	42	3	3	1	49	+2
U.S. personal services contractors	15	4	0	1	20	–
Third-country nationals	9	1	0	0	10	–
Foreign Service Nationals (Pakistani staff)	105	21	10	7	143	-3
Eligible family members	5	0	0	0	5	–
Long-term temporary-duty staff†	2	0	0	0	2	–
<b>Total Staff</b>	<b>178</b>	<b>29</b>	<b>13</b>	<b>9</b>	<b>229</b>	<b>-1</b>
<b>Staff Target 2012</b>					<b>296</b>	
<b>Staff Shortfall</b>					<b>67</b>	

Source: USAID/Pakistan.

\* Includes staff members assigned to Peshawar but currently residing in Islamabad.

† USAID/Pakistan counts long-term temporary-duty staff members (i.e., those in Pakistan for a year) occupying vacant positions toward total USAID/Pakistan positions.



PAS personnel in Pakistan work in offices in Islamabad, Karachi, Lahore, and Peshawar. In total, PAS had 26 U.S. direct hires and 54 Pakistani staff members as of June 30, 2012. As of that date, NAS had 10 U.S. direct hires, 3 U.S. personal services contractors, 8 third-party contractors, and 73 Pakistani staff; USDA had 2 permanent U.S. direct hires, 1 staff person on temporary-duty assignment, and 5 Pakistani staff members. At the end of the reporting period, PRM had one U.S. direct hire, one eligible family member on staff as a personal services contractor, and one locally engaged Pakistani employee. USIP has one employee based in Pakistan.

# Risks and Mitigation Strategies

U.S. Government agencies and oversight entities have identified risks that could jeopardize the U.S. Government's assistance program in Pakistan and identified accompanying mitigation strategies. The following challenges facing the civilian assistance program remained pertinent during this quarter:

- *Political risks.* Pakistan continued to experience political, economic, and security-related turmoil. Such instability limits progress by the Government of Pakistan and the U.S. Government in delivering an effective assistance program.
- *Operating restrictions.* Implementation and monitoring of U.S. Government-supported projects have been hindered by strict Government of Pakistan requirements for travel outside of Islamabad and provincial capitals. Visits to some areas require from several days' to 3 weeks' prior notification and sometimes the approval of the Ministry of Foreign Affairs; these restrictions delay and often lead to the cancellation of site visits. Obtaining visas and visa renewals continues to hamper recruitment and lower staff morale. As of April 1, 2012, 19 assignment visas, some of which had been pending for as long as 12 months, remained unissued. Further, local authorities continue to harass U.S. Government and Embassy personnel, especially local staff members. A May 2012 DOS OIG report noted that official Pakistani obstructionism and harassment had increased to the point where it was significantly impairing mission operations and program implementation, and recommended that the issue of harassment be made an integral part of high-level policy discussions with the Pakistani Government on the future of the bilateral relationship.
- *Resistance to economic reform.* Entrenched interests resist policy reforms needed to transform the economy. The effective governance, accountability, and financial solvency of power sector institutions is critical to economic reform. Political interference continues to undermine the decision-making ability of power company managers and regulatory officials. According to USAID, if Pakistan does not implement fundamental reforms, assistance from the United States and other donors will have limited long-term benefits.
- *Vulnerability to natural disasters.* Flood damage has delayed implementation of projects in affected areas. Because Pakistan is prone to natural disasters such as flooding, this is a regular risk. To help Pakistan address this risk, USAID supports programs in water storage and management, including the surface water management program for Balochistan and Gomal Zam Dam, which contribute to flood mitigation efforts. USAID/OFDA also has ongoing efforts to strengthen Pakistan's ability to respond to disasters and reduce related risks.
- *Adverse environmental impact.* USAID/Pakistan conducts environmental assessments before disbursing funds for projects. These assessments—for example, of the road from Tank to Wana and Kaur to Makeen in South Waziristan—sometimes identify concerns and potential risks regarding

the projects' impact on the environment or communities. To address these environmental concerns, USAID takes steps to mitigate risks before continuing with project activities.

- *Leadership turnover.* High staff and leadership turnover within the Government of Pakistan and the U.S. Government affects planning, coordination, and implementation of programs. Senior managers at power companies and senior government officials at the Ministry of Water and Power are usually political appointees who spend less than 2 years in their positions. The devolution of federal programs for health, education, and agriculture to provinces with insufficient guidance on the expected roles and responsibilities of the federal, provincial, and district governments has also complicated project implementation. High U.S. Government staff turnover also limits the efficiency and effectiveness of assistance programs.
- *Limited institutional capacity.* In FATA, Khyber Pakhtunkhwa, Sindh, and Balochistan, where there is limited institutional capacity and insufficient staff with experience in financial and procurement management, extra effort is made to mitigate the risk of resources being lost through inefficiency, theft, or general lack of capacity to handle large amounts of funding.
- *Inadequate financial management in Government of Pakistan institutions.* The U.S. Government and the Government of Pakistan have collaborated to introduce special accounts for budget support provided by the United States to address financial challenges and maintain accountability. However, financial management, accountability, and reporting challenges continue. USAID is providing targeted financial management assistance to key Government of Pakistan institutions and collaborates with other donors on related matters through the Working Group on Public Financial Management.
- *Security risks.* Security concerns continue to reduce the ability of U.S. Government personnel to conduct direct monitoring and evaluation in conflict-affected areas, particularly Peshawar, FATA, Khyber Pakhtunkhwa, and Balochistan, and to engage Pakistani officials in project design. In late March 2012, a Balochistan Agriculture Project vehicle was attacked and two people associated with the project were killed and a third injured. However, project implementation continues. Following the incident on the Pakistan border in late November 2011, U.S. Government partners have been under severe scrutiny and, sometimes, threat for their association with the U.S. Government.

As described above, security conditions present an ongoing challenge for civilians providing assistance in certain vulnerable areas, as well as for the U.S. Government's ability to monitor and evaluate programs. USAID is meeting the challenge through an independent monitoring and evaluation contract. Services provided under the contract include routine monitoring, training on data entry for project performance, mapping using a geographic information system, and conducting evaluations and assessments. The integrity of the data provided by USAID/Pakistan's implementing partners, which serves as the basis for annual performance reporting, is also verified under the contract. Additionally, USAID's Office of Afghanistan and Pakistan Affairs, in conjunction with USAID/Pakistan, has developed a database (PakInfo)

that includes indicators that USAID uses to measure the progress of its programs, as well as the indicators that each implementing partner uses to track progress.

This performance reporting takes place within a larger framework designed to ensure that broader U.S. strategic and operational objectives are met. USAID mission achievement is measured in line with the performance indicators and targets identified in the mission results framework and performance management plan. The results framework defines mission objectives and desired intermediate results in each of the focus sectors for assistance to Pakistan, and the performance management plan provides information on how the mission will collect data on and measure progress in these areas.

To reduce fiduciary risks, USAID has hired accounting firms to conduct preaward assessments to ensure that potential recipients of USAID assistance meet U.S. transparency and accountability standards. These assessments identify and document potential recipients' weaknesses and areas for improvement. USAID then actively works with partners to build capacity and mitigate risks. In addition, USAID increasingly uses fixed-amount reimbursable agreements as a mechanism for assistance programs implemented through Pakistani institutions. These agreements require milestones to be achieved and independently verified before payments are processed.

USAID has also established an Assessment and Strengthening Program to build the institutional capacity of local Pakistani organizations. The program helps identify, address, and validate responses to institutional capacity weaknesses in public sector, civil society, and for-profit institutions. It enables USAID/Pakistan to work with a wide range of local implementing partners and host-government institutions in an effective, transparent, efficient, and responsive manner without having to resort to one-off consultancies or rely on support arrangements provided on a project-by-project basis.

The capacity-building process focuses on specific organizational needs identified through preaward assessments and on national development objectives and requirements. Efforts include developing dedicated project management units in the government, improving policies and procedures, reviewing and strengthening organizational structure, ensuring adequate internal controls, improving financial management and procurement processes, increasing employee skills through on-the-job technical assistance, and providing relevant tools and products for carrying out government functions.

In addition to these program strategies, the OIGs for USAID and DOS have taken the following steps to ensure that U.S. Government funds are protected against waste and theft:

- *Maintaining an in-country oversight presence.* As of June 30, 2012, USAID OIG had 14 permanent staff in Islamabad (9 U.S. direct hires and 5 Foreign Service National employees), supplemented by a staff member on temporary duty. To support its Pakistan portfolio, DOS OIG had one U.S. direct hire and one U.S. personal services contractor on staff in Islamabad at the end of the reporting period. An additional DOS OIG U.S. direct-hire employee was scheduled to arrive in Pakistan in August.

- *Expanding the use of independent Pakistani public accounting firms to conduct financial audits of funds provided to Pakistani NGOs.* As of June 30, 2012, USAID OIG had a roster of 28 eligible audit firms in Pakistan to call on. Since the passage of the Enhanced Partnership with Pakistan Act on October 15, 2009, USAID OIG has nearly doubled the size of this roster.
- *Providing training to Pakistani public accounting firms and to the Office of the Auditor General.* USAID OIG training for Pakistani public accounting firms and the Office of the Auditor General covers the standards and requirements for financial audits of U.S. Government funds. In FY 2012, USAID OIG has provided this training to 13 employees of the Office of the Auditor General and 55 participants from 24 public accounting firms.
- *Providing training to NGOs, government organizations, and USAID contracting and agreement officers' representatives and financial analysts.* During the quarter, USAID OIG provided training on the standards and requirements for financial audits of U.S. Government funds to 73 participants from NGOs, 13 government officials, and 19 USAID staff members.
- *Helping the Office of the Auditor General conduct financial audits.* USAID OIG helps the office conduct financial audits of funds provided by USAID/Pakistan to Pakistani Government entities by providing support during the audit process. USAID OIG also reviews the final reports to ensure that the audits were performed in accordance with its Guidelines for Financial Audits Contracted by Foreign Recipients, dated February 2009.
- *Working with Pakistan's National Accountability Bureau.<sup>11</sup>* USAID OIG established a working relationship with the National Accountability Bureau in early 2010 and continues to coordinate efforts and collaborate on investigations.
- *Collaborating with USAID/Pakistan to establish and maintain the Anti-Fraud Hotline in Pakistan.* As the only one of its kind in Pakistan, the hotline provides a unique and useful tool for Pakistani citizens to provide feedback to USAID, its implementing partners, and the Government of Pakistan. This quarter, the hotline received 591 complaints through various channels—e-mail, Internet, facsimile, mail, and in person. These complaints relate to projects funded by USAID, the Pakistani Government, and international organizations.
- *Providing fraud awareness briefings and expanding investigative coverage.* USAID OIG investigators also conduct fraud awareness briefings to alert participants—employees, contractors, and grantees—to fraudulent practices and schemes and to provide guidance on how to report fraud. During the reporting period, special agents in Pakistan delivered seven fraud awareness briefings attended by 128 participants, including USAID personnel and representatives of Agency contractors and NGOs.

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<sup>11</sup> The National Accountability Bureau is the primary law enforcement agency in Pakistan responsible for investigating white-collar crime and public corruption. It is Pakistan's only law enforcement agency authorized to conduct investigations in FATA.

- *Coordinating audits and investigations with other U.S. agencies.* USAID OIG coordinates audit and investigative work with other OIGs, GAO, and law enforcement agencies including the Federal Bureau of Investigation's International Corruption Unit, the National Procurement Task Force, the Financial Crimes Enforcement Network, and the U.S. Embassy's Legal Attaché Office to eliminate duplication and maximize efficient use of government resources.

# Oversight Status

Because U.S. civilian assistance programs and activities in Pakistan are implemented by several agencies, more than one oversight organization has the authority to conduct related audits, reviews, inspections, and investigations. The OIGs for DOD, DOS, USAID, and USDA, as well as GAO reported that they had planned or executed oversight functions during the quarter; the OIGs for DOC, the Department of Homeland Security, and the Department of Justice reported that they did not undertake or complete any oversight activities specific to Pakistan during the reporting period and had no planned audit work pertaining to Pakistan during the remainder of FY 2012.

## Department of Defense Office of Inspector General

### Work Under Way

As of June 30, 2012, DOD OIG had two audits under way that may affect U.S. assistance to Pakistan:

- **Audit of the Counter Narcoterrorism Technology Program Office's Mi-17 Overhaul Contracts.** This audit will determine whether the oversight and management of Northrop Grumman contracts for 1,500-hour maintenance overhauls of Mi-17 aircraft were performed in accordance with federal requirements and whether contracting officers ensured that contract prices were fair and reasonable. Included in the contracts were eight Mi-17 helicopters belonging to Pakistan. Those aircraft have been overhauled and returned to Pakistan. DOD OIG expects to complete this audit in August 2012.
- **Audit of Mi-17 Overhauls and Cockpit Modifications.** This audit is being conducted to determine whether DOD officials awarded and administered Science and Engineering Services Inc. contracts for the overhaul and modification of Mi-17 aircraft in accordance with U.S. Government and DOD regulations and policies. Included in the contracts were five Pakistani helicopters; however, a stop-work order was issued for this effort before Pakistan delivered the helicopters for overhaul. In April 2012, DOD officials discussed with Science and Engineering Services Inc. the possibility of terminating the contract for convenience. No further contract action has been taken.

## Department of State Office of Inspector General

### Work Completed

From April 1 to June 30, 2012, DOS OIG completed one inspection and one evaluation related to Pakistan:

- **Compliance Followup Review of Embassy Islamabad and Constituent Posts, Pakistan (Report No. ISP-C-12-28A, May 24, 2012).** DOS OIG inspectors concluded that Embassy

leadership deserved great credit for its role in managing the fallout from a series of major events in 2011, including the shooting of two Pakistanis by an American in Lahore in January, the assault against Osama bin Laden's compound in Abbottabad in May, and the unintended attack by the North Atlantic Treaty Organization/International Security Assistance Force on a Pakistani border post, which resulted in the death of 24 Pakistani soldiers in November. Embassy reporting at all levels provided a clear-eyed assessment of realities in Pakistan, as well as sober advice to Washington on how to deal with them. However, Embassy leadership needed to accelerate its assessment of the implications of the changing relationship between the United States and Pakistan so that decisions could be made to shape discussions in Washington on program and operating budgets, as well as staffing and construction plans in-country. Inspectors also observed that the mission struggled to program more than \$2 billion in annual funding for development and security assistance programs and to manage proposed staffing increases and housing needs. However, OIG credited the mission's public affairs program with initiating a creative new effort to counter violent extremism that could serve as a model elsewhere.

Inspectors found that one of the Embassy's greatest challenges was managing Washington's intense and at times intrusive involvement and its voracious appetite for information on the situation in Pakistan. While this involvement ensured that mission concerns received both timely and top-level attention, meeting Washington's needs also consumed extraordinary amounts of mission personnel's time and energy and added significantly to the stresses at this already stressed post. DOS OIG inspectors also noted that official Pakistani obstructionism and harassment had increased to the point where they were significantly impairing mission operations and program implementation and adversely affecting the security of the mission and its staff.

The DOS OIG team determined that Embassy Islamabad had complied with almost all of the recommendations from its 2010 inspection. The team recommended that the issue of harassment must be made an integral part of high-level policy discussions with the Pakistani Government on the future of the bilateral relationship. The team also made recommendations regarding DOS headquarters' involvement and communication with the mission, the mission's public outreach efforts, and staffing and space issues, among others.

- **Evaluation of the Antiterrorism Assistance Program for Countries Under the Bureaus of Near Eastern Affairs and South and Central Asian Affairs (AUD/MERO-12-29, April 30, 2012).** DOS OIG evaluated the degree to which the Bureau of Diplomatic Security's ATA Program had achieved its intended outcomes and whether the bureau had provided effective oversight of ATA contracts and U.S. Government-provided equipment. DOS OIG found that Diplomatic Security could not determine the ATA program's effectiveness because it had not developed specific, measurable, and outcome-oriented program objectives or implemented a mechanism for program evaluation. As a result, the Department had no assurance that the ATA program was achieving its intended statutory purposes or that the overall or individual programs were successful. Further, the evaluation found that the bureau had no basis for determining when partner countries were capable of sustaining their own ATA programs without U.S. support. The bureau had not appointed a contracting officer's representative to provide oversight of contractor-provided training or developed a process for ensuring that the contractor was meeting contract



requirements, shortcomings that increased the risk of not meeting contract requirements. Program staff members were conducting periodic end-use monitoring inspections for U.S. Government-provided equipment. However, equipment records were not complete, and equipment was sometimes unused or incompatible with the partner country's existing equipment; in some cases, it exceeded the country's needs.

## Work Under Way

As of June 30, 2012, DOS OIG had two audits and one evaluation under way:

- **Audit of the U.S. Mission in Pakistan's Local Guard Force Contract.** The audit will evaluate DOS's contract with a security contractor, G4S, to determine whether the contract has been administered effectively and whether G4S has achieved established performance goals. The contract with G4S includes provision of the local guard force for Embassy Islamabad, as well as for the three U.S. consulates in Pakistan.
- **Audit of the Administration and Oversight of the Pakistan National Police Training and Mentoring Program.** This audit will evaluate whether the Bureau of International Narcotics and Law Enforcement Affairs is efficiently and effectively managing the Pakistan Law Enforcement Reform Program and determine whether the bureau is achieving intended and sustainable results through each component of the program.
- **Performance Evaluation of Management Controls Over Civilian Assistance to Pakistan.** The evaluation will review DOS's civilian assistance to Pakistan (excluding USAID programs) to determine whether management controls are in place, documented, and operating as intended and to ensure that DOS-administered funds are protected from waste, fraud, and diversion.

## Work Planned

In addition to those under way, DOS OIG plans to conduct one evaluation and one audit of Pakistan-related programs and activities during FY 2012:

- **Evaluation of the Emergency Action Plan for Embassy Islamabad.** The evaluation will focus on Embassy Islamabad's formulation of a comprehensive Emergency Action Plan, the completeness of associated documentation, and the general knowledge and preparedness of all mission personnel.
- **Audit of the Administration and Oversight of Economic Support Funds for Pakistan.** This audit will determine whether DOS is effectively administering and overseeing the funds.

## USAID Office of Inspector General

USAID OIG oversees foreign assistance programs administered by USAID, the Millennium Challenge Corporation, the United States African Development Foundation, and the Inter-American Foundation. USAID OIG has strengthened its focus on Pakistan since USAID reopened its Pakistan mission in 2002. In recent years, OIG has covered a wide array of USAID programs in Pakistan, for relief and stabilization, reconstruction, sustainable development, education, and health care. USAID OIG's oversight activities include performance audits and reviews, financial audits, and investigations.

Since the start of FY 2010, USAID OIG has issued 32 Pakistan-based financial audits and 18 performance audits and reviews of Pakistan-related assistance efforts. The reports made 109 recommendations for improvements to USAID programs and activities. Performance audits conducted since FY 2010 have noted improvements needed in a range of management and performance areas. Most have identified contract or project management deficiencies, and more than four in ten have found internal control weaknesses and noncompliance with relevant procedures or regulations. Financial audits overseen by OIG since FY 2010 have covered \$398.7 million in expenditures. OIG audits over the period have identified approximately \$23.7 million in sustained questioned costs and funds to be put to better use.

### Work Completed

From April 1 to June 30, 2012, USAID OIG completed two performance audits, one review, six financial audits, and two quality control reviews:

- **Audit of USAID/Pakistan's Entrepreneurs Project (Report No. G-391-12-005-P, April 20, 2012).** The program provided local partners with training on USAID financial management, procurement, and human resource requirements as well as technical instruction on the value chain concept to enable them to help owners of microenterprises increase output and improve their commodities' quality and marketability. However, efforts to build capacity in developing value chains did not start until May 2011, almost 2 years after the award. In addition, the program made little progress in developing one of its target sectors—the honey sector—because the mission took longer than expected to approve the local partner's grant application and then required an additional feasibility study before proceeding. Finally, because USAID/Pakistan had not yet started tracking changes in beneficiaries' incomes, it was not possible to determine whether the program was achieving its overall goal of substantially increasing the incomes of microenterprise owners. The report made two recommendations to address related issues.
- **Audit of USAID/Pakistan's Support to the Benazir Income Support Program (Report No. G-391-12-006-P, May 21, 2012).** In September 2009, USAID/Pakistan signed an \$85 million cash transfer grant agreement with the Government of Pakistan for the Benazir Income Support Program. The program provides poor families with regular cash payments as a way of stabilizing the economy. Enrolled beneficiaries receive 2,000 rupees (about \$22) every 2 months. Following the initial agreement, the Government of Pakistan and USAID/Pakistan signed an amendment to the agreement in June 2010, providing an additional \$75 million and bringing the total amount to \$160

million. The audit concluded that the first installment or tranche of \$85 million transferred to the Government of Pakistan in February 2010 was disbursed by the program to approximately 480,000 beneficiaries. Regarding the second tranche, the audit found that in July 2010 \$75 million was transferred to the separate dollar account set up under the agreement. The Government of Pakistan promptly withdrew this money and placed the equivalent value of 6.4 billion rupees in the special local currency account. However, as of March 2012, USAID/Pakistan had not authorized the Government to transfer this money to the program because mission officials have been unable to verify that the program has implemented an effective monitoring and evaluation plan. The report made three recommendations to address related issues.

- **Review of USAID/Pakistan’s Cost Estimates for Shipping and Storage (Report No. G-391-12-001-S, June 18, 2012).** The purpose of this review was to develop a more reasonable estimate for obligating funds for the shipping and storage of goods for employees assigned to USAID/Pakistan. The report recommended that by reducing the standard obligation from \$25,000 to \$15,000, the mission could put an estimated \$480,000 annually and \$2.4 million over 5 years to better use. The report also recommended that the mission review \$860,000 in unliquidated shipping and storage-related obligations for possible deobligation. In response to the recommendations, the mission reduced the standard shipping and storage obligation to \$15,000 and completed a review of unliquidated obligations, resulting in a total deobligation of \$653,259.
- **Financial Audit of the USAID Resources Managed by the National Rural Support Programme (NRSP), for the Period July 1, 2010, to June 30, 2011 (Report No. G-391-12-008-R, April 3, 2012).** The audit covered total revenues and costs of \$10,200,917 and \$9,942,572, respectively, under USAID agreements and subagreements managed by NRSP. The audit concluded that, with the exception of the effects of questioned ineligible costs of \$39,745, the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the agreements for the period audited. The questioned costs pertained to interest earned on bank balances that had not been refunded to USAID. The audit firm did not identify any material weakness in internal control, but identified two material instances of noncompliance—one associated with the questioned costs, and the other related to the recipient not fully complying with the requirement to vet vendors to deter terrorism financing. The report made two recommendations.
- **Financial Audit of the Monitoring and Evaluation Project, USAID/Pakistan Contract No. 391-C-00-10-01138-00, and Assessment and Strengthening Program, USAID/Pakistan Cooperative Agreement No. 391-C-00-10-01203-00, Managed by Associates in Development (Private) Limited, for the Period January 1, 2010, to June 30, 2011 (Report No. G-391-12-009-R, April 17, 2012).** The audit covered total revenues and costs of \$2,564,077 and \$2,560,600, respectively. Of this total, OIG questioned \$316,937. OIG also identified ten significant deficiencies in internal control—including the failure to perform conflict-of-interest checks and the use of unreasonable rates in compensating personnel—and a number of material instances of noncompliance. The report made three recommendations to address these matters.

- **Financial Audit of the Pakistan Children’s Television Project, USAID/Pakistan Agreement No. 391-A-00-10-01161-00, Managed by the Rafi Peer Theatre Workshop, for the Period May 7, 2010, to June 30, 2011 (Report No. G-391-12-010-R, April 17, 2012).** This audit covered total revenues and costs of \$2,630,336 and \$906,523, respectively. Auditors concluded that, with the exception of the effects of unsupported costs of \$15,629, the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the agreement for the period audited. These unsupported costs pertained to equipment and other direct program expenses for which the auditee did not provide bills, invoices, or other adequate documentation. OIG questioned an additional \$595,394 in personnel costs because of a lack of personnel activity reports and the cumulative effect of associated weaknesses and deficiencies in internal controls. Auditors also questioned \$121,523 in costs claimed as part of the cost sharing arrangement with USAID. Some of these costs were ineligible for reimbursement by USAID and others lacked any supporting documentation.

Auditors also identified internal control weaknesses and instances of noncompliance. OIG concluded that 15 internal control weaknesses found by auditors were material. These weaknesses included issues with the recruitment, hiring, and payment of personnel; integrity of financial records; and improper classification of costs. OIG determined that 11 instances of noncompliance identified by auditors were also material, including the auditee’s lack of a conflict-of-interest policy, omission of mandatory contract clauses, and failure to broadcast television productions within prescribed time frames. The report made five recommendations.

- **Financial Audit of Projects Managed by Lahore University of Management Sciences: Foreign Recipient Contracted Assessment and Strengthening Program Under Cooperative Agreement No. 391-A-00-11-01202-00, and Subrecipient Contracted Merit and Needs-Based Scholarship Program Under Grant Agreement No. 391-G-00-04-01023-00, for the Year Ended June 30, 2011 (Report No. G-391-12-011-R, April 24, 2012).** This audit covered total revenues and costs of \$197,619 and \$281,774, respectively. Auditors concluded that the fund accountability statement presented fairly, in all material respects, revenues and costs incurred under the agreements for the period audited. They did not identify any significant deficiencies or material weaknesses in internal control, but found four material instances of noncompliance relating to the hiring of key staff, unsigned agreements, deficiencies in internal procedures, and incomplete monitoring and evaluation plans. The audit made one recommendation to address these issues.
- **Financial Audit of USAID/Pakistan Grant Agreement No. 391-IL-00-08-01111-00 Managed by the Health Service Academy, for the Period July 1, 2010, to June 30, 2011 (Report No. G-391-12-012-R, May 10, 2012).** The audit covered total revenues and costs of \$569,115 and \$565,021, respectively, associated with a USAID-funded project to develop and strengthen Pakistani institutional capacity in public health training and research. Auditors concluded that, except for the effects of \$4,989 in unsupported costs, the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the cooperative agreement for the period audited. Some procurement costs identified during the audit were questioned because required documentation supporting the procurement decisions was not

available. The audit also found two material weaknesses in internal control associated with the questioned costs. The audit made three recommendations.

- **Financial Audit of the Gender Equity Program, USAID/Pakistan Agreement No. 391-A-00-10-01162-00, Managed by the Aurat Publication and Information Service Foundation, for the Period August 15, 2010, to June 30, 2011 (Report No. G-391-12-013-R, June 12, 2012).** The audit covered total revenues and costs of \$1,044,234, and concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the agreement for the period audited. However, auditors identified a material weakness in internal control related to the failure to implement an internal audit plan, and found a significant deficiency related to the implementation of the project monitoring system. The report made one recommendation to address these issues.
- **Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by Avas Hyder Liaqut Nauman of Anti-Corruption Program Pakistan, USAID/Pakistan Cooperative Agreement No. 391-A-00-09-01117-00, and the Anti-Fraud Hotline Program, USAID/Pakistan Cooperative Agreement No. 391-A-00-10-01194-00, Managed by Transparency International–Pakistan, for the Year Ended June 30, 2011 (Report No. G-391-12-002-Q, April 3, 2012).** USAID OIG auditors examined audit documentation to determine whether the audit firm performed the audit in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States and OIG Guidelines for Financial Audits Contracted by Foreign Recipients. The review revealed nine instances in which the audit firm did not fully comply with audit documentation requirements. While the audit work generally met requirements, the audit firm is designated as having only “conditional” approval to perform audits of USAID awards.
- **Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by Ernst & Young Ford Rhodes Sidat Hyder of the Gender Equity Program, USAID/Pakistan Cooperative Agreement No. 391-A-000-10-011622-00, Managed by Aurat Publication and Information Service Foundation, for the Period August 15, 2010, to June 30, 2011 (Report No. G-391-12-003-Q, June 12, 2012).** USAID OIG auditors examined audit documentation to determine whether the audit firm performed the subject audit in accordance with applicable auditing standards and guidance. The review concluded the audit firm complied with relevant requirements. However, the review identified other areas in which the audit firm could improve compliance in future audits of USAID awards.

## Work Under Way

As of June 30, 2012, USAID OIG had 3 performance audits and 15 financial audits in progress:

- **Audit of USAID/Pakistan’s Reconstruction Activities in Earthquake-Affected Areas.** The objective of this audit is to determine whether USAID/Pakistan’s reconstruction activities in earthquake-affected areas are being implemented effectively.

- **Audit of USAID/Pakistan’s Assessment and Strengthening Program for Local Organizations and Government of Pakistan Entities.** This audit will determine whether the program is improving the capacity of local organizations and Government of Pakistan entities to manage USAID funds responsibly.
- **Audit of USAID/Pakistan’s Gomal Zam Multipurpose Dam Project.** This audit will determine whether USAID/Pakistan’s funding to complete the Gomal Zam Multipurpose Dam contributed to achieving overall project goals related to power generation, irrigation, and flood control.
- **Financial Audit of USAID Funds Managed by the Ministry of Economic Affairs and Statistics (Economic Affairs Division) Under the Cash Transfer Grant Agreement, Activity No. 391-012-IL-03 for University and Technical Education in FATA Through the Pakistan Higher Education Commission, for the Period September 30, 2009, to June 30, 2010.**
- **Financial Audit of USAID Funds Managed by the Ministry of Economic Affairs and Statistics (Economic Affairs Division) Under the Assistance Agreement, Activity No. 391-011 for Implementation of Assistance Programs for the Population of Conflict Affected Areas, Managed by the Provincial Disaster Management Authority, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the Water and Power Development Authority Under Agreement No. 391-TDR-FARA-002-00 for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the Water and Power Development Authority Under Agreement No. 391-PEPA-ENR-GOMAL-PIL-001, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the Water and Power Development Authority Under Agreement No. 391-PEPA-ENR-SATPARA-PIL-001, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by Jamshoro Power Company Limited Under Agreement No. 391-JAM-FARA-003-00, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by Northern Power Generation Company Limited Under Agreement No. 391-MUZ-FARA-004-00, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the Provincial Reconstruction and Rehabilitation and Settlement Authority Under Agreement Nos. 391-MLK-FARA-001-**

00 and 391-MLK-FARA-002-00 for the Reconstruction of Schools, for the Period April 9, 2010, to June 30, 2011.

- **Financial Audit of USAID Funds Managed by the FATA Secretariat Under Agreement No. 391-SWA-FARA-001-00 for the Widening and Improvement of the Jandola-Kotkai-Sararogha Road, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the FATA Secretariat Under Agreement No. 391-AAG-011-SWA-TANK for the Tank-Kaur and Kaur-Jandola Road, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the FATA secretariat Under Agreement No. 391-013-002 for the Kaur-Gomal-Tanai-Wana Road, for the Year Ended June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the FATA Secretariat Under Agreement No. 391-013-001 for the Reactivation and Rehabilitation of Damaged Transformers, 33-Kilovolt High-Tension and 11-Kilovolt Low-Tension Lines, for the Period March 10, 2011, to June 30, 2011.**
- **Financial Audit of USAID Funds Managed by the Higher Education Commission Under the Merit and Needs-Based Scholarship Program, USAID Activity No. 391-G-00-04-01023-00, for the Year Ended June 30, 2011.**
- **Agreed Upon Procedures Review of USAID/Pakistan Resources Managed by the Rural Support Programs Network Under Agreement No. 391-A-00-11-01213-00 for the Sindh Agricultural Recovery Project, for the Period November 13, 2010, to July 31, 2011.**
- **Agreed-Upon Forensic Procedures Review of USAID/Pakistan Resources Managed by the Rafi Peer Theatre Workshop Under Agreement No. 391-A-00-10-01161-00 for the Pakistan Children's Television Project, for the Period May 7, 2010, to May 30, 2012.**

## **Work Planned**

In addition to those completed and under way, USAID OIG plans to conduct two performance audits during the remainder of FY 2012:

- **Audit of USAID/Pakistan's Design for Sustainability in the Jamshoro Thermal Power Station Repair and Maintenance Activity.** This audit will determine whether USAID/Pakistan has built sustainability into the repair and maintenance of the Jamshoro Thermal Power Station.

- **Audit of USAID/Pakistan’s Monitoring and Evaluation Program.** This audit will determine whether USAID/Pakistan is using results from its monitoring and evaluation program to manage its portfolio.

OIG also plans to conduct a financial audit of USAID/Pakistan’s financial statements as part of its overall USAID financial statement audit for FY 2012.

## Investigative Work and the Anti-Fraud Hotline

As of June 30, 2012, USAID OIG had 25 open investigations pertaining to Pakistan. During the reporting period, OIG investigators closed two cases.

The following significant USAID OIG investigative developments took place between April 1 and June 30, 2012:

- **USAID Ends \$20 Million Pakistan Children’s Television Project.** In late 2011, USAID OIG initiated an investigation into the Pakistan Children’s Television Project implemented by the Rafi Peer Theater Workshop, after receiving numerous complaints regarding the project through the Anti-Fraud Hotline. To date, the OIG investigation has revealed significant violations of USAID procurement policies and standards. In May 2012, OIG referred its initial findings to the USAID mission in Pakistan, and later that month, USAID agreed with the Rafi Peer Theater Workshop to end the \$20 million cooperative agreement. OIG’s investigation is ongoing.
- **USAID Proposes Sindh Rural Support Organization for Debarment.** In February 2012, USAID OIG referred the Sindh Rural Support Organization to USAID for debarment based on a year-long investigation of alleged mismanagement, theft, and corruption associated with its participation in several USAID-funded projects. To date, the investigation has resulted in the termination of 23 of the organization’s personnel. Two individuals were terminated in April 2012 after the OIG investigation revealed that they had harassed a group of villagers who had filed complaints with the Anti-Fraud Hotline and ultimately had the villagers sign falsified documentation indicating that they had received payment under a USAID project when they had not. The investigation revealed that the organization’s CEO sent the employees to the village and that the falsified documents were submitted as an official response to the ongoing OIG investigation. USAID proposed the Sindh Rural Support Organization for debarment in early May 2012. Based on the findings of a related forensic audit conducted by WFP in conjunction with USAID OIG, WFP permanently suspended the organization from participation in future projects in late March 2012.
- **OIG Investigation Results in Employee Termination and Referral for Debarment.** An OIG investigation related to the \$50 million Small Grants and Ambassador’s Fund Program, implemented by the National Rural Support Programme revealed that an NRSP employee conspired with a program grantee to falsify project-related financial documentation. The investigation revealed that the grantee, the Peshawar-based Khushal Welfare Organization (KWO), fabricated documentation indicating that workers had been paid as part of an \$86,000 agricultural rehabilitation



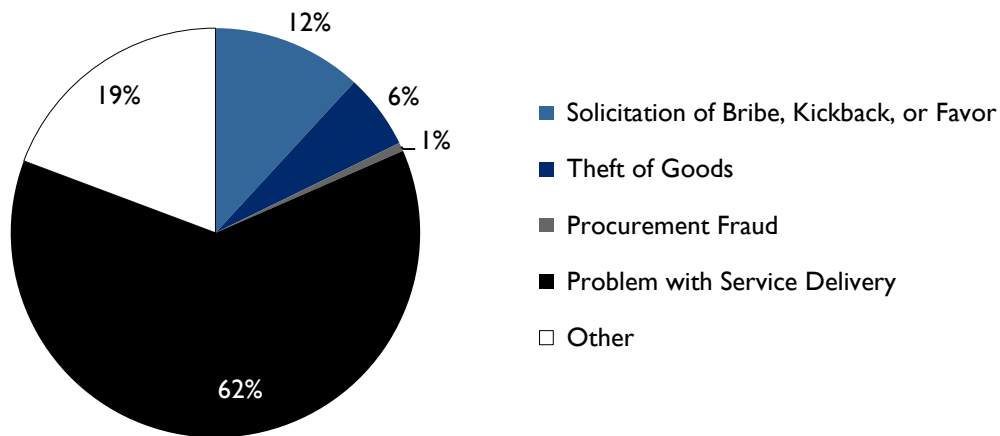
grant when, in fact, they had not. The falsified documentation was submitted to substantiate claims that KWO met its cost-sharing requirements under the grant. During the OIG investigation, an NRSP employee admitted to knowingly certifying the falsified documentation. NRSP terminated the employee involved in the misconduct in March 2012. USAID OIG referred the NRSP employee and KWO to USAID for possible suspension or debarment.

**Anti-Fraud Hotline.** During the reporting period, USAID OIG also continued to work closely with the hotline to vet and investigate incoming complaints. This quarter, the hotline received 591 complaints.

As in the previous three quarters, most hotline complaints originated from Sindh Province in southeastern Pakistan, the seat of Pakistan’s largest city and site of flooding last fall. During this quarter, total complaints by province were as follows: Sindh 454 (77 percent), Punjab 55 (9 percent), Balochistan 32 (5 percent), and Khyber Pakhtunkhwa 18 (3 percent). Other provinces and administrative areas in Pakistan combined to account for 5 percent of complaints.

As shown in the following graphic, the majority of complaints received during the reporting period related to service delivery.

### Distribution of Hotline Complaints by Type



Source: Transparency International–Pakistan.

Since its introduction in February 2011, the Anti-Fraud Hotline has been widely advertised on television, radio, newspaper, and billboards. As the only one of its kind in Pakistan, the hotline has received a large volume of complaints related to programs implemented by other agencies. USAID OIG refers these complaints to the appropriate agency for further review and investigation. From April 1 to June 30, 2012, OIG referred 186 hotline complaints to outside entities, including WFP, UNICEF, the U.N. Development Programme, the U.N. Office for Project Services, the U.N. Food and Agriculture Organization, Pakistan’s BISP, Save the Children, Mercy Corps, and NRSP.

## U.S. Department of Agriculture Office of Inspector General

### Work Under Way

As of June 30, 2012, USDA OIG had one audit under way relating to civilian assistance to Pakistan:

- **Audit of Section 632(a) Transfer of Funds From the U.S. Agency for International Development to the U.S. Department of Agriculture for Pakistan.** This audit will evaluate the adequacy of the management controls established by USDA agencies to monitor and oversee funds transferred under Section 632(a) of the Foreign Assistance Act of 1961 (Public Law 87-195, September 4, 1961), as amended. Specifically, the audit will evaluate whether transferred funds are being used in accordance with the memorandum of agreement between USAID and USDA.

### Government Accountability Office

GAO continues to assist congressional clients by conducting increased oversight of U.S. efforts in Pakistan. GAO completed one Pakistan-related engagement but had no other related work under way during this reporting period. GAO's plans for additional Pakistan-related work in FY 2012 are subject to congressional interests and requests.

### Work Completed

From April 1 to June 30, 2012, GAO completed one engagement concerning Pakistan.

- **Combating Terrorism: State Should Enhance Its Performance Measures for Assessing Efforts in Pakistan to Counter Improvised Explosive Devices (GAO-12-614, May 15, 2012).** Multiple U.S. agencies and international partners are engaged in efforts to assist Pakistan in countering IEDs but face challenges such as delays in obtaining visas and in the delivery of equipment. The U.S. FY 2013 Mission Strategic and Resource Plan for Pakistan includes a new performance indicator to track some of Pakistan's efforts to counter IEDs, but the indicator and targets used to measure progress do not cover the full range of U.S.-assisted efforts. To improve DOS's ability to track progress of efforts in Pakistan to counter IEDs, GAO recommended that the Secretary of State direct the U.S. Mission in Pakistan to enhance its counter-IED performance measures to cover the full range of U.S. assisted efforts. DOS committed to look for ways to broaden the scope of existing metrics to better reflect and evaluate interagency participation in counter-IED efforts.

### Work Under Way

GAO did not have any ongoing Pakistan-related engagements as of June 30, 2012.

## Completed Oversight Reports as of June 30, 2012

Table 13 lists oversight reports completed since the passage of the Enhanced Partnership with Pakistan Act, October 15, 2009.

**Table 13. Oversight Reports Completed as of June 30, 2012**

Agency	Report Number	Report Date	Report Title
<i>FY 2012 Reports</i>			
USAID	G-391-12-001-S	06/18/12	Review of USAID/Pakistan's Cost Estimates for Shipping and Storage
USAID	G-391-12-013-R	06/12/12	Financial Audit of the Gender Equity Program Managed by the Aurat Publication and Information Service Foundation, for the Period August 15, 2010, to June 30, 2011
USAID	G-391-12-003-Q	06/12/12	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by Ernst & Young Ford Rhodes Sidat Hyder of the Gender Equity Program, Managed by Aurat Publication and Information Service Foundation, for the Period August 15, 2010, to June 30, 2011
DOS	ISP-C-12-28A	05/24/12	Compliance Followup Review of Embassy Islamabad and Constituent Posts, Pakistan
USAID	G-391-12-006-P	05/21/12	Audit of USAID/Pakistan's Support to the Benazir Income Support Program
GAO	GAO-12-614	05/15/12	State Should Enhance Its Performance Measures for Assessing Efforts in Pakistan to Counter Improvised Explosive Devices
USAID	G-391-12-012-R	05/10/12	Financial Audit of the USAID/Pakistan Grant Agreement Managed by the Health Service Academy, for the Period July 1, 2010, to June 30, 2011
DOS	AUD/MERO-12-29	04/30/12	Evaluation of the Antiterrorism Assistance Program for Countries Under the Bureaus of Near Eastern Affairs and South and Central Asian Affairs
USAID	G-391-12-011-R	04/24/12	Financial Audit of Projects Managed by Lahore University of Management Sciences: the Foreign Recipient Contracted Assessment and Strengthening Program and Subrecipient Contracted Merit and Needs-Based Scholarship Program, for the Year Ended June 30, 2011
USAID	G-391-12-005-P	04/20/12	Audit of USAID/Pakistan's Entrepreneurs Project

<b>Agency</b>	<b>Report Number</b>	<b>Report Date</b>	<b>Report Title</b>
USAID	G-391-12-010-R	04/17/12	Financial Audit of the Pakistan Children's Television Project Managed by the Rafi Peer Theatre Workshop, for the Period May 7, 2010, to June 30, 2011
USAID	G-391-12-009-R	04/17/12	Financial Audit of the Monitoring and Evaluation Project and Assessment and Strengthening Program Managed by Associates in Development (Private) Limited, for the Period January 1, 2010, to June 30, 2011
USAID	G-391-12-008-R	04/03/12	Financial Audit of the USAID Resources Managed by National Rural Support Programme (NRSP), for the Period July 1, 2010, to June 30, 2011
USAID	G-391-12-002-Q	04/03/12	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by Avas Hyder Liaqut Nauman of Anti-Corruption Program Pakistan and the Anti-Fraud Hotline Program Managed by Transparency International–Pakistan, for the Year Ended June 30, 2011
USAID	G-391-12-001-N	03/20/12	Financial Audit of USAID/Pakistan's Rupee Trust Fund for the Period October 1, 2009, to September 30, 2011
USAID	G-391-12-004-P	03/16/12	Audit of USAID/Pakistan's Pre-Service Teacher Education Program
USAID	G-391-12-007-R	03/06/12	Financial Audit of the Pakistan Competitiveness Support Fund for the Period July 1, 2010, to June 30, 2011
USAID	G-391-12-006-R	02/24/12	Financial Audit of Budgetary Support Managed by the Economic Affairs Division of the Government of Pakistan for the Period June 8, 2009, to June 15, 2011
USAID	G-391-12-001-Q	02/17/12	Quality Control Review of the Financial Audit Conducted by the Directorate General Audit, Federal Government, Department of the Auditor General of Pakistan, of the Merit and Needs-Based Scholarship Project Managed by the Higher Education Commission, for the Period July 2, 2004, to June 30, 2010
USAID	G-391-12-005-R	02/17/12	Financial Audit of the Merit and Needs-Based Scholarship Project Managed by the Higher Education Commission for the Period July 2, 2004, to June 30, 2010
USAID	G-391-12-003-P	02/03/12	Audit of USAID's Pakistan Transition Initiative Program
USAID	G-391-12-004-R	01/13/12	Financial Audit of Anti-Corruption Program Pakistan and Anti-Fraud Hotline Pakistan Managed by Transparency International–Pakistan for the Year Ended June 30, 2011

<b>Agency</b>	<b>Report Number</b>	<b>Report Date</b>	<b>Report Title</b>
USAID	G-391-12-003-R	01/06/12	Financial Audit of the Aga Khan University Flood Response Program for the Period August 30, 2010, to December 31, 2010
GAO	NA	11/29/11	Pakistan: Assessment of State's Justification to Support Its Certification of Pakistan's Cooperation (Classified)
USAID	G-391-12-002-P	11/23/11	Audit of USAID/Pakistan's Energy Efficiency and Capacity Program
USAID	G-391-12-001-P	11/3/11	Audit of USAID/Pakistan's Firms Project
USAID	G-391-12-002-R	11/3/11	Financial Audit of Budgetary Support to the Government of Pakistan, USAID/Pakistan Program Assistance Agreement No. 391-005-ES-07, Managed by the Ministry of Finance, for the Year Ended June 30, 2008
USAID	G-391-12-001-R	10/26/11	Financial Audit of Budgetary Support Managed by the Benazir Income Support Program for the Period From September 30, 2009, to March 31, 2011
<b><i>FY 2011 Reports</i></b>			
USAID	G-391-11-005-R	9/21/11	Financial Audit of the Business Revitalization Program Managed by Khushhali Bank for the Period February 6, 2010, to December 31, 2010
GAO	GAO-11-860SU	9/20/11	Combating Terrorism: Pakistan Counterinsurgency Funds Disbursed, but Human Rights Vetting Process Can Be Enhanced
USAID	G-391-11-006-P	8/29/11	Audit of USAID/Pakistan's Community Rehabilitation Infrastructure Support Program
GAO	GAO-11-786R	7/19/11	Pakistan Assistance: Relatively Little of the \$3 Billion in Requested Assistance Is Subject to State's Certification of Pakistan's Progress on Nonproliferation and Counterterrorism Issues
USAID	G-391-11-003-Q	6/23/11	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by A.F. Ferguson, of the Forman Christian College, USAID/Pakistan Grant Agreement No. 391-G-00-04-01036-00, Managed by Forman Christian College, for the Period July 1, 2009 to March 31, 2010
USAID	G-391-11-004-R	6/23/11	Closeout Financial Audit of the Forman Christian College for the Development of a 4-Year Bachelor Degree Program and Strengthening Programs in Basic Science and Information Technology, for the Period July 1, 2009, to March 31, 2010

Agency	Report Number	Report Date	Report Title
USAID	G-391-11-005-P	6/20/11	Audit of USAID/Pakistan's Road Rehabilitation and Reconstruction Activities Under the Quick Impact Projects in South Waziristan
USAID	G-391-11-001-N	5/26/11	Financial Audit of USAID/Pakistan's Rupee Trust Fund for the Period October 1, 2006, to September 30, 2009
USAID	G-391-11-002-Q	5/10/11	Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by Nasir Javaid Maqsood Imran of the Pakistan Competitiveness Support Fund, USAID/Pakistan Grant Agreement No. 391-G-00-06-10730, Managed by the Competitiveness Support Fund, for the Period July 1, 2009, to June 30, 2010
USAID	G-391-11-003-R	5/10/11	Financial Audit of the Pakistan Competitiveness Support Fund, USAID/Pakistan Grant Agreement No. 391-G-00-06-01073-00, Managed by Competitiveness Support Fund for the Period July 1, 2009, to June 30, 2010
USAID	G-391-11-004-P	5/6/11	Audit of USAID/Pakistan's Management of Preaward Assessments
USAID	G-391-11-001-Q	4/8/11	Quality Control Review of the Audit Report and Audit Documentation for Financial Audits Conducted by Khalid Majid Rahman Sarfraz Rahim Iqbal Rafiq of the Interactive Teaching and Learning Project Managed by Children's Global Network Pakistan Limited Under USAID/Pakistan Cooperative Agreement No. 391-A-00-06-01075-00, for the Period July 1, 2008, to February 26, 2010
USAID	G-391-11-002-R	4/8/11	Closeout Financial Audit of the Interactive Teaching and Learning Project, and Financial Audit of the Links to Learning Education Support to Pakistan Program Subaward Managed by Children's Global Network Pakistan Limited, for the Period July 1, 2008, to February 26, 2010
GAO	GAO-11-310R	2/17/11	Department of State's Report to Congress and U.S. Oversight of Civilian Assistance to Pakistan Can Be Further Enhanced
GAO	GAO-11-156R	2/15/11	Accountability for U.S. Equipment Provided to Pakistan Security Forces in the Western Frontier Needs to Be Improved
USAID	G-391-11-003-P	1/24/11	Audit of USAID/Pakistan's Flood Relief Efforts as Administered by Local Nongovernmental Organizations
DOS	MERO-I-11-01	1/11	The Bureau of Population, Refugees and Migration's Internally Displaced Persons Program in Pakistan

<b>Agency</b>	<b>Report Number</b>	<b>Report Date</b>	<b>Report Title</b>
USAID	G-391-11-001-R	12/30/10	Financial Audit of Khushhali Bank Limited Under the Developing Non-Bankable Territories for Financial Services Program (Closeout Audit), for the Period January 1, 2009, to September 30, 2009
USAID	G-391-11-002-P	12/10/10	Audit of USAID/Pakistan's Livelihood Development Program for the Upper Region of the Federally Administered Tribal Areas
USAID	G-391-11-001-P	12/10/10	Audit of USAID/Pakistan's Livelihood Development Program for the Lower Region of the Federally Administered Tribal Areas
USAID	G-391-11-001-D	11/8/10	Financial Audit of the Costs Incurred by Research Triangle Institute Under the Education Sector Reform Assistance Program's School Enhancement Program Component, for the Period December 4, 2002, to September 30, 2007
<b><i>FY 2010 Reports</i></b>			
USAID	5-391-10-012-P	8/31/10	Audit of USAID/Pakistan's Family Advancement for Life and Health Program
USAID	G-391-10-001-R	8/4/10	Financial Audit of the Pakistan Competitiveness Support Fund, USAID/Pakistan Grant Agreement No. 391-G-00-06-01073-00, Managed by the Competitiveness Support Fund, for the Period February 3, 2006, to June 30, 2009
USAID	5-391-10-010-P	6/28/10	Audit of USAID/Pakistan's Primary Healthcare Revitalization, Integration and Decentralization in Earthquake-Affected Areas Project
USAID	5-391-10-001-S	6/28/10	Review of USAID's Internally Displaced Persons Programs in Pakistan
DOS	ISP-I-10-64	6/10	Inspection of Embassy Islamabad, Pakistan
USAID	5-391-10-033-R	5/18/10	Financial Audit of USAID Funds Managed by Forman Christian College, Lahore, for the Period July 1, 2007, to June 30, 2009
USAID	5-391-10-029-R	4/30/10	Financial Audit of USAID Funds Managed by Khushhali Bank for the Year Ended December 31, 2008
GAO	GAO-10-289	4/15/10	Combating Terrorism: Planning and Documentation of U.S. Development Assistance in Pakistan's Federally Administered Tribal Areas Need to Be Improved
USAID	5-391-10-026-R	3/24/10	Closeout Financial Audit of USAID Funds Managed by Greenstar Social Marketing Pakistan (Guarantee) Limited, for the Period July 1 to December 31, 2007

<b>Agency</b>	<b>Report Number</b>	<b>Report Date</b>	<b>Report Title</b>
DOS	MERO-A-10-03	3/10	The Bureau of International Narcotics and Law Enforcement Affairs Air Wing Program in Afghanistan and Pakistan, Performance Audit
USAID	5-391-10-020-R	2/11/10	Closeout Financial Audit of USAID Funds Managed by Aga Khan University—Examination Board, for the Year Ended December 31, 2007
USAID	5-391-10-005-P	1/28/10	Audit of USAID/Pakistan's Capacity Building for the Federally Administered Tribal Areas Development Program
USAID	5-391-10-012-R	12/22/09	Financial Audit of USAID Funds Managed by Children's Global Network Pakistan Limited, for the Year Ended June 30, 2008
DOS	MERO-A-10-02	12/09	Status of the Bureau of International Narcotics and Law Enforcement Affairs Counternarcotics Programs in Afghanistan, Performance Audit
DOS	MERO-A-10-01	11/09	Effectiveness of Counter Narcotics Programs in Pakistan, Performance Audit



## Appendix—Abbreviations

ATA	Antiterrorism Assistance Program
BISP	Benazir Income Support Program
CDC	Centers for Disease Control and Prevention, U.S. Department of Health and Human Services
DOC	Department of Commerce
DOD	Department of Defense
DOS	Department of State
DRL	Bureau of Democracy, Human Rights, and Labor, U.S. Department of State
ECON	Economic Section (U.S. Embassy Islamabad)
ERMA	Emergency Refugee and Migration Assistance
ESF	Economic Support Fund
EXBS	Export Control and Related Border Security Assistance Program
FATA	Federally Administered Tribal Areas
FFP	Food for Peace
FY	fiscal year
GAO	Government Accountability Office
GHCS	Global Health and Child Survival
IDP	internally displaced person
IED	improvised explosive device
INCLE	International Narcotics and Law Enforcement
IOM	International Organization for Migration

IT	information technology
KWO	Khushal Welfare Organization
LUMS	Lahore University of Management Sciences
MRA	Migration and Refugee Assistance
MSI	Management Systems International
NADR	Nonproliferation, Anti-terrorism, Demining, and Related Programs
NAS	Narcotics Affairs Section (U.S. Embassy Islamabad)
NATO	North Atlantic Treaty Organization
NGO	nongovernmental organization
NRSP	National Rural Support Programme
OFDA	Office of Foreign Disaster Assistance, U.S. Agency for International Development
OIG	Office of Inspector General
PaRRSA	Provincial Reconstruction, Rehabilitation and Settlement Authority
PAS	Public Affairs Section (U.S. Embassy Islamabad)
POL	Political Section (U.S. Embassy Islamabad)
PRM	Population, Refugee, and Migration Section (U.S. Embassy Islamabad)
RAPID	Responding to Pakistan's Internally Displaced
RSO	Regional Security Office (U.S. Embassy Islamabad)
RSPN	Rural Support Programs Network
U.N.	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund

USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
USIP	U.S. Institute of Peace
USTDA	U.S. Trade and Development Agency
WAPDA	Water and Power Development Authority
WFP	World Food Programme
WHO	World Health Organization