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

As of March 31, 2012



Foreword

This is the ninth 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 January 1 to March 31, 2012. The U.S. Embassy reported that, as of March 31, 2012, \$2.488 billion in civilian assistance funds for fiscal years 2010 and 2011 had been obligated and that \$2.791 billion had been spent since fiscal year 2010.

The information on program status in this report is based on information provided by the departments and agencies working in Pakistan—the U.S. Agency for International Development, the Department of State, the Department of Defense, the Department of Commerce, the U.S. Department of Agriculture, the U.S. Trade and Development Agency, and the U.S. Institute of Peace. 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, the Department of State, and the Department of Defense, as well as by the Government Accountability Office.

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Contents

- Executive Summary 1
- Background..... 3
- Program Status 7
 - Energy 10
 - Economic Growth..... 12
 - Stabilization..... 19
 - Health..... 26
 - Education..... 29
 - Cross-Cutting Priorities: Good Governance, Gender Equity, and Greater Transparency..... 33
 - Assistance to Pakistani Institutions 36
- Staffing 40
- Risks and Mitigation Strategies 42
- Oversight Status..... 47
 - USAID Office of Inspector General..... 47
 - Department of State Office of Inspector General 54
 - Department of Defense Office of Inspector General 55
 - Government Accountability Office..... 55
 - Completed Oversight Reports as of March 31, 2012 56
- Appendix—Abbreviations 60

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 as much as \$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 March 31, 2012, \$2.488 billion in civilian assistance funds for FYs 2010 and 2011 had been obligated and that \$2.791 billion had been spent since FY 2010. These funds are intended to address the country's most critical infrastructure needs; help the Pakistani Government meet 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 has been hampered by the denial of visas and visa extensions to U.S. Government employees. As of March 15, 2012, 16 assignment visas, some of which had been pending for as long as 11 months, remained unissued. Despite these challenges, implementation of assistance programs continued.

The U.S. Agency for International Development (USAID) continued to implement more programs through Pakistani institutions, including national and provincial governments and nongovernmental organizations (NGOs). During FYs 2010 and 2011, USAID made 103 awards totaling more than \$1.7 billion to governmental and nongovernmental Pakistani institutions. From October 1, 2011, through March 31, 2012, USAID made an additional 30 awards to these groups totaling \$357.6 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 audits and investigations. USAID OIG closed five investigations and released two performance audits and six financial audits during the reporting period. The performance audit of USAID's Pakistan Transition Initiative Program noted that it was successful in identifying basic community needs in areas suffering from instability and extremism and implementing small-scale projects to meet those needs; however, the projects did not clearly link to the mission's longer-term

programming in these areas. Meanwhile, the audit of the Pre-Service Teacher Education Program found that, although the program had advanced reforms to improve teacher education, it did not meet targets for 12 of 19 performance indicators. USAID agreed with OIG recommendations and has developed plans to implement them.

Background

U.S. civilian assistance to Pakistan is critical 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 2010–14, for a total of up to \$7.5 billion, to support democratic, economic, and development assistance.

In 2009, the U.S. Department of State (DOS) developed a strategy for providing civilian assistance to Pakistan.¹ 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, health, and education. Programs in these sectors incorporate cross-cutting themes of good governance, gender equity, and greater transparency.²

The U.S. assistance effort in Pakistan continues to face political and security challenges. In late November 2011, a cross-border incident involving North Atlantic Treaty Organization and Pakistani forces claimed the lives of 24 Pakistani soldiers. This incident and other security and political developments over the last year have prompted some elected officials in the United States and Pakistan to call for a reevaluation of aspects of the relationship between the two countries. In March 2012, Pakistan's Parliament began a review of the terms of the Pakistan-U.S. relationship. This review process continued through the end of the quarter.

Since the ratification of the Enhanced Partnership with Pakistan Act, the U.S. Congress has appropriated \$2.602 billion in civilian assistance funding for Pakistan through select foreign operations accounts.³ As of March 31, 2012, the U.S. Embassy in Islamabad reported that U.S. Government agencies had obligated \$1.698 billion of this total (Table I). Other civilian assistance funds for Pakistan are provided through accounts that are not allocated in advance to programs and activities in specific countries. These funds, which are not reflected in the table, include other significant sources of civilian assistance such as International Disaster Assistance, Food for Peace, Migration and Refugee Assistance (MRA), and

¹ *Pakistan Assistance Strategy Report*, December 14, 2009.

² Office of the Special Representative for Afghanistan and Pakistan, *Status Report: Afghanistan and Pakistan Civilian Engagement*, November 2011.

³ Foreign operations funds account for most of the U.S. Government's civilian assistance to Pakistan. However, other funds have also contributed to civilian assistance efforts, including funds from the Departments of Homeland Security and Justice.

Emergency Refugee and Migration Assistance (ERMA).

**Table I. Civilian Assistance to Pakistan by Fund and Agency for
Select Foreign Assistance Funds as of March 31, 2012
(\$ Million; Unaudited)**

Fund*	Appropriated [†]			Agency	Obligated
	FY 2010	FY 2011	Total		FY 2010-11
Economic Support Fund (ESF)	1,292	919	2,211	Department of Commerce (DOC)	0.2
				DOS	62.4
				USAID	1,458.5
				U.S. Department of Agriculture (USDA)	19.0
				U.S. Institute of Peace (USIP)	3.0
				U.S. Trade and Development Agency (USTDA)	3.9
				Subtotal	1,547
Global Health Child Survival (GHCS)	30	28	58	USAID	28
International Narcotics and Law Enforcement (INCLE)	170	114	284	DOS	75
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)	24	25	49	DOS	48
Total	1,516	1,086	2,602		1,698

Source: Congressional Research Service and U.S. Embassy Islamabad.

* This table provides information on select funds that are provided in the foreign operations portion of the President's budget. Figures reported in the table are restricted to funds that are allocated in advance to specific country programs and activities. Other support for civilian assistance to Pakistan is provided through accounts that are not allocated in advance to programs and activities in specific countries.

† Reported amounts are limited to appropriated funds that have been allocated. 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). As of March 31, 2012, funds associated with the FY 2012 foreign operations appropriation had not been fully allocated.

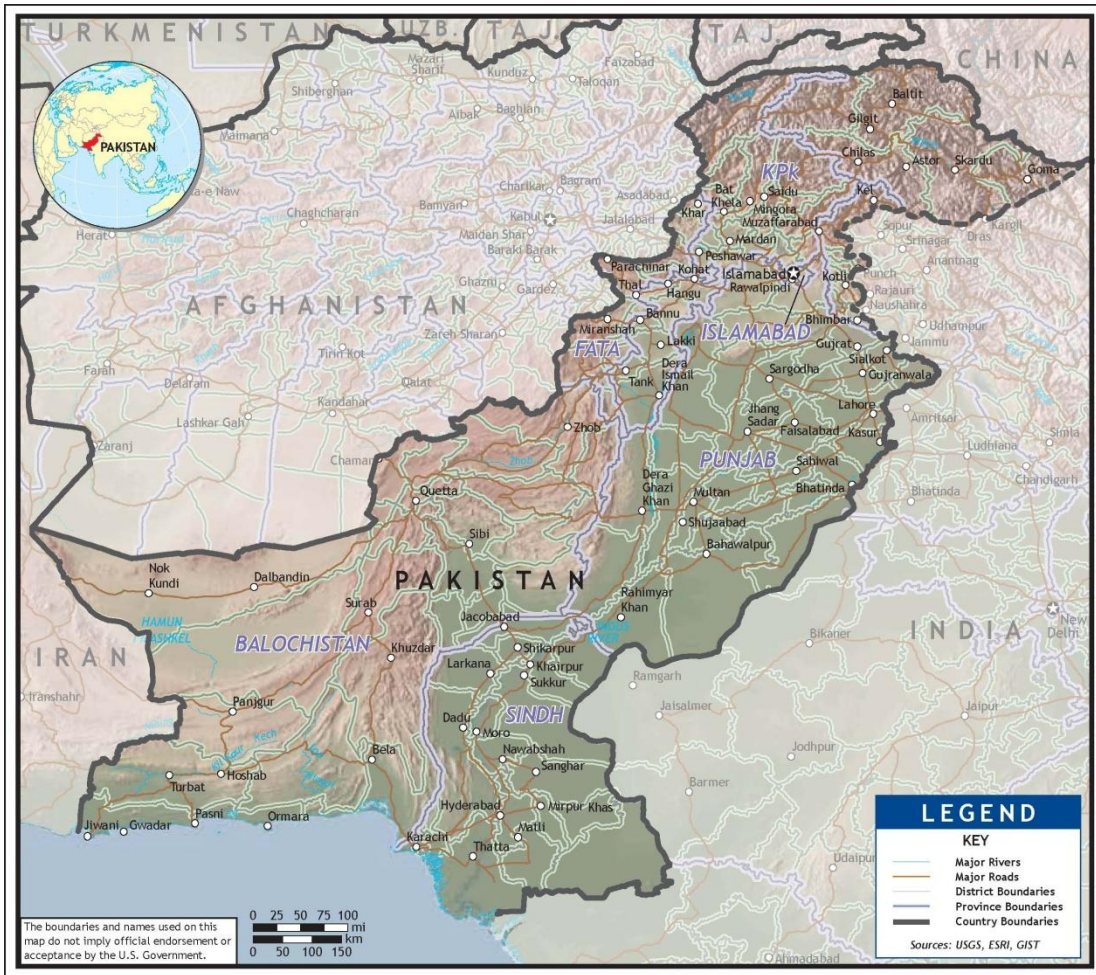
Congress's December 2011 foreign operations appropriation for FY 2012⁴ did not provide country-specific funding levels for all types of assistance to Pakistan. These funding levels are set by DOS and USAID in consultation with Congress under Section 653(a) of the Foreign Assistance Act of 1961, Public Law 87-195 (September 4, 1961). Consultations regarding country-specific allocations of FY 2012 funds, including civilian assistance allocations to Pakistan, began in March 2012 but had not concluded at the end of the quarter.

In February 2012, President Obama submitted the administration's FY 2013 budget request to Congress. The foreign operations portion of the request included \$1.072 billion in civilian assistance funds for Pakistan.⁵

⁴ Consolidated Appropriations Act, 2012, Public Law 112-74 (December 23, 2011).

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

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, health, education, and the cross-cutting areas of governance, gender equity, and greater transparency. The following table 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 March 31, 2012, \$2.488 billion in civilian assistance funds from FYs 2010 and 2011 had been obligated and that \$2.791 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 March 31, 2012 (\$ Million; Unaudited)

Managing Agency or Office	Fund	Obligated*			Expended FY 2010-12†
		FY 2010	FY 2011	Total	
Energy					
USAID	ESF	98.3	–	98.3	121.2
Subtotals		98.3	–	98.3	121.2
Economic Growth					
DOC	ESF	–	0.2	0.2	2.4
USAID	ESF	284.6	113.3	397.9	319.4
USDA	ESF	19.0	–	19.0	12.8
USTDA	ESF	3.9	–	3.9	3.7
Subtotals		307.6	113.5	421.0	338.4
Stabilization (including Humanitarian Assistance)					
Department of Homeland Security	NA	NA	NA	NA	NA
Drug Enforcement Agency, U.S. Department of Justice	NA	NA	NA	NA	NA

Managing Agency or Office	Fund	Obligated*			Expended FY 2010-12†
		FY 2010	FY 2011	Total	
Economic Section (ECON), U.S. Embassy	NADR	15.0	10.7	25.7	NA
Narcotics Affairs Section (NAS), U.S. Embassy	ESF	–	–	–	10.7
	INCLE	71.0	4.4	75.4	53.7
Political Section (POL), U.S. Embassy	NADR	1.6	1.8	3.3	3.6
Population, Refugees, and Migration Section (PRM), U.S. Embassy‡	MRA / ERMA	91.3	42.5	133.8	192.9
Regional Security Office (RSO), U.S. Embassy	NADR	15.4	4.0	19.4	24.4
USAID	ESF	410.2	51.2	461.4	768.4
	Food for Peace	96.8	115.1	211.9	292.1
	International Disaster Assistance	247.4	164.0	411.4	531.0
USIP	ESF	3.0	–	3.0	0.6
Subtotals[§]		951.6	393.7	1,345.3	1,877.3
Health					
USAID	ESF / GHCS	224.3	–	224.3	161.3
Subtotals		224.3	–	224.3	161.3
Education					
Public Affairs Section (PAS), U.S. Embassy	ESF	19.5	19.5	39.0	42.0
USAID	ESF	206.5	–	206.5	182.6
Subtotals		226.0	19.5	245.5	224.6

Managing Agency or Office	Fund	Obligated*			Expended FY 2010-12†
		FY 2010	FY 2011	Total	
Cross-Cutting Priorities: Good Governance, Gender Equity, and Greater Transparency					
Democracy, Human Rights, and Labor Office, U.S. Embassy	ESF	2.2	–	2.2	0.9
	Human Rights and Democracy Fund	2.1	–	2.1	1.9
Department of Defense (DOD)	NA	7.0	7.0	14.0	NA
Federal Bureau of Investigation (FBI), U.S. Department of Justice	NA	NA	NA	NA	NA
PAS	Consular and Diplomatic Programs	6.9	9.3	16.3	8.2
	ESF	–	21.2	21.2	2.7
POL	NA	NA	NA	NA	NA
USAID	ESF	97.6	–	97.6	54.3
Subtotals§		115.8	37.6	153.3	67.9
Totals§		1,923.6	564.2	2,487.8	2,790.5

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. NA means not available.

* Obligations are reported by the fiscal year for which funds were appropriated. Because FY 2012 funds had not been fully released for obligation by the end of the reporting period, obligations were not reported for FY 2012.

† Expenditure figures reflect funds spent in FYs 2010-12 regardless of the year in which the funds were appropriated or obligated. Some expenditures during this period, for example, were of funds appropriated in FY 2009. As a result, these figures cannot be used to determine how much of the obligated funding reported in this table remains unexpended.

‡ In addition to these funds, PRM provides funding to assist Afghan refugees in the region. This regional effort includes assistance to refugees in Pakistan and has been associated with \$147.4 million in FY 2010 and 2011 obligations, and \$214.3 million in expenditures from FY 2010 through March 31, 2012.

§ These subtotals and total obligations and expenditures do not reflect funding for all assistance programs because complete or consistent data was not available for all programs.

Energy

Nearly half of the Pakistani population lacks access to modern energy services. Rolling blackouts often last 10 to 12 hours per day, constraining economic development and disrupting health, education, and other services. 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 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 March 31, 2012 (Unaudited)

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Energy Efficiency Project	Improves efficiency of irrigation tube wells	3/09	7/12	International Resources Group and Khushhali Bank	28,500,000
Energy Policy Project	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
Gomal Zam Dam Project	Increases hydropower capacity and builds transmission lines	1/11	12/12	Water and Power Development Authority (WAPDA)	40,000,000
Guddu Project	Repairs and maintains a thermal power station	5/10	11/12	WAPDA	18,068,000
Jamshoro Project	Rehabilitates a thermal power station	5/10	11/12	WAPDA	18,360,000

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Muzaffargarh Project	Rehabilitates a thermal power station	5/10	11/12	WAPDA	15,193,000
Power Distribution Project	Improves management capacity, financial systems, billings, and collections of power distribution companies	9/10	9/13	International Resources Group	29,499,409
Satpara Dam Project	Increases hydropower capacity	1/11	4/13	WAPDA	19,000,000
Tarbela Dam Project	Rehabilitates a hydropower station	4/10	12/12	WAPDA	16,500,000

Source: USAID/Pakistan.

As of March 31, 2012, USAID reported that 490 megawatts of energy had been added as a result of U.S. Government-supported construction and rehabilitation efforts. USAID also reported these examples of accomplishments in its portfolio of energy programs:

- The six signature energy projects that Secretary Clinton announced in October 2009, involving rehabilitation and new construction of hydroelectric and thermal power plants, continued to progress. USAID has made related cash reimbursements to the Government of Pakistan for approximately \$70 million since January 2012.
- Since early 2010, projects at the thermal power plants at Jamshoro and Muzaffargarh have added 25 megawatts and 235 megawatts, respectively, of power generation capacity to the country.
- The Satpara Dam is currently operating at 13.8 megawatts of capacity and is serving the electricity needs of the population of Skardu in northeastern Pakistan.
- The Tarbela Dam is now generating an additional 118 megawatts of power generation capacity. Installation of electrical components is under way on the last set of power generation equipment, which is expected to add another 10 megawatts. Installation is to be completed by May 2012.
- Women working in engineering, customer service, and other departments of the Islamabad Electric Supply Company received 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.

- Capacity-building efforts 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.
- The Power Distribution Project sponsored a 1-week professional program for senior engineers and financial managers from Pakistan's power distribution companies. The program included technical presentations, visits to well-run power utilities, and round table discussions addressing topics related to human resource management at power distribution companies.
- At a ceremony in Lahore on February 28, 2012, 20 engineers received certificates for completing a training program in power system analysis. The training program, organized by USAID/Pakistan's Energy Policy Project, honored participants' skills in analyzing and proposing solutions to bottlenecks in power transmission systems.
- USAID continues to follow up on the U.S.-Pakistan Energy Dialogue as the mission evaluates and formulates responses to critical issues in the energy sector, including governance, financial health, electricity rates, market efficiency, private sector participation, civil society and community participation, institutional capacity, and the legal and regulatory framework.

USAID also reported challenges in implementing three major energy projects at the Guddu, Jamshoro, and Muzaffargarh thermal power plants. The Agency originally planned to disburse funds to participating government-owned power generation companies through separate U.S.-dollar accounts for each company. USAID subsequently learned that this arrangement conflicted with Pakistani Government procedures regarding the banking activities of government entities. As the Agency worked with Pakistani authorities to develop a solution, participating power generation companies did not have sufficient funds to acquire needed parts and equipment, and the projects were delayed. USAID is in the process of amending its agreements for the thermal power plants to comply with Pakistani Government banking procedures. USAID anticipates that needed revisions to the agreements will be completed in May 2012.

Economic Growth

Over the past 3 years, Pakistan has experienced high inflation and relatively low economic growth. Nationally, unemployment exceeds 12 percent, and rates are higher in urban areas. Small businesses provide the majority of new employment, but they lack access to finance. Similarly, agriculture, which accounts for 21 percent of gross domestic product and employs 44 percent of the labor force, is constrained by insufficient investment and inappropriate policies.

The U.S. Government's economic growth 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 trade conditions, assist in workforce development, increase agricultural productivity, and improve water management. USAID, DOC, USDA, and USTDA support programs under this category of assistance.

USAID currently has 14 programs for economic growth, including 2 transfers of funds to other agencies (Table 4). 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 March 31, 2012
(Unaudited)**

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Agribusiness Project	Increases productivity, product quality, and competitiveness of agribusiness value chains*	11/11	11/16	Agribusiness Support Fund	10,300,000
Agriculture / Flood Recovery Project	Restores livelihoods of flood-affected farm families in 22 districts by supporting the immediate resumption of the agricultural production cycle	9/10	3/12	U.N. Food and Agriculture Organization	47,000,000
Agriculture Policy Project	Strengthens evidence-based policy analysis for food security and macroeconomic stability	7/11	7/15	International Food Policy Research Institute	5,800,000
Balochistan Agriculture Project	Helps improve livelihoods and food security	9/10	12/12	U.N. Food and Agriculture Organization	10,400,000
Competitiveness Support Fund	Provides technical assistance on policy decisions, regulatory frameworks, and public-private partnerships	3/06	3/12	Ministry of Finance, Government of Pakistan	11,561,000

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Dairy Project	Improves milk production and increases sales	7/11	7/14	Dairy Rural Development Foundation	2,500,000
Entrepreneurs Project	Supports women's microenterprises in vulnerable areas	6/09	6/14	Mennonite Economic Development Associates	26,826,069
Firms Project	Assists small and medium-size enterprises in areas vulnerable to conflict to help them become internationally competitive	5/09	2/13	Chemonics	47,688,726
Gomal Zam Irrigation Project	Improves irrigation systems to increase agricultural output	10/11	9/14	WAPDA	40,156,031
Grain Storage Project	Provides technical expertise to support the establishment of public-private partnerships for the management, handling, and storage of strategic grain reserves	1/11	1/14	International Finance Corporation	2,500,000
Satpara Irrigation Project	Improves irrigation systems to increase agricultural output	1/11	9/14	WAPDA	8,928,595
Trade Project	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
Transfer to DOC	Provides advisers to gem and mineral markets	2011	Renewed annually	DOC	3,000,000

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Transfer to USDA	Improves production and sales of commodities, enhances government research and extension work, and helps eradicate agricultural diseases	2009	Renewed annually	USDA	40,000,000

Source: USAID/Pakistan.

* A value chain includes the full range of activities required to bring a product or service from concept to end use. Value chains include activities such as design, production, marketing, and distribution.

As of March 31, 2012, USAID reported that 696,496 rural households had benefited directly from U.S. Government assistance. USAID also reported these examples of progress and success in its portfolio of economic growth and agricultural programs:

- USAID awarded a cooperative agreement to implement the Agribusiness Project in November 2011. Key activities so far include the formation of farmer enterprise groups and the identification of providers of technical and business training. Farmer enterprise groups form according to value chain, and their members act collectively to access services, resources, and domestic and international markets. The project plans to develop farmer enterprise groups throughout Pakistan with a total membership of 45,000.
- During the quarter, the Agriculture Policy Project conducted a review of the Pakistan Agriculture Research Council and its role in light of the devolution of power to provincial authorities under the 18th Amendment to the Constitution of Pakistan. The project also reviewed the status of biotechnology regulation and met with representatives of other USAID projects to identify policy gaps and contribute to the establishment of a network of academic and research institutions working on policy questions.
- The Agriculture Policy Project is sponsoring a survey of rural households that will inform government policy and research on agricultural development and poverty reduction. The survey, which will be conducted among 2,000 rural households in 20 districts in Punjab, Khyber Pakhtunkhwa, and Sindh Provinces, deals with incomes, consumption patterns, expectations, perceptions, and preferences. During the reporting period, the project trained 68 people in 17 districts to conduct the survey; half of the trainees were women.
- During the first 3 months of the year, the Dairy Project trained 732 farmers in farm and livestock management and 595 female livestock extension workers in milk marketing to increase their entrepreneurial potential. During that span, the project also provided training in artificial

insemination to 169 workers. The project is also running a media campaign regarding breed improvement, best management practices, and marketing.

- During the quarter, WAPDA expedited work on the Gomal Zam Irrigation Project, which is now 34 percent complete.
- The Agriculture/Flood Recovery Project, which concluded in March 2012, completed work on the rehabilitation of 281 flood-damaged watercourses or channels used for irrigation in Khyber Pakhtunkhwa after additional cement, sand, and gravel were supplied to the sites under the project.
- During this quarter, the Entrepreneurs Project registered and trained 5,770 producers in improved production practices, bringing the number of microentrepreneurs benefiting from USAID assistance under this project to 20,693.
- A rapid assessment survey of beneficiaries of the Entrepreneurs Project in the Larkana District of Sindh Province revealed that 43 percent of those who received training on better livestock management practices reported an increase in milk yield, with yields increasing 0.6 liters per day on average per milking animal. Meanwhile, new businesses established with assistance from the project yielded a 41 percent increase in the monthly incomes of female livestock extension workers and a 12 percent increase in the monthly incomes of female village milk collectors.
- The Firms Project provided technology and management assistance to more than 100 firms while strengthening their links to markets. Firms supported by the project mobilized more than \$43,000 in investment and increased sales revenues by more than \$290,000.
- The Competitiveness Support Fund ended on March 31, 2012. It was instrumental in assisting the Government of Pakistan's Planning Commission in developing its Framework for Economic Growth, which focuses on reducing economic distortions, improving the functioning of domestic markets, creating space in cities through proper zoning, inducing investment in human and social capital, and enhancing connectivity and interactivity. The Competitiveness Support Fund partnered with the World Economic Forum in conducting surveys for Pakistan's Global Competitiveness Rankings, and published four issues of the State of Pakistan's Competitiveness Report in collaboration with the World Economic Forum. The Competitiveness Support Fund also worked with Pakistan's Board of Investment to update its investment policy, which now provides a plan for meeting 2030 foreign direct investment targets and lays a framework for a liberal investment regime, investment protection, industrial infrastructure, markets and trade, labor and productivity, and fiscal policy and investment promotion.
- The Trade Project and the Pakistan National Committee of the International Chamber of Commerce signed a letter of cooperation through which the Trade Project will facilitate implementation of the International Road Transit Convention of 1975 in Pakistan. This will help link Pakistan's transit routes to routes through Afghanistan and Central Asia, and complement the

Afghanistan-Pakistan Transit Trade Agreement. The Trade Project will also support the training of private sector and Customs Administration personnel on the implementation of the convention.

- In December 2011, during bilateral talks with India, Pakistan committed to normalizing trade relations with India by granting it most-favored-nation status. The Trade Project has built on this development by assisting the Ministry of Commerce in completing its list of Indian imports that are ineligible for reduced tariffs.

USAID also reported challenges in implementing its economic growth and agriculture programs. USAID cited security as an ongoing challenge. The USAID mission also noted that obtaining long-term visas for expatriate implementers poses a significant challenge for the implementation of projects.

DOC. DOC has three programs that support the Embassy's economic growth initiative—the market research, preliminary information memorandum, and event management programs. The market research program aims to provide interested investors with information about promising sectors of Pakistan's economy, the preliminary information memorandum program is designed to highlight credible projects with high potential for financial return, and the event management program has sponsored business exchanges and investment promotion events between Pakistan and the United States.

USDA. USDA continues to implement 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 that work with Pakistani universities, Pakistani agricultural research groups, and government agencies.

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

- Under the USDA Wheat Productivity Enhancement Project, the International Maize and Wheat Improvement Center coordinated a week-long tour of 50 wheat-breeding trials, seed production sites, and disease surveillance stations in Pakistan. The travelling seminar enabled 28 farmers, researchers, extension staff, seed company representatives, and policy makers from the federal government and each province to exchange ideas, learn about new wheat varieties, and observe disease surveillance activities.
- In January, under the Cotton Productivity Enhancement Program, USDA sponsored the visit of 10 Pakistani representatives to Orlando, Florida, to attend the premier annual conference on cotton production and research in the United States. The Pakistani participants, most of whom were scientists, met with U.S. cotton researchers, representatives of Cotton Incorporated, and the Agricultural Research Service's national program leader for cotton.
- Under the Animal Disease Control Program, representatives of USDA's Animal Plant Health Inspection Service met with officials from the U.N. Food and Agriculture Organization to provide an

update on program progress and discuss issues related to vaccine purchases for foot-and-mouth disease. Over 200,000 doses of vaccine have been purchased for the program, and during the quarter, more than 1,500 were administered to a dairy colony in Karachi.

- Under the Watershed Rehabilitation Program, the International Center for Agricultural Research in Dry Areas signed program budgets and work plans with six Pakistani implementing partners. These partners are expected to run demonstration sites to teach farmers the benefits of good farm water management and introduce alternative technologies for irrigation and on-farm water storage. The sites are to begin operating by the end of the third quarter of 2012.
- Under the Fisheries Feeding Trials Program, the American Soybean Association sponsored the visit of two U.S. fisheries experts to tour the proposed sites for the feeding trials and meet local feed manufacturers. The experts provided recommendations and insights on how to implement the program more effectively. U.S. balanced feed imports are expected to enter Pakistan in June, and the trials will begin later that month.

In late March, Pakistan's Prime Minister announced the National Zero Hunger Program to be designed and implemented by the Ministry of National Food Security and Research. The announcement of the ambitious, 5-year, \$16 billion program signaled government support for the Ministry to implement its mandate. USDA will work with the Ministry to coordinate its efforts with those of provincial authorities to maximize their effectiveness.

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 the need for infrastructure improvement in energy, transportation, and food security and link Pakistani development interests with U.S. exports and American companies offering project solutions.

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

- USTDA has reserved funding for technical assistance on the infrastructural, operational, and business requirements for acquiring and operating a fleet of locomotives on the existing Karachi-Lahore Railway. A USTDA grant for this purpose is expected to be signed next quarter.
- Following the completion of a USTDA-funded feasibility study on the viability of installing photovoltaic power systems in schools run by Beaconhouse (an international network of private schools founded by a Pakistani woman), the school system purchased and installed U.S. solar equipment in a school in Lahore. The owner of Beaconhouse schools is currently preparing bid documents to provide an additional 10 schools with similar solar equipment, with more to follow in its network of 400 schools.

- A recently completed USTDA-funded feasibility study for biomass cogeneration⁶ for a paper mill prompted the owner 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.
- USTDA reported that a feasibility study it funded on an expanded maintenance, repair, and overhaul facility for Pakistan International Airways partially contributed to the February 2012 sale of five Boeing aircraft to the airline. The aircraft have a total list price of almost \$1.5 billion and, according to Boeing, will help sustain approximately 7,700 U.S. aerospace jobs.

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), Khyber Pakhtunkhwa, and other key areas through short-term development activities, longer-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, prepared in 2011 and closely aligned with the 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 basic services, countering radicalization, and fostering reconciliation. USAID and the U.S. Embassy’s NAS, ECON, RSO, and USIP support ongoing assistance programs in this category.

USAID had 13 stabilization programs and 5 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. In addition, USAID is planning a program that will provide physical, social, and economic support to civilian victims of conflict.

Table 5. USAID Stabilization Programs as of March 31, 2012 (Unaudited)

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Benazir Income Support Program (BISP)[†]	Provides cash assistance to needy families	6/09	6/10	BISP, Government of Pakistan	160,000,000

⁶ 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.

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Child Protection Program	Establishes child protection centers and provides support for psychological counseling	9/10	9/12	U.N. Children's Fund (UNICEF)	3,538,000
Citizens' Damage Compensation Fund†	Provides cash assistance to flood-affected households	6/11	6/12	National Database and Registration Authority, Government of Pakistan	190,000,000
FATA Child Health Project	Provides health equipment and mobile health units, reconstructs health facilities, and trains health-care providers	9/06	12/12	***	26,150,000
FATA Infrastructure Program	Improves roads; water infrastructure; and electricity generation, distribution, and transmission	12/09	12/14	***	178,686,537
FATA Livelihood Development Program	Provides vocational training and apprenticeships, establishes market linkages, and undertakes improvements in small-scale infrastructure for farmers	5/08	2/13	***	59,400,000
FATA Secretariat Support Project	Increases the Secretariat's capacity in participatory planning, management, and oversight of stabilization and development activities	9/11	9/16	***	4,998,085

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Khyber Pakhtunkhwa, FATA, and Balochistan Multi-Donor Trust Fund[†]	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
Khyber Pakhtunkhwa Reconstruction Program	Supports the reconstruction and recovery of conflict-affected districts	3/10	12/14	Provincial Reconstruction, Rehabilitation and Settlement Authority (PaRRSA), Government of Khyber Pakhtunkhwa	103,683,047
Malakand and FATA Housing Support Program[†]	Provides housing damage assistance through a cash transfer	6/10	9/12	PaRRSA, Government of Khyber Pakhtunkhwa	65,000,000
Monitoring and Assessment of Balochistan Flood Relief Efforts	Monitors USAID-funded flood assistance activities	10/10	3/12	***	204,284
Monitoring and Assessment of USAID's Punjab and Khyber Pakhtunkhwa Flood Relief Efforts	Monitors USAID-funded flood assistance activities	10/10	3/12	***	487,518
Monitoring and Assessment of USAID's Sindh Flood Relief Efforts	Monitors USAID-funded flood assistance activities	10/10	3/12	***	192,171

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Monitoring and Evaluation – FATA	Supports monitoring and verification of USAID investments in road and electricity infrastructure	12/09	2/12	***	2,340,000
Monitoring and Evaluation – Malakand	Supports monitoring and verification of USAID investments in small-scale infrastructure	4/10	2/12	***	3,760,000
Pakistan Transition Initiative	Supports conditions for stability and development in conflict-prone and other priority areas of Pakistan	11/07	12/15	USAID Office of Transition Initiatives	148,576,547
Provincial Reconstruction, Rehabilitation and Settlement Authority Capacity Building Project	Increases capacity for management and oversight of stabilization and development activities	2/10	1/14	***	1,527,398
Radio Transmitters in FATA and Khyber Pakhtunkhwa Project	Provides radio transmitters	6/10	6/12	***	8,656,471

Source: USAID/Pakistan.

Note: A triple asterisk (***) indicates that the name of a USAID implementing partner have 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 March 31, 2012, USAID reported that 410 kilometers of road had been constructed or repaired with U.S. Government assistance. USAID also reported the following other examples of progress and success in its stabilization activities:

- USAID's FATA Secretariat Support Project is providing support and technical assistance to reinforce the legitimacy of local authorities and strengthen governance in the region. The project has begun developing a legal framework and model financial plan for local governments in FATA. The project has also started developing a management plan for a new directorate, a monitoring and evaluation plan for FATA's government, and a training program for the Secretariat's employees. Thirty-eight project staff members currently work in the Secretariat alongside Secretariat employees.
- During the quarter, the FATA Secretariat Support Project increased the Secretariat's information technology capacity by setting up intranet and Internet facilities and providing network connectivity to FATA agencies. The project also staffed the FATA Information Directorate, started to develop automation software, and reviewed the FATA Government's communication strategy.
- USAID's Khyber Pakhtunkhwa Reconstruction Program continued to support reconstruction and recovery of infrastructure in conflict-affected districts of the province. USAID's implementing partner completed five schools and provided the first installment of school supplies, including desks, benches, science lab equipment, math kits, and student bags, during the reporting period.
- 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 aims to increase the use of key services and the adoption of behaviors that support the health and development of children. During the quarter, the project reached:
 - 46,300 children and 4,800 mothers through 383 health immunization and nutrition events.
 - 17,800 people, more than half of whom were female, through 121 mobile health unit visits.
 - 20,963 female and 11,477 male participants through 2,877 gender-focused, community health awareness sessions.
 - 134 female health workers through training on community integrated management of neonatal and childhood illness.
 - 51 people through training on maternal and newborn care.

USAID's new Integrated Health Program will build on FATA Child Health Project successes and continue to work to improve the lives of children in the province.

USAID reported problems that continue to affect the implementation of its stabilization programs:

- In South Waziristan, electrification and water infrastructure projects continue to be affected by limited technical capacity. USAID personnel are providing the FATA Secretariat and its contractor with technical support to address these deficiencies and accelerate progress.
- The lack of women's participation in development programs continues to be a challenge. USAID/Pakistan recently launched a gender analysis of the FATA-Khyber Pakhtunkhwa stabilization

portfolio in light of new Agency policies regarding gender, stabilization, and countering violent extremism.

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

NAS reported the following developments in its current programs:

- *Rule of Law Program.* During the quarter, the resident legal advisor conducted a trial advocacy program in Karachi for 30 prosecutors from Sindh Province, 5 of whom were women. In Islamabad, the resident legal advisor also held a trial advocacy program for 24 prosecutors and 7 expert witnesses, as well as a separate trial advocacy program for corruption prosecutors in Islamabad. The program also sponsored three Pakistani prosecutors' attendance at the Department of Justice's National Advocacy Center in South Carolina, and three other prosecutors' attendance at the Centre of Excellence-Defence Against Terrorism's course on fighting the financial dimensions of terrorism in Ankara, Turkey.
- *Police Program.* During the quarter, 667 officials from across Pakistan were trained under the program. This total includes 72 law enforcement personnel from Khyber Pakhtunkhwa and Balochistan who completed basic training and received instruction on the conduct of drug investigations. NAS also delivered \$3.5 million worth of equipment to Pakistani law enforcement agencies.
- *Aviation Program.* The NAS-supported Air Wing continued to increase support to Pakistani police, including support for counterterrorism operations, during the quarter. The Air Wing was called upon to support medical and casualty evacuations following an ambush of Frontier Corps troops. In total, the Air Wing flew 830.5 hours during the quarter.
- *Infrastructure Program.* NAS is assisting with the construction of border outposts for the Frontier Corps in Khyber Pakhtunkhwa. Construction work on 8 outposts has been completed, and work on the remaining 28 is in progress. NAS is also working to improve living accommodations for Levies Force personnel and has completed three related projects in FATA.
- *Counternarcotics.* New project agreements were signed with three NGOs: (1) New Horizons Care Center in Karachi will provide treatment and rehabilitation for 1,800 addicts in the coming year; (2) the DOST Foundation's Rehabilitation of Street Children Program will sensitize 3,500 youth to the dangers of drugs, and another 180 young addicts will undergo treatment and rehabilitation; and (3) Neengar Society in Multan will use puppet theater to warn against the dangers of drugs for thousands of youth in Punjab and Khyber Pakhtunkhwa. In addition to supporting efforts in these

areas, NAS began providing operational support to the Anti-Narcotics Force's Special Investigative Cell in Islamabad.

NAS also reported that feedback on training provided to Pakistani police, prosecutors, and other law enforcement agency personnel has been positive and that demand for future instruction is growing. NAS indicated that infrastructure development projects and commodity assistance to Pakistan police and other law enforcement agencies have contributed to the effectiveness of the recipient agencies in enforcing law and order and countering militancy and extremism in the country.

NAS reported that travel restrictions, delays in the clearance of planning documents, and the difficult security environment add complexity to the operating environment. Although NAS's Pakistani staff members have been harassed by representatives of the Government of Pakistan in the past, no incidents of harassment were reported during the quarter. However, some infrastructure projects have faced planning difficulties and procedural complications, and NAS is engaging the provincial bureaucracy in resolving these issues.

ECON. The Economic Section of the Embassy supports 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.

RSO. RSO contributes to improved security and legal institutions in Pakistan through antiterrorism assistance. RSO provides a full range of tactical and investigative courses and support to increase the capacity and capabilities of Pakistani law enforcement officials from all of its provinces and the Frontier Constabulary. During the quarter, RSO delivered five training courses to 106 officers.

RSO noted that obtaining visas for instructors in a timely manner is difficult. Several courses have been postponed because instructors were unable to obtain visas by the scheduled date of instruction. In addition, equipment grants have not been distributed since March 2011 because of a lack of Government of Pakistan assistance importing the grant equipment.

USIP. USIP supports stabilization in Pakistan by promoting religious tolerance and peaceful interfaith dialogue while countering extremist messaging. USIP is working to accomplish associated objectives through three separate but related activities: (1) a priority grant competition to support civil society capacity building for countering extremism and promoting peace and religious tolerance, (2) countering extremist voices through the media, and (3) supporting policy research and analysis on religious intolerance and extremism.

During the reporting period, USIP awarded three grants to build civil society capacity for countering extremism and promoting peace and religious tolerance. These grants, which fund activities through February 2013, were awarded to two local and one U.S.-based NGO.

USIP also awarded research contracts in January and February 2012. The first went to a local freelance journalist to outline the causes of violence in Karachi, examine how terrorist organizations take advantage of urban unrest, identify systemic factors that prevent the cessation of violence and prosecution of its perpetrators, and make policy recommendations on how to check the violence in the run-up to Pakistan's general elections. The recipient of the second research contract, Forman Christian College, is to develop a framework for youth policy and deradicalization in Pakistan by examining applicable studies, conducting field research, comparing existing policy documents, and assessing policy implementation efforts.

USIP listed vetting and conducting due diligence of potential grantee organizations as an implementation challenge during the reporting period. To perform these tasks, USIP is relying on its network of civil society organizations, peer donor agencies, and other contacts, including the Embassy and USAID mission. In addition to ensuring that the grantee organizations have viable internal financial management systems and capacity to carry out their obligations in a transparent and accountable manner, USIP is committed to conducting strict financial monitoring.

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 four countries still struggling to eradicate polio; of the four, Pakistan is the only one with an increasing incidence of the disease.

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

USAID has 12 programs under way to support health services in Pakistan (Table 6). These programs focus on renovation and reconstruction of facilities, family planning, and polio eradication. In addition, USAID will be supporting a Demographic and Health Survey in Pakistan to collect and compile household information to inform national health indicators. During the reporting period, USAID designed a new program to consolidate efforts and provide comprehensive technical assistance nationally while focusing on Sindh Province. USAID expects to award this integrated health program within the next 4 months.

Table 6. USAID Health Programs as of March 31, 2012 (Unaudited)

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Demographic Health Survey	Supports a survey to collect health status data and statistics for national indicators	12/11	12/15	Macro International Inc.	3,700,000
Health Care Management Project	Assists with the devolution of nearly all public health responsibilities from the federal to provincial ministries	1/11	1/14	John Snow Inc.	3,000,000
Family Health Project	Supports the diversification of family planning activities	6/07	6/12	Population Council	48,424,566
Health Services Academy Support Project	Develops and strengthens institutional capacity in public health training and research	7/08	12/12	Pakistan Health Services Academy	4,101,891
Health Supplies Distribution Project	Provides logistical support for the distribution of contraceptives to provincial health ministries	9/08	Renewed annually	John Snow Inc.	10,242,088
Health Supplies Project	Procures contraceptives and vaccines for national distribution	4/10	4/15	Various	78,520,953
Jacobabad Civil Hospital Project	Renovates this hospital	10/10	10/13	CDM	11,049,000
Jinnah Post-Graduate Medical Center Project	Reconstructs the obstetrics and gynecology/fistula ward	5/10	4/13	CDM Constructors Inc. (CDM)	5,629,069

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Nutrition Assessment Project	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
Polio Vaccination Program	Conducts annual polio eradication campaigns	1/03	Renewed annually	UNICEF and the World Health Organization (WHO)	22,370,271
Tuberculosis Survey Program	Conducts a survey of tuberculosis prevalence	6/10	3/12	Koninklijk Nederlandsche Centrale Vereeniging	4,570,000
Transfer to Centers for Disease Control and Prevention (CDC) – Field Epidemiology and Laboratory Training Program	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 March 31, 2012, USAID reported that ten polio immunization campaigns had been completed. USAID also reported the following examples of progress and success in its health programs:

- In January, the Government of Pakistan, UNICEF, and WHO jointly conducted a national polio campaign targeting over 32 million children aged 5 and under. A subnational polio campaign was conducted in March 2012 in 100 districts and towns, targeting 23.5 million children.
- The Family Health Project held seminars in Peshawar, Karachi, and Lahore entitled “The Birth Space Paradigm.” The purpose was to present results of the project, turn over communications and training materials to the provincial governments, and create action plans to use the materials produced by the project.
- USAID’s Health Care Management Project provided technical assistance to the Government of Sindh to develop a health sector reform unit, which is intended to play a leading role in planning and

enacting health reforms. In addition, the project is providing technical assistance to develop a human resources strategy and a health communications strategy for Sindh.

- The Pakistan Health Services Academy, with USAID support, developed a health information resource center and a new computer lab, which were inaugurated by the Prime Minister as part of the National Health Complex on February 27, 2012.
- Following a month of consultations with the Government of Pakistan and private sector providers of contraceptives, USAID's Health Supplies Distribution Project held a contraceptive procurement seminar on January 26, 2012. Through this exercise, USAID is helping build the Government of Pakistan's capacity to quantify its need for contraceptives and then procure them. More than 120 provincial logisticians, policy makers, and senior-level managers from the government and private sector attended the seminar, in addition to the provincial secretaries of health and welfare programs or their representatives. USAID will provide \$20 million worth of contraceptives of the \$30.4 million needed in 2012.
- USAID's Tuberculosis Survey Program conducted a 10-day, train-the-trainer workshop for 14 master trainers from around the country on fluorescent light-emitting diode (LED) microscopy. Workshop participants will train other laboratory technicians in their respective areas. This training program complements USAID/Pakistan's provision of 220 LED microscopes and \$7.4 million worth of other equipment to 70 flood-affected districts. LED microscopes are more sensitive than conventional microscopes and can improve tuberculosis diagnosis.
- Fieldwork for the USAID-funded Tuberculosis Prevalence Survey, which collected data on 133,000 adults in all four provinces, has been completed. The draft report of the survey was shared with the Government of Pakistan, provincial authorities, and other stakeholders, including WHO, in March 2012. This is the first such survey in 25 years and will reveal the precise burden of tuberculosis in the country.

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.

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 schooling 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-aged children are enrolled in

primary school. Those 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, and of those in Grade 5, 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. Higher education in Pakistan is characterized by a lack of productivity-enhancing technologies, and university graduates are not always equipped 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 comparable to rates in sub-Saharan Africa.

The United States aims to improve access to high-quality education through its assistance in basic and higher education. These efforts include repairing and rebuilding schools and colleges, providing access to high-quality teaching and learning materials, improving teacher preparation, strengthening the reading skills of primary-grade students, improving provincial and district management and policies, developing university scholarships and faculty exchanges in applied research in key disciplines, and fostering effective oversight of education by civil society. USAID and PAS support programs for educational improvement.

During the reporting period, USAID had nine education programs under way, including one transfer of funds to another agency (Table 7). 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 7. USAID Education Programs as of March 31, 2012 (Unaudited)

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Children's Television Project	Provides interactive teaching and learning for children through a television program and associated community-based campaigns	5/10	5/14	Rafi Peer Theatre Workshop	10,000,000
Earthquake-Damaged Schools Reconstruction Program	Reconstructs earthquake-damaged schools	10/06	4/12	Smith Construction	138,807,031
Education Quality and Access Project	Trains primary and middle school teachers and renovates conflict-damaged schools	10/07	10/12	American Institutes for Research	95,314,430

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Higher Education Commission Support	Provides merit and need-based scholarships for students to study at Pakistani higher education institutions; in the past, provided budget support to the Higher Education Commission	3/10	2012	Higher Education Commission	93,000,000
Teacher Education Project	Provides preservice education for teachers	5/11	9/13	Educational Development Center	37,000,000
Sindh Basic Education Program	Supports early grade reading program, provides technical assistance, and supports reconstruction of schools	9/11	9/16	Sindh Department of Education	86,000,000
U.S.-Pakistan Science and Technology Cooperative Program	Provides opportunities for cooperation between Pakistan and the United States in science and technology	9/05	Renewed annually	National Academy of Sciences	7,502,034
Women's Hostel Project	Supports construction of a 360-bed women's dormitory at Forman Christian College	7/11	8/14	Forman Christian College	7,300,000
Transfer to PAS – Fulbright Scholar Program	Provides scholarships to Pakistani graduate students to study at U.S. universities	9/04	Renewed annually	PAS and United States Educational Foundation in Pakistan	132,000,000

Source: USAID/Pakistan.

As of March 31, 2012, USAID reported that U.S. Government-supported education programs had strengthened the skills of 2,495 teachers, educators, teaching assistants, and tertiary faculty. USAID also reported the following examples of accomplishments in its portfolio of education projects:

- The Higher Education Commission (HEC) created a 4-year bachelor's degree and a 2-year associate's degree in education with USAID support. These degree programs are now offered at universities and colleges in every province. The introduction of the associate's degree concept has

proven so successful that HEC has decided to offer associate degrees in all subjects at all universities. This year, USAID is working with universities to develop additional courses of study for these degrees.

- USAID has worked with HEC to introduce need-based scholarships, which had not previously been given in Pakistan. Since 2004, 1,807 such scholarships have been awarded, and 1,407 scholarship recipients have graduated. Four hundred students are currently receiving need-based scholarships. In addition, through USAID assistance, 11 universities established financial aid offices and were trained in fundraising for their own scholarship programs. Today, universities across Pakistan have financial aid offices based on the model USAID established with HEC.
- Technical assistance in teacher education and professional development has placed the issue of qualified teachers on the national agenda. Preservice standards to professionalize the teaching force, developed with USAID assistance, have now been adopted in all provinces.
- The Teacher Education Project sponsored a 2-day national consultative session in Islamabad at which all of the provincial governments as well as the program's university partners pledged to continue the reforms introduced by the USAID project. National consultative sessions like this one, which was attended by 60 education sector representatives, have ensured Government of Pakistan ownership of the reforms introduced through USAID assistance.
- USAID continues to support "Sim Sim Hamara," an educational television program for children, through the Pakistan Children's Television Project. The weekly program, which began airing in December 2011, introduces children to basic language and math skills while teaching tolerance and mutual respect. To date, the program has aired only in Urdu, but work is under way to broadcast it in four other languages spoken in Pakistan within the next 6 months. Thirteen television episodes have aired to date.

USAID also reported challenges to the implementation of its education projects:

- In FY 2011, constitutional reforms were signed into law, leading to the decentralization of Pakistan's basic education sector. Schools at all levels are now the responsibility of local governments and districts. This devolution of authority is expected to improve access to and quality of education and provide opportunities to improve governance, reinforce local curriculums, increase monitoring of educational performance, and strengthen accreditation. However, local capacity to manage these responsibilities varies greatly, and newly established districts with very limited management capacity will require continued technical assistance to meet the challenges facing them.
- In higher education, uncertainty about the governance and budgetary situation, along with political instability and the deteriorating security situation, have created challenges for HEC and threaten to reverse improvements in quality, undercut faculty retention, and reduce student enrollment—all of which could, in turn, undermine the sector's impact on economic and social development.

PAS. PAS focuses on maintaining exchange programs and expanding in-country English language and alumni programs. PAS exchange programs are largely implemented through U.S.-based, not-for-profit institutions. However, outreach and recruiting activities are conducted with a wide variety of Pakistani Government entities, media, educational institutions, and NGOs. The United States Educational Foundation in Pakistan is heavily engaged in the recruitment and selection of participants for academic and professional programs.

During the first 3 months of 2012, PAS reported an increase in the number of applications for academic programs scheduled to begin in the fall. PAS reported that it plans to send approximately 200 master's degree and Ph.D. candidates to U.S. institutions this year through the Fulbright Program, the highest number in 3 years. Interviews for academic programs including Fulbright recently took place in Islamabad and Karachi.

PAS continues to work on the establishment of an office and professional staff for the nationwide Pakistani-led alumni association. In addition, PAS issued calls for proposals for several university partnership programs. These 5-year programs will provide \$1,000,000 grants to U.S. institutions to partner with selected Pakistani universities to create faculty development programs, staff and student exchanges, joint online and digital video conference classes, joint research projects, and other activities.

Outside evaluations 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 during the reporting period and are scheduled for completion in the fall of 2012. One hundred students from Pakistan participated in the program's January 2012 orientation in Washington, D.C.

PAS noted one major challenge during the reporting period. According to PAS, continued harassment of Pakistani alumni, Pakistani implementing organizations, and attendees at PAS-sponsored events by domestic security agencies impede efforts within Pakistan. PAS works to highlight the open nature of its programming but reports that such continuing harassment will harm its programs in the long run.

Cross-Cutting Priorities: Good Governance, Gender Equity, and Greater Transparency

The cross-cutting 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.

USAID has ten programs designed to improve governance, gender equity, and transparency (Table 8), including one transfer of funds to another agency. USAID's programs 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.

Table 8. USAID Good Governance, Gender Equity, and Transparency Programs as of March 31, 2012 (Unaudited)

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Anti-Fraud Hotline Project / Anti-Corruption Project	Allows citizens to report waste, fraud, and abuse of U.S. Government funds through a free hotline	1/09	9/15	Transparency International-Pakistan	2,150,000
Citizens' Voice Project	Makes small grants to civil society projects that support U.S. foreign assistance objectives	5/11	9/15	Trust for Democratic Education and Accountability	10,000,000
Construction of Pakistan Institute of Parliamentary Services Building	Funds building construction	3/10	6/12	Habib Rafiq	10,703,099
Gender Equity Program	Makes small grants to organizations opposing domestic violence and gender discrimination	8/10	8/15	Aurat Foundation	14,368,429
Independent Monitoring and Evaluation Contract	Provides missionwide support for monitoring, evaluation, and the PakInfo system	6/11	6/16	Management Sciences International	7,000,000
Municipal Services Program, Sindh and Khyber Pakhtunkhwa	Improves delivery of basic municipal services, including water in Jacobabad and Peshawar	7/10	7/15	Provincial Government's Planning and Development Departments	119,924,194
Political Parties Development Project	Improves the transparency and accountability of Pakistani political parties to their constituents	7/11	7/15	National Democratic Institute	4,498,790

Name	Description	Start Date	End Date	Implementing Partner	Funding (\$)
Political Polling Project	Conducts three nationwide public perception polls	11/10	1/12	International Republican Institute	500,000
Small Grants Program / Ambassador's Fund	Makes small awards for community initiatives that support U.S. foreign assistance objectives	8/10	8/15	National Rural Support Programme	14,000,000
Transfer to PAS – Exchanges / Strategic Communications	Conducts exchange programs and in-country English language instruction that support strategic communications objectives	7/05	2015	DOS Bureau of Educational and Cultural Affairs	9,223,500

Source: USAID/Pakistan.

As of March 31, 2012, USAID reported that 160 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:

- To commemorate International Women's Day on March 8, the Gender Equity Program launched a series of radio messages affirming women's integral role in building Pakistan's society. Program-sponsored public service announcements also targeted the serious problem of gender-based violence. In addition, during the reporting period, the program initiated stakeholder dialogues on Pakistan's national strategy to combat gender-based violence, which was developed late in 2011. As part of this outreach effort, the program convened its third National Advisory Forum and sought guidance in implementing the national strategy. All four provincial departments devoted to women's development were represented at the conference, and all provinces have now drafted plans to implement the strategy at the provincial level. So far, the program has approved 76 grants for a total of \$4 million. An additional 13 applications (totaling \$3 million) were under review at the end of the reporting period.
- In January, USAID held stakeholder meetings in Karachi and Peshawar with the provincial and local governments for the Municipal Services Program. Reports of USAID-funded assessments were presented and discussed. Other donors, including the Asian Development Bank, attended these meetings to identify synergies and avoid duplication of efforts.
- The Pakistan Institute of Parliamentary Services Building, constructed by USAID for conducting parliamentary training, is to be completed in June 2012. This state-of-the-art structure will be

powered by the largest on-grid solar power station installed on a building in Pakistan.

- The Political Polling Project concluded in January 2012 after completing three national public opinion polls and two rounds of focus group discussions. Poll results were open to all political parties and encouraged a greater connection between the views of the people and those vying to represent them. The project also helped build the capacity of an independent Pakistani public opinion research organization.
- To date, 56 awards totaling \$7 million have been executed under USAID's Small Grants Program/Ambassador's Fund. Communities have praised these investments, noting that they have responded to some of their most urgent priorities for agriculture, education, and water.

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.

PAS. As part of the U.S. Embassy's strategic communication efforts, PAS is expanding the in-country English Language Access Program. As of March 2012, this after-school program had provided English instruction to 7,000 Pakistani students between the ages of 14 and 15. Using Pakistani interlocutors, the program is expanding into regions of strategic interest, including Quetta and other regions of Balochistan, as well as Khyber Pakhtunkhwa.

Assistance to Pakistani Institutions

To ensure greater responsiveness and increase the sustainability of civilian programs, the United States plans to implement more programs through Pakistani institutions, including national and provincial governments and NGOs.⁷ The purpose of this shift is to:

- Align programs with locally identified priorities.
- Build Pakistanis' sense of ownership of programs.
- Build Pakistani institutional and leadership capacity for better fiscal management.
- Promote decentralization to engage provincial and local partners and beneficiaries more actively.

⁷ 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)).

- Deliver on-budget assistance⁸ to promote transparency, harmonization, and better budget planning by the Government of Pakistan.
- Reduce costs.

USAID made 61 awards totaling more than \$1.268 billion during FY 2010, and 42 awards totaling \$439.5 million during FY 2011 to Pakistani institutions. USAID reported making 30 such awards totaling approximately \$357.6 million during FY 2012 (Table 9). Awards made by USAID in FY 2012 fall into one of the following three categories: direct funding for government projects, awards to Pakistani NGOs, and awards to Pakistani private sector entities.

Table 9. Assistance to Pakistani Institutions Since October 1, 2011 (Unaudited)

Implementing Partner, Project	Number of Awards	Value (\$) of Obligations
Direct Funding for Government Projects	24	339,249,449
FATA Secretariat, Barang Road and Silay Patay Bridge in Bajaur	1	2,000,000
* FATA Secretariat, Ghulan 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, Sararogha-Janjal Road	1	19,557,582
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

⁸ 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.

Implementing Partner, Project	Number of Awards	Value (\$) of Obligations
FATA Secretariat, 132 kilovolt-ampere transmission line from Gomal Zam Dam	1	2,400,000
*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, 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
Awards to Pakistani NGOs	4	13,662,737
Transparency International-Pakistan, Anti-Fraud Hotline	1	360,000
*Rural Support Programmes Network, Emergency relief and early recovery for Pakistan flood affectees	1	1,502,737
*Dairy and Rural Development Foundation, Dairy Project	1	1,500,000
Agribusiness Support Fund, USAID's Agribusiness Project	1	10,300,000
Awards to Pakistani Private Sector Entities	2	4,672,612

Implementing Partner, Project	Number of Awards	Value (\$) of Obligations
* Associates in Development, Monitoring and evaluation for FATA Quick Impact Projects	1	3,446,537
* Habib Rafiq International (Pvt.) Limited, Construction of Pakistan Institute of Parliamentary Services Building	1	1,226,075
Total	30	357,584,798

Source: USAID/Pakistan.

* Awards made to Pakistani institutions from January 1 to March 12, 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, financial management systems, internal control, 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 115 preaward assessments.

Staffing

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

As shown in Table 10, USAID reported a total of 230 staff (47 U.S. direct hires and 183 others) as of March 31, 2012. USAID mission management was unable to fill all vacancies during the quarter because of limited availability of office facilities. As the temporary USAID office building nears completion, the USAID mission plans to expand recruitment to fulfill its responsibilities without relying on temporary-duty employees or on support from Washington, D.C. According to the *Pakistan Assistance Strategy Report*, USAID, as the lead and largest manager of assistance funds among U.S. Government agencies, will need to increase its project management, legal, financial management, and procurement staff significantly. With an FY 2012 target of 296 staff, USAID/Pakistan remains understaffed by 66 positions.

Table 10. USAID Staffing in Pakistan as of March 31, 2012

Category	Islamabad	Peshawar*	Lahore	Karachi	Total	Change From December 31, 2011
U.S. direct hire	41	3	3	0	47	+1
U.S. personal services contractors	15	4	0	1	20	-1
Third-country nationals	9	1	0	0	10	+1
Foreign Service Nationals (Pakistani staff)	109	22	10	5	146	+7
Eligible family members	5	0	0	0	5	0
Long-term temporary-duty staff†	2	0	0	0	2	0
Total Staff	181	30	13	6	230	+8
Staff Target 2012					296	
Staff Shortfall					66	

Source: USAID/Pakistan.

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

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

PAS personnel in Pakistan are distributed across offices in Islamabad, Karachi, Lahore, and Peshawar. In total, PAS had 26 U.S. direct hires and 54 Pakistani staff members as of March 31, 2012. As of that date, NAS had 11 U.S. direct hires, 5 U.S. personal service contractors, and 75 Pakistani staff; USDA had 2 permanent U.S. direct hires, 1 staff person on temporary-duty assignment, and 5 Pakistani staff. 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 can limit the progress by the Government of Pakistan and the U.S. Government in delivering an effective assistance program.
- *Operating restrictions.* Implementation and monitoring of USAID projects have been hindered by stricter 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 March 15, 2012, 16 assignment visas, some of which had been pending as long as 11 months, remained unissued. Further, local authorities have harassed USAID personnel.
- *Resistance to economic reform.* Entrenched interests may resist policy reforms needed to transform the economy. Critical to economic reform are the governance, accountability, and financial sufficiency of power sector institutions. 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 effects.
- *Vulnerability to natural disasters.* Flooding and the resulting damage have delayed implementation of projects in flood-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's Office of Foreign Disaster Assistance 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 will identify and take the necessary steps to mitigate risks before continuing with the activity.

- *Leadership turnover.* High turnover in entities of the Government of Pakistan has affected 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 also complicates implementation. USAID continues to work closely with all government counterparts.
- *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 must be 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 a high degree of 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 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. Following the incident on the Pakistan border in late November, USAID partners have been under severe scrutiny and, sometimes, threat for their association with the U.S. Government. Immediately following the incident, some program events were rescheduled, changed, or cancelled.

As described above, security conditions present an ongoing challenge for civilians providing assistance in certain vulnerable areas, as well as for USAID's ability to monitor and evaluate programs. USAID is meeting the challenge by expanding its regional office in Lahore and using Pakistanis to conduct site visits. USAID/Pakistan awarded an independent monitoring and evaluation contract and is planning monitoring and evaluation activities. 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, will be verified under the contract. Additionally, USAID's Office of Afghanistan and Pakistan Affairs, in conjunction with USAID/Pakistan, is developing 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.

To mitigate the fiduciary risk of working with local institutions, 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 has begun to rely increasingly on 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 recently established an Assessment and Strengthening Program that is designed 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 overall national development objectives and requirements. Related efforts include developing dedicated project management units within the government, improving policies and procedures, reviewing and strengthening organograms, ensuring adequate internal controls, improving financial management and procurement processes, increasing human resource capacity through on-the-job technical assistance, and providing relevant tools and products for carrying out government functions.

In addition to these USAID 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 March 31, 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 two U.S. personal services contractors on staff in Islamabad.
- *Expanding the use of independent Pakistani public accounting firms to conduct financial audits of funds provided to Pakistani NGOs.* As of March 31, 2012, USAID OIG had a roster of 27 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.* USAID OIG training for these groups addresses the standards and requirements for financial audits of U.S. Government funds. To date, USAID OIG has provided training seminars to 60 staff members at USAID/Pakistan and 26 staff from ten provincial government ministries. USAID OIG planned to hold two 1-day programs in June 2012 for NGOs, government organizations, and USAID contracting and agreement officers' representatives and financial analysts.
- *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 continued support during the audit process for any audit-related matters. 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.⁹* 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 605 complaints through various channels—e-mail, Internet, facsimile, mail, and in person. These complaints relate to projects funded by USAID and by other organizations, including the Pakistani Government, bilateral donors, 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 275 participants, including representatives of USAID implementing partners and the National Accountability Bureau.
- *Coordinating audits and investigations with other U.S. agencies.* USAID OIG works with other OIGs, the Government Accountability Office (GAO), and law enforcement agencies including the FBI's International Corruption Unit, the National Procurement Task Force, the Financial Crimes

⁹ 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.

Enforcement Network, and the U.S. Embassy's Legal Attaché Office to coordinate audit and investigative work with the aim of eliminating duplication and maximizing the efficient use of government resources.

Oversight Status

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, financial audits, and investigations.

Since the start of FY 2010, USAID OIG has issued 25 Pakistan-based financial audits and 14 performance audits and reviews of Pakistan-related assistance efforts. The reports made 88 recommendations for improvements to USAID programs and activities. Performance audits conducted since FY 2010 have noted needed improvements in a range of management and performance areas. Most have identified contract or project management deficiencies and internal control weaknesses, and more than four in ten have found noncompliance with relevant procedures or regulations. Financial audits overseen by OIG since FY 2010 have covered more than \$383 million in expenditures and identified \$572,386 in sustained questioned costs.

Work Completed

From January 1 to March 31, 2012, USAID OIG completed two performance audits and six financial audits:

- **Audit of USAID's Pakistan Transition Initiative Program (Report No. G-391-12-003-P, February 3, 2012).** This audit concluded that the program succeeded in identifying basic community needs and implementing small-scale projects in areas suffering from instability and extremism. Grants, valued at approximately \$19.7 million, were awarded for projects in remote and dangerous environments prone to flooding, lacking basic infrastructure and the rule of law, and subject to widespread violence and destruction due to militant activity. However, the audit found that the USAID mission had not developed a formal written plan with clear criteria linking the implementation of program activities with the larger, missionwide development portfolio for areas where activities are being implemented. The report made one recommendation to address this issue.
- **Audit of USAID/Pakistan's Pre-Service Teacher Education Program (Report No. G-391-12-004-P, March 16, 2012).** Pakistan's Higher Education Commission approved new programs and curricula for a 2-year associate degree in education and a 4-year bachelor of education degree based in part on the Pre-Service Teacher Education Program's recommendations. The program plans to expand the number of students enrolled in the degree programs and increase

the number of colleges and universities offering the new degrees over the next 2 years by supporting implementation at selected colleges and universities. OIG auditors found that, as a result of program efforts to date, 16 Pakistani teaching institutions have adopted the new degree programs. Notwithstanding its success in this regard, the program did not meet targets for 12 of 19 indicators. Some targets were not met because activities, such as student scholarships and grant awards, were postponed. Other program outputs, such as renovations at college and university facilities and the number of teachers enrolled in the new curricula, fell short of targets. The report made two recommendations to address related issues. USAID agreed with both recommendations and has developed plans to implement them.

- **Financial Audit of the Aga Khan University Flood Response Program, USAID/Pakistan Cooperative Agreement No. 391-G-00-10-01188-00, Managed by Aga Khan University, for the Period From August 30, 2010, to December 31, 2010 (Report No. G-391-12-003-R, January 6, 2012).** This audit covered Aga Khan University program revenues and costs of \$723,764 and \$1,057,045, respectively. The audit firm concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the agreement for the period audited. The audit firm did not identify any questioned costs, material internal control weaknesses, or material instances of noncompliance. However, the audit report identified two significant deficiencies in internal control over fixed assets and inventory and recommended that USAID/Pakistan ensure that the Aga Khan University corrects these significant deficiencies.
- **Financial Audit of Anti-Corruption Program Pakistan, USAID/Pakistan Cooperative Agreement No. 391-A-00-09-01117-00, and Anti-Fraud Hotline Pakistan, 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-391-12-004-R, January 13, 2012).** This audit covered Transparency International-Pakistan program revenues and costs of \$450,829 and \$387,825, respectively. The audit concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the agreement for the period audited. The audit did not identify any questioned costs, material internal control weaknesses, or material instances of noncompliance, and the report did not make any recommendations.
- **Financial Audit of the Merit and Need-Based Scholarship Project, USAID/Pakistan Agreement No. 391-G-00-04-01023-00, Managed by the Higher Education Commission, for the Period From July 2, 2004, to June 30, 2010 (Report No. G-391-12-005-R, February 17, 2012).** This audit covered Government of Pakistan Higher Education Commission program revenues and costs of \$6,089,134 and \$6,055,675, respectively. The Auditor General concluded that all six fund accountability statements audited presented fairly, in all material respects, program revenues and costs incurred under the agreement for the period audited. The Auditor General did not identify any material internal control weaknesses or material instances of noncompliance in its audit report. However, in a separate management letter issued to HEC, the Auditor General questioned costs of \$1,665,174. These questioned costs stemmed from a number

of observations in the audit report involving noncompliance with the agreement and policies and procedures. The report made five recommendations to address these issues.

- **Financial Audit of Budgetary Support, USAID/Pakistan Program Assistance Agreement No. 391-012, Implementation Letter No. 1, Managed by the Economic Affairs Division of the Government of Pakistan, for the Period From June 8, 2009, to June 15, 2011 (Report No. G-391-12-006-R, February 24, 2012).** This audit covered budgetary support of \$44 million to the Government of Pakistan. The Auditor General concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the agreement for the period audited. The Auditor General did not identify any questioned costs, material internal control weaknesses, or material instances of noncompliance in its audit report. However, in a separate management letter issued to the management of the Economic Affairs Division, the Auditor General noted a number of report observations. The Auditor General did not make any related recommendations because the program had ended.
- **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 From July 1, 2010, to June 30, 2011 (Report No. G-391-12-007-R, March 6, 2012).** This audit covered Competitiveness Support Fund program revenues and costs of \$2,318,674 and \$2,197,622, respectively. USAID OIG reviewed the report and found that it generally met the requirements of U.S. Government Auditing Standards and OIG guidelines. The audit firm concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the cooperative agreement for the period audited. The audit firm did not identify any questioned costs or material internal control weaknesses. However, the audit identified two material instances of noncompliance and made one recommendation to USAID/Pakistan to correct them.
- **Financial Audit of USAID/Pakistan's Rupee Trust Fund, for the Period From October 1, 2009, to September 30, 2011 (Report No. G-391-12-001-N, March 20, 2012).** This audit covered USAID/Pakistan's rupee trust fund receipts of \$167,886 and costs of \$859,543. USAID OIG reviewed the report and found that the audit was performed in accordance with U.S. Government Auditing Standards and OIG guidelines. The audit firm concluded that the fund accountability statement presented fairly, in all material respects, funds received and costs incurred under the agreement. The audit firm did not identify any questioned costs or make any recommendations.

Work Under Way

As of March 31, 2012, USAID OIG had three performance audits, one review, seven financial audits, one agreed upon procedures engagement, and one quality control review in progress:

- **Audit of USAID/Pakistan’s Entrepreneurs Program.** The objective of this audit is to determine whether USAID/Pakistan’s Entrepreneur Project made progress building the capacity of partners and expanding opportunities for microentrepreneurs.
- **Audit of USAID/Pakistan’s Benazir Income Support Program.** This audit will determine whether USAID/Pakistan’s cash transfers provided to BISP reached intended beneficiaries.
- **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.
- **Review of USAID/Pakistan’s Cost Estimates for Transportation and Storage on Assignment.** The objective of this review is to develop a more reasonable estimate for obligating funds for the transportation and storage of goods for employees assigned to USAID/Pakistan.
- **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 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 the Assessment and Strengthening Program USAID/Pakistan Cooperative Agreement No. 391-A-00-11-01202-00, and Financial Audit of Merit and Needs Based Scholarship Program, Subaward Under USAID/Pakistan Cooperative**

Agreement No. 391-G-00-04-01023-00, Managed by Lahore University of Management Sciences, for the Year Ended June 30, 2011.

- **Agreed Upon Procedures Engagement on USAID/Pakistan Resources Managed by the Rural Support Programmes Network Under Agreement No. 391-A-00-11-01213-00, for Sindh Agricultural Recovery Project, for the Period From November 13, 2010, to July 31, 2011.**
- **Quality Control Review of the Audit Report and Audit Documentation for the Financial Audit Conducted by Avais Hyder Liaqut Nauman for the Anti-Corruption Pakistan Program, USAID/Pakistan Cooperative Agreement No. 391-A-00-09-01117-00, and 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.**

Work Planned

In addition to those completed and under way, USAID OIG plans to conduct four performance audits during 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 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 the project is on track to meet its budget and timelines.
- **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.

As of March 31, 2012, ten financial audits of USAID funds were in the planning stage.

Investigative Work and the Anti-Fraud Hotline

As of March 31, 2012, USAID OIG had 32 open investigations pertaining to Pakistan. During the reporting period, OIG investigators closed five cases.

The following significant USAID OIG investigative developments took place between January 1 and March 31, 2012:

Funds Collected From Implementer for Fraud and Theft in FATA Program. In April 2008, USAID's primary implementer for the FATA Livelihood Development Program entered into a subcontract with Abt Associates Inc. to undertake a \$6 million cash-for-work tree planting program in FATA to create job opportunities for youth and unemployed individuals in the area. Abt Associates, in turn, sought competitive bids from vendors to supply tree saplings.

As a result of allegations made to USAID OIG, the primary implementer, the Cooperative Housing Foundation, conducted an audit of the program and determined that, of the 2.2 million trees contracted to be planted, only 1.2 million trees were documented as having been purchased. In addition, three of the five vendors that Abt Associates had selected to procure saplings were found to be owned and controlled by the same family. OIG's investigation confirmed that USAID funds were lost as a result of theft, overpayment, fraud, and mismanagement by Abt Associates. In response to the investigative findings, USAID collected \$336,603 in reimbursements from the Cooperative Housing Foundation.

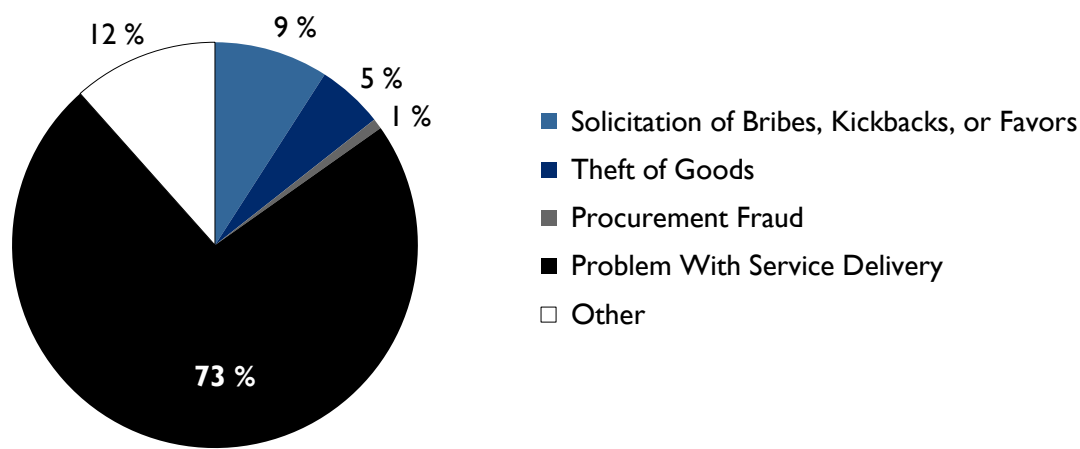
Outreach. USAID OIG continued to work to reinforce fraud reporting and investigation in Pakistan through outreach efforts. In late February 2012, USAID's Acting Inspector General and the special agent in charge for the region participated in a fraud awareness and prevention seminar in Karachi sponsored by Transparency International-Pakistan. More than 80 people attended the seminar, including representatives of USAID implementing partners, Government of Pakistan personnel implementing USAID-funded projects, and staff and cooperating partners of the U.N. World Food Programme. The seminar featured presentations by USAID OIG, the Sindh Public Procurement Regulatory Authority, and the staff of the Anti-Fraud Hotline. USAID OIG's presentation focused on recent fraud trends and reporting requirements. Other presenters at the event provided an overview of hotline work to date and discussed Pakistani public procurement rules that apply to USAID-funded projects implemented by provincial government agencies.

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 605 complaints.

As in the previous two 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 465 (77 percent), Punjab 62 (10 percent), Balochistan 37 (6 percent), and Khyber Pakhtunkhwa 20 (3 percent). Other provinces and administrative areas in Pakistan accounted for 3 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 January 1 to March 31, 2012, OIG referred 314 hotline complaints to outside entities, including the U.N. World Food Programme, UNICEF, the U.N. Development Programme, the U.N. Office for Project Services, the U.N. Food and Agriculture Organization, the World Bank, the United Kingdom's Department for International Development, Pakistan's BISP, Save the Children, Mercy Corps, and the Awaz Foundation (a Pakistani NGO).

The Anti-Fraud Hotline also works closely with USAID OIG to monitor and address complaints regarding violations of the Pakistan Public Procurement Rules (PPR) of 2004 in the tendering of USAID-funded projects being carried out by the Government of Pakistan. Allegations of PPR violations received through the hotline are handled in accordance with the procedures set forth in the PPR, which require the tendering government agency to review and respond to the complaint within a set period. When a violation of the PPR has occurred, the tendering agency is required to cancel or correct the procurement. If the issue is not properly resolved by the tendering agency, the Pakistan Public Procurement Regulatory Agency and the Supreme Court of Pakistan can intervene.

In February 2012, the hotline received a complaint from a Pakistani firm relating to BISP, the Government of Pakistan's program designed to set up an effective national safety net and foster the long-term development of the poor. According to the complaint, actions by BISP staff on bids for a data-processing contract violated the PPR. The bid from one bidder on the contract arrived shortly after the deadline for submissions, but the other bidder consented to including the late bid in the evaluation process. BISP personnel consulted with the Pakistan Public Procurement Regulatory Agency

on what action to take in the procurement and were advised to evaluate both bids or call for new ones. Despite this, BISP officials initially elected to evaluate only the first bid. After hotline personnel advised BISP officials of their responsibilities under the PPR, they reconsidered and reinvited the tendering of bids for the data-processing contract.

Department of State Office of Inspector General

Work Under Way

As of March 31, 2012, DOS OIG had one audit, two evaluations, and one review 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.
- **Evaluation of the Antiterrorism Assistance Program for Countries Under the Bureau of Near Eastern Affairs.** This evaluation will assess the degree to which the program has achieved its intended outcomes in the region and whether DOS has provided effective oversight of program contracts and U.S. Government-provided equipment.
- **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.
- **Compliance Follow-Up Review of the 2010 Inspection of Embassy Islamabad and Constituent Posts (ISP-I-10-64).** This review is to determine the degree to which the Embassy and consulates have implemented recommendations from the 2010 inspection.

Work Planned

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

- **Evaluation of 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 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.

- **Audit of the Administration and Oversight of the Pakistan National Police Training and Mentoring Program.** This audit will determine whether the Bureau of International Narcotics and Law Enforcement Affairs' administration and oversight of the program have been effective and whether the program has achieved stated performance goals.

Department of Defense Office of Inspector General

Work Under Way

As of March 31, 2012, DOD OIG had two audits underway 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 finalize this audit in May 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.

Government Accountability Office

GAO continues to assist congressional clients by conducting increased oversight and accountability of U.S. efforts in Pakistan. GAO did not complete any Pakistan-related work during this reporting period but is currently working to complete one engagement. GAO's plans for additional Pakistan-related work in FY 2012 are subject to congressional interests and requests.

Work Under Way

As of March 31, 2012, GAO had one ongoing engagement concerning Pakistan:

- **Pakistan Ammonium Nitrate Smuggling.** Calcium ammonium nitrate fertilizer is used to manufacture improvised explosive devices (IEDs) in Afghanistan that are a threat to U.S., coalition, and Afghan forces. Pakistan is a significant source of the ammonium nitrate fertilizer that is used in Afghanistan. GAO is (1) describing the status of U.S. efforts to assist Pakistan to counter IEDs and (2) reviewing DOS tracking of U.S. assistance efforts in Pakistan to counter IEDs. GAO expects to complete this engagement in May 2012.

Completed Oversight Reports as of March 31, 2012

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

Table II. Oversight Reports Completed as of March 31, 2012

Agency	Report Number	Report Date	Report Title
<i>FY 2012 Reports</i>			
USAID	G-391-12-001-N	03/20/12	Financial Audit of USAID/Pakistan's Rupee Trust Fund for the Period From 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 From 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 From June 8, 2009, to June 15, 2011
USAID	G-391-12-003-P	02/03/12	Audit of USAID's Pakistan Transition Initiative Program
USAID	G-391-12-005-R	02/17/12	Financial Audit of the Merit and Need Based Scholarship Project Managed by the Higher Education Commission for the Period From July 2, 2004, to June 30, 2010
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
USAID	G-391-12-003-R	01/06/12	Financial Audit of the Aga Khan University Flood Response Program for the Period From 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

Agency	Report Number	Report Date	Report Title
USAID	G-391-12-001-R	10/26/11	Financial Audit of Budgetary Support, USAID/Pakistan Program Assistance Agreement No. 391-AAG-012-IL -02, Managed by the Benazir Income Support Program, for the Period From September 30, 2009, to March 31, 2011
<i>FY 2011 Reports</i>			
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-391-11-004-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
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 January 1, 2006, to September 30, 2009
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-391-11-002-R	4/8/11	Closeout Financial Audit of the Program "Interactive Teaching and Learning Project," USAID/Pakistan Cooperative Agreement No. 391-A-00-06-01075-00, and Financial Audit of Program "Links to Learning Education Support to Pakistan," Subaward under USAID/Pakistan Cooperative Agreement No. 391-A-00-08-01100-00, 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

Agency	Report Number	Report Date	Report Title
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
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 (Close-Out 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
<i>FY 2010 Reports</i>			
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

Agency	Report Number	Report Date	Report Title
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
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

BISP	Benazir Income Support Program
DOC	Department of Commerce
DOD	Department of Defense
DOS	Department of State
ECON	Economic Section (U.S. Embassy Islamabad)
ERMA	Emergency Refugee and Migration Assistance
ESF	Economic Support Fund
FATA	Federally Administered Tribal Areas
FBI	Federal Bureau of Investigation
FY	fiscal year
GAO	Government Accountability Office
GHCS	Global Health and Child Survival
HEC	Higher Education Commission
IED	improvised explosive device
INCLE	International Narcotics and Law Enforcement
LED	light-emitting diode
MRA	Migration and Refugee Assistance
NA	not available
NADR	Nonproliferation, Anti-terrorism, Demining, and Related Programs
NAS	Narcotics Affairs Section (U.S. Embassy Islamabad)
NGO	nongovernmental organization
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)
PPR	Public Procurement Rules
PRM	Population, Refugee, and Migration Section (U.S. Embassy Islamabad)
RSO	Regional Security Office (U.S. Embassy Islamabad)
U.N.	United Nations
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
WHO	World Health Organization