United States Government Accountability Office

GAO

Report to Congressional Addressees

April 2010

COMBATING TERRORISM

Planning and Documentation of U.S. Development Assistance in Pakistan's Federally Administered Tribal Areas Need to Be Improved

GAO-10-289

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Planning and Documentation of U.S. Development Assistance Programs in Pakistan's Federally Administered Tribal Areas Need to Be Improved

GAO Accountability·Integrity·Reliability

Highlights

Highlights of GAO-10-289, a report to congressional addressees

Why GAO Did This Study

Pakistan's Federally Administered Tribal Areas (FATA) has been a recognized safe haven for al Qaeda leadership and a base for the Taliban to launch cross-border attacks into Afghanistan. The United States, in an effort to assist Pakistan in addressing this threat, pledged $750 million between 2007 and 2011 to support development activities in the FATA region.

This report focuses on (1) the extent U.S. development objectives align with U.S. national security goals and Pakistan's objectives, (2) U.S. efforts to track the pledge, (3) U.S. efforts to measure program performance in the FATA, and (4) efforts to monitor assistance in the FATA. GAO reviewed U.S. and Pakistani documents and interviewed U.S. and Pakistani officials in Washington, D.C., and Pakistan. GAO has prepared this report under the Comptroller General's authority to conduct evaluations on his own initiative.

What GAO Recommends

GAO recommends that the USAID Administrator (1) work with the Government of Pakistan to develop joint strategic implementation plans, (2) include all FATA-related programs in its tracking report, and (3) address gaps in its performance management plan. GAO also recommends that the Secretary of State improve the collection of performance documentation and that both improve documentation of monitoring of FATA-related programs and activities. USAID and State concurred with all but one of these recommendations.

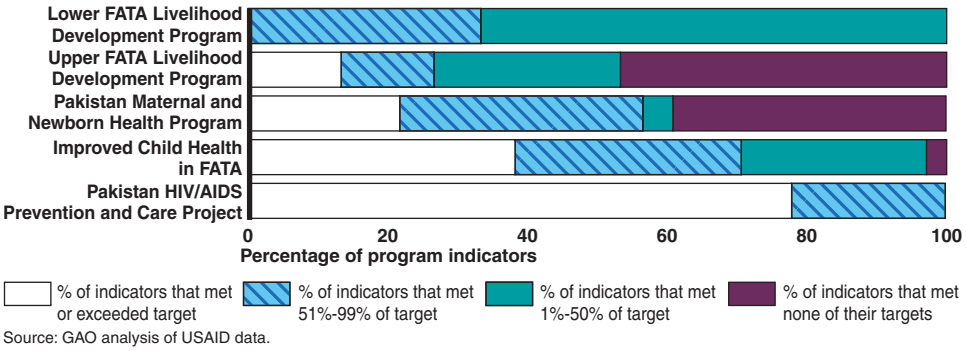
View GAO-10-289 or key components.
For more information, contact Charles Michael Johnson Jr. at (202) 512-7331 or johnsoncm@gao.gov.

What GAO Found

U.S. national security goals call for development assistance to aid the Pakistani government in addressing terrorist threats emanating from the FATA. GAO found that U.S. development objectives in the FATA are generally aligned with U.S. national security goals and Pakistan's FATA development plans. In September 2007, USAID and Pakistan signed an agreement regarding development activities in the FATA including the creation of joint strategic implementation plans for the seven FATA geographic areas. We found, however, that the U.S. and Pakistan have not yet completed such plans.

The U.S. government has implemented two efforts to track its $750 million pledge in accordance with good management practices. State is tallying allocations of U.S. programs in Pakistan's western frontier region (which includes the FATA), and the USAID controller in Islamabad has undertaken an effort to track most, but not all, U.S. development-related obligations and expenditures in the FATA. As of the end of fiscal year 2009, the U.S. government has reportedly allocated over $728 million toward the pledge.

USAID and State collect reports on the performance of their FATA-specific programs. However, key elements, such as identification of evaluation efforts and a timeline for reviewing implementing partner reports required by USAID's regulations are missing in its performance management plan for the FATA. Also, State did not collect all the required project performance documentation. Long-term development programs for which performance could be measured against annual targets generally did not achieve targets.



Source: GAO analysis of USAID data.

Although hampered by security challenges that prevent direct monitoring called for in its guidance, USAID has taken steps to apply a set of indirect monitoring procedures. This includes collecting information from implementing partners and locally employed staff, and the use of a geographic information system. While USAID officials told GAO they use these methods, GAO found that USAID did not always document the use of these monitoring procedures. GAO also found that State has several monitoring procedures, but had not fully documented their use of these procedures.

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Abbreviations

ADS	Automated Directives System
F Bureau	Office of the Director of Foreign Assistance
FATA	Federally Administered Tribal Areas
INL	Bureau for International Narcotics and Law Enforcement Affairs
OTI	Office of Transition Initiatives
State	Department of State
USAID	U.S. Agency for International Development

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GAO
Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

April 15, 2010

Pakistan is a key U.S. ally in the fight against terrorism and violent extremism. Taliban, al Qaeda, and other terrorists have exploited Pakistan's Federally Administered Tribal Areas' (FATA) loosely governed and impoverished environment to plan and launch attacks on Afghan, U.S., and NATO security forces in Afghanistan, as well as on Pakistani citizens and security forces in Pakistan. We previously reported in 2008 and 2009 that the United States had not met its national security goals to destroy terrorist threats and close the safe haven in Pakistan's FATA.[1] We also reported that the United States lacked a comprehensive plan to meet these goals that included all elements of national power—diplomatic, military, intelligence, economic, law enforcement support, and development assistance.

Since that time, the United States has increased its focus on the use of nonmilitary efforts in Pakistan. In addition to the U.S. pledge to provide $750 million between 2007 and 2011 toward sustainable development efforts in Pakistan, the U.S. passed the Enhanced Partnership with Pakistan Act of 2009 (Pub. L. 111-73) in October 2009, with the goal of providing $7.5 billion in new nonmilitary assistance to Pakistan over the next 5 years (2010 to 2014). As the United States considers how it will go forward with efforts to assist Pakistan in securing, stabilizing, and developing the FATA and western frontier region, it is vital that continued oversight and accountability over funds used for these efforts are in place.

This report examines the status of efforts to fulfill the U.S. $750 million pledge for development assistance in the FATA. Specifically, it examines (1) the extent to which U.S. development objectives align with U.S. national security goals and Pakistan's objectives, (2) U.S. efforts to track the fulfillment of the U.S. development assistance pledge, (3) efforts to measure and report the performance of development programs, and (4) efforts to monitor development assistance in the FATA. GAO has been mandated under P.L. 111-73 to complete a review of the Pakistan Assistance Strategy Report submitted to the Congress by the Secretary of State, and to complete an independent analysis of the President of the United States' certification that 1) the Government of Pakistan is continuing to cooperate with the United States in efforts to dismantle

[1]See Related GAO Products in this report.

supplier networks relating to the acquisition of nuclear weapons-related materials and 2) the Government of Pakistan, during the preceding fiscal year, has demonstrated a sustained commitment to and is making significant efforts toward combating terrorist groups. We plan to report separately on these two issues over the next year. In the interim, we believe this report provides useful insight on the U.S. ability to plan for, implement, monitor, and evaluate additional development assistance efforts.

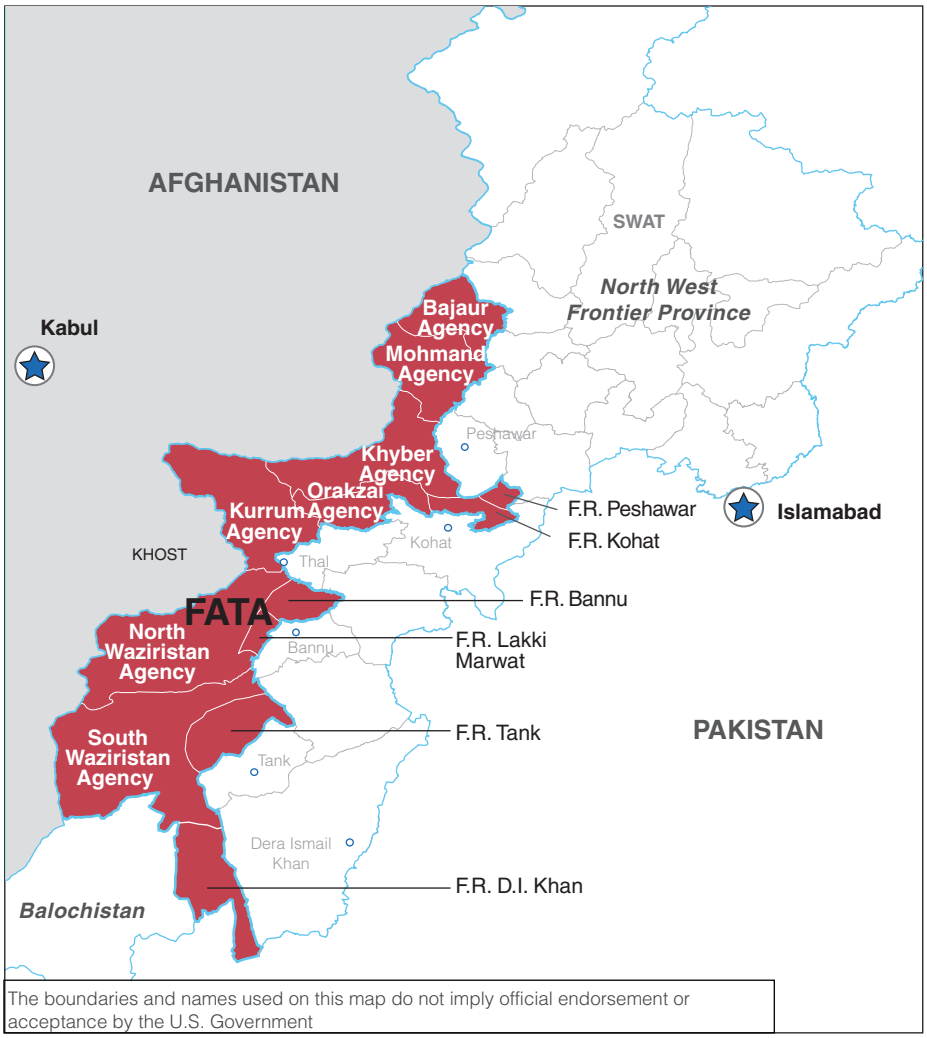
To address our objectives, we reviewed strategic, planning, and program-related documentation from the Department of State (State) and the U.S. Agency for International Development (USAID), and discussed these issues with relevant department officials in Washington, D.C. In addition, we conducted field work in Pakistan, where we met with officials from the U.S. embassy, Pakistan's FATA Secretariat, implementing partners working in the FATA, and others. We determined the amount of U.S. funding to FATA by analyzing State and USAID budget documents covering the period from fiscal years 2007 through 2009 and by verifying the amounts used for the FATA and the western frontier region through discussions with agency officials. We analyzed the U.S. efforts to measure and report results of development assistance programs and monitor and verify activities by reviewing USAID and implementing partner planning documents, assistance instruments, and reports.

We conducted this performance audit from February 2009 through April 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives. A detailed discussion of our scope and methodology appears in appendix I.

Background

Located in northwestern Pakistan, the FATA is situated along the Afghanistan-Pakistan border. The mountainous, rugged terrain of the FATA covers approximately 10,500 square miles, roughly the same size as the state of Maryland. As figure 1 shows, the FATA is comprised of seven political agencies—Bajaur, Khyber, Kurrum, Mohmand, Orakzai, North Waziristan, and South Waziristan—along with six frontier regions—Bannu, Dera Ismail Khan, Kohat, Lakki Marwat, Peshawar, and Tank.

Figure 1: Map of Pakistan's FATA



Sources: GAO, USAID, and Map Resources (map).

The culture and socioeconomic status of most FATA inhabitants is distinct from the Pakistani majority. Pakistan's population is estimated at about 176 million, and while current FATA data are unavailable, FATA residents comprised 2 percent of the Pakistani population in the 1998 census. The FATA is the poorest and least developed region of Pakistan, with about 60 percent of households living beneath the poverty line and an annual per capita income of roughly $250—half the national average. The overall literacy rate in FATA is 17 percent, while the national average is 44 percent. Furthermore, there are few opportunities for employment. Most

families take part in pastoral or subsistence agricultural activities. Besides limiting educational and economic options, the FATA's forbidding terrain isolates tribal communities from markets, health services, and outside influences.

Militant activity and internal conflict have compounded political and economic challenges, contributing to an unstable security situation in the FATA. With porous borders, difficult terrain, and weak rule of law, the FATA is recognized as a safe haven for international terrorists and militants. Al Qaeda, militant factions of the Taliban, and related extremist groups operate throughout the FATA, parts of the North West Frontier Province, and Balochistan. Internal displacement of households has become an increasingly pressing issue as Pakistani forces mount attacks on terrorist groups and tribal militia clash with extremist militants. As of February 2010, USAID reported that according to government of Pakistan figures, there were over 400,000 displaced households within Pakistan.

The FATA is a semi-autonomous region with a code of laws and administrative structure that distinguish it from other Pakistani territories and provinces. The British governed the FATA using the Frontier Crimes Regulations, which was codified in 1901. It established administrative and judicial systems that allowed tribes control over internal affairs. This arrangement continued after the formation of Pakistan, and the FATA is governed distinctly from the rest of Pakistan. The FATA is administered by the governor of the North West Frontier Province as an agent of the president, and political agents serve as intermediaries between the local people of each FATA agency and the government of Pakistan.

The FATA Secretariat, which was originally formed by the government of Pakistan in 2002, helps administer Pakistani government programs and provide services to citizens of the FATA. The FATA Secretariat is divided into 11 line departments, including health, education, and agriculture, which work with the political agents to implement development and public works projects in the FATA. The FATA Development Authority, which focuses on the creation of public-private partnerships to bolster economic and social development, was created as a result of a Pakistani task force convened by the President of Pakistan after 9/11. The task force recommended a creative, community-based approach to fighting poverty in the FATA.

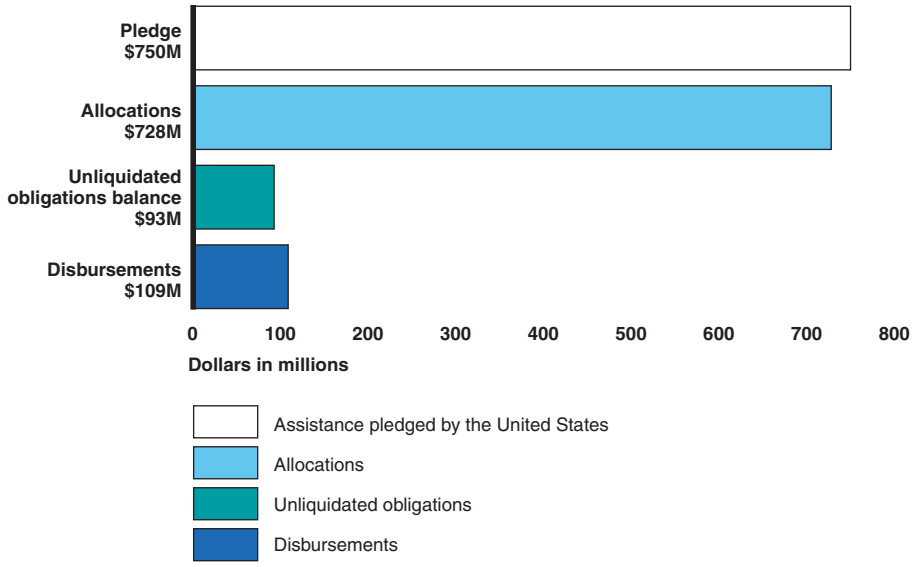
In an effort to address the basic needs of the people in the FATA, the government of Pakistan issued the FATA Sustainable Development Plan in 2006. This 9-year, $2 billion plan states that people in the FATA, in the absence of sustainable development, were vulnerable to the influence of extremist factions inhabiting parts of the region. Implementation of the plan is being coordinated by the government of Pakistan's FATA Secretariat with assistance from their FATA Development Authority, USAID, and other international partners. The plan lays out broad goals in 17 different sectors, including education, health, water supply and sanitation, and roads.

Former Pakistani President Pervez Musharraf publicly supported increasing development efforts in the FATA and, in 2006, met with President George W. Bush to discuss these efforts. Afterwards, the U.S. government began to plan to increase U.S. aid for development activities in the FATA in an effort to combat terrorist influences. In 2007, the U.S. government publicized a $750 million pledge in support of the FATA Sustainable Development Plan over the 5-year period from 2007 to 2011. To fulfill this pledge, the U.S. government created the FATA Development Program, which aims to "support the Government of Pakistan's development efforts to integrate FATA into the mainstream of Pakistan."

In support of this pledge, State reports that the U.S. government has allocated $728 million in nonmilitary assistance in Pakistan's western frontier region, including the FATA.[2] Based on our analysis of data provided by State and USAID, the U.S. has an unliquidated obligation balance of $93 million as of the end of fiscal year 2009 and has disbursed $109 million. (See fig. 2.)

[2]Of the $728 million in allocations, $306 million of these allocations was not available to USAID until September 2009 and was not available to State until November 2009.

Figure 2: U.S. Funds Allocated, Obligated, and Disbursed in Pakistan's Western Frontier Region (Fiscal Years 2007-2009)



Source: GAO analysis of State and USAID data. Allocations data from State. Unliquidated obligation balance and disbursements data from USAID.

USAID and State manage the U.S. program of assistance for FATA. USAID sponsors work to, among other things, improve health, education, and livelihoods in the FATA.[3] State's Bureau for International Narcotics and Law Enforcement Affairs (INL) sponsors work to build roads and bridges, and develop small water resources in support of border security, law enforcement, and counternarcotics objectives. State's Office of the Director of Foreign Assistance (F Bureau) tracks the funds toward the pledge. (See table 1 for a description of U.S. departments, agencies, bureaus, and offices involved in FATA-related assistance.)

[3]For more information on USAID programs in the FATA, see appendix II.

Table 1: Development Assistance-Related Role of USAID and State in Pakistan's FATA and Western Frontier Region

U.S. agencies	Description of roles and responsibilities
USAID	USAID is the principal U.S. agency responsible for extending development assistance. USAID works around the world to further America's foreign policy interests in expanding democracy and free markets while improving the lives of the citizens of the developing world by supporting economic growth, agriculture and trade; global health; and democracy, conflict prevention and humanitarian assistance. In Pakistan's FATA, USAID is focused on strengthening government institutions to improve service delivery; expanding economic opportunities, creating jobs, and increasing productivity; improving maternal and child health; improving teaching standards, upgrading teacher training institutions, and providing essential equipment and supplies to raise overall quality of education; and addressing the needs of displaced people affected by conflict and military operations, as well as rapidly responding to natural disasters. In this report we refer to these USAID programs as long-term programs. The Office of Transition Initiatives (OTI) is part of USAID's Bureau for Democracy, Conflict, and Humanitarian Assistance and aims to pave the way for sustainable development projects in crisis areas. OTI oversees the "quick-impact" part of the FATA Development Program. Throughout this report, OTI's development work in FATA is referred to as quick-impact activities or projects.
State Department	Overall responsibility for U.S. international narcotics control efforts rests with the Secretary of State. The department's responsibilities, carried out by its Bureau for International Narcotics and Law Enforcement Affairs (INL), include policy development and program management, diplomatic initiatives, assistance for crop control, interdiction, and related enforcement activities. The bureau is represented in Islamabad by the Narcotics Affairs Section of the U.S. Embassy under the direction of the U.S. Ambassador. INL oversees the Border Security Program, Law Enforcement program, and Counternarcotics program, which operate across the western frontier region. The Border Security Program includes FATA Development Program activities such as building a Levy training center and constructing roads and infrastructure. The Office of the Director of U.S. Foreign Assistance (F Bureau) is tasked with ensuring the strategic and effective use of foreign assistance resources.

Source: GAO analysis of State and USAID documents.

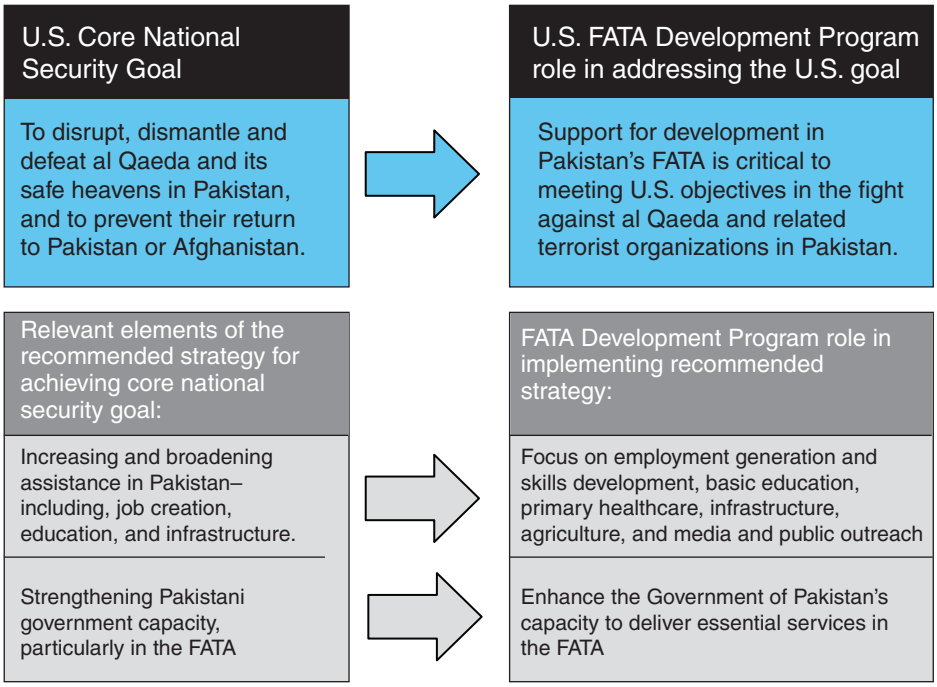
U.S. Development Efforts in the FATA Are Generally Aligned with U.S. National Security and Pakistan's Development Goals, but Joint U.S.-Pakistan Implementation Plans Are Lacking

The U.S. development objectives in the FATA are generally in alignment with U.S. national security goals and the government of Pakistan's development objectives. The U.S. development objectives in the FATA support the U.S. core goal to disrupt, dismantle, and defeat al Qaeda and its safe havens in Pakistan. U.S. development objectives are also in line with the government of Pakistan's development objectives, as described in Pakistan's FATA Sustainable Development Plan, which aims to address the basic needs of the people in the FATA. However the governments of the U.S. and Pakistan have not developed joint strategic implementation plans for each of the seven FATA agencies—geographic locations in the FATA—as called for in the Program Assistance Agreement with Pakistan. (See fig. 1 in the Background section for the location of the seven FATA agencies.)

U.S. Development Objectives in the FATA Are Generally Aligned with U.S. National Security Goals

The core national security goal, as established by the Obama administration in March 2009, is to "disrupt, dismantle, and defeat al Qaeda, its allies and its safe havens in Pakistan, and to prevent their return to Pakistan or Afghanistan." To achieve this goal, the U.S. strategy recommended (1) increasing and broadening assistance in Pakistan—including job creation, education, and infrastructure—and (2) strengthening the government of Pakistan's capacity, particularly in the FATA. The U.S. FATA Development Program, which is the primary mechanism for implementing the U.S. pledge, directly addresses both of these recommendations. One of the ways the program addresses the first recommendation is through vocational or on-the-job training. One of the ways the program addresses the second recommendation is through improving the core functions—such as financial management—of the government of Pakistan's organizations. (See fig. 3.).

Figure 3: Alignment of U.S. National Security Goal with FATA Development Program



Source: GAO analysis of White House, State, and USAID documents.

In addition to the FATA Development Program, various other State and USAID programs are aligned with the core national security goal to disrupt, dismantle, and defeat al Qaeda in Pakistan.[4]

U.S. Development Objectives in the FATA Are Generally Aligned with Pakistan's Development Objectives

The U.S. FATA Development Program was designed to target three development objectives for assistance in the FATA. The United States seeks to

1. improve economic and social conditions in the FATA,
2. extend the legitimacy of the government of Pakistan in the FATA, and
3. support permanent, sustainable change in the FATA.

[4]Such programs include State's Border Security Program, State's Anti-Terrorism Assistance, and USAID's nationwide programs that operate in the FATA.

As figure 4 shows, the U.S. FATA Development Program is generally aligned with Pakistan's FATA Sustainable Development Plan, which has five primary objectives. These are

1. address basic social needs underlying causes of prevailing disparity within the FATA,

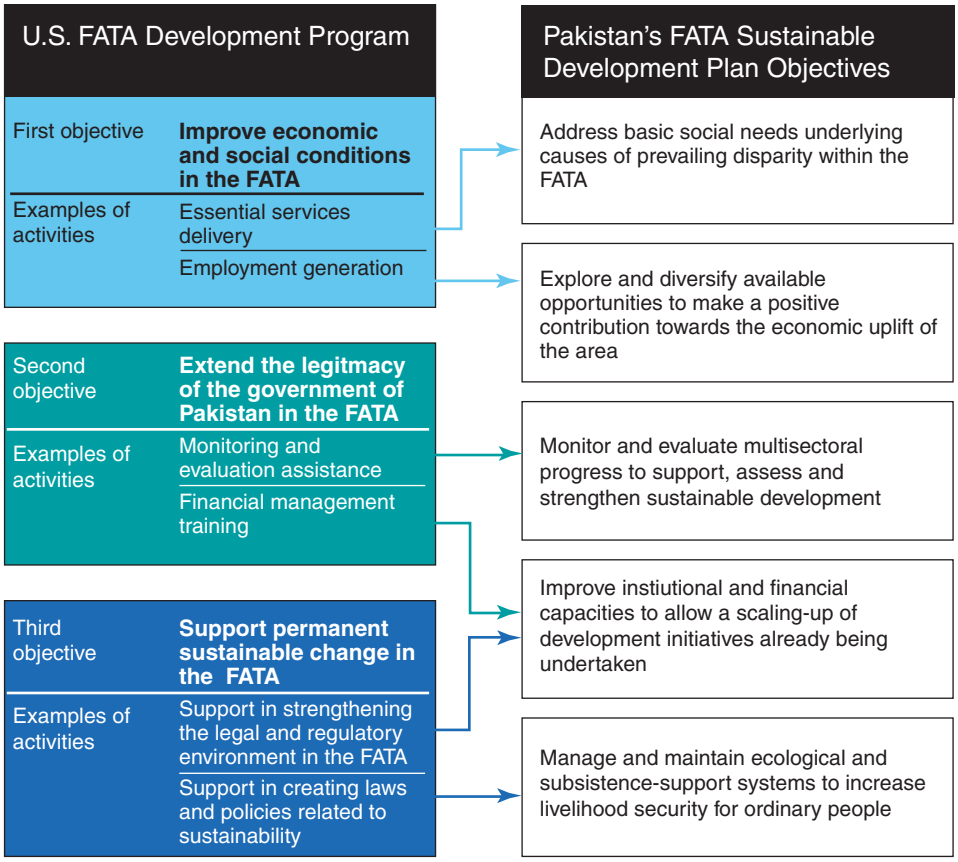
2. explore and diversify available opportunities to make a positive contribution toward the economic uplift of the area,

3. monitor and evaluate multisectoral progress to support, assess and strengthen sustainable development,

4. improve institutional and financial capacities to allow a scaling-up of development initiatives already being undertaken, and

5. manage and maintain ecological and subsistence-support systems to increase livelihood security for ordinary people.

Figure 4: Alignment of U.S. FATA Development Program Objectives with Pakistan's FATA Sustainable Development Plan Objectives



Source: GAO analysis of USAID and government of Pakistan documents.

Improving Economic and Social Conditions in the FATA

The first U.S. objective—to improve economic and social conditions in the FATA—is aligned with the government of Pakistan's objectives regarding social needs and economic opportunities. One way the United States is addressing this objective is through assisting in the delivery of essential services, such as primary education and basic health care. The United States also plans to focus on employment generation and skill development, which addresses the government of Pakistan's objective to explore and diversify available economic opportunities.

Extending the Legitimacy of the Government of Pakistan

The second U.S. objective—to extend the legitimacy of the government of Pakistan—is aligned with Pakistan's objectives to build capacity and assess and strengthen the development efforts. The U.S. plan calls for providing training to officials in the FATA Secretariat in core operational

functions, including financial management, which addresses the government of Pakistan's objective to improve institutional and financial capacities. It also calls for assisting the FATA Secretariat to develop the ability to conduct monitoring and evaluation, which addresses the government of Pakistan's objective to monitor and evaluate multisectoral progress.

Supporting Permanent, Sustainable Change

The third U.S. objective—to support permanent, sustainable change—is aligned with the government of Pakistan's objectives to build capacity and maintain ecological and subsistence-support systems. The United States is seeking to support the government of Pakistan in establishing an appropriate legal and regulatory environment for commercial law and taxation, which supports Pakistan's objective to improve institutional and financial capacities. The United States also planned to support the government of Pakistan in creating laws and policies that ensure the sustainability of vital forest, water, and mineral resources; this aligns with Pakistan's objective to manage and maintain ecological and subsistence-support systems.

Efforts Have Been Undertaken to Coordinate Development Assistance

To help keep U.S. efforts in line with Pakistan's objectives, USAID and State officials routinely engage with various entities of the government of Pakistan. USAID and State officials work with FATA political agents during the planning, implementation, and evaluation stages of their projects. For example, State officials attend review meetings with government of Pakistan officials to approve potential projects and to review the progress of ongoing projects. The political agents work with U.S. officials to identify potential projects. USAID officials told us they work side by side with the government of Pakistan both to build trust between the two countries and to assist in building the capacity of the government of Pakistan in the FATA. For example, USAID consults with the political agent and other government of Pakistan officials to identify guiding principles and priorities for each quarter. USAID also noted that annual work plans are developed for some of its programs in consultation with the FATA Secretariat.

USAID and the Government of Pakistan Have Not Developed Joint Strategic Implementation Plans for Each FATA Agency As Called for in Their Agreement

In September 2007, USAID and the government of Pakistan signed an agreement regarding development activities in the FATA that included a requirement to develop joint strategic implementation plans for each of the seven FATA agencies. Despite efforts that have been undertaken to coordinate the alignment of U.S. and Pakistani objectives, joint strategic implementation plans have not been developed. The joint implementation plans were to be developed by the FATA Secretariat, in collaboration with USAID, for the purpose of putting the government of Pakistan's development plan into action in each FATA agency.

According to the agreement, the FATA Secretariat and USAID were to use the FATA Sustainable Development Plan as a foundation to create individual implementation plans that would guide development projects in each FATA agency. For example, the implementation plans were to prioritize geographic locations and villages that should be particularly targeted. The implementation plans were also intended to lay out responsibilities such as stipulating funds control and monitoring responsibilities. In addition, the implementation plans were to be designed to assist with tracking performance by laying out objectives, results, and indicators. According to the agreement, these plans were to include input from the political agent responsible for the particular FATA agency (e.g., Bajaur), as well as local officials, religious leaders, and community leaders from the location. Additionally, these plans would provide an opportunity for the government of Pakistan to update and reaffirm their objectives in each FATA agency over time. The implementation plans were designed to be reviewed every 6 months to determine progress on annual work plans. A senior USAID official in Pakistan involved in these efforts said that as of February 2010, the plans do not exist and did not provide a reason for the delay. In commenting on this report, USAID noted that developing FATA level strategies was no longer a relevant and worthwhile activity.

The United States Has Two Efforts Under Way to Track the Pledge

In accordance with good management practices, the U.S. government has implemented two efforts to track the $750 million pledge. State's Office of the Director of U.S. Foreign Assistance (F Bureau), which is tasked with ensuring the strategic and effective use of foreign assistance resources, assumed responsibility for tracking allocations of U.S. funds toward the U.S. pledge in Pakistan's western frontier region, which includes the FATA. In addition, the USAID controller in Islamabad has undertaken an effort to track the funding of FATA-specific development programs intended to address the pledge. During the course of our review, USAID and State undertook steps based on our review to include missing data from State's INL Bureau. However, gaps in the data remain that prevent a

more complete picture of U.S. funding of development efforts in the FATA and fulfillment of its pledge.

State's F Bureau Tracks Allocation of U.S. Funds Toward the $750 Million Pledge

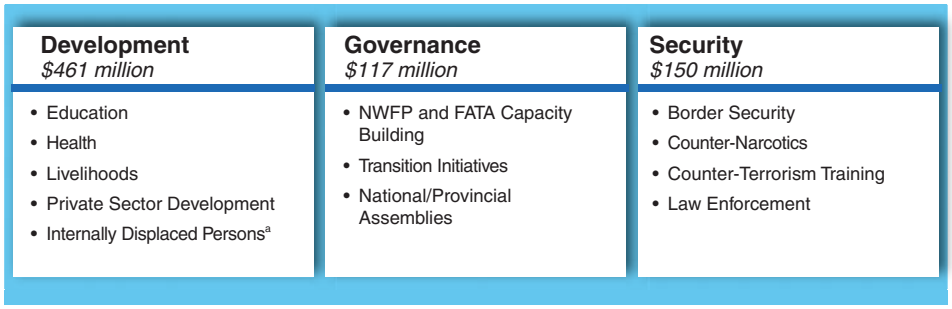
State's F Bureau identifies allotments that are counted toward the $750 million pledge by collecting data from U.S. government agencies on their programs and activities in Pakistan's western frontier region. As previously discussed, providing assistance to this region is a primary goal of the United States, so it is appropriate for State and USAID to track resources allocated to achieve this goal. While the original announcement of the pledge only mentioned development assistance to the FATA, the pledge has been expanded to cover the entire western frontier region and to include other assistance, such as law enforcement. As such, the F Bureau counts all nonmilitary allocations in Pakistan's western frontier region toward the pledge. Using these criteria, the F Bureau identified $728 million in allocations from fiscal years 2007 through 2009 toward meeting the $750 million pledge.

The F Bureau categorizes the assistance it counts toward the pledge into three general areas: development assistance, governance assistance, and security assistance. Under development assistance, the F Bureau identified $461 million in allocations as of December 2009 toward the pledge, which includes activities such as education, health, and livelihoods. INL noted that USAID transfers to INL for road assistance are also included in the development category. Under governance assistance, the F Bureau identified $117 million in allocations as of December 2009 toward the pledge, which includes activities such as USAID's FATA Capacity Building Project, FATA Transition Initiative, and support of national assemblies in Balochistan. Under security assistance, the F Bureau identified $150 million in allocations as of December 2009 toward the pledge, which includes activities such as the construction of a Levy training center, support to the government of Pakistan's aviation wing in Balochistan, and law enforcement and antiterrorism training for civilian police and security forces in the North West Frontier Province and Balochistan.[5] INL noted

[5]In addition to the Pakistan Army, the government of Pakistan has several security forces that operate in the western frontier region, including the Frontier Constabulary, the Frontier Corps, and Levies. The Frontier Constabulary is a federal force charged with guarding the border between the FATA and the rest of Pakistan. The Frontier Corps is a paramilitary force which acts as border police between the FATA and Afghanistan. Levies serve as an auxiliary security force, providing law enforcement services in the FATA. These forces largely draw recruits from tribal clans within the FATA.

that other INL infrastructure assistance under the Border Security Program and counternarcotics also fall under the security category. (See fig. 5.)

Figure 5: Activities That the F Bureau Identified As Part of the Pledge



Source: GAO analysis of State and USAID data.

[a]The F Bureau counts allocations from the Economic Support Fund for assisting internally displaced persons toward the pledge. Allocations from the Migration and Refugee Assistance Fund or the International Disaster Assistance Fund are excluded.

The USAID Controller in Islamabad Has Undertaken an Effort to Track Development Assistance in the FATA, However, Gaps Remain That Prevent a More Complete Picture

In accordance with good management and financial practices, the USAID controller in Islamabad has undertaken an effort to track the funding of FATA-specific development programs. As discussed earlier, the FATA Development Program is the primary mechanism for implementing the pledge. It consists of 10 programs run by USAID and 3 accounts managed by State's INL.[6] At the time of our review, the USAID controller in Islamabad had sought to generate quarterly pipeline reports on the FATA Development Program. USAID's FATA pipeline report tracks agreement amounts (the full value of the agreement over the full term subject to the availability of funds), obligations, and expenditure data for USAID activities, as well as allocations, obligations, and liquidations for INL activities.

According to the USAID FATA pipeline report, USAID has obligated $161 million in FATA Development Program projects and has expended $104 million of those funds. During the course of our review, we observed that the USAID controller in Islamabad was experiencing difficulties obtaining INL's input for inclusion in the FATA pipeline report and suggested that USAID and INL work together to provide a more complete report. Action

[6]For a description of the FATA Development Program and its activities, see appendix II.

was taken subsequent to our exit meetings with State and USAID officials in Washington, D.C., to incorporate State data into the FATA pipeline report. Between fiscal years 2007 through 2009 INL obligated $6 million toward projects in the FATA Development Program and has expended $145 thousand of those funds.[7]

Despite this enhancement, the FATA pipeline report still does not capture all U.S. activities in the FATA, nor does it report all activities that the F Bureau counts toward the presidential pledge and thus remains an incomplete reporting tool for development assistance in the FATA. For example, in addition to the FATA Development Program, USAID oversees a number of bilateral assistance programs that operate across Pakistan that also include some activities in the FATA. Although included in the F Bureau tracking of the U.S. pledge, they are not tracked on the USAID FATA pipeline report. USAID officials said that although it accounts for the nationwide program funds on other financial reports, it had not been routinely tracking the portion of funds obligated or expended that were specifically attributed to activities in the FATA. USAID estimated it had obligated about $2 million and expended about $1.4 million of these nationwide program funds for activities in the FATA during fiscal years 2007 through 2009.

U.S. Efforts to Measure and Report the Performance of Development Programs in the FATA Are Lacking

USAID and State collect reports on the performance of their FATA-specific programs, as required by federal regulations and agreements with implementing partners. USAID, however, has not produced a complete performance management plan for its development activities in the FATA, as specified in internal regulations. USAID generally collects required performance planning and reporting documents from implementing partners. INL did not collect all of the required documentation of how it tracks project performance. Development programs for which performance could be measured against annual targets generally did not achieve those targets. One of the factors that may have affected the programs is the dangerous security environment in the FATA.

[7]While State noted they have signed letters of agreement to spend $32 million, they have obligated (in the form of contracts) about $6 million as of the end of fiscal year 2009.

USAID Has Not Produced a Complete Performance Management Plan for Its Development Activities in the FATA

USAID's Automated Directives System (ADS)[8] requires USAID officials to produce complete performance management plans for each U.S. assistance objective, but USAID has not produced a complete plan that includes all key elements for its development assistance efforts in the FATA, as shown in table 2. The plan should be comprised of 10 elements, including a full set of performance indicators with baseline and target values, that facilitate the management and reporting of program performance. These performance indicators are reported to the F Bureau for inclusion in Pakistan's Mission Performance Plan and Report, which is discussed later. We found that USAID was in compliance with 1 of the criteria, not in compliance with 4 criteria, and we were unable to determine compliance with 5 criteria. Specifically, as table 2 shows, while USAID identified a set of performance indicators, USAID did not provide a baseline and target, as required, for each indicator. Neither did the USAID performance management plan describe the known data limitations for all of the 41 performance indicators as also required by the ADS. Additionally, USAID's performance management plan does not identify possible evaluation efforts and does not include a timeline for duties such as assessing the quality of data obtained and reviewing implementing partners' reports.[9] Appropriate baseline information and plans for periodically reviewing program performance allow managers to make timely assessments and adjust programs to improve performance.

[8]The ADS is USAID's directives management program. It includes agency policy directives, required procedures, and optional material. The requirement for performance management plans is detailed in ADS Chapter 201: Planning and ADS Chapter 203: Assessing and Learning.

[9]The ADS calls for a "calendar of performance management tasks," which sets a timeline for duties such as assessing the quality of data obtained and reviewing implementing partners' reports.

Table 2: Extent USAID's Performance Management Plan Includes Required Elements

	Required Elements for a Performance Management Plan	USAID's Compliance
Criteria for which USAID is in compliance		
1	State the full set of performance indicators that the USAID will use to assess progress	USAID identified a total of 41 indicators for their performance management plan
Criteria for which USAID is not in compliance		
2	Provide baseline values and targeted values for each performance indicator included in the performance management plan	Targets and baselines have been established for only 28 indicators
3	Describe known data limitations of each performance indicator	Data limitations have been described for only 18 indicators
4	Identify possible evaluation efforts	No evaluation efforts were identified in the performance management plan
5	Include a calendar of performance management tasks	A calendar of performance management tasks was not included in the performance management plan
Criteria for which USAID's compliance could not be determined[a]		
6	Disaggregate performance indicators by gender wherever possible	USAID disaggregated 17 indicators by gender
7	Specify the source of the data and the method for data collection that will be used to verify and validate the measured values of actual performance	Source and method for data collection were specified for 15 indicators
8	Specify the schedule for data collection	A schedule for data collection was specified for 21 indicators
9	Estimate the costs of collecting, analyzing, and reporting performance data, and plan how these will be financed	Costs were estimated for one indicator as "travel and per diem costs" and for 23 indicators as "minimal"
10	Describe the data quality assessment procedures	Data quality assessment procedures were described for 27 indicators

Source: GAO analysis of USAID documents and ADS Chapter 203.3.3 Performance Management Plans.

[a]For our review we examined the information provided for the 41 stated indicators. Gathering the underlying information necessary to determine compliance for these criteria was beyond the scope of our review.

USAID Collects Required Planning and Reporting Documents from Implementing Partners

USAID implementing partners are generally complying with federal and contractual planning and reporting requirements. In addition to the ADS requirement that USAID produce a complete performance management plan for its development activities in the FATA, the code of federal regulations[10] requires USAID to collect performance reports from implementers at least once per year. However, the specific requirements for each program vary according to the terms established in their grants, cooperative agreements or contracts. Figure 6 shows that of the ten FATA-specific USAID programs, the nine long-term programs had implementer-developed and USAID-approved performance management plans. The program managed by USAID's OTI, which is focused on the delivery of quick-impact activities, produced substitute documentation. Based on our analysis of USAID data, implementing partners began tracking performance within 5 months of program start dates and all have regularly produced quarterly or monthly performance reports.

[10]This regulation is detailed in the code of federal regulations, title 22 Foreign Relations, Chapter II Agency for International Development, Part 226, Administration of Assistance Awards to U.S. Non-Governmental Organizations.

Figure 6: USAID Implementing Partners' Performance Planning and Reporting for FATA Development Programs

Program names	Implementer's Performance Management Plan	Interval Between Program Start Date and First Performance Report[a]	Consistent Periodic Performance Reports
USAID Programs			
Long-Term Programs			
Lower FATA Livelihood Development Program	●	5 months	●
Upper FATA Livelihood Development Program	●	5 months	●
Links to Learning: Education Support Pakistan	●	2 months	●
FATA Capacity Building Development Program	●	3 months	●
Pakistan Maternal and Newborn Health Program	●	4 months	●
Improved Child Health in FATA	●	3 months	●
Polio Eradication Initiative in FATA	●	4 months	●
Pakistan HIV/AIDS Prevention and Care Project	●	3 months	●
Pakistan Safe Drinking Water and Hygiene Promotion Project	●	3 months	●
Quick-Impact Program			
OTI's FATA Transition Initiative[b]	●[c]	5 months	●

● Documentation provided to USAID

Source: GAO analysis of USAID documentation.

[a]This interval refers to the number of months that passed between the date the agreement between USAID and the implementing partner was signed and the end of the first reporting period.

[b]Although the FATA Transition Initiative is implemented by two separate partners, we were informed by USAID that the program is treated as one for management purposes.

[c]Rather than produce a program-wide performance management plan, USAID's OTI programs formulate quarterly strategic plans for each FATA agency and plans with performance indicators are devised for each activity.

State's Documentation of Program Performance Was Incomplete

State's INL agreements with the government of Pakistan transfer the responsibility for project implementation to various Pakistani entities and require periodic reviews of performance. However, as figure 7 shows, INL did not have complete documentation of periodic reviews. The various agreements with the government of Pakistan outline different ways for INL to track performance. For example, the agreement to build the Border Security Roads calls for monthly review meetings while the agreement to construct the Border Security Bridges calls for monthly performance reports.[11] We reviewed our sample of INL activities to determine the completeness of their planning and reporting documentation.[12] INL had records of eight monthly review meetings over a 2-year period between U.S. and Pakistani officials for its Border Security Roads project and one monthly performance report for the Border Security Bridge project. The Levy Outposts and Frontier Corps Outposts agreements called for monthly review meetings, while the Frontier Constabulary Outposts agreement called for monthly periodic reports. INL did not have any documentation on performance for these projects. The Levy Training Center agreement and the Counter-narcotics Roads and Small Schemes agreement did not require periodic performance reports or review meetings. However, INL had minutes from several review meetings and one monthly performance report for counternarcotics activities.

[11]Documentation provided by INL refers to these reports as "progress reports," but for consistency we use the term "performance report" throughout our report.

[12]For a discussion of our sampling methodology, see appendix I, Objectives, Scope, and Methodology.

Figure 7: INL's Performance Planning and Reporting Documentation

Projects	Agreement with Government of Pakistan	Contract Approvals	Project Review Meeting	Periodic Progress Report
Border Security Roads	●	○	◑	◑
Border Security Small Schemes	●	○	◑	—
Border Security Bridges	●	○	—	◑
Counter-narcotics Roads	●	●	◑	—
Counter-narcotics Small Schemes	●	○	◑	◑
Frontier Constabulary Outposts	●	◑	—	○
Frontier Corps Outposts	●	●[a]	○	—
Levy Outposts	●	○	○	—
Levy Training Center	●	●	—	—

● State had all required documentation

◑ State had some but not all of the required documentation[b]

○ State had none of the required documentation

— Documentation not required

Source: GAO analysis of INL documentation.

[a]State only provided us with a portion of the contract.

[b]The designated projects were required to produce quarterly or monthly progress reports or documentation of review meetings. Those that had one or more of the required documents for the period of review, but did not have documentation for every month or quarter were determined to have "some" documentation.

State's F Bureau Reports on Performance of Foreign Assistance Programs in Pakistan

Based on information provided by USAID and State's INL, the F Bureau produces the Pakistan Mission Performance Plan and Report to report on achievements of U.S. foreign assistance programs and provide information on accomplishments and challenges of U.S. government entities operating in Pakistan. State's INL and USAID contribute both narrative and quantitative performance information to these reports. These reports compile and report on indicators at a nationwide level, and while they include some reference to the FATA, they are not intended to include a complete overview of the U.S. programs' performance against targets

specifically in the FATA.[13] The 2007 and 2008 performance plans provided summary narrative of U.S. activities, including the construction of outposts, roads, and schools; the provision of clean drinking water and microfinance loans; and training for health workers.

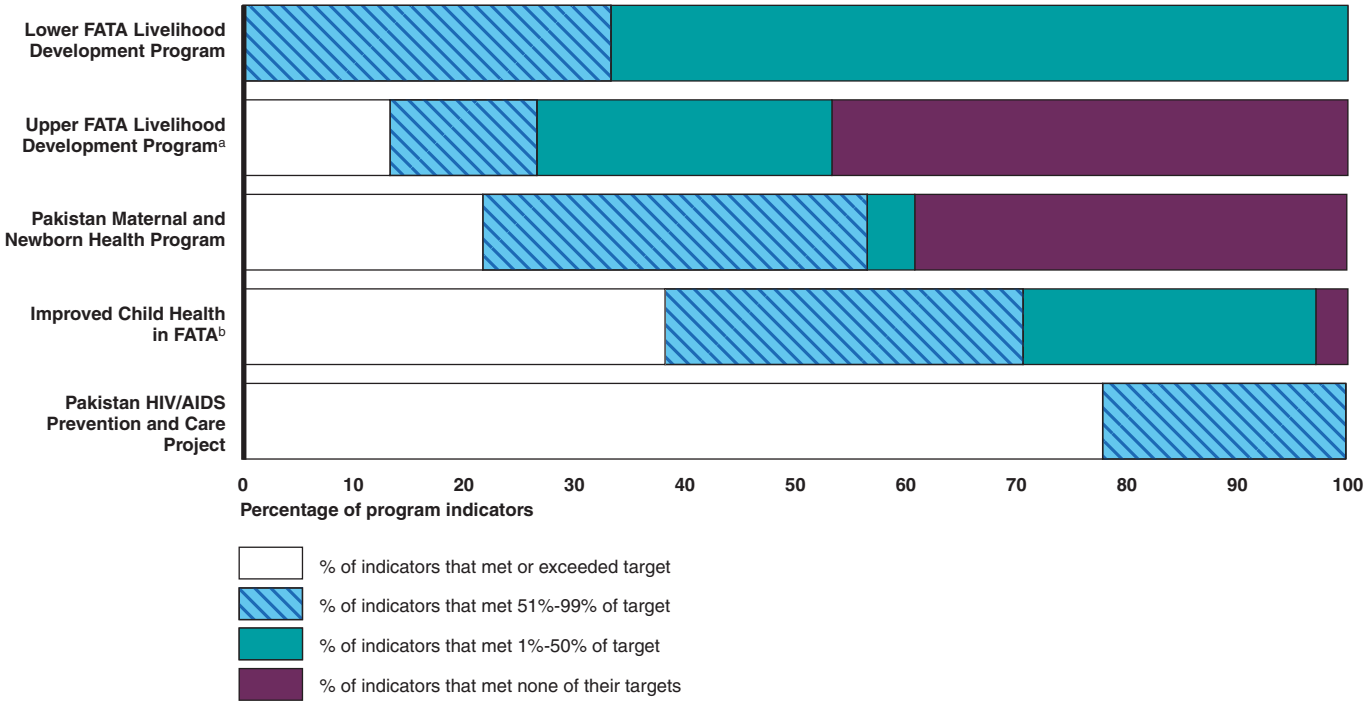
Several of the Programs with Data on Performance Indicators Did Not Achieve Their Targets

Performance of USAID's Programs in the FATA: Performance could not be measured against targets for all ten USAID assistance programs in the FATA because they did not all include sufficient data on performance indicators in their most recent annual reporting instruments. Specifically, two of the nine long-term USAID programs primarily set long-term targets that coincide with the end of the programs, making assessments of current performance against targets difficult. Two other long-term USAID programs did not provide any data on performance indicators in their most recent annual reporting instrument.[14] As such, success in meeting annual performance targets could only be determined for five of nine long-term USAID programs and USAID's OTI-led quick-impact program that reported performance primarily against annual targets. As figure 8 shows, the HIV/AIDS Prevention and Care project reported that over three quarters of its performance indicators with annual targets met or exceeded their targets. The performance of the four remaining long-term programs suggests they encountered more difficulties in meeting their targets, with less than one third of the performance indicators for three of these programs meeting or exceeding their targets.

[13]The 2007 Performance Plan and Report is narrative. In the 2008 Performance Plan and Report, two health indicators are specifically for the FATA region. Other indicators are nationwide or include other areas of the country.

[14]The Pakistan Safe Drinking Water and Hygiene Program and the Capacity Building Program, both in their first year of operation, did not report on performance indicators. Both programs started tracking progress against indicators in their second year of operation, but have not completed their second year of operation.

Figure 8: Percentages of Performance Indicators Meeting Targets: Five Long-Term Programs



Source: GAO analysis of USAID data.

Note: For a discussion of our sampling methodology, see Appendix I, Scope and Methodology. See Appendix III for more information on program results.

[a]The total number of indicators included in the annual report was 46. However, no target was set for one performance indicator, and this indicator was not included in the performance analysis.

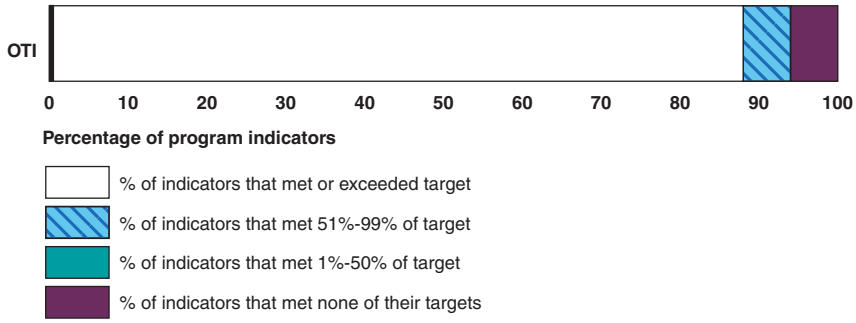
[b]The total number of indicators included in the annual report was 50. However, no target was set for nine performance indicators, an annual target of zero was set for two indicators, non-numeric targets that were dependent upon outside factors were set for four indicators (i.e. the target for number of diarrhea cases treated was the number of cases that presented themselves), and one indicator set an unclear target. These indicators were excluded from the analysis.

For the USAID OTI activities we reviewed associated with the FATA Transition Initiative (USAID's quick-impact program), targets were generally met. Different from USAID's long-term programs, USAID's OTI program focuses on short-term activities that respond quickly to both local needs and U.S. foreign policy priorities. Therefore, performance management plans with annual program indicators are not considered the best way to measure success in the environment in which OTI operates.[15]

[15]OTI evaluates success by its program's ability to respond to U.S. foreign policy priorities and local needs, rather than using a performance monitoring plan with program indicators.

Instead, output indicators are developed in individual plans for each activity within the program. USAID managed 437 OTI activities, from which we selected a judgmental sample of 48 activities for review. That sample was further refined to determine those activities in the most advanced stage of completion. The resulting 17 activities in our sample that were closed[16] had a total of 34 performance indicators,[17] 32 of which met or exceeded their targets (see fig. 9).[18]

Figure 9: Percentages of Performance Indicators Meeting Targets: A Sample of USAID's OTI Quick-Impact Activities



Source: GAO analysis of USAID data.

Performance of INL Projects in the FATA: While we were able to identify long-term goals or targets for eight of the nine INL projects, INL did not provide documentation of performance against intermediate targets on a project level. In addition, INL did not generally develop performance indicators or targets for individual activities in its planning documentation, but in most cases INL set out specific technical specifications and timelines for activity completion. When work has

[16]We were informed by a USAID official that activities are regarded as "closed" when all administrative and financial aspects of these activities have been verified as completed by USAID's OTI staff.

[17]For the purposes of this analysis we refer to the metrics found in USAID's OTI activity plans as performance indicators to maintain consistency in the report. The metrics in the source documents are labeled outputs and USAID may use other means to judge overall program performance. We have used them in this report to obtain the best available quantitative measurement of OTI activities' performance against targets. For a discussion of our methodology, see Appendix I, Scope and Methodology.

[18]Based on the methodology used to select the sample, these results are not generalizable to the population. However, both the methodology used and the results observed are sufficient to support the conclusion.

finished on an activity, completion certificates are generally required to certify each activity has been fully completed both physically and financially to specification. Of the 22 activities in our sample for which INL officials reported that work was finished, 12 activities had been certified as completed. Of the remaining 10 programs, seven activities had photographic or documentary evidence of some progress made, and INL did not have documentation of progress made for three activities for which work was considered finished.

The Difficult Security Environment Hinders the Ability of Implementing Partners to Complete Planned Work

USAID, State and implementing partners noted difficulties in program implementation were caused by violence in the western frontier region, such as militant activities and suicide bombings. State's most recent annual report on terrorism noted that terrorist attacks were centered on Pakistan's border with Afghanistan, including the FATA, and that Pakistan had seen a marked increase of suicide bombings. In most cases government and military compounds were targeted, and the government of Pakistan rule of law was challenged throughout the region. Violence made program implementation a challenge in some areas and impossible in others. For example, work on the Lower FATA Development Program was delayed when the implementing partner's Chief of Party was killed in Pakistan in November 2008. USAID also noted an attack on U.S. consulate staff and a tenuous security situation that required the relocation of U.S. staff to Islamabad. In addition, the Border Security Project's road construction halted in November 2008 due to the worsening security situation and 53 percent of the 62 outposts that were built by the Levy Outpost project have been destroyed by militants. INL also noted that these were very small outposts, which were designed to hold 6 to 9 people to guard the lines of communication. They were designed and constructed before the current unrest and no facilities of this nature are currently being built by INL in the FATA.

Procedures Developed to Monitor Assistance Programs in the FATA, but Their Use Has Not Been Fully Documented

USAID has developed a set of procedures to monitor implementation and verify results of their programs in areas too dangerous for U.S. officials to access. However, USAID is not documenting its use of some procedures for all of its programs. State's INL is using a combination of monitoring procedures, but also is not documenting its use of all of these procedures.

USAID Has Alternative Monitoring Procedures to Mitigate Its Difficulty in Directly Monitoring Programs, but Is Not Sufficiently Documenting Monitoring of Long-Term Programs

As part of its regular procedures, USAID designates staff to administer and monitor foreign assistance awards. Included in staff responsibilities are visits to project sites and verification of program performance. Due to the dangerous environment in the FATA, USAID officials have had no direct access to project sites in the FATA to monitor the implementation of the assistance programs.

To mitigate this challenge, in addition to taking steps to establish a geographic information system, USAID has developed a set of six monitoring procedures to monitor implementation programs and verify results in the FATA. These procedures are:

- *USAID Locally Employed Staff Reports*: USAID employees from the FATA region hired to visit sites and report on the conditions of programs
- *Implementing partner Reports*: Routine reports from each of the implementing partners
- *Monitoring and Verification Unit Reports*: A partner contracted to independently monitor USAID programs in the FATA by hiring local residents to conduct site visits, take photographs, and write reports about conditions
- *Government of Pakistan*: Reliance on monitoring done by the government of Pakistan, including the FATA Secretariat Monitoring Cell
- *Media Reports*: Media coverage of development activities in the FATA
- *Community Oversight Committees*: Groups of community members formed to monitor the quality of program implementation and provide feedback to the government of Pakistan and USAID

Monitoring of Long-Term USAID Programs

Although USAID has established these procedures to monitor programs in the FATA, it has not consistently documented their use for its long-term programs. As figure 10 shows, USAID was able to provide documentation for the use of three of these procedures: implementing partner reports, monitoring and verification unit reports, and media reports, with evidence showing a reliance mostly on implementing partner reports.

Figure 10: USAID Documentation of Monitoring for Long-Term Programs

Program names	USAID Locally Employed Staff Site Visit Reports	Implementing Partner Reports	Monitoring and Verfication Unit Reports	Evidence of Government of Pakistan Monitoring	Media Reports	Evidence of Community Oversight Committee Monitoring
Lower FATA Livelihood Development Program	○	●	●	○	●	○
Upper FATA Livelihood Development Program	○	●	●	○	●	○
Links to Learning: Education Support to Pakistan	●	●	○	○	●	○
FATA Capacity Building Development Program	○	●	○	○	●	○
Pakistan Maternal and Newborn Health Program	○	●	●	○	●	○
Improved Child Health in FATA	○	●	○	○	●	○
Polio Eradication Initiative in FATA	○	●	○	○	○	○
Pakistan HIV/AIDS Prevention and Care Project	○	●	○	○	●	○
Pakistan Safe Drinking Water and Hygiene Promotion Project	○	●	○	○	○	○

● Documented by USAID
○ Not documented by USAID

Source: GAO analysis of USAID documentation.

We identified several reasons for the gaps in USAID's documentation of its monitoring efforts. For example, USAID officials noted that while locally employed staff visit activity sites, they do not write reports to document what they observe and that the monitoring and verification unit was not designed to monitor all programs. Additionally, a USAID official noted that

they do not have a system for tracking and cataloging media coverage of development efforts.[19]

Monitoring of USAID's OTI Quick-Impact Development Activities

According to USAID, the three main procedures it uses to monitor its quick-impact development activites in the FATA are (1) locally employed staff reports, (2) implementing partner reports, and (3) independent monitoring unit[20] reports, which are prepared by local nongovernemental organizations. In addition, USAID may use government of Pakistan monitoring, media reports, community oversight committees[21], and photographs to supplement these reports. A specific monitoring plan is developed for each development activity.

USAID has generally documented its use of each of these monitoring procedures for its OTI development activities. In the sample of 15 closed activities we reviewed, as shown in figure 11, all activities used multiple procedures to monitor progress.

[19]Late in the review, USAID officials told us that community oversight committees are not used to monitor long-term programs.

[20]This unit serves a similar function to the Monitoring and Verification Unit, which monitors long-term USAID programs.

[21]These committees were variously referred to as "community oversight committees," "project oversight committees" and "project management committees." We use "community oversight committees" to maintain consistency in the report.

Figure 11: USAID Documentation of Monitoring for OTI Quick-Impact Activities

Activity description	USAID's OTI Locally Employed Staff Reports	Implementing Partner Reports	Monitoring and Verification Unit Reports	Evidence of Government of Pakistan Monitoring	Media Reports	Evidence of Community Oversight Committee Monitoring[a]	Pictures
Local Government Office Renovation	○	●	○	●	○	○	●
Emergency Assistance to Internally Displaced Persons I[b]	●	●	●	○	○	○	●
Emergency Assistance to Internally Displaced Persons II	●	●	●	●	●	●	●
Emergency Assistance to Internally Displaced Persons III	○	●	○	●	●	○	●
Emergency Assistance to Internally Displaced Persons IV	○	●	●	●	●	○	●
Improvement and Rehabilitation of Irrigation System I	○	○	○	●	●	●	●
Improvement and Rehabilitation of Irrigation System II	○	●	○	●	●	●	●
Providing Tree Seedings	○	●	●	○	●	●	●
Institutional Support to Local Government	○	●	○	●	●	○	●
Preventing Student Riots	●	●	○	○	●	○	●
Multilingual Publication of Arts and Essays	○	●	○	●	●	●	●
Flood Response	○	●	●	●	●	●	●
School Equipment for Village Schools	○	●	●	●	●	○	●
Education Kits for Children and Teachers	●	●	●	○	●	○	●
Installation of Drinking Water Hand Pumps	○	●	●	●	●	●	●
Total	4	14	8	11	13	7	15

● Documented by USAID

○ Not documented by USAID

Source: GAO analysis of USAID documentation.

[a]An OTI official noted that community oversight committees for the first OTI activities did not sign agreements. Also, they are not used for all activities because they are not appropriate in all circumstances, especially when the community is not responsible for maintaining the project.

[b]Emergency assistance provided to internally displaced persons in temporary camps included non-food items such as cloth, gas stoves, cooking utensils and soap.

USAID Is Developing a Geographic Information System to Enhance Monitoring Procedures

To enhance USAID monitoring efforts, USAID hired an implementing partner to develop a geographic information system and train implementing partners to use it. One purpose of this system is to allow USAID to track the status of its implementing partners' development activities. It will allow USAID to access information on development activities taking place in the FATA, such as geographic location, type of project, financial data, and outcomes. During our visit to Pakistan in June 2009, USAID and the implementing partner informed us that the system would be fully operational by August 2009. As of January 2010, although all implementers had access to the system it had not been fully populated with data. In March 2010, USAID informed us that all relevant program information had been entered into the geographic information system.

State's INL Uses a Combination of Monitoring Procedures, but Is Not Documenting All of Its Monitoring Procedures

INL's activities—including construction of outposts, roads, and small development projects—in the FATA are generally monitored at various stages by INL staff. The U.S. government has signed agreements with the government of Pakistan to carry out INL's activities. According to these agreements, INL approves project cost estimates, which include technical specifications and timelines for project implementation. The agreements also call for INL to make field visits during implementation—independently or along with government of Pakistan —and verify that these activities are taking place to monitor the use of U.S. funds. Additionally, INL also relies on photos of projects to monitor progress. According to INL, all photos, aside from a few for projects in North and South Waziristan, were taken by INL personnel. However, some of the photographs did not have dates, locations, or sources, which made it impossible for us to determine what activities these photos were intended to document. Upon project completion, INL is expected to conduct a final inspection and sign a completion certificate along with government of Pakistan officials. As shown in figure 12, INL did not always document its use of its monitoring procedures.

Figure 12: INL Documentation of FATA Project Monitoring

Projects (# of Activities)	Cost Estimate Approvals[a]	Site Visit Reports	Photos	Completion Certificates
Border Security Roads (6)	○	●	●	—[b]
Border Security Small Schemes (4)	◐	●	●	●
Border Security Bridges (5)	○	◐	●	○
Counter-narcotics Roads (3)	◐	●	●	●
Counter-narcotics Small Schemes (3)	◐	●	●	●
Frontier Constabulary Outposts (8)	◐	◐	◐	○
Frontier Corps Outposts (6)	○	◐	●	—[c]
Levy Outposts (6)	◐	◐	◐	◐
Levy Training Center (1)	○	●	●	—[d]

● INL had documentation for every activity in sample

◐ INL had documentation for one or more activities in sample, but not every activity in sample

○ INL did not have documentation for any activity in sample

— Documentation not required

Source: GAO analysis of INL documentation.

Note: For more detailed information, including the number of activities and documentation received for each activity, see Appendix IV.

[a]Approval of cost estimates were determined by approval memos or signatures on the cost estimates. Other cost estimates were provided without documentation of INL approval.

[b]These activities were suspended prior to completion due to the inability of INL staff to monitor the activities.

[c]All of the activities in the sample were still underway.

[d]The construction of the Levy Training Center was cancelled before it was completed.

INL reported that it had made arrangements for the government of Pakistan to provide evidence of monitoring when INL cannot perform on-site monitoring, However, INL had no documentation from the government of Pakistan.

Conclusion

The FATA is an area of great strategic interest for the United Sates and Pakistan, and because the Enhanced Partnership with Pakistan Act of 2009 authorizes $7.5 billion in new nonmilitary assistance to Pakistan, accountability for development efforts there takes on particular importance. Although U.S. agencies have taken steps to track the funds and align U.S. efforts in the FATA with Pakistan's development objectives, the United States continues to face security and access to Pakistani government document challenges that make monitoring of projects difficult. Without addressing gaps in planning, performance, and monitoring documentation, the U.S. government cannot fully and accurately assess the status of current assistance efforts or accountability of funds associated with U.S. development efforts in the FATA. Of critical importance is the completion of the development of joint strategic implementation plans with Pakistan that would help ensure that U.S. funds are used in accordance with U.S. national security goals and the needs of the seven FATA agencies. These plans would aid U.S. officials in determining specific objectives and priorities for providing sustainable development assistance based on local needs. Similarly, including all of the funding data for FATA-related assistance in one document such as USAID's FATA pipeline report would present, in a single document, a more complete picture of U.S. funding of development efforts in the FATA and fulfillment of its pledge. In addition, developing complete performance management plans would enhance the ability of the U.S. government to track progress toward planned results, allocate resources toward identified priorities, and advance organizational knowledge of which development activities are likely to be more successful in the FATA and western frontier region. Finally, it is vital that USAID and State improve the documentation of their monitoring. Without this information, it is difficult to accurately assess the status of U.S. assistance efforts and to ensure proper accountability and oversight over appropriated U.S. funds.

Recommendations for Executive Action

To help ensure that U.S. development projects associated with the U.S. pledge and future spending plans for Pakistan continue to be aligned with our national security goal of assisting Pakistan in addressing terrorist threats, and have clearly articulated monitoring responsibilities, indicators, and performance tracking, we recommend that USAID work with the government of Pakistan to complete the development of joint strategic implementation plans as originally called for in the agreement between USAID and the government of Pakistan.

To provide a more complete picture and enhance the tracking of U.S. assistance for the FATA we recommend that USAID take steps to

incorporate the funding amounts for its nationwide attributed programs into the USAID controller in Islamabad's FATA pipeline report.

To improve upon existing efforts to measure the progress of U.S. development assistance projects associated with the fulfillment of the U.S. pledge, consistent with ADS requirements, and to provide a basis for planning future development assistance for FATA, we recommend that the USAID Administrator include in its performance management plan for the FATA Development Program:

- possible evaluation efforts,
- a calendar of performance management tasks,
- the baseline and targeted values for each performance indicator in the Performance Management Plan, and
- a description of the known data limitations for each performance indicator.

To help ensure that the government of Pakistan is using U.S. funds as intended, we recommend that the Secretary of State take steps to improve INL's performance reporting documentation.

To improve upon U.S. efforts to monitor assistance programs in the FATA, we recommend that the USAID Administrator take steps to improve USAID's documentation of its alternative monitoring efforts related to the FATA.

We also recommend that the Secretary of State take steps to improve State's documentation of its monitoring efforts for programs that cover FATA and the western frontier region.

Agency Comments and Our Evaluation

The U.S. Agency for International Development and the Department of State provided written comments on a draft of this report, which are reproduced in appendixes V and VI, respectively. The U.S. Agency for International Development and the Department of State also provided technical comments and updates that we have incorporated throughout the report as appropriate.

USAID concurred with our overall recommendation that U.S. assistance in the FATA should be well planned and documented but noted that they and the FATA Secretariat have jointly agreed that the development of the FATA-level strategies was no longer a relevant and worthwhile activity. USAID noted that they have initiated other measures to ensure that U.S. funds are being used in accordance with the needs of the seven FATA Agencies. While we acknowledge the ongoing efforts to coordinate U.S. assistance efforts with the government of Pakistan, we do not think these efforts alone are enough to ensure sufficient oversight and accountability of U.S. funded development programs in the FATA. In addition, we believe that joint U.S. Pakistan strategic implementation plans would help to ensure that U.S. efforts in the FATA are not only based on the needs of each of the seven geographic FATA areas, but also U.S. national security goals. Additionally, because of the challenging security environment, developing joint implementation plans could help to ensure clear implementation and monitoring expectations between the U.S. and Pakistani government for FATA development projects. This includes the extent to which the U.S. will be granted access to project data collected by the government of Pakistan.

Additionally, USAID concurred with the recommendation to enhance the tracking of U.S. assistance for the FATA and noted that it is in the process of working on a system to enhance expenditure monitoring. USAID also concurred with our recommendations to improve both performance measurement and monitoring and evaluation and noted that it has taken steps to implement our recommendations, including increasing the number of Foreign Service nationals staff at their office in Peshawar in an effort to enhance monitoring of FATA projects and fully implementing a geographic information system to address weaknesses identified in our report.

The Department of State concurred with our overarching recommendation that assistance programs should align with U.S. national security objectives and the Government of Pakistan's requirements and that efforts to monitor and report on programs, performance, and spending should be robust and transparent. State concurred with our recommendation to

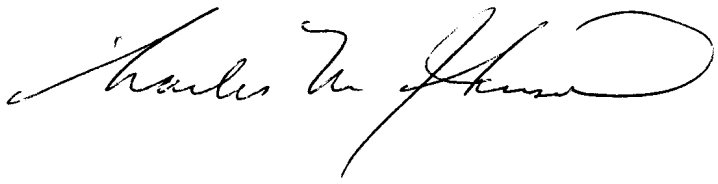
improve INL's performance reporting and noted that it will take the recommendation under consideration as it refines the existing process and defines new requirements for performance measurement and reporting.

State also concurred with our recommendation to improve documentation of its monitoring efforts, highlighted its year-round end use monitoring program, and noted that our audit prompted INL to initiate new efforts to improve its monitoring documentation and organization systems, including labeling all monitoring photos, improving electronic and physical filing systems, producing electronic minutes of all meetings with government of Pakistan counterparts, and planning regional training for its monitoring staff this calendar year.

USAID and State both reiterated the impact that the security environment in Pakistan has had on U.S. assistance efforts in the FATA and western frontier region.

We are sending copies of this report to the Administrator of the U.S. Agency for International Development, the Secretary of State, and other interested parties. The report is also available at no charge on the GAO Web site at http://www.gao.gov.

If you or your staffs have any questions about this report, please contact me at (202) 512-7331 or johnsoncm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix VII.



Charles Michael Johnson Jr.
Director, International Affairs and Trade

List of Congressional Addressees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable John F. Kerry
Chairman
The Honorable Richard G. Lugar
Ranking Member
Committee on Foreign Relations
United States Senate

The Honorable Ike Skelton
Chairman
The Honorable Howard P. McKeon
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Howard L. Berman
Chairman
Committee on Foreign Affairs
House of Representatives

The Honorable Nita M. Lowey
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The Honorable Kay Granger
Ranking Member
Subcommittee on State, Foreign Operations,
and Related Programs
Committee on Appropriations
House of Representatives

The Honorable John F. Tierney
Chairman
The Honorable Jeff Flake
Ranking Member
Subcommittee on National Security
and Foreign Affairs
Committee on Oversight
and Government Reform
House of Representatives
The Honorable Tom Harkin
United States Senate

The Honorable Robert Menendez
United States Senate

The Honorable Michael Honda
House of Representatives

Appendix I: Objectives, Scope, and Methodology

The objectives of this review were to examine (1) the extent to which U.S. development objectives align with U.S. goals and Pakistan's objectives, (2) U.S. efforts to track the fulfillment of the U.S. pledge, (3) efforts to measure and report the performance of development programs, and (4) efforts to monitor development assistance in the Federally Administered Tribal Areas (FATA).

To determine the extent to which U.S. development objectives align with U.S. goals and Pakistan's objectives, we obtained copies of the planning documents for U.S. activities in the FATA, U.S. strategic documents, and Pakistan's FATA Sustainable Development Plan. We interviewed relevant U.S. officials for the planning history of U.S. development assistance efforts in the FATA. We compared the three objectives for the U.S. government's FATA Development Program with the relevant goals and recommendations described in the Interagency Policy Group's Report on U.S. Policy toward Afghanistan and Pakistan. We also compared the U.S. development objectives for the FATA with the primary objectives in the Pakistani plan.

To determine how the U.S. is tracking the fulfillment of the U.S. pledge, we interviewed Department of State (State) and U.S. Agency for International Development (USAID) officials. To determine how the U.S. is tracking allocations counted toward the pledge, we interviewed officials and obtained data from State's Office of the Director of U.S. Foreign Assistance (F Bureau). To determine U.S. obligations and expenditures for the FATA Development Program, we interviewed and obtained financial data from the USAID controller in Islamabad. To determine the tracking and amounts of funding for USAID's nationwide programs that were attributed to the FATA, activities generally counted toward the pledge by State's F Bureau, we interviewed and obtained data from the USAID controller in Islamabad. We also analyzed State documents and interviewed State officials to determine the amount of Bureau for International Narcotics and Law Enforcement Affairs' (INL) obligations and expenditures applicable to the presidential pledge.

In order to determine how the United States is measuring and reporting the performance of its development activities in the FATA, we reviewed federal and agency guidelines for performance planning and reporting requirements, as well as U.S. assistance agreements with implementing partners and the government of Pakistan. For this objective, we limited our focus to the reporting on U.S. activities in the FATA, rather than the broader western frontier region and compared performance planning and reporting documentation required against that which was provided. In

addition, we reviewed the ADS Chapter 203 to determine the requirements for the assistance objective performance management plan. We also reviewed the most recent annual performance reporting instruments for each USAID program and INL and F Bureau performance reports to determine the progress of programs against targets in the programs' most recent year of operation. Specifically, in reviewing the long-term USAID programs we compared performance indicator annual targets against actual progress made in their most recent year of operation, using their most recent annual reporting instruments. Indicators were placed in the following categories based on their level of actual progress: Indicator met or exceeded target (100% or above); Progress made, more than 50% of target achieved (51%-99%); Progress made, 50% or less achieved (1%-50%); Indicator made no progress (0%). In appendix III indicators were further broken out into quartiles (1%-25%, 26%-50%, 51%-75% and 76%-99%) and indicators for which progress could not be determined were included (i.e. indicators such as those for which no target was set or long-term targets were set, but no annual targets were set). In categorizing the progress made by performance indicators against targets, the indicators were weighted equally (whether output, intermediate result or outcome). There are limitations to this approach, since some indicators may be much more important than others, and there are likely large qualitative differences between them. USAID's Office of Transition Initiatives (OTI) program does not use program-level performance indicators or set annual targets and INL sets out many technical specifications for their construction activities in cost estimate documents, but INL did not provide information on performance indicators. We therefore modified our approach to report on performance of their programs, studying planning and reporting documentation on an activity level for OTI and INL, rather than program-wide. In designing the analysis for the OTI and INL activities, we wanted to ensure that we reviewed a range of programs reflecting differences that could affect program implementation and results. However, we were not able to clearly identify a population, which led us to select a judgmental rather than a random sample. Our judgmental sample consisted of 48 out of 437 USAID OTI activities and 42 out of 426 INL activities in the FATA for further analysis based on the following criteria:

- geographical location—we ensured each FATA agency in which activities were taking place was represented in the samples;
- type of activity—we included examples of each type of activity including education, health, road construction, and border outpost construction;

- budgeted cost of the activity—we targeted the activities with higher costs; and
- status of the project—we ensured that both ongoing and completed activities were represented.

For our analysis of USAID's OTI program results, we focused on those activities that had reached the most advanced stage of completion. USAID defines closed activities as those reported to have finished all work. There were 17 closed activities in our sample of 48. We eliminated 2 activities because they were surveys, for which the very use of the monitoring procedures would be counterproductive, as the attention would possibly influence responses. The resulting 15 activities we analyzed further because output targets were set for the end of each activity. We compared the output targets set for individual activities against actual performance and placed the output indicators in the same categories used for the long-term USAID programs. To analyze INL's performance we could not compare performance indicators against targets as we did with USAID's long-term and OTI efforts because INL did not provide information on indicators. Instead, we compared documentation of activity completion certification against the activities INL reported as completed – which were 22 of the 42 activities in our sample. For those activities reported as completed, but not certified, we reviewed reporting documentation for evidence of progress made. As this is a judgmental sample, we cannot make generalizations using this analysis. However, given the care taken in the selection of our sample, we determined that this methodology is adequate for our purpose of providing insight into program planning and performance.

To assess U.S. monitoring efforts, we focused on the monitoring of U.S. activities in the FATA, rather than the broader western frontier region. We conducted interviews with U.S. officials in the United States and Pakistan to learn about monitoring procedures and how the United States is monitoring activities in the FATA. We also reviewed planning and other documents that described monitoring procedures for U.S. activities. While in Pakistan, we were able to visit two training programs operating in Islamabad. However, we were not allowed to conduct site visits of U.S. projects in the FATA or Peshawar due to security concerns, including a terrorist attack that occurred in Peshawar during our visit. In order to verify U.S. monitoring efforts, we requested documentation of monitoring efforts for the judgmental sample of 48 USAID OTI and 42 INL activities, described above. We conducted an in-depth analysis of the monitoring documentation provided by USAID's OTI and State's INL and compared

this documentation to the procedures described in monitoring plans and in interviews with U.S. officials. We also compared USAID's documentation of monitoring efforts for long-term programs (on a program-wide basis, rather than through a sample of individual activities within each program) against USAID's monitoring procedures as described in its monitoring fact sheet.

We interviewed U.S. officials in Washington, D.C., and in Islamabad, Pakistan. We interviewed U.S. officials from the F Bureau, State's South and Central Asia Bureau, INL, USAID's Pakistan desk, controller in Islamabad, OTI, and the U.S. Embassy in Islamabad. We also interviewed several of USAID's implementing partners, representatives from other international donors, and officials from the government of Pakistan, including the FATA Secretariat and political agents. In Pakistan we conducted site visits to a cultural exchange program, one of the livelihood development programs, a maternal health program, and the capacity building program, where we observed a demonstration of the geographic information system.

The information on foreign law in this report is not the product of GAO's original analysis, but is derived from interviews and secondary sources. We conducted our audit work from February 2009 to April 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings, conclusions and recommendations.

Appendix II: Descriptions of FATA Development Programs

Table 3: United States Agency for International Development Long-Term Programs

Lower FATA Livelihood Development Program		
The FATA Livelihoods Development Program is a community-based program comprised of the following components: 1) creating jobs, increasing incomes and teaching employable skills with a focus on unemployed youth; 2) revitalizing community infrastructure and essential services; and 3) supporting established businesses and developing new sustainable businesses.		
Start date: 2/29/2008	End date: 2/28/2013	Agreement amount:$149,998,130
Upper FATA Livelihood Development Program		
The upper FATA Livelihoods Development Program has the same components as the lower FATA program. It is a community-based program comprised of the following components: 1) creating jobs, increasing incomes and teaching employable skills with a focus on unemployed youth; 2) revitalizing community infrastructure and essential services; and 3) supporting established businesses and developing new sustainable businesses. The upper and lower FATA programs are under the direction of two separate implementing partners in geographically separate areas of the FATA.		
Start date: 5/1/2008	End date: 4/30/2013	Agreement amount: $149,999,282
Links to Learning: Education Support to Pakistan		
This program has three goals: 1) to improve teacher education and professional development through providing institutional and academic support that is centered on student achievement and learning outcomes; 2) to improve student learning and the learning environment through developing systems for gauging student learning and achievement, strengthening of assessment cells at the district and provincial levels and by providing learning tools and classroom inputs aimed at improving student achievement; and 3) to support governance reforms and strengthen public sector capacity at the federal, provincial and district levels to sustain quality teaching and learning.		
Start date: 10/19/2007	End date: 10/30/2012	Agreement amount: $675,729
FATA Capacity Building Development Program		
The scope of work for the Capacity Building program is to: 1) develop strategic approaches to utilize the anticipated significant increase in government of Pakistan and donor resources expected as a result of the FATA Sustainable Development Plan; 2) support the building of civilian/paramilitary cooperation in FATA development; 3) build capacity of FATA institutions to plan, implement and manage funds and to communicate effectively with constituents and communities to ensure that development initiatives are aligned with local needs and expectations; and 4) strengthen the capacity of the indigenous NGO community to deliver resources in support of strategic plans.		
Start date: 1/1/2008	End date: 12/31/2010	Agreement amount: $43,350,072
Pakistan Maternal and Newborn Health Program		
The goal of the Pakistan Maternal and Newborn Health Program is to reduce maternal, newborn, and child mortality in Pakistan, through viable and demonstrable initiatives and capacity building of existing programs and structures within health systems and communities to ensure improvements and supportive linkages in the continuum of health care for women from the home to the hospital.		
Start date: 12/12/2007	End date: 9/30/2010	Agreement amount: $4,000,000

Improved Child Health in FATA		
The strategic objective of the Improved Child Health in FATA program is to be achieved through the following three intermediate results: 1) increased access to and availability of child health services at facility and community levels; 2) improved quality of child health services at facility and community levels; and 3) increased community knowledge and acceptance of key child health services and behaviors. The following intervention packages will be implemented: Immunization, Acute Respiratory Infection, Control of Diarrheal Diseases, Essential Newborn Care, and Nutrition and Micronutrients.		
Start date: 9/21/2006	End date: 8/31/2010	Agreement amount: $14,750,000
Polio Eradication Initiative in FATA		
The overall goal of the Polio Eradication Initiative in FATA is the complete interruption of transmission from person to person. Polio eradication in Pakistan cannot be achieved until transmission of the virus is stopped in FATA. The only way to interrupt transmission in Pakistan is to increase the coverage of children receiving oral polio vaccine and to simultaneously nurture community demand and responsiveness to vaccine services.		
Start date: 3/4/2008	End date: 12/9/2010	Agreement amount: $2,375,000
Pakistan HIV/AIDS Prevention and Care Project		
The task order for this project is to develop and strengthen technical and organizational capacities of the Pakistani non-governmental organization sector, community-based organizations, networks, and other institutions to: 1) implement targeted HIV/AIDS prevention interventions for most at risk populations and high risk youth that will result in changed behavior, reducing risk and transmission; 2) provide assistance that supports people living with HIV/AIDS with appropriate care in a sustainable manner; and 3) establish a competitive and transparent grants program that supports Pakistani non-governmental organizations, community organizations, and networks supporting people living with HIV/AIDS to better ensure long-term self sufficiency and sustainability beyond the life of this project with respect to points one and two above		
Start date: 1/11/2008	End date: 6/30/2009	Agreement amount: $600,000
Pakistan Safe Drinking Water and Hygiene Project		
The Pakistan Safe Drinking Water and Hygiene program is to be implemented through three main activities:1) assist the government of Pakistan in designing a comprehensive hygiene and sanitation promotion strategy for safe water management, hygienic behaviors, and safe sanitation practices; 2) provide support to governmental agencies and non-governmental organizations and communities through capacity-building and training in operations and management of water treatment units, hygiene, and sanitation promotion, community mobilization, planning, cost-recovery, and water resources management, to help ensure that investments in hardware and promotional activities will be sustainable over the long-term; and 3) provide a comprehensive technical review of water treatment and water quality testing technologies for use at the community and household levels, and supporting pilot tests of technologies that show potential for technical, social and economic acceptability.		
Start date: 1/8/2008	End date: 3/31/2010	Agreement amount: $1,200,000

Source: USAID.

Table 4: United States Agency for International Development's Office of Transition Initiatives (Quick-Impact Activities)

FATA Transition Initiative		
The overall objective of the FATA Transition Initiative is to enhance confidence and trust between communities and the government of Pakistan in the FATA through quick-impact, community-based grants grounded in a public and transparent consultative process. In support of this objective, the FATA Transition Initiative intends to: 1) help the government of Pakistan extend its writ and legitimacy to FATA through confidence building measures and increased consultations with communities; and 2) increase public access to information about government of Pakistan social, economic, and political activities and policies in FATA. The program is being implemented by two partners, but is managed as one program.		
Start date: 11/6/2007	End date: 11/5/2010	Agreement amount: $44,399,347
Start date: 11/12/2007	End date: 9/3/2012	Agreement amount: $100,000,000

Source: USAID.

Table 5: Department of State's Bureau for International Narcotics and Law Enforcement Affairs

Matani Bypass
The Matani Bypass project goal is to construct high priority roads and bridges to enhance the government of Pakistan's ability to deliver goods and services to the FATA, while at the same time enhancing the access of Pakistani border security and law enforcement personnel to these critical areas. Agreement amount: $10,000,000
Landi Kotal Bypass
The Landi Kotal Bypass project goal is to construct high priority roads and bridges to enhance the government of Pakistan's ability to deliver goods and services to the FATA, while at the same time enhancing the access of Pakistani border security and law enforcement personnel to these critical areas. Agreement amount: $5,000,000
FATA Supplemental
USAID transferred $17 million in Economic Support Funds to INL for road construction and supporting the Levy police force. INL planned to use the funds to enhance the government of Pakistan's capability to establish the rule of law in the FATA region by providing infrastructure; training and training facilities; and communication equipment and vehicles to Levy police forces in the FATA agencies with a view to increase their mobility and effectiveness against insurgents, terrorists and criminal elements. $5 million of this funding was to be used to build up managerial expertise of the FATA Construction Unit, as well as provide construction equipment and tools to prepare for road construction in subsequent years. $7 million of this funding was for training and equipping Levy police forces in the FATA. $5 million of this funding was to be used for the construction of a Levy Training Center. However $5 million of these funds were later re-programmed for aviation support. Agreement amount: $17,000,000

Source: State.

Appendix III: Detailed Performance Results for FATA-Specific USAID Programs

The following is a detailed snapshot of program performance measured by the performance of indicators against their targets, as reported in programs' most recent annual reporting instruments. Indicators have been categorized by the percentage of the target that was achieved. Special circumstances—such as indicators without targets or targets of zero—are placed in separate categories to form a complete picture of program performance.

Livelihoods Development Program: The Livelihoods Development Program completed its first year of operations in spring 2009 and the following information was taken from the programs' first annual reports The program is being implemented by two separate partners, one operating in the upper FATA and the other in lower FATA.

Table 6: Lower FATA Development Program, Year 1 Results

Indicator status	# of indicators	% of total
More than 100%	0	0%
100%	0	0%
76%-99%	0	0%
51%-75%	3	33%
26%-50%	4	44%
1%-25%	2	22%
0%	0	0%
Total number of indicators	**9**	**100%**

Source: GAO analysis of USAID data.

Table 7: Upper FATA Development Program, Year 1 Results

Indicator status	# of indicators	% of total
More than 100%	3	6.5%
100%	3	6.5%
76%-99%	3	6.5%
51%-75%	3	6.5%
26%-50%	1	2%
1%-25%	11	24%
0%	21	46%
No target was set	1	2%
Total number of indicators	**46**	**100%**

Source: GAO analysis of USAID data.

Links to Learning: Education Support to Pakistan: This program completed its second full year of operation in October of 2009. In Year 2 it reported on 49 performance indicators, 45 of which had life of program (5 year) targets. In the absence of interim targets, GAO could not determine if performance indicators were on track to meet 5-year goals after two years of operation.

Table 8: Links to Learning: Education Support to Pakistan: Year 2 Results

Indicator status	# of indicators	% of total
No progress made	1	2%
Immeasurable targets	45	92%
No target set	3	6%
Total number of indicators	**49**	**100%**

Source: GAO analysis of USAID data.

Pakistan Maternal and Newborn Health Program: This program completed its first full year of operation in December 2008. The following represents the progress it reported in its fourth quarterly report.

Table 9: Pakistan Maternal and Newborn Health Program: Year 1 Results

Indicator status	# of indicators	% of total
More than 100%	2	9%
100%	3	13%
76%-99%	3	13%
51%-75%	5	22%
26%-50%	0	0%
1%-25%	1	4%
0%	9	39%
Total number of indicators	**23**	**100%**

Source: GAO analysis of USAID data.

Improved Child Health in FATA: This program completed its third full year of operation in September 2009.

Table 10: Improved Child Health in FATA: Year 3 Results

Indicator status	# of indicators	% of total
More than 100%	8	16%
100%	5	10%
76%-99%	5	10%
51%-75%	6	12%
26%-50%	6	12%
1%-25%	3	6%
0%	1	2%
No target set	9	18%
Target of "0" set	2	4%
Immeasurable target set	5	10%
Total number of indicators	**50**	**100%**

Source: GAO analysis of USAID data.

Polio Eradication Initiative in FATA: This program completed its first full year of activity in March of 2009. GAO was unable to measure its short-term success because targets for 11 indicators were life of program targets or not time sensitive, and therefore difficult to measure. For example, one performance goal was to hold vaccination campaign reviews after each campaign, but the number of campaigns was not specified and performance was not tracked cumulatively in the fourth quarterly report.

Table 11: Polio Eradication Initiative in FATA: Year 1 Results

Indicator status	# of indicators	% of total
Reported no progress toward target (0%)	2	15%
Immeasurable target set	11	85%
Total number of indicators	**13**	**100%**

Source: GAO analysis of USAID data.

Pakistan HIV/AIDS Prevention and Care Project: This program completed its first full year in January 2009 and the data presented is from its first annual report.

Table 12: Pakistan HIV/AIDS Prevention and Care Project: Year 1 Results

Indicator status	# of indicators	% of total
More than 100%	3	33%
100%	4	44%
76%-99%	2	22%
51%-75%	0	0%
26%-50%	0	0%
1%-25%	0	0%
0%	0	0%
Total number of indicators	**9**	**100%**

Source: GAO analysis of USAID data.

Appendix IV: Details of INL Documentation of Monitoring for a Sample of 42 Activities

Figure 13: INL Documentation of FATA Project Monitoring

Projects (# of Activities)	**Cost Estimate Approvals**	**Site Visit Reports**	**Photos**	**Completion Certificates**
Border Security Project Roads (6)	0 of 6	6 of 6	6 of 6	NA[a]
Border Security Project Small Schemes (4)	1[b] of 4	4 of 4	4 of 4	4 of 4
Border Security Project Bridges (5)	0[c] of 5	3 of 5	5 of 5	0 of 2
Counter-narcotics Roads (3)	2[d]of 3	3 of 3	3 of 3	1 of 1
Counter-narcotics Small Schemes (3)	2[e] of 3	3 of 3	3 of 3	3 of 3
Frontier Constabulary Outposts (8)	1[f] of 8	7 of 8	7 of 8	0 of 6
Frontier Corps Outposts (6)	0 of 6	5 of 6	6 of 6	NA[g]
Levy Outposts (6)	3[h] of 6	4 of 6	4 of 6	4 of 6
Levy Training Center (1)	0 of 1[i]	1 of 1	1 of 1	NA[j]

Source: GAO analysis of INL documentation.

[a]These road projects were cancelled in November 2008 due to difficulty in monitoring the work. While the work was completed, the government of Pakistan has not provided completion certificates for these activities.

[b]Four cost estimates were provided to GAO, they were approved at FATA Secretariat meetings, but only one meeting documented that an INL representative attended so it is unclear whether INL approved the cost estimate. Additionally, the cost estimates had a signature block for INL approval, which was blank.

[c]Three cost estimates were provided to GAO, but none showed evidence of INL review.

[d]One cost estimate was signed by INL, one cost estimate was approved by the Project Review Board (which included an INL representative). The third project's cost estimate was approved by the FATA Secretariat, but had no documentation of INL approval.

[e]Three cost estimates were provided to GAO, but only two had been reviewed.

[f]Seven cost estimates were provided to GAO, but only one had been reviewed.

[g]All Frontier Corps outposts in our sample were still being constructed at the time of our review.

[h]INL provided GAO with cost estimates for 4 of 6 Levy Outposts, but only one included documentation of INL approval of the cost estimate.

[i]A cost estimate was provided to GAO, but had no documentation of INL approval.

[j]This construction project was cancelled. The packet included a letter from INL that indicated the Levy Training Center would now be included as part of the North West Frontier Province Joint Police Training Center.

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

MAR 26 2010

Mr. Charles Michael Johnson, Jr.
Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Johnson:

The U.S. Agency for International Development (USAID) appreciates the opportunity to review and respond to your draft audit report entitled "Combating Terrorism: Planning and Documentation of U.S. Development Assistance in Pakistan's Federally Administered Tribal Areas Need to be Improved" (GAO 10-289).

USAID concurs with your overall recommendation that U.S. assistance in the Federally Administered Tribal Areas (FATA) should be well planned and documented, and is pleased with your finding that USAID's plans and goals have been generally aligned with U.S. national security goals and Pakistan's FATA development plans.

Given the security situation, USAID and the FATA Secretariat jointly agreed that the development of FATA Agency-level strategies, originally included in the Scope of Work of the Capacity Building Program, was no longer a relevant and worthwhile activity. However, USAID and the FATA Secretariat initiated several other measures to ensure that U.S. funds are being used in accordance with the needs of the seven FATA Agencies. USAID Office of Transition Initiatives (OTI) completes quarterly implementation strategies for each Agency and Frontier Region. These strategies, which also serve as work plans, are developed in close coordination with FATA Secretariat officials. The annual work plans of all other FATA programs are developed in consultation with the FATA Secretariat, with consultations and planning exercises with Political Agents, to ensure coordination of, and responsiveness to, the Government of Pakistan (GOP) and USG priorities and efforts.

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USAID has also helped create a Project Management Unit in the FATA Secretariat for improved coordination. USAID will continue to strengthen our cooperation with the GOP in developing and implementing projects.

USAID generally concurs with the finding regarding performance monitoring and measurement. Since the audit, we have taken several additional steps to improve monitoring and evaluation, and performance measurement. USAID has increased the number of Foreign Service National (FSN) staff at our office in Peshawar to increase direct monitoring of FATA projects; launched recruitment of a dedicated FSN to monitor and evaluate activities; and completed a Geographic Information System to track activities. USAID will continue to improve our performance management system to further address the weaknesses identified in the audit.

USAID also concurs with the need to further improve existing systems to track USAID expenditures in the FATA. USAID is working on a system to enhance expenditure monitoring.

Finally, USAID believes that the GAO report needs to stress more strongly the significant security constraints of working in the area. This was the principal reason for projects not meeting planned performance targets. The first two years of the program were plagued by a seriously deteriorating security environment marked by several major security incidents, including the outbreak of conflict throughout the FATA, an attack on U.S. Consulate staff, the murder of an American Chief of Party and a Pakistani staff member of one of the programs, and the relocation of expatriates to Islamabad. The situation in FATA remains quite tenuous. However, USAID has learned a great deal about how to operate in the environment and has seen a continued acceleration in implementation of our FATA program. USAID will continue to identify measures to work more effectively within the circumstances and to improve implementation.

Thank you very much for the opportunity to comment on this report and for the courtesies extended by your staff in the conduct of this review.

Sincerely,

Drew W. Luten

Drew Luten
Senior Deputy Assistant Administrator
Bureau for Management

Appendix VI: Comments from the Department of State

United States Department of State

Chief Financial Officer

Washington, D.C. 20520

MAR 25 2010

Ms. Jacquelyn Williams-Bridgers
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "COMBATING TERRORISM: Planning and Documentation of U.S. Development Assistance in Pakistan's Federally Administered Tribal Areas to Be Improved," GAO Job Code 320656.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Erica Miller, Foreign Affairs Officer, Bureau of International Narcotics and Law Enforcement Affairs at (202) 776-8565.

Sincerely,

James L. Millette

cc: GAO – Hynek Kalkus
INL – David Johnson
State/OIG – Tracy Burnett

Department of State Comments on GAO Draft Report

COMBATING TERRORISM:
Planning and Documentation of U.S. Development Assistance in Pakistan's Federally Administered Tribal Areas Need to Be Improved
(GAO-10-289, GAO Code 320656)

Thank you for the opportunity to comment on your draft report entitled "COMBATING TERRORISM: Planning and Documentation of U.S. Development Assistance in Pakistan's Federally Administered Tribal Areas Need to Be Improved." Enhancing the effectiveness of civilian assistance to Pakistan is one of the U.S. Government's top foreign policy and national security priorities. Foreign assistance is vital to help the Government of Pakistan (GOP) overcome the political, economic, and security challenges that threaten Pakistan's long-term stability. For this reason and in light of the significant increase in foreign assistance funding for Pakistan, we welcome the GAO review of our programs and the opportunity to improve upon our efforts.

The Department of State concurs with the overarching recommendation of the GAO report that assistance programs should align with U.S. national security objectives and the Government of Pakistan's requirements and that efforts to monitor and report on programs, performance, and spending should be robust and transparent. The Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL), as the primary State Department entity providing significant civilian assistance programming in the FATA, has been working since the 1980s to implement development assistance programs in close coordination with Pakistani partners.

The Department generally concurs with GAO's recommendation to improve INL's performance reporting and will take the recommendation under consideration as it refines the existing process and defines new requirements for performance measurement and reporting. INL uses well-established procedures to produce project-level performance documents that set out quantifiable measurements, which are mutually agreed upon with GOP partners. These documents include project proposals and cost estimates (PC-1s), which outline the project description, justification, objective(s), and target(s), and memoranda of understanding, which provide USG-GOP agreement on implementation procedures for specific projects.

The Department generally concurs with GAO's recommendation that the Department of State improve documentation of its monitoring efforts. While the Department acknowledges that reporting on these efforts needs improvement, Pakistan-based INL staff conduct regular monitoring and oversight visits to project sites throughout the FATA, NWFP, and Balochistan as well as other locations throughout the country, as the security environment permits. As a testament to this personalized approach, INL provided GAO with site visit reports, drafted by INL in-country staff, for 36, and photos taken by INL personnel for 39, of the 42 projects for which GAO requested data. Three of the six projects lacking site visit reports and two of the three projects lacking photos are located in North and South Waziristan, where militant activities and military operations have created a security situation where site visits could not be safely conducted in recent years.

The GAO report did not reference INL's rigorous End Use Monitoring (EUM) program, which is a year-round effort overseen by the INL Director and Management Officer in Pakistan and executed by four locally-employed staff, to track and monitor all INL assistance provided to Government of Pakistan entities. INL EUM staff members conduct scheduled and unscheduled on-site inspections at locations throughout Pakistan, process quarterly reports on assistance from Government of Pakistan partners, and maintain day-to-day contact with relevant GOP officials. In recent years, the EUM reports for Pakistan have found that the vast majority of INL assistance to Pakistani partners is being used as intended and that recipients' procedures for tracking locations and use of resources has been excellent. Given the tenuous security situation, this is an impressive record of USG employees conducting hands-on field monitoring in a highly difficult operating environment. The GAO audit prompted INL to initiate new efforts to improve its monitoring documentation and organization systems, including labeling all monitoring photos, improving electronic and physical filing systems, and producing electronic minutes of all meetings with GOP counterparts. INL is also planning regional training for monitoring staff this calendar year.

Finally, the Department of State believes that, as drafted, the GAO report underestimates the impact of the security environment on the implementation and monitoring of U.S. Government programs in the FATA and western frontier.

Appendix VII: GAO Contacts and Staff Acknowledgments

GAO Contact

Charles Michael Johnson Jr., Director, International Affairs and Trade, (202) 512-7331 or johnsoncm@gao.gov

Staff Acknowledgments

In addition to the contact named above, Hynek P. Kalkus, Assistant Director; Claude Adrien; Brandon Hunt; Jodi Munson; Bruce Kutnick; Karen Deans; Virginia Chanley; Martin De Alteriis; Mark Dowling; Jena Sinkfield; and Holly Dye made key contributions to this report.

Related GAO Products

Securing, Stabilizing, and Developing Pakistan's Border Area with Afghanistan: Key Issues for Congressional Oversight. GAO-09-263SP. Washington, D.C.: February 23, 2009.

Combating Terrorism: Increased Oversight and Accountability Needed over Pakistan Reimbursement Claims for Coalition Support Funds. GAO-08-806. Washington, D.C.: June 24, 2008.

Combating Terrorism: U.S. Oversight of Pakistan Reimbursement Claims for Coalition Support Funds. GAO-08-932T. Washington, D.C.: June 24, 2008.

Combating Terrorism: U.S. Efforts to Address the Terrorist Threat in Pakistan's Federally Administered Tribal Areas Require a Comprehensive Plan and Continued Oversight. GAO-08-820T. Washington, D.C.: May 20, 2008.

Preliminary Observations on the Use and Oversight of U.S. Coalition Support Funds Provided to Pakistan. GAO-08-735R. Washington, D.C.: May 6, 2008.

Combating Terrorism: The United States Lacks Comprehensive Plan to Destroy the Terrorist Threat and Close the Safe Haven in Pakistan's Federally Administered Tribal Areas. GAO-08-622. Washington, D.C.: April 17, 2008.

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