



Peace Corps
Office of Inspector General

FINAL EVALUATION REPORT

Peace Corps/Azerbaijan

IG-07-11-E


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Acronyms

ACCELS.....	American Councils for International Education
AZ4.....	Azerbaijan fourth Training Input
PM.....	Project Manager
CED.....	Community Economic Development
CD.....	Country Director
AZ.....	Azerbaijan
FLEX.....	Future Leaders Exchange Program
FY.....	Fiscal Year
NGO.....	Non-governmental Organization
OPSI.....	Office of Private Sector Initiatives
PC.....	Peace Corps
PCMO.....	Peace Corps Medical Officer
PCPP.....	Peace Corps Partnership Project
PST.....	Pre-Service Training
PTO.....	Programming and Training Officer
SPA.....	Small Project Assistance
TEFL.....	Teachers of English as a Foreign Language
VAC.....	Volunteer Advisory Committee

EXECUTIVE SUMMARY

WHY WE DID THIS EVALUATION

The Office of Inspector General conducts regular reviews of Peace Corps operations.

We selected Peace Corps/Azerbaijan because no evaluation had been conducted since the post opened in 2003.

PC/Azerbaijan was providing adequate training, site assignment, and administrative and safety and security support to Volunteers.

Volunteers were satisfied with their language, cultural, health and safety and security training, but Volunteers in both projects expressed some concerns regarding their technical training. Volunteers were satisfied with their site assignments, the careful selection of schools and organizations where they work as well as the absence of safety and security issues. They also praised the post's management and administration for their effective work. Overall, we found PC/Azerbaijan Volunteers to be satisfied in their service.

However, our review did identify weaknesses in some areas. Specifically:

- Some counterparts of TEFL Volunteers did not adequately understand the role of the TEFL Volunteers.
- Some TEFL Volunteers found that the Teaching Practicum during pre-service training did not provide them with a realistic Azerbaijan school experience.
- Volunteers with little prior work experience found that the Community Economic Development project's technical training was not sufficient.
- The Peace Corps Partnership Program at the post lacked effective project management control systems and formal systematic field-based monitoring controls at the post for project expenditures.
- The post did not correctly report or deposit gifts and contributions.

INTRODUCTION

BACKGROUND

The government of Azerbaijan invited Peace Corps to work in the country, beginning with a project in the education sector in 2003. The Azerbaijan Ministry of Education (MOE) and the Peace Corps work together at the community level to improve the teaching of English as a foreign language (TEFL) programs at schools and universities. The post launched its second project, the Community Economic Development (CED) project, in 2005.

At the time of our review, 71 Peace Corps Volunteers worked in the regional centers, cities, and villages other than the Apsheron peninsula. TEFL Volunteer train local English teachers and students at secondary schools and teacher training colleges. CED Volunteers work as business advisers to support the economic development of communities. Table 1 presents demographic data on the Volunteers by project and gender.

Table 1: Volunteer Demographic Data as of November 2006

Project	Number of Volunteers	Percent (%)
CED	30	42
TEFL	41	58
Gender		
Male	38	54
Female	33	46

Source: PC/Azerbaijan Volunteer roster, November 2006.

OBJECTIVE

The objective of our evaluation was to determine whether PC/Azerbaijan has provided adequate training, site assignment and support to ensure its Volunteers meet the needs of the people of Azerbaijan. This objective is encapsulated in the first goal of Peace Corps' mission. Appendix A provides a full description of our evaluation objective, scope, and methodology.

PROGRAM EVALUATION RESULTS

Our review found the PC/Azerbaijan post was providing adequate training, site assignment, administrative support, and safety and security to Volunteers. Volunteers told us they were satisfied with their language, cultural, health and safety and security training, but expressed some concerns regarding technical training in both projects. Our review disclosed weaknesses in internal controls at the post in the management of the Peace Corps Partnership Program (PCPP); subsequent to our visit, the country director voluntarily disclosed further irregularities in the management of gifts and contributions at the post.

VOLUNTEERS WERE MEETING THE ENGLISH-LEARNING AND BUSINESS SKILLS NEEDS OF THE PEOPLE OF AZERBAIJAN.

Volunteer satisfaction with their ability to fulfill the Peace Corps' first goal of meeting the requested needs of the people for trained manpower was evident in our interviews and in Volunteers' responses to the IG questionnaire. Seventeen of the 19 Volunteers we interviewed told us that they felt effective because they have been placed in schools where students and teachers are motivated to learn English or in non-governmental organizations that are interested to learn from them. Seventy-three percent (73%) of the Volunteers responding to the IG Volunteer questionnaire indicated that they felt effective as a Volunteer regardless of their time in-country. See Table 2.

Table 2: Volunteers Self - Reported Effectiveness

How effective do you feel as a Volunteer?	Frequency	Percent (%)
Not at all	1	1.7
Somewhat	15	25.4
For the most part	29	49.2
Very	14	23.7
Total	59	100.00

Source: OIG Volunteer questionnaire, 2006

Interviewed Volunteers told us they have been placed in organizations that have a task for them and provide them with the support and the means to do their work. Volunteers also credit their ability to be effective in their work to staff efforts to provide adequately prepared sites, technical and language training, and administrative support. Volunteers reported that the post is well managed with program managers that are receptive to their needs and an administration that ensures that they are safe and healthy.¹

¹See Appendix B, IG Volunteer questionnaire.

In our field visits to Volunteer work sites, we observed TEFL Volunteers teaching their students. We saw TEFL Volunteers that were confident in their roles; they were well prepared, and their students were attentive and actively participating in learning activities presented by the Volunteers. We also saw counterpart teachers demonstrating English teaching techniques that they have learned from the Volunteers. Twenty-nine (71%) of the TEFL Volunteers reported they were working between 17 and 24 hours a week in the classroom, in addition to the time they spent planning and executing activities outside of the classroom, such as English conversation activities (English Circles) with students and teachers.

During our review of quarterly reports and interviews with CED Volunteers, we found many examples of the skills that the CED Volunteers transferred to their Azerbaijani colleagues and counterparts. For example, in the city of Ganca, one Volunteer was training young filmmakers and preparing them to start their own production company, while another Volunteer had created a 12-page full color informational booklet about her organization, introduced international standards for customer service, and had taken this training to other organizations in the city. Fifty-seven percent of CED Volunteers reported working between 30 and 40 hours per week on their primary assignments. From nine CED counterparts, we heard detailed descriptions of business management skills that they have learned from Volunteers such as: time management; surveying customer satisfaction; and assessing customers' needs.

In summary, we found that PC/Azerbaijan Volunteers are satisfied with their service and that the post has successfully:

- Equipped them with language, technical and cultural skills to work and integrate into their communities.
- Matched Volunteers' skills with clear assignments and organizations that are committed and have the capacity to support and provide the Volunteer with the means to do his/her work.
- Provided excellent management, administrative, safety, and health support to Volunteers.

SOME TEFL VOLUNTEERS REPORTED THAT THE TEACHING PRACTICUM DID NOT PROVIDE THEM WITH A REALISTIC AZERBAIJAN SCHOOL EXPERIENCE.

Although approximately two-thirds of TEFL Volunteers responding to the OIG questionnaire were satisfied with technical training, about one-third indicated that they were only “somewhat” technically prepared (see Table 3). During face-to-face interviews with five of six second year Volunteers, they told us that their Teaching Practicum was not adequate to help them understand Azerbaijani teachers’ general approach: i.e., discipline (physical punishment); student vs. teacher interaction (teacher-centered education); learner correction (negative reinforcement); and the teachers’ work ethic.

Table 3: Satisfaction with TEFL Technical Training

How well did your technical training prepare you?	Frequency	Percent (%)*
Not at all	0	0.0
Somewhat	11	34.4
For the most part	15	46.9
Very	6	18.8

Source: OIG Volunteer questionnaire, 2006

* Due to rounding, totals may not equal 100 percent.

One Volunteer commented: “discipline [of the students] is an issue . . . they [teachers] are late, teachers are not very student focused, and they talk and they talk about non-teaching issues during class . . . they like hitting the children, yelling at the children and berating the children a lot as a way to encourage them to learn . . . it is hard to watch and see what they [the teachers] do.” Another Volunteer commented: “. . . [the Teaching Practicum] was not like school because only the best students came.” A third Volunteer commented: “The summer camp [Teaching Practicum] lasted two weeks; we put up fliers and advertised for two classes. That was a great way to get into a mindset of teaching but I wish we had some more Azeri teachers in the classroom and for them to take the lead and to observe them teaching. We needed to know how teachers really are, how they teach, how they handle discipline.”

The Teaching Practicum was the primary method that the post used to prepare the Trainees for their role in the schools. Students were recruited from the local area to participate in a two-week ‘model school’ and the Trainees practiced their teaching skills with the recruited students. The Trainees were observed by Azeri teachers for feedback. However, the Volunteers stated that the Teaching Practicum was too short and not sufficiently realistic to prepare them for the classroom because: a) the Practicum was done with students and teachers

that are very motivated; and b) students and teachers behaved atypically during the Practicum sessions.

Volunteers also reported concerns that Azerbaijani teachers invited to the Practicum did not have a good understanding of what their role should be in the training. One Volunteer commented: “She didn’t have the role clear and she was not into it. I think the idea was to plan the lessons with the counterpart and she didn’t have the time or the interest in doing it. She had the idea that PCV are there for songs and games.”

The TEFL professional competence training aims to equip Trainees with skills to work in the Azerbaijani education culture; however, it appeared to be inadequate to teach Trainees to develop solutions to cope with the management of the Azeri classroom and to interact effectively with their teaching colleagues. The staff were aware of these deficiencies in the TEFL technical training and they explained that the most recent group of Volunteers’ Teaching Practicum was organized differently to address the issues raised by the Volunteers during our interviews. The post stated that they will expand the Practicum from two weeks to three weeks to provide Trainees with more opportunities for stand-up teaching and to allow greater autonomy for them to develop and prepare lessons.

RECOMMENDATIONS

We recommend:

- 1. That the post select a group of students who are more typical of the Azerbaijan city school to participate in the Teaching Practicum.**
- 2. That the post design sessions for Trainees and Azeri teachers on issues not experienced in the Teaching Practicum and analyze how to best deal with these issues.**

SOME COLLEAGUES OF TEFL VOLUNTEERS WERE UNCLEAR ABOUT THE VOLUNTEERS' ROLE AND PURPOSE.

Most TEFL Volunteers were satisfied with their teacher counterparts and the flexibility that the program managers have given them to select their counterpart. Occasionally, school principals explained to us what they had done to ensure that the Volunteer was welcome and to ensure that the Volunteer's presence was going to be of good use to teachers and students alike. However, Volunteers told us that they were operating in school environments where the majority of the faculty was not clear as to what the Volunteers' role was in the school and were not fully informed or prepared for their arrival. See Table 4.

Table 4: Colleagues Understanding

How clear is your work assignment to your host country colleagues?	Frequency	Percent (%)*
Not at all	2	6.1
Somewhat	10	30.3
For the most part	19	57.6
Very	2	6.1
Total	33	100.1

Source: OIG Volunteer questionnaire, 2006

Due to rounding, totals may not equal 100 percent.

Volunteers told us that they believed that there were two causes for this situation: 1) that some counterparts did not attend Counterpart Day because the person selected (usually the school principal) was busy with other professional duties; and 2) that the counterpart, in spite of attending Counterpart Day, failed to properly introduce the Volunteer and their role to the school faculty at large.

As a result, one Volunteer told us that the Volunteers are seen by some teachers as "someone who came here to select students to take to America" or that they simply did not know why the Volunteer was at the school. Another Volunteer commented that the reason her introduction to her school was inadequate was "because my school principal and no one else came to Counterpart Day; all the teachers at my school had a misconception of what PCVs are doing here." She added that she knew of four Volunteers whose counterparts did not attend Counterpart Day.

The consequences due to the lack of information about the Volunteer's role and purpose in the school varied for the Volunteers we interviewed, but two consequences stood out among Volunteers comments. The Volunteers did not feel

accepted or utilized and they also wondered if there was a need for them in their assigned school.

RECOMMENDATIONS

We recommend:

- 3. That the post request two counterparts from each site to attend Counterpart Day.**
- 4. That the post reinforce the importance of introducing the Volunteer and the role of the Volunteer to the school staff during counterpart training.**
- 5. That program managers request a meeting with all English teaching faculty during site selection.**
- 6. That program managers schedule site visits at the sites where no counterpart has attended Counterpart Day.**
- 7. That program managers create a handbook or written description to orient counterparts and colleague teachers to the role of the Volunteer.**

CED TECHNICAL TRAINING IS NOT SUFFICIENT FOR TRAINEES WITH LITTLE OR NO WORK EXPERIENCE.

As depicted in Table 5, 48% of the Volunteers responding to the OIG Volunteer questionnaire indicated that CED technical training was “not at all” or “somewhat adequate” to prepare them for the technical challenges in their assignments. In our interviews, three out of eleven Volunteers told us that the main deficiency in their training was a lack of specific information about their assignments. These Volunteers were recent college graduates without work experience. One Volunteer commented, “Some of us are right out of college so we don’t know the real business world and need to know how to transfer that knowledge.” Another Volunteer commented, “It [training] is book learning and little application.” As a result, inexperienced Volunteers find themselves inadequately prepared to make strong contributions at their workplaces early in their assignments.

Table 5: CED Technical Training Preparation

How well did your technical training prepare you?	Frequency	Percentage (%)
Not at all	1	4
Somewhat	11	44
For the most part	9	36
Very	4	16
Total	25	100

Source: OIG Volunteer questionnaire, 2006

Volunteers recruited with previous work experience found the training to be helpful because it provided them with a framework on how to operate in an Azerbaijani organization. During interviews, several CED Volunteers commented that they agreed the training was not specific to their assignments, but that they understood the difficulty of providing a standardized training that addressed the variety of community, business, and NGO development needs of the host organizations.

Both groups of Volunteers found the participation of the project manager during PST to be the most positive part of the training because of the opportunity for constant interaction with the program manager. In addition, they believed that the PST Practicum was useful because Volunteers were able to get a broad view of Azerbaijan business and able to get some practical experience.

RECOMMENDATIONS

We recommend:

- 8. That the post prepare training sessions to address the experience and skill level and needs of the CED Trainees.**
- 9. That the post invite local experienced technical experts to deliver sessions for Trainees.**
- 10. That the post make site assignment decisions earlier in order to provide Trainees with more specific information about their specific assignments.**
- 11. That the post allocate more time for the program manager to be a technical trainer to allow for more interaction with inexperienced Trainees.**

PCPP FISCAL AND PROGRAMMATIC CONTROLS AT THE POST ARE INADEQUATE.

The Peace Corps Partnership Program (PCPP) is one of Peace Corps' primary channels for Volunteers and their host community to obtain financial support for community-based small projects. However, the Partnership Program does not directly fund projects. Instead, it serves as the Volunteers' link to interested individuals, groups, foundations, and service organizations in the U.S. private sector that would like to contribute to the valuable work that Peace Corps is doing. The program helps to establish a direct communication link between groups and individuals in the United States and communities overseas to facilitate an understanding of different cultures and ways of life.

In Azerbaijan, PCPP total project amounts ranged from \$100 to \$8,587 and their purpose varied from the purchase of classroom furniture to the painting of a world map mural on a school to planting trees to promoting community partnership.

Our field visit did not include direct observation of PCPP projects but we reviewed documentation for current and closed projects. Of three current and nine closed Peace Corps Partnership Program projects, the Partnership Program Coordinator visited five projects and verified the progress or the completion of the project in accordance with the Volunteers' PCPP plan. The results of these visits were documented in the Coordinator's Site Visit Reports. In addition, other staff members visited Partnership Projects, and the results of their visits were documented in their Site Visit reports.

We were able to conclude that PC/Azerbaijan had not been formally and systematically monitoring the PCPP projects for compliance with PCM section 720.3.4, which directs the post to ensure that Partnership funds "be used only for costs associated with the project." The administrative officer did check all receipts for each PCPP project to ensure they were properly signed and corresponded to the approved budget. However, the fact that receipts were signed by the vendor and reconciled with the PCPP proposal budget did not ensure that the funds were spent in accordance with their authorized intent.

In interviews with the staff, we were told that no training or guidance had been provided at the post with respect to a process to verify that funds are used for the project for which they were intended. Indeed, there is no clarification in PCM section 720 of what procedures should be used for such

verification. According to PCM section 720.5.1.22, the administrative officer reviews the receipts and determines that funds have been spent appropriately. However, the policy does not specifically require physical verification of the project implementation.

To compare PC/Azerbaijan's PCPP to similar projects at the post, we reviewed three randomly selected SPA projects. Our review indicated that the SPA projects had incorporated internal control mechanisms to ensure effective project proposals and to verify that funds are being used only for costs associated with the projects. For example, in a SPA proposal section on monitoring and evaluation, one Volunteer wrote: "I will use my action plan as a guide in my monitoring process . . . I will monitor the progress of the building repairs. I will meet with the community to inspect the building and its progress before I purchase the equipment . . . I will follow up with the vendor on delivery dates, receive and inspect the goods as they arrive and monitor the installation of the equipment by the community." While according to the director of the Office of Private Sector Initiatives, similar representations are often made by Volunteers in PCPP proposals, the monitoring at the post is not actually done. In addition, according to the Volunteer, unlike PCPP projects, the SPA coordinator visited SPA projects to verify expenditures and receipts during the course of the project.

The PCPP in Azerbaijan was also lacking programmatic management control systems that SPA projects had. A comparison of control mechanisms between the two projects (see Table 6) shows that the post's PCPP did not have a project approval committee, formal training for the PCPP coordinator, guiding literature on project development, adequate monitoring and evaluation guidelines, and worldwide best practices. The absence of a control committee deprived Volunteers drafting PCPP project proposals of the relevant feedback that a committee formed of experienced Volunteers could provide on project feasibility and project implementation.

Table 6: PCPP and SPA Management Tools

Project	CPPP	SPA
Management control system	Yes/No	Yes/No
Policy guidelines	Yes	Yes
Project approval committee	No	Yes
Project format	Yes	Yes
Project proposal writing guidelines	Yes	Yes
Project approval criteria	Yes	Yes
Coordinator project management training	No	Yes
Guiding literature and materials on:	Partial	Yes
• Funding procurement	Yes	Yes
• Project monitoring and evaluation	Partial	Yes
• World wide Best practices	No	Yes

Source: IG program evaluation field notes and PC/Azerbaijan post documents

Though the PCPP coordinator attended a PCPP session during Overseas Staff Training (OST), she stated that she believed the training to be too general and covering the same content already found in the Peace Corps Manual. Stricter guidance on monitoring and evaluation of the projects would help the Volunteers, as well as the project coordinator and the community coordinator, to monitor project implementation.

PCPP worldwide best practices could also enhance project proposals and implementations. At present, the post’s PCPP coordinator only gives Volunteers examples of already implemented PCPP projects in Azerbaijan. According to the post’s PCPP coordinator: “It would be good if Washington could put out a good booklet with successful projects and say what happened with the project after some years. It will be good to know what happened to those projects...sustainability, what made them sustainable. And explain what those good projects have done to be successful, to be sustainable.”

The Office of Private Sector Initiatives (OPSI) has stated that it would like to conduct more training on PCPP procedures, policy, and project implementation at posts.

A comparative flowchart of the proposal approval process for both PCPP and SPA projects (see Figure 1) illustrates how a project review committee could help expedite the approval process -- saving time for the Volunteer and the SPA coordinator -- and also act as a local internal quality control system instead of a remote one at Headquarters.

In summary, PC/Azerbaijan's PCPP needs to strengthen its internal control mechanisms to verify the authenticity of project expense receipts and to incorporate efficient project proposal and implementation control mechanisms that could allow Volunteers and management to expedite the approval and implementation of projects. The post's PCPP should emulate the already existing internal control practices of SPA projects for the benefit of all.

In comparing the agency's PCPP and SPA project proposal approval process, it is clear that the post's PCPP lacks effective project management control systems and field-based monitoring controls for project expenditures. The absence of these systems makes the application and implementation of PCPP project process inefficient and could also lead to resource misappropriations as well as reflect poorly on the image of Peace Corps.

RECOMMENDATIONS We recommend:

- 12. That the post revise PCPP management control systems to include:**
 - **A review committee comprised of staff and Volunteers with PCPP implementation experience.**
 - **A section in the project proposal on how the project will be monitored and evaluated.**
 - **Project sustainability mechanisms and indicators.**
 - **Implementation progress reports, including photographs, prepared by the Volunteers and community partners and submitted to the PCPP review committee.**
- 13. That the post's PCPP coordinator systematically review project implementation and verify that receipts of goods or services purchased for the project are authentic.**
- 14. That OPSI revise and tighten the training module for country directors and PCPP coordinators, specifically consolidating all PCPP project materials to contain specific and stricter guidance on project proposal development, monitoring, and evaluation including, for example, requiring physical verification of the project implementation.**

**PC/AZERBAIJAN
VOLUNTEERS
REPORTED FEELING
SAFE AND SECURE.**

15. That OPSI conduct periodic and on-going training of project coordinators, and share worldwide best practices.

All of the Volunteers in our interview sample told us that they felt very safe at home, at work, in the city where they live, and even when they travel. A possible indicator of the safety and security condition for the country is the low number of criminal incidents reported to the IG office. Only 10 incidents have been reported in the last year and a half. Volunteers responding to the IG Volunteers questionnaire indicated that there have been very few cases of unreported crimes; only four out of 57 Volunteers responding to the OIG questionnaire reported that they had experienced a crime that they had not reported to the PC/Azerbaijan office.

An additional indicator corroborating Volunteer’s confidence in their safety and security is the PC/Azerbaijan crime incident rates data for the years 2003-2005. The report shows that attempted rape, theft and robbery have decreased dramatically since 2003 (see Table 8). Although crime rates have dropped considerably – in part due to the small number of crimes and the small number of Volunteers, according to the Safety and Security Coordinator, efforts by the post are also significantly contributing to the change. These include:

- Training content that has incorporated the learning experiences of past years.
- Project managers having been interviewed on national television, which has increased public awareness about Peace Corps Volunteers.
- The safety and security coordinator being formally introduced to the Ministry of Interior.
- The good reputation and standing of Peace Corps Volunteers in their communities that is now better established today than it was in 2003.

Table 8: Azerbaijan Crime Incidence Rates 2003-2005

Type of Crime	2003	2004	2005
Attempted rape	23.52	0	0
Major Sexual Assault	2.77	2.66	2.66
Robbery	13.58	2.66	2.93
Other physical assaults	0.00	0.00	5.87
Theft	40.75	5.33	5.87

Source: Crime Statistics and Analysis Unit, Office of Safety and Security, Peace Corps. Rates are per 100 V/T Years.

Volunteers were complementary of the work and support provided by the post's safety and security coordinator. Volunteers appreciate the work he has done in their communities to ensure their safety and security. He has:

- Introduced the Volunteer to the local police.
- Ensured that the local police has the address and telephone contact of the Volunteer.
- Ensured, when possible, that an English speaking police officer or staff member who knows the Volunteer is available in case of an emergency.

According to the Volunteers, when a Volunteer has called for help, the post has been responsive and has followed-up with the Volunteer and the local police authorities.

The post provides cell phones to the Volunteers, which they appreciate. Cell phone communication appeared to be effective and Volunteers did not report a single case of inadequate means of communication with the post. In addition to cell phone communication, Volunteers have access to land line telephones at home and at work.

THE POST HAS SUCCESSFULLY IMPLEMENTED THE PROGRAMS IDENTIFIED IN THE "NEW COUNTRY ASSESSMENT REPORT."

The 2002 Country Assessment Report identified English education and business development as areas where Peace Corps Volunteers could make strong contributions. As accurately reported in the new country assessment, there were limited opportunities or exposure to native English speakers in schools outside Baku. The desire on the part of Azeris to interact with Americans, or any native English speakers, is evident in the overwhelming response to those who venture into schools at any level. At their sites, most Peace Corps Volunteers are providing that first exposure, for their students and for their teaching colleagues.

A second area of need identified by the new country assessment team in 2002 was the need for technical assistance in the development of business skills and sound business practices. In our conversations with CED counterparts, we were told that Volunteers were filling a gap in business related skills that are badly needed because of unfamiliarity with the economic environment of a market oriented economy. Concepts like competition, marketing, client satisfaction, and needs assessment are still foreign to the Azerbaijan people.

An additional area identified by the new country entry assessment team was a positive cultural condition in

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2004.**

Azerbaijan that facilitates conducting community-based training. There are no cultural restrictions limiting Azeri families, even in smaller towns and villages, from serving as host families for both male and female Volunteers. In interviews with Volunteers and meetings with their host families, we observed multiple indicators of Azeri host families' true interest in making the experience of the Volunteer a successful one. Volunteers used superlatives to describe the welcome and support encountered in their host families, both during PST and at their sites.

After our field visit, the Office of Inspector General received from the Office of Private Sector Initiatives a memorandum dated January 29, 2007, written by the country director describing the post's non-compliance with the conditions of PCM section 721, Gifts and Contributions and the Overseas Financial Management Handbook section 23.2 Procedures for Acceptance Donations Received by Overseas Posts. Beginning in 2003 when the post was opened, the first two groups of Volunteers (and, later the PC/Azerbaijan country director) established and maintained a fund that accepted and distributed contributions from Volunteers and other contributors. While the issue was not raised by the country director or any of the 17 Volunteers we interviewed during our field visit, this memo detailed the country director's understanding of the sequence of events. The country director stated in a subsequent email that the OIG evaluator did not inquire about the fund and neither the country director nor the Volunteers considered raising the issue since, in their estimation, the issue had been resolved prior to the arrival of the IG evaluator.

Upon his arrival in May of 2005, the country director reported that he inherited a so-called "One Percent Fund" consisting of co-mingled funds totaling \$1,150.00 from Volunteers and a donation from an outside source. According to the country director and comments from Volunteers we interviewed, beginning with the first group arriving in Azerbaijan in 2003, a number of Volunteers agreed to contribute one percent of their living allowance to the fund. In the beginning, the fund was managed by the Volunteer Advisory Committee (VAC). On October 1, 2005, the country director reported the existence of the fund to the regional director stating:

Peace Corps Volunteers in AZ1 and AZ2 created their own "One Percent Fund" to finance micro-projects

benefiting Azeris. On a voluntary basis, one percent of their monthly living allowance is withheld and placed into an account managed by the Volunteers through their Volunteer Advisory Committee. . . . [A Volunteer] has been the Treasurer, but the entire VAC considers and decides on the selection of worthy project applications from their peers. With [the Volunteer Treasurer's] imminent departure as a member of AZ1, . . . [an AZ2 Volunteer] is assuming the Treasurer role. The current maximum project grant is \$60 and 19 projects were funded during this first year. To date the total money contributed to the Fund is approximately \$2,350 and the amount remaining is approximately \$1,150.

After being instructed by regional management, the country director closed down the One Percent Fund in November 2005, directed the VAC Treasurer to return Volunteer donations to the donors and informed the Volunteers in an PC/Azerbaijan Azlander article dated October 25, 2005 as follows:

We all thought the One Percent Fund to be a wonderful act of charity and dedication to Peace Corps ideals on the part of the participating Volunteers. So much so that it became part of the Country Director's quarterly report to the Regional Office as an example of good works done by Volunteers in Azerbaijan. Sharing this information had the unintended consequence of a legal review which pointed out that this is not a permitted use of "living allowance." Volunteer living allowance, it turns out, may not be used to make grants. We have therefore been asked to close down the One Percent Fund and arrange for the return of any remaining Volunteer living allowance contributions to the contributors.

Effective immediately, Peace Corps Azerbaijan is no longer withholding one percent from the living allowance of those Volunteers who chose to participate in this initiative. . . . the current Treasurer, will close down the account and return to Volunteers that part of the balance of remaining funds that came from current AZ1 and AZ2 Volunteers, in proportion to their individual contributions.

The country director stated that the post has copies of the One Percent Fund forms that some AZ1 and AZ2 Volunteers filled out directing the Peace Corps to withhold specific amounts from their living allowance. It was on the basis of these forms that the cashier withheld donations to the One Percent Fund up through October 2005 and deposited them in the One Percent Fund account of the respective Volunteer VAC Treasurers.

The funds from the outside source came from a program named Future Leaders Exchange Program (FLEX) funded and managed by the American Councils for International Education (ACCELS). The funds were provided to Peace Corps in appreciation for the assistance provided by the Volunteers as a “secondary” project supporting cultural orientation training of Azerbaijani high school youth sent by ACCELS to the United States for the duration of a school year. PCM section 204.38 states that Volunteers:

. . . may not accept payment for their services except from the Peace Corps, or engage in any activity for personal financial gain within the host country. . . . In cases where payment cannot be avoided, the Trainee or V/T must report receipt of such payment to the Country Director and must donate the proceeds to a worthwhile institution or organization in the host country or, if he or she chooses, to the Peace Corps Partnership Fund.

According to receipts and letters forwarded by the country director, on July 25, 2005, ACCELS presented \$800.00 to the country director as a contribution to a “PCV-managed fund that is . . . for small project activity.” The ACCELS staff acknowledged an earlier \$800 donation that had been made to the current country director’s predecessor, but ACCELS’ records of that transaction are not available. The PC/Azerbaijan administrative staff found deposit records showing an \$800 deposit to the account of the One Percent Fund Treasurer, an AZ1 Volunteer, on August 23, 2004. There also were records of the \$800 deposited on July 26, 2005. A Volunteer who had been a member of the VAC confirmed that the country director moved the management of the funds from the VAC in November 2005.

With the remainder of the One Percent Fund -- \$800.00 -- the country director established a new fund, the Small Project Fund, to respond to project proposals for small amounts of

money and withdrew the \$800.00 from the cashier and held the funds in his “own locked cabinet.” Applications for these small projects came to the country director—at times directed to the country director by the post’s Peace Corps Partnership Program coordinator. The funds were kept and disbursed by the country director. To date, the country director reports that he issued funds for five small projects -- each less than \$60 -- during the period November 2005 - December 2006, for a total of \$235.34. These grants, the grantees, and the purpose of the grants were documented in the country director’s memo of January 2007.

We spoke to four of the seven Volunteers remaining in country and one returned Volunteer--all of whom were named by the country director as recipients/participants in projects funded by small grants from the fund. None of the Volunteers we interviewed reported that they had contributed to the One Percent Fund nor had any deduction ever been made from their living allowance. Volunteers told us that not many Volunteers knew about the fund; one Volunteer told us she learned about the fund from some older Volunteers. As a result of her experience, she wrote an article for the newsletter instructing Volunteers how to apply for the funds.

Volunteers who have been recipients of money from the Small Projects Fund reported that the requirements for submitting proposals to the fund included: a short description of the planned activity, an itemized budget, host country contributions, a summary of the event, and receipts with the completed report to be submitted to the country director. According to these Volunteers, the fund was useful because: “SPA is for gigantic projects and all the proposals and records had to be kept on the Microsoft Word program in comparison to this small fund that required only a two-page proposal.” According to the Volunteers, all the funds were dispersed following this process.

The Small Project Funds have been used for a variety of Volunteer secondary projects. One such activity was an “American Day” introducing the children of a Volunteer’s community to the American holidays of Halloween and Thanksgiving Day, which was approved by the coordinator and the equivalent of \$60.00 was given to the Volunteer’s colleague in Azeri *manats*. The community contributed the venue, a film projector to show films, and paid for paper plates to serve the food purchased and prepared by the Volunteer colleagues. They completed the activity and submitted the

report and the receipts to the grants coordinator. Another Volunteer submitted a proposal to the Peace Corp Partnership Program. He requested \$230 for a summer camp; he received \$200 from PCPP and \$30.00 came from the Small Project Fund.

While the country director is ultimately responsible to comply with Peace Corps regulations, at least partially the failure in this case may have been the lack of clarity about the process of managing donations or “payments;” and the fact that the rules explaining this process are contained in various places, e.g., the rules guiding gifts or contributions are in PCM section 721; and the requirements for managing Volunteer “payments” is located in PCM section 204: Volunteer Conduct. In addition, procedures for correctly depositing the gifts are detailed in the Overseas Financial Management Handbook. While the current country director reported the existence of the fund to regional management, there was a failure to recognize and deal with the implications of the existence and management of the rest of the fund.

This lack of policies, procedures, and important internal controls puts the staff and post managing such funds and the agency at risk. Funds that are not accurately documented and managed in a transparent environment provide opportunities for theft and fraud. The lack of accountability could harm the reputation and integrity of Peace Corps.

At this time, the country director has identified the problem and has taken action to address the appropriate authorities. The fund has been correctly deposited to OPSI, but it remains to determine the correct disposition of the rest of the funds. In his explanatory memo, the country director stipulated that the remaining funds be directed to improvement of the Volunteer lounge in PC/Azerbaijan. According to PCM section 721.3: funds donated to Peace Corps must be unconditional; it is unclear that “improving the Volunteer lounge” fulfills the intent of PCM section 721.6.1: Criteria for Gift Acceptance states: “A gift may be accepted by an authorized official upon determination that the following criteria are satisfied, if applicable: (a). There is a definite use to which the gift can be applied in furtherance of the purposes of the Peace Corps Act.”

RECOMMENDATIONS

- 16. That the Peace Corps Partnership Program in headquarters continue to distribute the funds to support PC/Azerbaijan small projects as “mini-grants” stipulating that the applications:**
 - **Conform with Partnership Program criteria, and**
 - **Will not be required to identify potential donors to the Partnership Program, but will be funded (if approved) from the Global Fund.**

LIST OF RECOMMENDATIONS

WE RECOMMEND:

1. That the post select a group of students who are more typical of the Azerbaijan city school to participate in the Teaching Practicum.
2. That the post design sessions for Trainees and Azeri teachers on issues not experienced in the Teaching Practicum and analyze how to best deal with these issues.
3. That the post request two counterparts from each site to attend Counterpart Day.
4. That the post reinforce the importance of introducing the Volunteer and the role of the Volunteer to the school staff during counterpart training.
5. That program managers request a meeting with all English teaching faculty during site selection.
6. That program managers schedule site visits at the sites where no counterpart has attended Counterpart Day.
7. That program managers create a handbook or written description to orient counterparts and colleague teachers to the role of the Volunteer.
8. That the post prepare training sessions to address the experience and skill level and needs of the CED Trainees.
9. That the post invite local experienced technical experts to deliver sessions for Trainees.
10. That the post make site assignment decisions earlier in order to provide Trainees with more specific information about their specific assignments.
11. That the post allocate more time for the program manager to be a technical trainer to allow more interaction with inexperienced Trainees.
12. That the post revise PCPP management control systems to include:
 - A review committee comprised of staff and Volunteers with PCPP implementation experience.
 - A section in the project proposal on how the project will be monitored and evaluated.
 - Project sustainability mechanisms and indicators.
 - Implementation progress reports, including photographs, prepared by the Volunteers and community partners and submitted to the PCPP review committee.

13. That the post's PCPP coordinator systematically review project implementation and verify that receipts of goods or services purchased for the project are authentic.
14. That OPSI revise and tighten the training module for country directors and PCPP coordinators, specifically consolidating all PCPP project materials to contain specific and stricter guidance on project proposal development, monitoring, and evaluation including, for example, requiring physical verification of the project implementation.
15. That OPSI conduct periodic and on-going training of project coordinators, and share worldwide best practices.
16. That the Peace Corps Partnership Program in headquarters continue to distribute the funds to support PC/Azerbaijan small projects as "mini-grants" stipulating that the applications:
 - Conform with Partnership Program criteria, and
 - Will not be required to identify potential donors to the Partnership Program, but will be funded (if approved) from the Global Fund.

POST STAFFING

At the time of our visit, the post had 26 staff positions: three U.S. direct hires, two foreign service national, and 21 personal services contractors. We interviewed ten staff, who all stated that they very much enjoyed working for the Peace Corps. Many cited, in particular, the effective working relationships and esprit de corps among staff members. Volunteers we interviewed praised the proactive involvement of the program staff in assisting them to execute their projects and also noted the availability and support of the administrative unit staff.

APPENDIX A

- Interviewed a number of Peace Corps staff from the EMA Region, Safety and Security Office, Office of Medical Services, and PC/Azerbaijan post with responsibility for all aspects of Volunteer support.
- Debrief and interviewed U.S. Ambassador to Azerbaijan and the acting, Deputy Chief of Mission.

We relied on computer-processed data from PC/Azerbaijan accounting system for information on SPA the sample of three grant funds provided to Volunteers and community organizations. However, we did not evaluate general controls over the accounting system because that work was outside the scope of our evaluation. During our interviews and review of supporting documentation for SPA grants, nothing came to our attention suggesting that the information from the accounting system was inaccurate.

We performed our evaluation from October - December 2006, including work at PC/Azerbaijan from November 6 - 22, 2006, in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other evaluation procedures that we considered necessary under the circumstances. As a part of our review, we evaluated the system of internal controls to the extent that we considered necessary to accomplish our objective. We identified internal control weaknesses in the areas of the Teaching Practicum, counterpart introduction to the school community and PCPP lack of field monitoring. The internal control weaknesses identified are discussed in the Results of Evaluation section of this report. If implemented, our recommendations should strengthen internal controls.

APPENDIX B

OIG CONTACTS AND STAFF ACKNOWLEDGEMENTS

OIG CONTACTS

If you wish to comment on the quality or usefulness of this report to help us improve our products, please e-mail Alice Bunker, Assistant Inspector General for Evaluations and Inspections, at abunker@peacecorps.gov, or call (202) 692-2913.

STAFF ACKNOWLEDGEMENTS

Alice Bunker, Assistant Inspector General for Evaluations and Inspections, and Carlos Torres, Senior Evaluator, managed all aspects of this assignment, and Lori Carruthers contributed to the writing of this report.

APPENDIX C

PC/AZERBAIJAN: VOLUNTEER RESPONSES TO OIG QUESTIONNAIRE

Do you feel your time and work in this country are valued?	Frequency	Percent
Not at all	1	1.7%
Somewhat	10	16.9%
For the most part	23	39.0%
Very	25	42.4%
Total	59	100.0%

How prepared for your arrival were the host country people with whom you work?	Frequency	Percent
Not at all	5	8.8%
Somewhat	16	28.1%
For the most part	27	47.4%
Very	9	15.8%
Total	57	100.0%

How ready was your housing when you arrived?	Frequency	Percent
Somewhat	13	23.2%
For the most part	13	23.2%
Very	30	53.6%
Total	56	100.0%

How well did your technical training prepare you?	Frequency	Percent
Not at all	1	1.8%
Somewhat	22	38.6%
For the most part	24	42.1%
Very	10	17.5%
Total	57	100.0%

APPENDIX C

How well can you communicate in the language need for your assignment?	Frequency	Percent
Not at all	3	5.3%
Somewhat	16	28.1%
For the most part	20	35.1%
Very	18	31.6%
Total	57	100.0%

How well do you feel integrated into your community?	Frequency	Percent
Not at all	2	3.5%
Somewhat	21	36.8%
For the most part	20	35.1%
Very	14	24.6%
Total	57	100.0%

Did you experience a crime that has not been reported?	Frequency	Percent
Yes	4	7.0%
No	53	93.0%
Total	57	100.0%

How clear to you is your work assignment?	Frequency	Percent
Not at all	1	1.7%
Somewhat	10	16.9%
For the most part	22	37.3%
Very	26	44.1%
Total	59	100.0%

How clear is your work assignment to your host country colleagues?	Frequency	Percent
Not at all	3	5.1%
Somewhat	23	39.0%
For the most part	28	47.5%
Very	5	8.5%
Total	59	100.0%

APPENDIX C

How satisfied are you with the technical support you receive from Peace Corps staff?	Frequency	Percent
Somewhat	9	15.8%
For the most part	20	35.1%
Very	28	49.1%
Total	57	100.0%

How satisfied are you with the administrative support you receive from Peace Corps staff?	Frequency	Percent
Somewhat	9	15.3%
For the most part	24	40.7%
Very	26	44.1%
Total	59	100.0%

Do you believe the Peace Corps program in your country is well managed?	Frequency	Percent
Not at all	1	1.7%
Somewhat	3	5.1%
For the most part	32	54.2%
Very	23	39.0%
Total	59	100.0%

How effective do you feel as a Volunteer?	Frequency	Percent
Not at all	1	1.7%
Somewhat	15	25.4%
For the most part	29	49.2%
Very	14	23.7%
Total	59	100.0%

APPENDIX C

How many hours do you spend on your primary assignment during an average week?	Frequency	Percent
1 -9	1	1.7%
10 -14	4	6.8%
15 - 19	22	37.3%
20 -29	16	27.1%
30 -40	16	27.1%
Total	59	100.0%

How many hours do you spend on your other activities during an average week?	Frequency	Percent
1 to 9	37	62.7%
10 to 14	1	1.7%
15 to 19	14	23.7%
20 to 29	2	3.4%
30 to 40	4	6.8%
40 plus	1	1.7%
Total	59	100.0%

Project	Frequency	Percent
CED	26	44.1%
TEFL	33	55.9%
Total	59	100.0%

Sex	Frequency	Percent
female	32	54.2%
male	27	45.8%
Total	59	100.0%

Time in country	Frequency	Percent
1-4	36	63.2%
16-20	19	33.3%
20-24	2	3.5%
Total	57	100.0%

APPENDIX A

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this evaluation is two fold: first, to determine whether Peace Corps/Azerbaijan has provided adequate support and oversight to ensure its Volunteers are meeting basic needs of the people of Azerbaijan for trained manpower.² Specifically, we considered whether:

1. Pre-service training (PST) and in-service training (IST) have provided Volunteers with the adequate training to carry out their primary assignment.
2. PC/Azerbaijan has prepared Volunteer work sites and assignments adequately to enable Volunteers to effectively train the people of Azerbaijan.
3. PC/Azerbaijan has provided Volunteers with adequate on-going support to enable them to carry out their assignments.
4. PC/Azerbaijan has effectively overseen Small Project Assistance (SPA) grants in accordance with agency policy and selected grants are meeting stated objectives.
5. PC/Azerbaijan has effectively overseen Peace Corps Partnership Projects.
6. PC/Azerbaijan Volunteers feel safe and secure.

And secondly, we determined to what extent PC/Azerbaijan has been able to implement the 2002 new country assessment team operation feasibility findings. To accomplish our objective, we:

- Reviewed the 2002 new country assessment team operation feasibility findings.
- Reviewed relevant criteria, including the Peace Corps Act (22 USC 34), various Peace Corps Manual Sections, the SPA Project Handbook, and post-specific policies and procedures.
- Reviewed documentation related to post operations, including its Integrated Planning and Budget System submission, the EAP, the project plan, project status reports, Volunteer assignment descriptions, SPA grant proposals, site and housing development reports, and site visit reports.
- Reviewed and observed a sample of SPA grant projects.
- Selected a judgmental sample of Volunteers based on their length of service, project focus, gender, age, and interviewed 19 of the 71 Volunteers (34 percent). These interviews occurred at the Volunteers' home or work sites on all ten islands where Volunteers serve.
- Interviewed 17 of the Volunteers' community partners.

² This objective encompasses the first goal of the Peace Corps mission, as established in the Peace Corps Act (22 USC 34, Section 2501).

APPENDIX D

**REGION'S RESPONSE TO
THE PRELIMINARY REPORT AND THE
OFFICE OF PRIVATE SECTOR INITIATIVES'
RESPONSE TO RECOMMENDATION
NOS. 14, 15, AND 16**

To: David Kotz, Inspector General

From: Jay Katzen, Director, Europe, Mediterranean & Asia Region

Date: May 17, 2007

Re: EMA Region Response to Preliminary Program Evaluation Report
of Peace Corps/Azerbaijan

The EMA Region appreciates the feedback that the Inspector General's Office has provided in connection with its Preliminary Program Evaluation Report for Peace Corps/Azerbaijan.

Some of the recommendations contained in the report would require action by the Office of Private Sector Initiatives (OPSI). Responses to these recommendations have been sent to your office separately by OPSI.

Do not hesitate to contact the EMA Region if you or your staff have questions or require additional clarification.

Attachment:

1. EMA Region Response to OIG Preliminary Program Evaluation Report for PC/Azerbaijan
2. OPSI Response to OIG Preliminary Program Evaluation Report for PC/Azerbaijan

cc:

David Liner, Chief of Staff/Operations

Courtney Santonicola, Deputy Chief of Staff/Operations

John Dimos, Compliance Officer

David Burgess, Chief of Operations, EMA Region

Zoltan Szigethy, Country Director, Peace Corps/Azerbaijan

**EMA REGION AND PC/AZERBAIJAN RESPONSES
TO THE FEBRUARY 17, 2007 PRELIMINARY REPORT
BY THE OFFICE OF INSPECTOR GENERAL
Regarding the November 2006 OIG Program Evaluation of PC Azerbaijan**

May 17, 2007

INTRODUCTORY COMMENTS

Region and Post are pleased with the conclusion of the Preliminary Program Evaluation Report that Peace Corps Azerbaijan provides adequate training, site assignment, and administrative and safety and security support to Volunteers, and that Peace Corps Azerbaijan Volunteers are satisfied in their service.

A sentence in the second paragraph of the Introduction on page 1 inadvertently places 71 Volunteers on the Absheron peninsula, which is dominated by Baku and the city of Sumgayit. Post wishes to clarify that all PCVs actually live and work in regions of the country other than the Absheron peninsula.

LIST OF RECOMMENDATIONS

- 1. That the post select a group of students who are more typical of the Azerbaijan city schools to participate in the Teaching Practicum.*

Do not concur. The condition described cannot effectively be redressed.

During 2006 the Post made significant changes in the summer school Teaching Practicum, including shifting the timing of the practicum within the PST schedule; increasing its length from two weeks to three weeks; and having trainees teach a full 45-minute lesson every day. Nevertheless, participation in the PST summer school is voluntary on the part of the students. Therefore, only those students who are truly interested in learning English will attend. Post considered the possibility of changing the Trainee input date so that Trainees would do their Teaching Practicum during the actual school year with regular students, rather than in summer with volunteer summer school students. After carefully weighing all relevant factors, including the impact on trainee input and the views of the host country, post management believes that maintaining a summer PST is the most feasible option.

TEFL Trainees in Azerbaijan generally do not have any experience teaching, and most Azerbaijan PCVs are posted at schools in smaller towns and villages. The summer school PST practicum allows Trainees the opportunity to prepare and practice lessons, and to gain confidence with stand-up teaching in a supportive atmosphere. Adding the elements of potentially disruptive (albeit more typical) students at this stage of the TEFL training would be overwhelming and could prevent the Trainees from learning basic teaching skills. In addition, post believes that it is best to transition smoothly from PST at the beginning of the school year, rather than for PCVs to enter into the classroom when the school year is already in progress.

- 2. That the post design sessions for Trainees and Azeri teachers on issues not experienced in the Teaching Practicum and analyze how to best deal with these issues.*

Concur. This action was implemented in July, August and September 2006.

Post developed and implemented new PST learning activities during the AZ4 2006 PST to address issues specific to Azerbaijani schools and not experienced in the Teaching Practicum. Changes included: self-directed learning activities in which Trainees interviewed current PCVs and Azerbaijani teachers about the Azerbaijani school system and its challenges to teaching and learning in Azerbaijani culture; a debrief session of Trainees' understanding of the education system in Azerbaijan; and a session on challenges and strategies on working with counterparts. The "TEFL professional competence," cited on page 5 of the report, was developed in May 2006 for the AZ4 PST. Azerbaijani teachers are included in such sessions with Trainees.

- 3. That the post request 2 counterparts from each site to attend Counterpart Day.*

Do Not Concur. The recommendation cannot be implemented due to limited funding.

Post requested additional funding in the FY 2007 Mid-Year Review to implement this recommendation, but the EMA Region does not concur because of limited financial resources and competing priorities. Post agrees that inviting two counterparts to the 2-day *Community Entry Coordinators' Conference* for PCV counterparts would be desirable and could enhance efforts to educate PCVs' colleagues about the role of the PCV in the school and community. However, the Region is not able to provide Post with the \$7,000-\$10,000 that implementing this recommendation would require. Current fiscal constraints throughout the Region limit budget increases to essential rather than desirable expenses.

- 4. That the post reinforces the importance of introducing the Volunteer and the role of the Volunteer to the school staff during counterpart training.*

Concur. The action was implemented in August 2006 during the AZ4 PST.

Post increased the length of the Counterpart Conference from one to two days and changed the focus of the conference from a *Directors' Conference* to a *Community Entry Coordinators' Conference*. Post introduced several new sessions, including an in-depth introduction to PCVs' work and Peace Corps expectations; sessions on the role of the community entry coordinator; and how to work effectively together within the school or organization. This action was implemented in August 2006.

- 5. That program managers request a meeting with all English teaching faculty during site selection.*

Concur. The action was implemented in the spring of 2006.

Beginning with the site identification process for AZ4 in the spring of 2006, and continuing to the present, TEFL Program Managers meet with all Azerbaijani English teachers during site identification visits to schools. Observations, questions and

discussion with English teaching faculty at this meeting help to determine if the school is an appropriate PCV site, based on PC Site Selection criteria, including whether counterpart English teachers are truly motivated and interested in working with a PCV.

6. *That program managers schedule site visits at the sites where no counterpart has attended Counterpart Day.*

Concur. The action was implemented in October 2006, following the AZ4 PST.

During the summer of 2006, counterparts for two Trainees did not attend the Community Entry Coordinators' Conference during the AZ4 Pre-Service Training. Program Managers promptly visited both of these PCVs to verify that their integration was proceeding well.

Additional measures to identify Volunteers who may need early support from Program Managers include the following: Program Managers visit all new PCVs at their sites within the first three months. In the fall of 2006, Post instituted a qualitative "First Month at Site" report which PCVs completed and sent to Peace Corps. These reports allow Post to prioritize which PCVs need site visits earliest. Post policy and practice is to have an average of five site visits to each Volunteer during their first service year, and four during the second. These site visits include trips by the Country Director, Program Managers, PCMOs, SSC and other staff members. This approach was implemented with the AZ3 Volunteers in August 2005.

7. *That program managers create a handbook or written description to orient counterparts and colleague teachers to the role of the Volunteer.*

Concur. The action was implemented in August 2006.

A Counterpart Handbook was prepared in Azerbaijani and distributed to counterparts at the Community Entry Coordinators' Conference in August 2006.

8. *That the post prepares training sessions to address the experience and skill level and needs of the CED Trainees.*

Concur. The action has been partially implemented, with the remainder to be accomplished during the AZ5 PST in July, August and September 2007.

In its FY-2007 Operating Plan Post requested a CED Technical Training Coordinator position for the AZ5 PST. Region approved the position, which will assist the CED Program Manager in delivering more individualized technical training, including differentiated sessions and learning activities. Subject to available funds, these sessions can be enhanced by additional technical experts (see Recommendation 9) as well as a more involved practicum. Post believes that the scheduled eleven weeks of technical training prepare Trainees to use and to leverage their current skills effectively within an Azerbaijani organization. The Post's comprehensive 27-month PCV training cycle is designed to assist Volunteers in strengthening and gaining needed skills at reasonable intervals, to augment those gained during PST.

9. *That the post invites local experienced technical experts to deliver sessions for Trainees.*

Concur. This recommendation was partially implemented in 2006, with the remainder to be implemented during FY 2007 trainings.

Post invited local experts to facilitate PST sessions in July and August 2006, and at the CED IST in March 2007. Due to funding limitations, local experts currently donate their time to PST and ISTs. Post requested additional funds during the FY-2007 Mid-Year review to expand the involvement of paid local experts. Subject to available funding, Post will implement this recommendation in the next PST during July, August and September, 2007.

10. *That the post makes site assignment decisions earlier in order to provide Trainees with more specific information about their specific assignments.*

Concur for CED and YD Trainees. This recommendation will be implemented during the AZ5 PST in August 2007.

Post plans to match AZ5 CED and YD PCVs to their sites during the 6th week of their PST, rather than during the 8th Week. Post will incorporate a longer site visit experience with specific learning tasks. Trainees will return to PST with clear ideas of their learning needs for the remainder of the PST, and trainers can modify training based on Trainees' learning needs. This will be implemented in August, 2007.

Do not concur for TEFL Trainees. The described condition does not require redress, nor can it effectively be redressed.

TEFL PCVs' jobs and host country expectations of PCVs are quite similar, regardless of the site. Post thus does not concur that there would be any value in making site decisions earlier. The described condition cannot effectively be redressed because TEFL Trainees' specific site placements are partially determined by staff observations of their teaching performance during the Teaching Practicum. The summer school Teaching Practicum occurs during Weeks 5-7 of PST. Site decisions cannot be advanced to an earlier point because Trainees would not yet be ready to engage in practice teaching.

11. *That the post allocates more time for the program manager to be a technical trainer to allow more interaction with inexperienced Trainees.*

Do not concur. The Post does not have the financial resources to implement this recommendation.

The CED Program Manager is already significantly involved in PST, since he serves as the CED Technical trainer. He helps match Trainees to sites, and also helps to build the foundation of future support for PCVs in CED assignments. Additional involvement during PST would detract from the Program Manager's ability to support current PCVs and to ensure the preparation of suitable sites. The post does not have budget resources to hire additional technical trainers (see Recommendations 8 and 9).

12. That the post revise PCPP management control systems to include:

- ***A review committee comprised of staff and Volunteers with PCPP implementation experience.***
- ***A section in the project proposal on how the project will be monitored and evaluated.***
- ***Project sustainability mechanism and indicators.***
- ***Implementation progress reports, including photographs, prepared by the Volunteers and community partners and submitted to the PCPP review committee.***

The Post's responses to each bullet recommendation are set out below:

- ***A review committee comprised of staff and Volunteers with PCPP implementation experience.***

Do not concur. The condition on which this recommendation is based does not require redress.

MS 720 which governs PC partnership Programs does not call for a review committee. In addition, unlike SPA projects which use public tax dollars, PCPP projects use funds donated by private citizens directly interested in funding a specific project. These donors essentially "approve" or "disapprove" of the project by making their contributions. Oversight of PCPP projects and funds disbursement is provided by Post and PCVs in accordance with MS-720.

Creating a review committee as recommended would greatly diminish the speed and simplicity with which Volunteers can solicit funds for community projects via the PCPP. An adequately planned PCPP project can move from submission, through Country Director approval, to being placed on the PCPP website for potential funding, in approximately one week. If the project is for less than \$200, it can be funded promptly from the PCPP Global Fund. The bureaucracy of a review committee similar to the USAID-funded SPA process would diminish the relative value of the PCPP mechanism.

- ***A section in the project proposal on how the project will be monitored and evaluated.***

Concur. This policy has been implemented as part of Post's PCPP projects since the summer of 2005. The Post requires, per MS 720, that PCPP project proposals "must include indicators of success." Post implements this provision to require not only an evaluation plan, but a monitoring plan.

In order to clarify this policy further, starting in March 2007 Post included the following monitoring and evaluation guidance for all SPA proposals:

"Monitoring and Evaluation

Monitoring and evaluation activities must be planned from the start.

Monitoring tells you the project is on track and if you are making progress.

Evaluation tells if the project is on the right track and having the impact you

had hoped it would.

Provide a monitoring plan for the project (including the indicators that will be used to track benefits/gains and the project's progress toward meeting its objectives; who will be responsible for monitoring; how and when monitoring will be conducted).

Provide an evaluation plan (including the indicators that will be used to determine the project's impact/outcomes; who will be responsible for conducting the evaluation; when and how it will be conducted)."

- *Project sustainability mechanisms and indicators.*

Concur. This policy has been implemented as part of Post's PCPP projects since the summer of 2005. Post requires, per MS 720, that "A well-developed plan for project implementation and sustainability exists for the project." As previously noted, Post also applies the MS 720 requirements for indicators of success.

- *Implementation progress reports, including photographs, prepared by the Volunteers and community partners and submitted to the PCPP review committee.*

Do not concur. The condition on which this recommendation is based does not require redress.

Post manages PCPP projects in compliance with PC MS 720. Neither MS 720 nor the HQ PCPP Office requires PCVs or communities to provide written implementation progress reports. Nor does the SPA program, unless a project extends beyond six months. Post's staff members regularly confer with PCVs to assess the progress of PCPP projects – at least bi-monthly for projects that are of a longer duration. Post believes that this oversight is sufficient, and is less burdensome than creating a requirement for formal written progress reports.

13. That the post's PCPP coordinator systematically reviews project implementation and verify that receipts of goods or services purchased for the project are authentic.

Concur. Since summer of 2005 Post's PCPP management process has included systemic review by the PCPP coordinator. Post also concurs with the recommendation to verify, to the extent feasible, the authenticity of receipts for purchased goods and services

Post periodically –at least bimonthly for longer duration projects– confers with Volunteers on their PCPP projects and provides ongoing consultation as needed. Periodic checks are inapplicable for small, one-day projects. This process works well and every PCPP project has been successfully completed. Post did not previously document these periodic reviews, but is doing so as of March 2007.

Recognizing that PCVs often operate in societies where corruption is endemic, the Region believes that Post personnel are already doing everything feasible to verify

the authenticity of receipts. Post requires the following internal controls: (i) the Volunteer must be involved in the initial purchase; (ii) the Volunteer must obtain and submit an original written receipt; and (iii) the Administrative Officer must examine the original receipt, and compare it to the budget line item of the project.

14. That OPSI revise and tighten the training module for country directors and PCPP coordinators, specifically consolidating all PCPP project materials to contain specific and stricter guidance on project proposal development, monitoring, and evaluation including, for example, requiring physical verification of the project implementation.

The recommendation is addressed to the Office of Private Sector Initiatives rather than to the Post.

15. That OPSI conduct periodic and on-going training of project coordinators, and share worldwide best practices.

The recommendation is addressed to the Office of Private Sector Initiatives rather than to the Post.

16. That the Peace Corps Partnership Program in headquarters continue to distribute the funds to support PC/Azerbaijan small projects as “mini-grants” stipulating that the applications:

- *Conform with Partnership Program criteria, and*
- *Will not be required to identify potential donors to the Partnership Program, but will be funded (if approved) from the Global Fund.*

The recommendation is addressed to the Office of Private Sector Initiatives rather than to the Post. However, all of Post’s PCPP projects, including mini-grants that are funded from the PCPP Global Fund, are implemented in compliance with PC Partnership Program criteria and MS 720.



David Kotz, Inspector General

From: Pamela Martin, Acting Director, Office of Private Sector Initiatives

March 30, 2007

Subject: Response to Preliminary Program Evaluation Report of Peace Corps/Azerbaijan

We appreciate the feedback that the Inspector General's Office has provided the Office of Private Sector Initiatives regarding its work with Peace Corps/Azerbaijan. Enclosed is our response to the Preliminary Program Evaluation Report for Peace Corps/Azerbaijan. Please let us know if you have any questions or comments.

Attachments

cc: Jay Katzen, Regional Director, EMA
David Liner, Chief of Staff/Operations
Courtney Santonicola, Deputy Chief of Staff/Operations
Tyler Posey, General Counsel
Lee Lacy, Chief Field Assistance Division, Center for Field Assistance and Applied Research
Zoltan Szigethy, Country Director, Peace Corps/Azerbaijan
Amy Horton, Director, Center for Field Assistance and Applied Research

Recommendation #14 That OPSI revise and tighten the training module for country directors and PCPP coordinators, specifically consolidating all PCPP project materials to contain specific and stricter guidance on project proposal development, monitoring, and evaluation including, for example, requiring physical verification of the project implementation.

Concur.

OPSI is in the process of developing a training module packet for posts consisting of targeted information for relevant audiences (PCVs, PCPP coordinators, PTOs, APCDs/Program Managers, AOs, CDs) that includes specific guidance on project proposal development, monitoring, evaluation, and other best practice materials.

Date: May 15, 2007

Recommendation #15 That OPSI conduct periodic and on-going training of project coordinators, and share worldwide best practices.

Concur.

OPSI will train relevant staff members (PTOs, APCDs/Program Managers, AOs, CDs) during OST. An OPSI staff member or designated trainer will provide on-going training at appropriate conferences. A training module packet will be distributed to all posts, and a brief newsletter will be distributed periodically, providing updates, little-known facts, tips, and success stories.

Date: May 15, 2007

Recommendation #16 That the Peace Corps Partnership Program in headquarters continue to distribute the funds to support PC/Azerbaijan small projects as “mini-grants” stipulating that the applications:

- **Conform with Partnership Program criteria, and**
- **Will not be required to identify potential donors to the Partnership Program, but will be funded (if approved) from the Global Fund.**

Concur.

OPSI will continue to distribute ‘mini-grants’ (up to \$200) from the Global Fund to support PC/Azerbaijan small projects, as long as they meet PCPP criteria and funds are available.

Date: Ongoing

APPENDIX E

OIG COMMENTS

The region concurred with 9 recommendations, partially concurred with one recommendation, and did not concur with 3 recommendations; we accepted their non-concurrence to recommendation number one. The Office of Private Sector Initiatives concurred with all 3 recommendations addressed to them. We closed five of the sixteen recommendations. Recommendation nos. 1, 2, 4, 13, and 16 are closed. Recommendation nos. 3, 5 - 12, 14, and 15 remain open pending confirmation from the chief compliance officer that the following has been received:

- For recommendation no. 3, the OIG recognizes the fiscal constraints on the part of the region. In our recent study of effective programs, however, it became clear that the knowledgeable support of host country counterparts is a significant factor in successful service for Volunteers. Balancing the critical nature of this recommendation with the fiscal realities in the Peace Corps, the OIG will agree to close this recommendation when the post submits proof that at least one counterpart from every Volunteer site has attended some counterpart day or other orientation session.
- For recommendation no. 5, documentation such as an attendance sheet, site identification report, etc. from Spring 2006 to July 2007. The evidence should show that program managers requested a meeting with all English teaching faculty during site selection process.
- For recommendation no. 6, evidence that program managers visited sites, what date the visit occurred, and which counterparts that were absent from Counterpart Day were oriented.
- For recommendation no. 7, a copy of the Counterpart Handbook that was prepared at PC/Azerbaijan and distributed to counterparts at the Community Entry Coordinators' Conference in August 2006.
- For recommendation no. 8, documentation such as training schedule, syllabus, or session curriculum showing that the post prepared training sessions to address the experience, skill level, and needs of the CED Trainees for AZ5 PST in July, August and September.
- For recommendation no. 9, names and the subject matter expertise of the local experienced technical expert invitees of the 2007 PST.
- For recommendation no. 10, documentation such as a training schedule of CED and YD Trainees indicating the date of the site assignment for the AZ5 August 2007 PST. As the narrative indicates, this recommendation was not directed at TEFL trainees.
- For recommendation no. 11, that 48% of the CED Volunteers find training to be only "somewhat" or "not at all" sufficient deserves appropriate attention by the

APPENDIX E

region and the post and has not been addressed in their response. Volunteers have committed two years to serve their sponsoring agencies; in recruiting materials, Peace Corps promises to provide adequate training. Furthermore, the country agreements stipulate that the Peace Corps will provide the necessary training for Volunteers. This recommendation remains open until the region and the post identify a strategy to address the training needs of the inexperienced Trainees and CED Volunteers.

- For recommendation no. 12, the OIG commends the post for including monitoring and evaluation procedures as well as project sustainability mechanisms and indicators within the PCPP management control systems.

Although PCPP funds are not direct American tax dollars, donors' motivation to fund projects also assumes some appropriate accountability. Peace Corps' acceptance of these funds on behalf of the Volunteers recognizes a responsibility for such funds and a liability requiring sufficient oversight to avoid fraud, waste, and misuse.

A review committee, progress reports or coordinator review process are three possible mechanisms. The latter mechanism could utilize and expand the role of the project coordinator already in place at PC/Azerbaijan by reviewing the Volunteer proposal, providing technical knowledge and guidance and helping the Volunteer format the proposal to meet the specific criteria of the Partnership Program. This recommendation remains open until the region and OPSI have agreed on a management control process for donor funds that does not sacrifice "speed and ease" for the Volunteers and the post, but also formalizes an acceptable level of accountability.

- For recommendation no. 14, documentation showing that OPSI has revised and tightened the training module for country directors and PCPP coordinators, specifically consolidating all PCPP project materials to contain specific and stricter guidance on project proposal development, monitoring, and evaluation including, for example, requiring physical verification of the project implementation.
- For recommendation no. 15, documentation showing that OPSI conducted periodic and on-going training of project coordinators, and shared worldwide best practices.

In their response, the region and the Office of Private Sector Initiatives describes actions they are taking or intend to take to address the issues that prompted each of our recommendations. We wish to note that in closing recommendations, we are not certifying that they have taken these actions nor that we have reviewed their effect. Certifying compliance and verifying effectiveness are management's responsibilities. However, when we feel it is warranted, we may conduct a follow-up review to confirm that action has been taken and to evaluate the impact.

REPORT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

Fraud, waste, abuse, and mismanagement in government affect everyone from Peace Corps Volunteers to Agency employees to the general public. We actively solicit allegations of inefficient and wasteful practices, fraud, and abuse related to Peace Corps operations domestically or abroad. You can report allegations to us in several ways, and you may remain anonymous.



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