

SIGAR

Special Inspector General for
Afghanistan Reconstruction

SIGAR 21-37 Evaluation Report

USAID's Goldozi Project in Afghanistan: Project Has Not Achieved Its Goals and COVID-19 Further Curtailed Project Implementation



SIGAR 21-37-IP/USAID's Goldozi Project

JUNE
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SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

June 8, 2021

The Honorable Samantha Power
Administrator, U.S. Agency for International Development

Dr. Tina Dooley-James
USAID Mission Director for Afghanistan

This report discusses the results of SIGAR's evaluation of the U.S. Agency for International Development (USAID)-funded Goldozi Project. On April 5, 2018, USAID awarded Family Health International 360 (FHI 360), a U.S.-based non-profit organization, a 4-year cooperative agreement valued at \$9.7 million to implement the Goldozi Project. The project objectives were to (1) generate revenue and sustainable jobs in the embroidered product value-chain in Afghanistan, and (2) support trade promotion and facilitate increased exports of embroidered products. The cooperative agreement called for the creation of new or better employment for 15,500 Afghans, consisting of 500 new jobs for embroidered product certified sales agents, and improving 15,000 existing embroiderer jobs by developing sustainable employment in the Afghan embroidery industry, increasing incomes for those involved in trade promotion, and implementing embroidery export initiatives.

We found that during the Goldozi Project's first 3 years, FHI 360 did not achieve its targets for training sales agents, increasing incomes of embroiderers, or improving sales. Although FHI 360 was successful in training 140 certified sales agents from fiscal year (FY) 2018 through FY 2020, the target was 430 agents. In addition, FHI 360 has provided new or better employment to only 870 program participants, falling 80 percent short of the project's target for the period from FY 2018 through FY 2020. Further, we found that the project never had a year in which it reported improved incomes for program participants, and at the end of FY 2020, the overall incomes of participating embroiders had decreased. Finally, we found that after the first 3 years, the Goldozi Project only recorded \$361,463 in total sales by project participants, and that FHI 360 cannot achieve the project's \$16.2 million sales goal by April 2022, as called for by its monitoring plan. USAID noted that FHI 360 has taken multiple steps in response to the project's poor performance and that the COVID-19 pandemic severely curtailed project activities in 2020.

USAID is in the process of deciding whether to continue funding the Goldozi Project, knowing that FHI 360 will not meet the program's goals. USAID must not delay in making a decision because the Goldozi Project has entered its final year and \$4.6 million in U.S.-taxpayer funds remain undisbursed.

We are making one recommendation. Specifically, we recommend that the USAID Mission Director for Afghanistan consider withholding or delaying future funding disbursements until USAID makes a determination whether to continue funding the Goldozi Project, potentially saving \$4.6 million in U.S. taxpayer funds.

We received written comments on a draft of this report from USAID, which are reproduced in appendix II. USAID concurred with the report's recommendation, and said that it intends to complete a project performance evaluation by the end of 2021. USAID said that the findings of the performance evaluation would determine whether to incrementally fund the activity. If it decides to fund the project, USAID also said that it would determine if modifications are needed to improve project performance. We find USAID's actions to be responsive to our recommendation, and will close the recommendation as implemented upon issuance of this report.



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SIGAR conducted this work under the authority of Public Law No. 110-181, as amended; the Inspector General Act of 1978, as amended; and in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

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ABBREVIATIONS

FHI 360

Family Health International 360

FY

fiscal year

USAID

U.S. Agency for International Development

As stated in the *Integrated Country Strategy*, the U.S. government's ultimate objective in Afghanistan is to support its transition from an assistance recipient to an enduring and self-sufficient economic partner that is able to attract foreign investment and meet its own financial needs.¹ To support that objective, the U.S. Agency for International Development (USAID) has spent almost \$1.3 billion on more than 65 projects addressing economic growth in Afghanistan since 2000. For example, in June 2017, USAID initiated the Afghanistan Job Creation Program to generate revenue for the Afghan government, and to create sustainable jobs by supporting value-chain development.² This program funded multiple project awards, with values ranging from \$2 million to \$10 million.

On April 5, 2018, as part of this Afghanistan Job Creation Program, USAID awarded Family Health International 360 (FHI 360), a U.S.-based non-profit organization, a 4-year cooperative agreement valued at about \$9.7 million to initiate and support the Goldozi Project. *Goldozi*, the Dari word for embroidery, has a long history in Afghanistan and is a source of revenue for many low-income Afghan households. Photos 1 and 2 show examples of Afghan embroidery products. FHI 360 was responsible for launching the Goldozi Project, achieving project objectives, and administering USAID funding.³

Photo 1 - Embroidery Products for Sale in Shop in Kabul, Afghanistan



Source: FHI 360, 2019

Photo 2 - Embroidery Products Displayed at the Twenty-First “Kabul Ag-Fair”



Source: FHI 360, 2018

In its proposal to USAID, FHI 360 stated that traditional embroidery had great potential for increasing the incomes of Afghan women and that “nearly all embroidery jobs are held by women who are disadvantaged as a result of the cultural, social, and economic obstacles to employment [outside of their household].” According to the cooperative agreement, the Goldozi Project objectives were to (1) generate revenue and sustainable jobs in the embroidered product value-chain, and (2) support trade promotion and facilitate increased exports of embroidered products. The Goldozi Project’s cooperative agreement called for the creation of new or better employment for 15,500 Afghans, consisting of 500 new jobs for embroidered product certified sales agents, and improving 15,000 existing embroiderer jobs by developing sustainable employment in the Afghan embroidery industry, increasing incomes for those involved in trade promotion, and implementing embroidery export initiatives.

To measure project success, FHI 360 developed a monitoring plan, which USAID approved. After USAID approved the plan, the performance indicators and their targets became the metrics that FHI 360 were required to meet, and future funding was conditioned on meeting those targets. Specifically, the cooperative

¹ Department of State, *Integrated Country Strategy: Afghanistan*, November 15, 2020.

² The Afghanistan Job Creation Program’s value-chain development involves working with industries that have growth potential to identify and help create competitive opportunities, grow Afghan businesses, and increase exports.

³ FHI 360 partnered with Ustad Mobile, a United Arab Emirates-based technology company, to develop the mobile technology for use by the project’s sales agents.

agreement stated that Goldozi Project funding would be provided based on “successful performance by the Recipient (FHI 360) as determined by the AOR (Agreement Officer’s Representative).”⁴

USAID provided FHI 360 about \$4.96 million to fund the first 2 years of the Goldozi Project; the remaining \$4.76 million was to be provided incrementally, pending approval by the USAID Agreement Officer’s Representative. As of February 10, 2021, USAID had dispersed nearly \$5.1 million for FHI 360 to fund Goldozi Project activities, leaving \$4.6 million in remaining program funds. The project is scheduled for completion on April 4, 2022.

The objectives of this evaluation were to (1) assess the Goldozi Project’s progress in meeting targets to train sales agents, improve employment opportunities or conditions, and increase the incomes of embroiders, and (2) determine the Goldozi Project’s success in supporting trade promotion and increasing exports of embroidered products.

To accomplish these objectives, we analyzed a sample of the program’s performance indicators that were most directly tied to the cooperative agreement’s primary objectives. We evaluated the Goldozi Project’s first 3 program years, covering fiscal year (FY) 2018 through FY 2020.⁵ As part of the evaluation, we reviewed documentation that FHI 360 submitted to USAID as support for achieving key project targets and metrics. We also communicated with USAID officials to clarify information and documents, and reviewed documentation to establish a better understanding of the Goldozi Project’s day-to-day operations and the achievement of the project’s stated targets and metrics. We conducted our work in Arlington, Virginia, from July 2020 through June 2021, in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency. Appendix I contains more detail of our scope and methodology.

THE GOLDOZI PROJECT DID NOT MEET MAJOR TARGETS AND THE COVID-19 PANDEMIC LIMITED ACTIVITIES IN 2020

During the Goldozi Project’s first 3 years, we found that FHI 360 did not achieve its targets for training sales agents, improving employment opportunities and conditions, or increasing incomes of embroiderers. Although FHI 360 was successful in training 140 certified sales agents from FY 2018 through FY 2020, the target was 430 agents. In addition, FHI 360 has provided new or better employment to only 870 program participants, falling 80 percent short of the project’s target for the first 3 years. Further, the Goldozi Project never had a year in which it reported improved incomes for program participants, and at the end of FY 2020, the overall incomes of participating embroiders had decreased. While the Goldozi Project has not met any of these targets, USAID noted that the accomplishment of the targets was made more difficult when project activities were severely curtailed by the COVID-19 pandemic beginning in March 2020.

The Goldozi Project Has Fallen Short of Meeting Its Target for Trained Certified Sales Agents

During the first 3 years of implementation, FHI 360 trained 140 certified sales agents, falling short of its target of 430 agents. Further, the 140 trained, certified sales agents represent only 28 percent of the 500 sales agents that FHI 360 expected to train by the cooperative agreement’s completion in April 2022.

The role of these 500 certified sales agents was to serve as effective intermediaries for up to 15,000 embroiders. According to the cooperative agreement, the positions were to be filled by “women (and some men) with the knowledge and tools to raise embroiderers’ incomes and meet expanding local and global market demand.” Since the Goldozi Project has not met its target number of certified sales agents, each agent is responsible for supporting more embroiderers than the project intended.

⁴ USAID Cooperative Agreement No. 720306 I 8CA00006.

⁵ Although the project started in April 2018, FHI 360 reports data based on annual fiscal years.

The Goldozi Project Has Not Improved Most Participants' Employment or Incomes

According to the cooperative agreement's monitoring plan, the Goldozi Project was expected to provide new or better employment for 4,340 program participants by the end of FY 2020, and 15,500 program participants by the project's end in April 2022. Additionally, the monitoring plan states that the Goldozi Project was expected to improve participant incomes by 15 percent by the end of FY 2020, and improve participant incomes by 20 percent over the project's full period of performance.⁶ Tables 1 and 2 show the Goldozi Project's targets and performance for these two metrics, respectively.

Table 1 shows that by the end of FY 2020, FHI 360 had provided new or better employment to only 870 program participants, falling 80 percent short of the project's target of 4,340 participants. The Goldozi Project will now need to realize new or improved employment for 14,630 people by April 2022 if it is to achieve this performance indicator. Table 2 shows that for FY 2018 and FY 2019, the Goldozi Project did not improve the income of a single participant, while FY 2020 saw participant incomes decrease by 40 percent. As noted earlier, USAID stated that the COVID-19 pandemic severely impacted project activities. Prior to COVID-19's spread, the Goldozi Project reported an 8 percent improvement in participant incomes in the second quarter of FY 2020. While the figure is below the 15 percent improvement called for in the project's monitoring plan by the end of FY 2020, this was the only quarter during the program's first 3 years that reported improved participant income.

Table 1 - Number of Individuals with New or Better Employment as a Result of the Goldozi Project

| Annual Performance | FY 2018 | FY 2019 | FY 2020 |
|--------------------|---------|---------|---------|
| <i>Target</i> | - | - | 4,340 |
| <i>Actual</i> | - | - | 870 |
| <i>Achievement</i> | - | - | 20% |

Source: USAID, *Annual Performance Report FY 2020*, 720-306-18-CA-00006, cooperative agreement awarded to FHI 360, October 31, 2020.

Table 2 - Percentage Change in Income of Individuals Participating in the Goldozi Project

| Annual Performance | FY 2018 | FY 2019 | FY 2020 |
|---------------------------|---------|---------|---------|
| <i>Target</i> | - | 10% | 15% |
| <i>Actual^a</i> | - | 0% | -40% |
| <i>Achievement</i> | - | 0% | -40% |

^a Negative percentages indicate that participant income decreased.

Source: USAID, *Annual Performance Report FY 2020*, 720-306-18-CA-00006.

In the Goldozi Project's FY 2019 annual report, FHI 360 identified a number of reasons why the Goldozi Project has not been able to increase incomes of the embroiderers participating in the program, including:

⁶ According to the monitoring plan, "[n]ew employment is based on a change in status from not employed to a state of being employed," and "[b]etter employment is based on the participant's perception of whether the employment is better. (It could be better because it is closer to home, has better pay, growing business, changing from part-time to full-time, etcetera.)"

- a lack of product marketability and its inability to compete with seasonal fashion trends,
- a lack of purchasing power among the majority of Afghans due to economic hardships and a small domestic market, and
- increasing insecurity in the areas in which the Goldozi team is expected to operate.

In March 2021, USAID noted that the COVID-19 pandemic resulted in macroeconomic shocks that impacted project implementation, and that the deterioration of Afghanistan’s security situation derailed or halted project activities. As such, at least two of the reasons cited by FHI 360 in its FY 2019 annual report for the project’s poor performance carried over into 2020. While the COVID-19 pandemic reduced the project’s implementation, in March 2021, USAID told us that FHI 360 had taken steps to address both its poor performance and the pandemic. Specifically, USAID told us that FHI 360 had changed its Chief of Party in March 2020, and adjusted its strategy due to the project’s poor performance in the first 2 years.⁷ The changes in strategy included

recommendations for redirecting the technical activities in a way to achieve the overall project objectives. This included providing guidance to the staff and introducing them to technical approaches such as the Market System Development Approach. Meetings were also held with designers and producer companies in the embroidery sector to discuss insights on engaging them more in the Goldozi project.⁸

With the COVID-19 pandemic restricting project implementation beginning in March 2020, we are unable to determine if these reforms improved project performance.

In response to the COVID-19 pandemic, in March 2021, USAID “explained that Goldozi adapted by implementing COVID-19 mitigation measures to get staff back into the field. Goldozi revamped its outreach approach, leveraging digital technologies so it could introduce remote training, virtual business-to-business events, and trade events.”⁹ USAID also said that the Goldozi Project trained embroiderers to make non-clinical facemasks, but that “the broader market responded quickly, making the market opportunity for Goldozi fleeting,”¹⁰ presumably meaning that the creation of the facemasks did not result in increased sales.

USAID told us that it recognized that FHI 360 has not achieved annual targets or required metrics, and in March 2021 said that it is conducting its own review of the Goldozi Project, evaluating the project’s past results and prospects for future performance. USAID said that its performance evaluation would be complete by the summer 2021 and would incorporate our report in its review.

FHI 360 IS NOT ON TRACK TO MEET THE GOLDOZI PROJECT’S PERFORMANCE TARGETS FOR IMPROVING EMBROIDERY SALES THROUGH EXPANDED TRADE AND EXPORT

The Goldozi Project’s second objective was to support trade promotion and increase exports of embroidered products from Afghanistan. For the Goldozi Project, USAID defined trade promotion as

...efforts to increase market linkages, awareness, [and] logistical arrangements that increase the chances for continuous domestic and international sales. Goldozi is emphasizing brand identities, business to business and digital marketing. It fosters strategic market linkages to improve market access and promote trade.¹¹

⁷ The Chief of Party position is the senior FHI 360 official in Afghanistan responsible for implementing the Goldozi Project cooperative agreement.

⁸ USAID, Response: SIGAR E-008: Evaluation of Goldozi Project Exit Conference – Statement of Facts, March 22, 2021.

⁹ USAID, Response: SIGAR E-008.

¹⁰ USAID, Response: SIGAR E-008.

¹¹ USAID, Response to SIGAR’s Request for Information, February 8, 2021.

Similarly, the Goldozi Project cooperative agreement emphasized FHI 360’s plans to “launch a global marketeering and outreach campaign” to increase embroidered product exports internationally. The agreement also highlighted the importance of establishing “a network of export linkages through regional and global intermediaries and buying houses that specialize in sourcing requirements for textile products” that should support both increased exports and trade promotion.¹²

The Goldozi Project monitoring plan established two performance indicators to help monitor progress toward meeting its objective of supporting trade promotion and increasing exports of embroidered products. The first performance indicator, the number of private sector engagement initiatives established, tracked the number of private organizations that joined the Goldozi Partnership Network and would be available to raise the profile of Afghan embroidery. The Goldozi Partnership Network is a collection of private businesses, trade and financial organizations, and non-governmental organizations that assist FHI 360 in promoting the embroidery trade and improving the lives of Afghan embroiderers. The second performance indicator tracks the sales of embroiderers assisted by the Goldozi Project.

FHI 360 did not meet either of these performance indicator for FY 2018 through FY 2020. Table 3 shows the targets and actual number of private sector engagements established, and Table 4 shows the sales targets and actual Goldozi Project sales by fiscal year.

Table 3 shows that the Goldozi Project conducted 81 percent of the targeted number of private sector engagements for FY 2018 through FY 2020. Table 4 shows that the Goldozi Project set a sales target of about \$2.2 million during FY 2020, but only recorded \$361,463 in sales by project participants, including \$31,498 in sales made at international trade exhibitions and organized domestic events.¹³ These sales represent 17 percent of the sales target for FY 2020.

Table 3 - Number of Private Sector Engagement Initiatives

| Annual Performance | FY 2018 | FY 2019 | FY 2020 | Aggregate Results from FY 2018–FY 2020 |
|--------------------|---------|---------|---------|----------------------------------------|
| <i>Target</i> | 25 | 25 | 50 | 100 |
| <i>Actual</i> | 22 | 29 | 30 | 81 |
| <i>Achievement</i> | 88% | 116% | 60% | 81% |

Source: USAID, *Annual Performance Report FY 2020*, 720-306-18-CA-00006.

Table 4 - Embroidery Sales by Embroiderers Supported by the Goldozi Project

| Annual Performance | FY 2018 | FY 2019 | FY 2020 |
|--------------------|---------|---------|-------------|
| <i>Target</i> | - | - | \$2,180,643 |
| <i>Actual</i> | - | - | \$361,463 |
| <i>Achievement</i> | - | - | 17% |

Source: USAID, *Annual Performance Report FY 2020*, 720-306-18-CA-00006.

¹² USAID Cooperative Agreement No. 720306 I 8CA00006.

¹³ According to the monitoring plan, FY 2018 and FY 2019 did not have sales targets.

As noted earlier, according to USAID, the COVID-19 pandemic severely impacted the Goldozi Project's activities in 2020. The Goldozi Project's monitoring plan set a target of \$16.2 million in sales for the program's period of performance. However, in its FY 2020 annual report, FHI 360 stated that the Goldozi Project's sales target "cannot rationally" be the \$16.2 million established in its monitoring plan.¹⁴ In August 2020, FHI 360 submitted a revised monitoring plan to USAID that proposed lowering the total sales target for the program's life to \$5.2 million, a difference of about 68 percent, because of the Goldozi Project's inability to meet the established sales target. In March 2021, USAID told us that it was in the process of determining if the current monitoring plan's sales target was "binding and realistic."¹⁵

USAID officials told us that Goldozi Project activities were suspended from mid-March 2020 through October 2020 due to the COVID-19 pandemic. FHI 360 reported that the project's planned activities, including international events, training sessions, site visits, exhibitions, and international travel, were either suspended or cancelled. In March 2021, USAID officials added that the COVID-19 pandemic affected three of the four assumptions in the Goldozi Project work plan for 2020. These three assumptions, which according to USAID "did not hold true," were that (1) macroeconomic shocks or dysfunctional governance did not adversely impact project implementation, (2) the security situation did not deteriorate to the extent that the project activities were derailed or halted, and (3) the potential for growth of the embroidered product value-chain remained valid. As discussed earlier, USAID said that the Goldozi Project attempted to mitigate the pandemic's effects on the program by changing its outreach approach by using digital technologies so it could introduce remote training and virtual trade events, and training embroiders how to make non-clinical facemasks.

In October 2020, USAID reported that the suspension of some program activities since March 2020 made it impossible for FHI 360 to accomplish the project objectives over the 4-year program period. The period of performance is scheduled to conclude in April 2022, which means that FHI 360 has about 1 year to add an additional \$15.8 million in project participant sales, even though the first 3 years of the project only recorded \$361,463. Despite USAID acknowledging that FHI 360 has not met performance goals, as of October 2020, USAID has not withheld any funding from FHI 360. In March 2021, USAID told us that it is conducting its own evaluation of the Goldozi Project, and that it USAID

considers an activity's progress towards performance targets in its decisions regarding incremental funding. USAID is currently monitoring the activity's rapidly improving progress toward targets and may incrementally fund the project prior to the receipt of [USAID's summer 2021 evaluation's] results so that programming is not prematurely terminated. USAID will use the results of the evaluation to make decisions regarding future funding as well as possible changes in the project's scope, theory of change, and targets.¹⁶

CONCLUSION

After 3 years of its 4-year program, the Goldozi Project has fallen short of accomplishing its goals of generating revenue and sustainable jobs, promoting trade, and increasing export sales. The reasons why FHI 360 is so far behind in meeting project goals are not completely clear, but the COVID-19 pandemic, which stopped most program activities during FY 2020, as well as deteriorating economic and security conditions, were contributing factors. Despite the project achieving minimal results to date, USAID has not withheld any project funding even though it can do so. USAID is at a crossroads and must decide whether to continue funding the Goldozi Project knowing that FHI 360 will not meet the target goals. USAID must not delay in making a decision because the project has entered its final year and \$4.6 million in U.S.-taxpayer funds are at risk of being wasted.

¹⁴ USAID, *Annual Performance Report FY 2020*, 720-306-18-CA-00006, cooperative agreement awarded to FHI 360, October 31, 2020.

¹⁵ USAID, Response: SIGAR E-008.

¹⁶ USAID, Response: SIGAR E-008.

RECOMMENDATION

To help ensure that the Goldozi Project achieves its program objectives while safe guarding USAID funding, we recommend that the USAID Mission Director for Afghanistan:

- 1. Consider withholding or delaying future funding disbursements until USAID makes a determination whether to continue funding the Goldozi Project, thereby potentially saving \$4.6 million in taxpayer funds.**

AGENCY COMMENTS

We received written comments on a draft of this report from USAID, which are reproduced in appendix II. USAID thanked SIGAR for our analysis and for “capturing and incorporating the qualitative aspects that provide context, strategic changes, and challenges the Goldozi Project is attempting to overcome.” USAID also confirmed that the project has not met its targets, and highlighted USAID’s and FHI 360’s implementation of significant changes to get the project back on track.

USAID concurred with the report’s recommendation, and said that it intends to complete a project performance evaluation by December 2021. USAID said that it would determine whether to incrementally fund the Goldozi Project based on the findings of that evaluation. USAID also said that if it decides to fund the project, USAID will determine if modifications are needed to improve project performance. We find USAID’s actions to be responsive to our recommendation, and will close the recommendation as implemented upon issuance of this report.

APPENDIX I - SCOPE AND METHODOLOGY

This report provides the results of our evaluation of the U.S. Agency for International Development's (USAID) Goldozi Project. The evaluation focused on Family Health International 360's (FHI 360) success in meeting the project's goals of generating revenue and sustainable embroidery jobs. Specifically, our objectives were to (1) assess the Goldozi Project's progress in meeting targets to train sales agents, improve employment opportunities or conditions, and increase the incomes of embroiders, and (2) determine the Goldozi Project's success in supporting trade promotion and increasing exports of embroidered products.

To achieve these objectives, we judgmentally selected four of the program's performance indicators tied to the cooperative agreement's primary objectives. The four performance indicators that we assessed were: job creation, income improvement, trade promotion, and export sales. For both objectives, we reviewed documentation that FHI 360 submitted to USAID as support for achieving key project objectives, goals, and metrics. These documents included annual and quarterly performance reports; the Activity Monitoring, Evaluation, and Learning Plan; annual work plans; and the cooperative agreement. We obtained these documents from USAID officials and via the USAID-administered Afghan Information database. We also communicated with USAID officials to clarify data points, request documentation, and better understand the day-to-day operations of the Goldozi Project, its progress towards meeting its performance targets, and achieving its objectives.

We conducted our work in Arlington, Virginia, from July 2020 through June 2021. We believe that the evidence obtained provides a sufficient and reasonable basis for our findings and conclusions based on our objectives. We conducted this evaluation under the authority of Public Law No. 110-181, as amended; the Inspector General Act of 1978, as amended; and in accordance with the *Quality Standards for Inspection and Evaluation* published by the Council of the Inspectors General on Integrity and Efficiency.

APPENDIX II - COMMENTS FROM THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



MEMORANDUM

TO: The Honorable John F. Sopko
The Special Inspector General for Afghanistan
Reconstruction (SIGAR)

FROM: Tina Dooley-Jones, Mission Director

A handwritten signature in blue ink, appearing to read "TJ", located to the right of the "FROM:" line.

DATE: May 27, 2021

SUBJECT: Management Comments to Respond to the Draft Performance Evaluation Report Produced by the SIGAR titled, "USAID's Goldozi Project in Afghanistan: Project Has Not Achieved Its Goals and COVID-19 Further Curtailed Project Implementation" (SIGAR 21-XX Evaluation Report/SIGAR E-008).

The U.S. Agency for International Development (USAID) thanks SIGAR for the opportunity to provide comments/feedback on the subject draft report. USAID concurs with the draft report's one recommendation.

In addition to the quantitative aspects where SIGAR compared targets to achievements, USAID thanks SIGAR for capturing and incorporating the qualitative aspects that provide context, strategic changes, and challenges the Goldozi project is attempting to overcome.

The Goldozi project is a four-year, \$9.7 million cooperative agreement implemented by Family Health International 360 (FHI 360). It began on January 31, 2019 and is scheduled to end on April 30, 2023. Out of the \$9.7 million, approximately \$5.1 million has been disbursed leaving \$4.6 million in the Total Estimated Cost. One of the "Afghanistan Job Creation Program's" objectives was to create 15,000 jobs and increase sales, especially from exports, for female embroiderers and women-owned businesses in the Afghan embroidery industry. The activity sought to provide training to producers and 500 sales agents and connect them with international buyers. While the agreement did not specify a sales target, the monitoring and evaluation plan stated that it would generate \$16.2 million dollars in sales.

As the draft report indicates, the Goldozi project has not met its targets. Performance during the first two years lagged due to FHI 360 leadership, organizational, and operational problems. USAID and FHI 360 agreed to implement significant changes in late 2019, at the end of the first year of activity implementation. Although COVID-19 slowed Goldozi's project modifications, the project adjusted to pandemic requirements and continued achieving results. In addition to routinely checking on the families of beneficiaries, Goldozi provided opportunities for beneficiaries to earn income from embroidery, provided training on the production and sale of cloth face masks, and built a digital platform to continue training and host business and trade promotion events. Once conditions allowed, Goldozi re-initiated field activities and accelerated the implementation of its activities. Preliminary indications during the preparation of this draft report suggest that Goldozi's strategic and operational changes are rapidly improving performance but the annual performance measures have not yet been compiled.

SIGAR Recommendation 1: Consider withholding or delaying future funding disbursements until USAID makes a determination whether to continue funding the Goldozi Project, thereby potentially saving \$4.6 million in taxpayer funds.

USAID Response: USAID concurs with the recommendation.

USAID intends to complete a performance evaluation of the project by the end of the calendar year. The scope of work for the evaluation is under internal review. Based on the findings, USAID will determine whether or not to incrementally fund the activity; and if it does, USAID will also determine whether any modifications to the current activity are needed to improve performance.

Based on the above, USAID requests closure of the recommendation upon issuance of the final report.

cc:
cc:
cc:



APPENDIX III - ACKNOWLEDGMENTS

Christopher Borgeson, Senior Audit Manager

Bryce Rogers, Analyst-in-Charge

Zafar Hashemi, Senior Analyst

Joshua Glow, Analyst

This evaluation was conducted
under project code SIGAR E-008.

SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

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- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

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