

# GAO Highlights

Highlights of [GAO-14-355](#), a report to the Committee on Foreign Relations, U. S. Senate

## Why GAO Did This Study

Since 2010, USAID has undertaken a series of reforms, collectively called USAID Forward. One key reform, the Local Solutions initiative, aims to shift program implementation from U.S.-based and international organizations to partner-country organizations, including governments and for-profit and nonprofit organizations. The three overarching goals of the initiative are to strengthen the capacity of partner countries, to enhance and promote country ownership, and to increase the sustainability of development efforts. GAO was asked to review the implementation of this initiative. GAO assessed the extent to which USAID (1) has demonstrated progress toward achieving its fiscal year 2015 target for the principal Local Solutions indicator, and (2) is tracking progress in achieving the initiative's goals related to local partners' capacity, country ownership, and program sustainability. To address these objectives, GAO reviewed funding data and documents and interviewed USAID officials.

## What GAO Recommends

USAID should (1) clarify in future reporting the types of funding included in the percentage of USAID funds obligated to partner-country local organizations, (2) identify additional indicators to better capture progress toward the initiative's goals, and (3) provide a means to identify evaluations of programs that used the initiative's approach. USAID neither agreed nor disagreed with the recommendations but identified actions it has ongoing to address these issues, and just prior to publication of this report released fiscal year 2013 data on its website that includes some clarifying information.

View [GAO-14-355](#). For more information, contact David Gootnick at (202) 512-3149 or [gootnickd@gao.gov](mailto:gootnickd@gao.gov).

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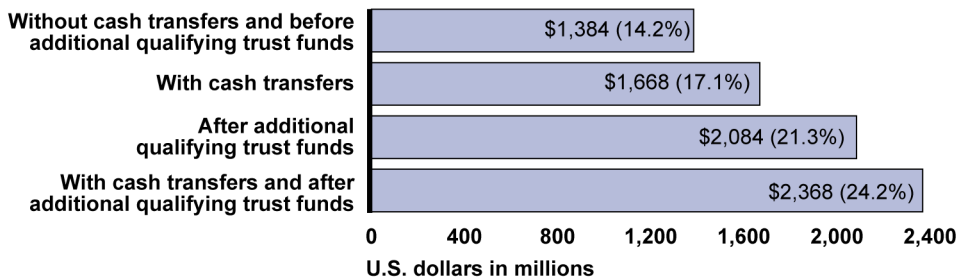
## FOREIGN AID

### USAID Has Increased Funding to Partner-Country Organizations but Could Better Track Progress

## What GAO Found

The U.S. Agency for International Development's (USAID) reporting on its principal Local Solutions indicator—the percentage of mission program funds obligated to local organizations in partner countries—lacks clarity, complicating the assessment of the agency's progress toward its fiscal year 2015 target of 30 percent. The March 2013 USAID Forward progress report states that these obligations increased from about 10 percent of mission program funds in fiscal year 2010 to about 14 percent in fiscal year 2012—a \$465 million increase. However, the agency also has reported progress on the principal Local Solutions indicator in three other ways, depending on whether two key types of funding—cash transfers and certain qualifying trust funds—are included (see figure). These reporting differences make it difficult to compare the indicator from year to year and to quantify the progress needed to achieve the 30 percent target by fiscal year 2015. Moreover, USAID's approach to tracking the Local Solutions indicator has evolved since the launch of the initiative. For example, USAID included funds in Afghanistan and Pakistan, missions the agency previously had planned to exclude. If these missions are excluded, the percentage of mission program funds obligated to local organizations in fiscal year 2012, including qualifying trust funds and cash transfers, decreases by 10 percentage points.

**Reported USAID Mission Program Funds Obligated to Partner-Country Local Organizations, by Type of Funding Included, Fiscal Year 2012**



Source: GAO analysis of USAID data.

Note: Fiscal year 2012 total mission program funds: \$9.8 billion. USAID target: 30 percent of mission program funds through local organizations by fiscal year 2015.

USAID's principal Local Solutions indicator does not fully reflect activities the agency has undertaken to implement the initiative, and USAID does not have a means to track relevant mission-led evaluations of programs implemented by partner-country organizations. USAID relied primarily on its principal Local Solutions indicator to demonstrate progress. While this principal indicator reflects, to some degree, the steps missions are required to take before obligating funds to local organizations, it provides no information about the status of activities both prior to and following obligation of funds, such as assessing risk and monitoring programs. Furthermore, although USAID has laid some groundwork for evaluating the Local Solutions initiative, the agency does not currently have the means to determine the extent to which missions are conducting performance evaluations to assess the effectiveness of programs implemented through local organizations. Such evaluations can provide evidence needed to demonstrate progress toward the initiative's goals related to local partners' capacity, country ownership, and program sustainability.