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April 2014

# FOREIGN AID

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

# 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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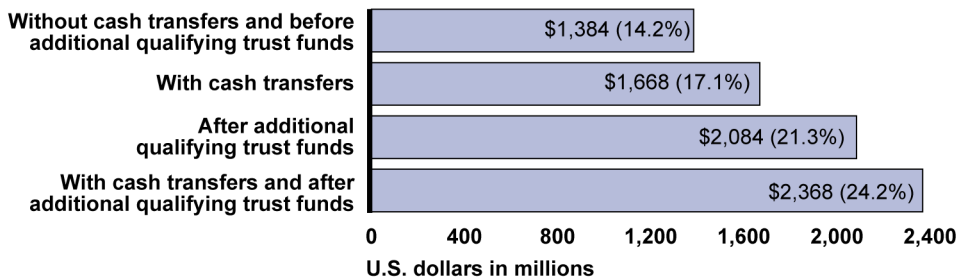
## FOREIGN AID

### 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.

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Figure 5: USAID Mission Program Funds Obligated to Local Organizations, Including Cash Transfers, Fiscal Years 2010 and 2011

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**Abbreviations**

ADS	Automated Directives System
OIG	Office of Inspector General
USAID	U.S. Agency for International Development

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April 16, 2014

The Honorable Robert Menendez  
Chairman  
The Honorable Bob Corker  
Ranking Member  
Committee on Foreign Relations  
United States Senate

Since 2010, the U.S. Agency for International Development (USAID) has undertaken a series of reforms, collectively called USAID Forward. A key element of this reform agenda is an important shift in how the agency administers its assistance—from implementing programs through U.S.-based and international organizations to increasing emphasis on providing funding directly to local organizations, which USAID defines as partner-country government entities and local for-profit and nonprofit organizations.<sup>1</sup> Initially called Implementation and Procurement Reform and now referred to as Local Solutions, this initiative reflects international consensus and U.S. policy regarding aid effectiveness<sup>2</sup> and aims to achieve the following three goals:

- strengthen local capacity,
- enhance and promote country ownership, and
- increase sustainability.

USAID's principal indicator for the Local Solutions initiative is the percentage of mission program funds implemented through local

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<sup>1</sup>For the purposes of this report, we refer to partner-country government entities and local nongovernmental for-profit and nonprofit organizations collectively as local organizations.

<sup>2</sup>The 2011 Busan Partnership for Effective Development Cooperation—which is endorsed by 160 countries, including the United States—calls on donor and partner countries to help promote country ownership, program results, and accountability, among other things. See [http://effectivecooperation.org/files/OUTCOME\\_DOCUMENT\\_-\\_FINAL\\_EN.pdf](http://effectivecooperation.org/files/OUTCOME_DOCUMENT_-_FINAL_EN.pdf), accessed March 19, 2014. In addition, both the 2010 U.S. Global Development Policy and 2011-2015 USAID Policy Framework stress the need to build partner-country capacity to implement development goals. See <http://www.whitehouse.gov/the-press-office/2010/09/22/fact-sheet-us-global-development-policy>, accessed July 19, 2013, and <http://www.usaid.gov/documents/1870/usaid-policy-framework-2011-2015>, accessed March 19, 2014.

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organizations, which the agency tracks at the time of obligation.<sup>3</sup> The agency established an agency-wide target of obligating 30 percent of mission program funds to local organizations by fiscal year 2015 (referred to hereafter as the agency’s “30 percent target”).<sup>4</sup>

You asked us to review USAID’s Local Solutions initiative. For this report, which is the first of two reports responding to your request, we assessed the extent to which USAID (1) has demonstrated progress toward achieving its 30 percent target, and (2) is tracking progress in achieving the Local Solutions goals of strengthening partner-country capacity to implement programs, enhancing and promoting country ownership, and increasing sustainability. To address these objectives, we reviewed USAID policies and guidance as well as Local Solutions reports, data, and documents provided by USAID, and interviewed USAID officials in Washington, D.C. We also consulted our prior work on performance indicators, targets, and evaluations. See appendix I for further details about our scope and methodology.

We conducted this performance audit from June 2013 to April 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>3</sup>USAID defines “mission program funds” as those for which the mission director has authority. Similarly, we refer to USAID headquarters program funds as those for which USAID headquarters bureaus and offices have authority.

<sup>4</sup>According to USAID, the 30 percent target is a management tool for tracking progress in implementing the Local Solutions initiative, which cuts across the agency’s activities. The target is also intended to focus USAID managers on considering partner-country governments and organizations as implementers when such partnerships would further the achievement of development goals and when partner-country governments and organizations can be held accountable for results.

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## Background

Since announcing the USAID Forward initiative in 2010, USAID has updated policies and procedures to guide the initiative, notably the following:<sup>5</sup>

- In 2011, USAID established procedures for determining the suitability of using partner-country government systems to implement USAID-funded programs.<sup>6</sup>
- In 2011 and 2012, USAID also updated its guidance and procedures for program planning and design, monitoring and evaluation plans, and evaluation standards for all new programs, including those implemented through local organizations.<sup>7</sup>

In March 2013, USAID issued a progress report on USAID Forward that provided information on the status of the Local Solutions initiative, among other things. The report included agency-wide percentages of funding obligated to local organizations for fiscal years 2010 through 2012, as well as disaggregated 2012 figures by region, with a break-out for Afghanistan and Pakistan together, and by sector—for example, health, agriculture, and democracy and governance. Subsequently, in October 2013, USAID released fiscal year 2012 funding data used to report on the principal indicator for tracking and reporting on implementation of the Local Solutions initiative. Just prior to publication of this report, USAID published fiscal year 2013 data for this indicator on its website. USAID

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<sup>5</sup>To promote sustainable development, USAID’s Local Solutions initiative has focused on providing resources to partner-country governments, civil society organizations, private sector entities, and academic institutions, while strengthening them and holding them accountable. USAID Forward includes efforts in support of U.S. small businesses, procurement reform, and donor engagement, which, according to USAID, will help achieve the objectives that were part of the initial Implementation and Procurement Reform and now are part of the Local Solutions initiative.

<sup>6</sup>See USAID, Automated Directives System (ADS), Chapter 220, “Use of Reliable Partner Country Systems for Direct Management and Implementation of Assistance.” In June 2013, the USAID Office of Inspector General (OIG) published its assessment of the first two of five stages of this process, focusing on the agency’s risk assessment procedures. In response to OIG’s recommendations, USAID plans to revise and reissue the guidance in early 2014. See USAID Office of Inspector General, *Review of USAID’s Partner-Country and Local Organization Assessments Under Implementation and Procurement Reform*, Report No. 9-000-13-003-S (Washington, D.C.: June 2013), available at [http://oig.usaid.gov/sites/default/files/audit-reports/9-000-13-003-s\\_0.pdf](http://oig.usaid.gov/sites/default/files/audit-reports/9-000-13-003-s_0.pdf), accessed June 11, 2013.

<sup>7</sup>See USAID, ADS Chapter 201, “Planning” and ADS Chapter 203, “Assessing and Learning.”

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also provides updated information on the status of the Local Solutions initiative through its annual performance plans and reports issued jointly with the Department of State, as well as through quarterly and annual reporting to the Office of Management and Budget on agency priority goals.

In 2013, USAID filled the newly created position of Local Solutions Coordinator in the agency's Counselors office. According to USAID, the Local Solutions Coordinator is responsible for coordinating the activities—such as policy, program, legal, financial, and procurement—of the various headquarters offices and missions involved in carrying out the Local Solutions initiative.

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## USAID Increased Local Funding, but Extent of Progress toward Its 30 Percent Target Is Not Clear

USAID has reported the funds tracked toward its 30 percent target in different ways, and this inconsistent reporting complicates the assessment of the degree to which USAID is making progress. On the basis of information provided in its 2013 progress report and other data provided by USAID, agency funds obligated to local organizations increased from about 10 to 14 percent of mission program funds in fiscal years 2010 through 2012—a \$465 million increase. However, depending on which funds are counted toward the principal Local Solutions indicator, USAID's progress toward its 30 percent target ranged from the 14 percent reported in its 2013 progress report to as high as 24 percent of mission program funds obligated to local organizations, as noted in data published on the agency's website. In addition, in fiscal year 2012, including all cash transfers and trust funds, 5 missions, including those in Afghanistan and Pakistan, obligated about 79 percent of all USAID funding to local organizations, while 72 missions obligated the remaining 21 percent.



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## USAID Funding to Local Organizations Increased in Fiscal Years 2010 through 2012, but Indicator Reporting Lacks Clarity

USAID has reported on its principal Local Solutions indicator with and without cash transfers<sup>8</sup> and before and after the addition of qualifying trust funds in two missions.<sup>9</sup> According to USAID, funds included in the calculation of this indicator include all mission program funds to local organizations that directly implement programs and include loan guarantees to local banks, cash transfers, and contributions to trust funds that are managed by a government department or ministry. USAID's reporting of the indicator, however, varied in the inclusion of some of these funds. In its 2013 progress report, USAID reported an increase in obligations to local organizations during fiscal years 2010 through 2012—from about 10 to 14 percent of mission program funds. According to data provided by USAID, this represents a \$465 million increase, excluding cash transfers and additional qualifying trust funds to two missions that USAID later determined qualify as investments in local organizations.<sup>10</sup> Including cash transfers, the percentage of mission program funds obligated to local organizations increased from about 14 percent to 17 percent from fiscal year 2010 to 2012. Subsequently, in October 2013, USAID published on its website updates showing fiscal year 2012 dollar amounts and percentages of mission program funds obligated to local organizations both including and excluding cash transfers.<sup>11</sup> In this

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<sup>8</sup>Also referred to as cash disbursements, cash transfers are disbursements of resources to a partner-country government program or for general purposes, such as balance of payments support and sector program assistance.

<sup>9</sup>Trust funds are established when funding from multiple sources are pooled and made available to support development activities. USAID considers contributions made to trust funds managed by a government department or ministry an investment in local organizations. According to USAID officials, "qualifying trust funds" refers to trust funds that USAID has determined meet the agency's definition of local funding.

<sup>10</sup>Total mission program funds for fiscal years 2010, 2011, and 2012 were approximately \$9.6 billion, \$9.0 billion, and \$9.8 billion, respectively. At the time of our review, fiscal year 2013 data had not yet been completely validated and thus were not available for our analysis.

<sup>11</sup>In fiscal year 2012, USAID developed a process that involves collaboration with USAID missions and regional bureaus to determine which organizations are considered local according to USAID definitions. This process also allows missions to validate the organization category—nonprofit, for-profit, or educational institution—for each local organization to which funds have been obligated. During this process, missions are asked to validate the information as it appears in the USAID financial system. Fiscal year 2012 was the first year for which USAID carried out this process. According to USAID officials, the process involved extensive deliberations among USAID headquarters, regional bureaus, and missions about the implementing mechanisms that met the definition of local organizations.

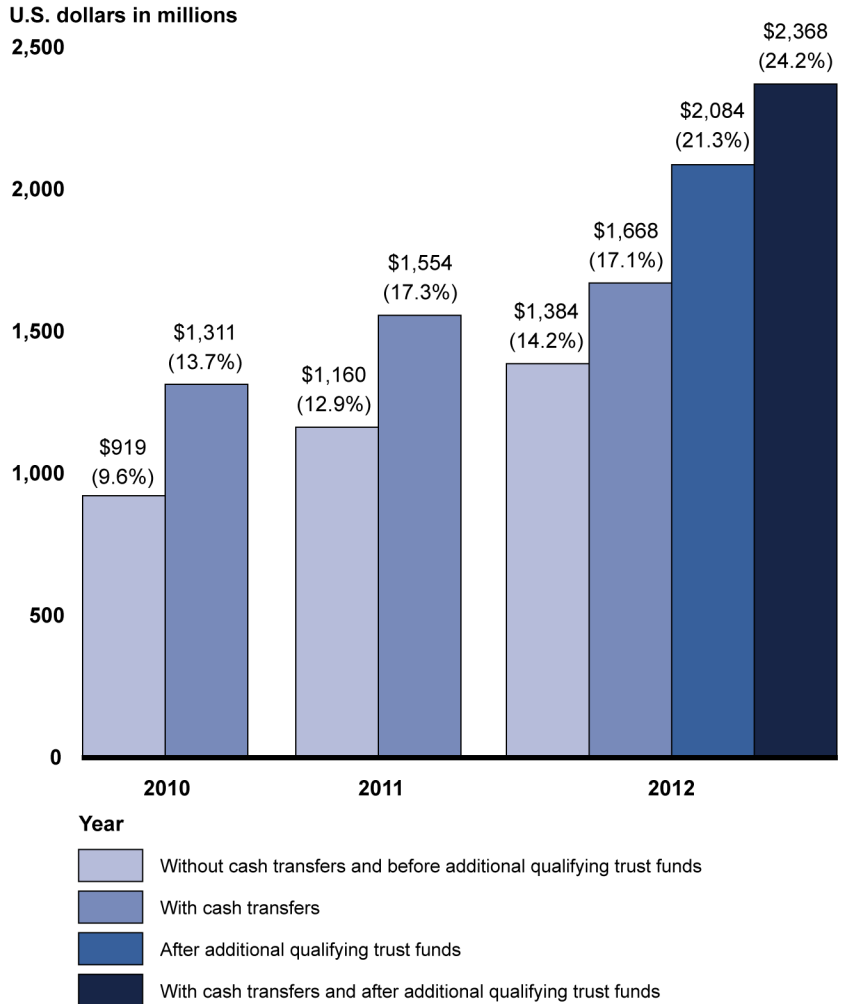
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update, USAID noted contributions to certain trust funds that USAID had determined met the agency's definition of local funding after the release of the 2013 progress report. As shown in figure 1, depending on whether cash transfers and these qualifying trust funds are counted toward the indicator, USAID achieved fiscal year 2012 levels of funds obligated to local organizations that are between 14 percent and 24 percent. However, USAID has not determined which indicator definition it intends to use. Differences in USAID's reporting on cash transfers and qualifying trust funds make it difficult to compare the indicator from year to year and quantify the progress needed to achieve its 30 percent target.<sup>12</sup>

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<sup>12</sup>Past GAO work identified nine attributes of successful performance measures; one attribute is that a measure should be clearly stated and that its name and definition should be consistent with the method used for calculating it. See GAO, *Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures*, [GAO-03-143](#) (Washington, D.C.: Nov. 22, 2002).

**Figure 1: USAID Mission Program Funds Obligated to Local Organizations, by Type of Funding Included, with Corresponding Percentages of Total Mission Program Funds, Fiscal Years 2010-2012**



Source: GAO analysis of USAID data.

Note: Fiscal year 2012 was the first year for which USAID had completed a process for validating its data to identify funds obligated to local organizations. During the process, the agency identified additional trust fund contributions by two missions that qualified as obligations to local organizations. Because USAID has not conducted this exercise for fiscal year 2010 and 2011 data, the agency does not have comparable data for these years. Total mission program funds for fiscal years 2010, 2011, and 2012 were approximately \$9.6 billion, \$9.0 billion, and \$9.8 billion, respectively.

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- **Cash transfers.** In its March 2013 progress report and data released in October 2013,<sup>13</sup> USAID reported fiscal year 2012 dollar amounts and percentages of mission program funds obligated to local organizations, both including and excluding cash transfers. For all 3 fiscal years for which data are available, if cash transfers are included in the indicator definition, the overall percentage of funds obligated to local organizations increases. As of fiscal year 2012, according to USAID data, the agency obligated about 14 percent of mission program funds, or about \$1.4 billion, to local organizations, excluding cash transfers.<sup>14</sup> With cash transfers included, the agency obligated more than 17 percent, or about \$1.7 billion in fiscal year 2012.
  - **Qualifying trust funds.** According to USAID officials, after publication of the March 2013 progress report, USAID determined that contributions to certain trust funds made by two missions met the agency's definition of local funding.<sup>15</sup> The addition of these qualifying trust funds increases the agency-wide percentage of local funding for fiscal year 2012 from about 14 percent to about 21 percent. According to USAID officials, the agency plans to include these qualifying trust fund contributions in its future tracking and reporting of local mission program funding because they meet the agency's definition of local funding.
  - **Cash transfers and qualifying trust funds.** When both cash transfers and all qualifying trust funds are included in the indicator definition, the agency-wide percentage of local funding rises to about 24 percent in fiscal year 2012.

USAID officials stated that while USAID's definition of local organizations has not changed, the agency has refined its approach to measuring progress with its principal Local Solutions indicator. These officials told us that the agency will continue to review any additional funding that may

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<sup>13</sup>The October 2013 data included a number of updates and adjustments to the fiscal year 2012 data. The agency determined that about \$18 million in Tanzania did not qualify as local funding. This correction and other minor adjustments brought the agency-wide percentage of local funding from 14.3 percent to 14.2 percent in fiscal year 2012, excluding cash transfers.

<sup>14</sup>About half of these funds were awarded to partner-country governments.

<sup>15</sup>The October 2013 data published by USAID on its website reflect the agency's determination that about \$29 million and \$671 million in trust fund contributions made by USAID missions in Bangladesh and Afghanistan, respectively, met the definition of local funding.

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meet the Local Solutions definition of local funding and determine whether to include it.

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## Other Changes in Local Solutions Initiative Tracking

USAID's approach to tracking the Local Solutions initiative has evolved in other ways since the launch of the initiative in 2010. In reviewing information initially published on USAID's website and the March 2013 progress report, we observed the following changes.<sup>16</sup>

- **Headquarters funding.** Early definitions of the Local Solutions indicator did not distinguish between headquarters and mission program funds. However, the 2013 progress report states that only mission program funds are included in the indicator.<sup>17</sup> According to USAID, the agency always intended to include only funds over which missions have authority. The 2013 progress report notes that USAID aims to identify ways to ensure that headquarters-funded programs also empower partner-country actors.
- **Number of USAID missions.** When USAID first launched the Local Solutions initiative, it indicated that the agency would focus its Local Solutions efforts in 25 partner countries. The agency subsequently determined that the Local Solutions initiative would cover the 77 partner countries or regions where USAID has a full mission. The indicator data for fiscal year 2012 that USAID reported in its 2013 progress report cover these 77 missions.
- **Afghanistan and Pakistan.** Initially, USAID planned to exclude Afghanistan and Pakistan when tracking its principal Local Solutions indicator. At the time, the agency noted that its work with these partner-country governments was strategic in nature and including them could significantly distort overall agency results. However, the 2013 progress report includes these countries in the agency-wide indicator. USAID officials told us that the agency decided to include

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<sup>16</sup>After launching the USAID Forward initiative, USAID published on its website information regarding the agency's initial objectives and measures for tracking progress under the initiative, including Local Solutions goals, indicators, and targets.

<sup>17</sup>USAID also uses this indicator to report on the agency's priority goals related to procurement reform that it established in response to requirements under the Government Performance and Results Act Modernization Act of 2010. USAID's report on its priority goals related to procurement reform defines the indicator as the percentage of program funds implemented through local systems. See <http://www.performance.gov> for additional information.

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Afghanistan and Pakistan because these missions represent key efforts to implement programs through local organizations. If Afghanistan and Pakistan are excluded from the agency-wide indicator, the percentage of mission program funds obligated to local organizations in fiscal year 2012, including qualifying trust funds and cash transfers, drops from about 24 percent to about 14 percent.<sup>18</sup>

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## USAID's Local Funding Is Concentrated in a Few Countries

On the basis of our analysis of the fiscal year 2012 data provided by USAID, we found that funds obligated to local organizations are heavily concentrated in a small number of countries—including Afghanistan and Pakistan. With cash transfers and all qualifying trust funds, five USAID missions—Afghanistan, Pakistan, Jordan, South Africa, and Uganda—accounted for 79 percent of all funding obligated to local organizations in fiscal year 2012.<sup>19</sup> The remaining 21 percent of all fiscal year 2012 funding obligated to local organizations was attributed to USAID's other 72 missions (see fig. 2).<sup>20</sup>

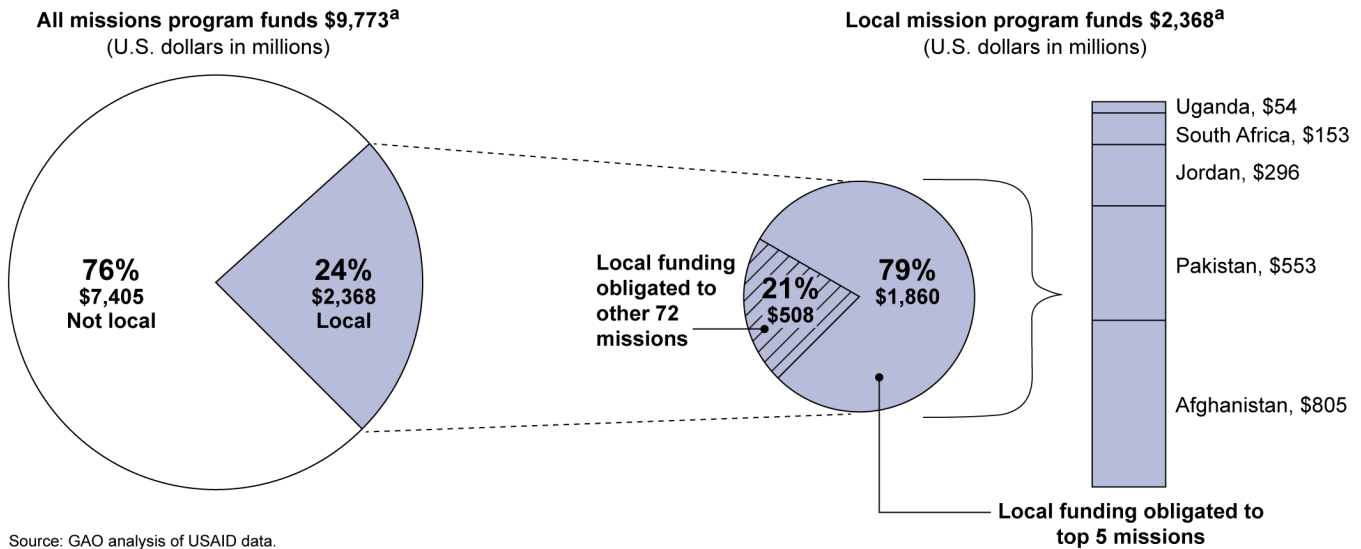
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<sup>18</sup>The USAID Forward progress report provides a percentage (26 percent, not including cash transfers or qualifying trust funds) for Afghanistan and Pakistan together but does not provide information on the percentage of mission program funds implemented through local organizations excluding these two countries. On the basis of our analysis of fiscal year 2012 data, we calculated that USAID missions, excluding those in Afghanistan and Pakistan, provided about \$1 billion, including cash transfers and qualifying trust funds, to local organizations, out of a total of about \$7.1 billion in funding to local organizations.

<sup>19</sup>When cash transfers and additional qualifying trust funds are excluded, the five missions that obligated the most funds to local organizations in fiscal year 2012—Pakistan, South Africa, Afghanistan, Uganda, and Georgia—accounted for 68 percent of all USAID local mission program funds.

<sup>20</sup>Total mission program funds varied by country. Including cash transfers and all qualifying trust funds, 38 missions provided at least 10 percent of their program funds through local organizations in fiscal year 2012.

**Figure 2: Distributions of USAID Mission Program Funds, Local versus Nonlocal, and of Local Mission Program Funds by Mission Groups, Including Cash Transfers and All Qualifying Trust Funds, Fiscal Year 2012**



Source: GAO analysis of USAID data.

<sup>a</sup>Not including cash transfers or qualifying trust funds identified after the publication of the 2013 progress report, the five missions obligating the most mission program funds to local organizations were Pakistan, South Africa, Afghanistan, Uganda, and Georgia. These five missions accounted for 68 percent of a total of about \$1.4 billion in mission program funds obligated to local organizations.

## USAID Cannot Demonstrate Progress toward Local Solutions Goals Based on Its Principal Indicator Alone and Without Tracking Relevant Evaluations

USAID's principal Local Solutions indicator does not fully reflect activities the agency carries out to achieve the initiative's goals of strengthening partner-country capacity, enhancing and promoting country ownership, and increasing program sustainability. Moreover, USAID does not have a means for determining the extent to which missions are carrying out evaluations that can provide evidence about the long-term effectiveness of the initiative.

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## Principal Indicator Does Not Fully Capture Efforts to Implement the Local Solutions Initiative

USAID's principal indicator of progress under the Local Solutions initiative—the percentage of mission program funds obligated to local organizations—does not fully capture the activities the agency undertakes to achieve the goals of the initiative.<sup>21</sup> For example, to achieve USAID's stated goals under the initiative, according to USAID, the agency has put in place frameworks for all of the following activities, among others:

- assessing partner-country government and nongovernmental organizations' strengths and weaknesses,
- developing implementing mechanisms to mitigate risks and ensure accountability,
- providing technical assistance, and
- carrying out monitoring and evaluation plans.

In its 2013 progress report, the agency provides information related to the status of some of these various activities, such as numbers of assessments completed and awards made to partner-country government and nongovernmental organizations.<sup>22</sup> However, in the 2013 progress report and other reports, the agency emphasizes increases in its Local Solutions funding indicator to demonstrate progress. According to USAID officials, that indicator is likely to remain the primary indicator used for reporting progress on the Local Solutions initiative.

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<sup>21</sup>Past GAO work identified nine attributes of successful performance measures. One attribute is that there should be enough performance measures to ensure that managers have the information they need about performance in all the core program activities. Furthermore, performance measures should provide balance, which exists when measures ensure that an organization's various priorities are covered. See [GAO-03-143](#).

<sup>22</sup>In reporting on the agency's priority goals related to procurement reform that it established in response to requirements under the Government Performance and Results Act Modernization Act of 2010, USAID also identified as an additional indicator the number of awards made directly to local organizations. However, as of January 2014, the agency's performance report did not include data for this indicator. The USAID Forward progress report includes information about the value (but not number) of awards to local organizations, disaggregated by nonprofits, for-profits, and academia. In addition, the progress report identifies three other indicators used to assess progress toward the broad USAID Forward goal of partnering for sustainable development, but these indicators are not directly related to the Local Solutions initiative: (1) USAID staff work plans with at least one direct engagement performance measure, (2) value of public-private partnerships with a minimum of one-to-one leverage, and (3) program funds dedicated to leveraging commercial private capital through USAID's Development Credit Authority.



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By tracking obligated funds, the indicator indirectly measures—but to a limited degree—the success with which USAID missions have proceeded through required risk assessment and project design steps. First, in the case of funding to partner-country governments, obligation of funds occurs at the time of agreement—stage 4 under USAID’s five-stage process for using country systems to implement programs.<sup>23</sup> However, according to USAID, because missions move carefully through the project design phase, some missions have not yet obligated funds to partner governments. As a result, the Local Solutions indicator does not capture these missions’ efforts to assess and mitigate risk, including through selection of implementing mechanism, as well as build capacity prior to obligation of funds. Second, the indicator does not reflect the status of reassessment activities in countries where USAID obligated funding to local organizations prior to 2011, particularly in Afghanistan and Pakistan.<sup>24</sup> Finally, the indicator provides no information about the status of mission activities occurring after the obligation of funds, including monitoring and evaluation of program implementation. According to USAID officials, agency headquarters does not require missions to report this information.

Given these limitations, an emphasis on the funding indicator hampers the ability of USAID program managers and external stakeholders to fully understand whether and to what extent progress is being made toward the initiative’s overarching goals. The 2013 progress report states that USAID will revisit its indicators to ensure that they fully reflect USAID’s

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<sup>23</sup>USAID’s ADS Chapter 220, “Use of Reliable Partner Country Systems for Direct Management and Implementation of Assistance,” outlines policy directives and required procedures for determining the suitability of using partner-country systems for implementation of USAID-funded assistance. The five stages under this process are (1) rapid appraisal; (2) risk assessment; (3) project design; (4) agreement; and (5) implementation, monitoring, and evaluation.

<sup>24</sup>USAID provides direct assistance to Afghanistan, Pakistan, and other countries subject to the agency’s ADS Chapter 220, which states that the obligation of funds to pay down commitments under existing bilateral agreements using partner country systems for project implementation is permitted, subject to reassessment requirements in a number of circumstances, including certain funding increases and updated assessments at least every 3 years. The March 26, 2012, revision of ADS Chapter 220 added the following circumstances that trigger a reassessment: (1) full reassessment every 10 years, and (2) material and significant change in democratic governance, budget processes, and transparency; other legal requirements concerning government-to-government assistance; and change in macroeconomic conditions.

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efforts to achieve the goal of sustainable development.<sup>25</sup> In addition, USAID officials have characterized the indicator as a proxy for measuring progress in using the Local Solutions approach to achieve sustainable development goals; officials further stated that the indicator is just one of several approaches to measuring progress toward strengthening partner-country systems and promoting sustainable development. For example, according to USAID, program managers in the field track specific indicator data against outcomes specified in award agreements; in addition, evaluation data provide information on progress toward outcomes. Nevertheless, according to USAID officials, its funding indicator is likely to remain the primary indicator used for reporting progress on the Local Solutions initiative.

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### Steps Taken by USAID to Evaluate the Local Solutions Initiative Do Not Include the Means to Track Relevant Evaluations

USAID has laid some groundwork for evaluating the Local Solutions initiative but cannot currently determine the extent to which missions are planning or conducting evaluations the agency deems appropriate for understanding the long-term effectiveness of the initiative. USAID has taken the following steps to be able to evaluate the Local Solutions initiative:

- **Assistance to missions.** According to USAID, headquarters staff provide assistance to missions in designing projects and identifying indicators for measuring capacity development and other outcomes, among other things. The missions are responsible for designing projects and carrying out monitoring and evaluation plans.<sup>26</sup>
- **Evaluations and studies.** USAID compiled evaluations of completed capacity-building projects and commissioned studies and background papers. For example, one study commissioned by USAID noted that emphasis on using country systems stems from an experience-based consensus that project-centered approaches have undermined efforts to support partner-government capacity. Furthermore, the study

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<sup>25</sup>The March 2013 progress report characterizes the principal Local Solutions funding indicator as “aspirational.”

<sup>26</sup>According to USAID, ADS Chapter 201, “Planning,” requires that appropriate monitoring and evaluation procedures are included in new project designs, including projects implemented through local organizations. Furthermore, according to ADS Chapter 203, “Assessing and Learning,” project managers are responsible for ensuring that all projects and activities, including those implemented through local organizations, have monitoring and evaluation plans that include indicators to measure progress toward objectives.

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concluded that increasing funding to local organizations is associated with improved capacity of partner governments in some countries, but the study also noted that evidence demonstrating impacts relative to other approaches is limited.<sup>27</sup>

- **Stakeholder meeting.** In November 2012, USAID organized a meeting of international development stakeholders to gather lessons learned from past USAID and other donors' efforts to build partner-country capacity and ensure sustainability.<sup>28</sup>
- **Draft framework.** The studies and the stakeholder meeting led to publication, in October 2013, of USAID's draft framework for supporting sustainability; the agency solicited feedback on this draft and plans to issue a final version in the spring of 2014.<sup>29</sup>

According to USAID, the agency has determined that impact evaluations<sup>30</sup> of the Local Solutions initiative are not feasible because of (1) the lack of a valid counterfactual, or control group for the purposes of comparison, and (2) the need for flexibility and adaptability in implementing multiyear programs in complex environments. Senior USAID officials also cited the level of difficulty involved and challenges

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<sup>27</sup>The study, which focused mainly on donor-funded health and agriculture programs in developing countries, concluded that implementing programs through local organizations is one important tool, among others, for strengthening partner-country systems. See Overseas Development Institute, *Localising Aid: Sustaining Change in the Public, Private and Civil Society Sectors* (London: March 2013), accessed December 11, 2013, <http://www.odi.org.uk/publications/7320-localising-aid-public-private-civil-society>.

<sup>28</sup>See USAID, *Strengthening Country Systems: An Experience Summit*, accessed December 11, 2013, <http://kdid.org/events/experience-summit>.

<sup>29</sup>See USAID, *Local Systems: A Framework for Supporting Sustained Development* (Washington, D.C.: October 2013), accessed December 11, 2013, <http://www.usaid.gov/sites/default/files/documents/1868/local-systems-draft.pdf>.

<sup>30</sup>USAID's Evaluation Policy requires missions to conduct impact evaluations, if feasible, of any project activity involving "untested hypotheses or demonstrating new approaches that are anticipated to be expanded in scale or scope." Furthermore, the policy states that missions may undertake performance evaluations if impact evaluations are deemed not feasible; in these cases, the mission must include a statement about why an impact evaluation was not conducted in its final evaluation report. USAID's evaluation policy defines impact evaluations as those that "measure the change in a development outcome that is attributable to a defined intervention." The policy further states that "impact evaluations are based on models of cause and effect and require a credible and rigorously defined counterfactual to control for factors other than the intervention that might account for the observed change."

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associated with involving partner-country governments in program and project planning cycles, among other things, as reasons why impact evaluations are not appropriate. Furthermore, these officials told us that performance evaluations of programs or projects using a Local Solutions approach—those involving local organizations as implementers—are both feasible and appropriate.<sup>31</sup> However, headquarters officials were not able to determine the extent to which missions have undertaken performance evaluations of programs or projects using a Local Solutions approach since the launch of the initiative.

USAID's Evaluation Policy requires missions to provide information about planned and completed evaluations on USAID's public website.<sup>32</sup> As an example of evaluations that are relevant for the Local Solutions initiative, USAID officials stated that headquarters will undertake at least one multicountry evaluation of long-term effects of basic education programs in fiscal year 2014, and some of those programs may have used local partners for implementation.<sup>33</sup> As of April 2014, the agency's website allows users to search for evaluations by document type (e.g., evaluation summary or program evaluation guide), by sector (e.g., health, education, democracy and governance), and by year, among other things. However, the online registry of evaluations does not provide users with a means to search for evaluations of programs or projects implemented by local organizations. Without a means to track evaluations of programs or projects that use a Local Solutions approach, USAID headquarters officials and stakeholders are not able to easily obtain evidence needed to demonstrate Local Solutions' progress in achieving USAID's Local Solutions goals related to country capacity, country ownership, and program sustainability.

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<sup>31</sup>USAID's Evaluation Policy defines performance evaluations as those that "focus on descriptive and normative questions" such as what a particular project or program has achieved, how it is being implemented, and whether expected results are occurring. Furthermore, according to the policy, performance evaluations "often incorporate before-after comparisons, but generally lack a rigorously defined counterfactual."

<sup>32</sup>According to USAID, the agency's 2013 progress report constitutes a Local Solutions evaluation plan; however, the report does not include plans for evaluating programs or projects implemented through local organizations.

<sup>33</sup>USAID's Evaluation Policy states that USAID headquarters may conduct post-implementation evaluations to examine long-term effects of projects. See USAID, *Evaluation: Learning from Experience, USAID Evaluation Policy* (Washington, D.C.: January 2011), accessed February 25, 2014, <http://www.usaid.gov/sites/default/files/documents/1868/USAIDEvaluationPolicy.pdf>.

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## Conclusions

With its Local Solutions initiative, USAID has undertaken an ambitious change in how it administers development assistance, a fundamental shift that is consistent with an international consensus on how best to improve global development effectiveness and accountability. By issuing a progress report on its reform efforts, publishing data on Local Solutions funding, and presenting research on best practices, among other things, USAID has demonstrated a commitment to transparency and public dialogue regarding the initiative. Nevertheless, as USAID expands the Local Solutions initiative, it relies on a single funding indicator to measure progress. The agency has had difficulty deciding how best to define this indicator and report on it consistently; as a consequence, comparing annual results for this indicator and accurately measuring progress is unnecessarily complex. In addition, in relying on this funding indicator to such an extent, USAID does not capture important progress taking place as the agency adopts the Local Solutions funding approach, such as missions' efforts to assess and mitigate risk and carry out monitoring and evaluation plans, among other things. Finally, though USAID policy states that evaluation is a crucial tool for informing its development efforts, USAID lacks a means to identify evaluations of Local Solutions efforts from among the evaluations that USAID collects and makes available on its website. Without such evaluations, agency officials and stakeholders are prevented from bringing to bear rigorous evidence of the initiative's long-term effects on local capacity, country ownership, and program sustainability.

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## Recommendations for Executive Action

We recommend that the USAID Administrator take the following three actions to improve the agency's tracking and reporting on progress of its Local Solutions initiative:

- Clarify in future reporting the types of funding included in the percentage of USAID funds obligated to partner-country local organizations.
- Identify additional indicators to better capture Local Solutions progress toward the initiative's goals.
- Provide a means to identify evaluations of programs that are implemented by partner-country local organizations.

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## Agency Comments and Our Evaluation

We provided a draft of this report to USAID for review and comment. USAID provided technical comments on the draft, which we incorporated as appropriate. USAID also provided written comments, which are reprinted in appendix III. In its written comments, USAID did not explicitly

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agree or disagree with our recommendations but described efforts underway to consistently report on the Local Solutions initiative, improve project-level monitoring, and track relevant evaluations.

With regard to our first recommendation to clarify the types of funding included in the percentage of USAID funds obligated to partner-country organizations, USAID stated that it has always been its intention to include, in calculating the indicator, every award that meets the definition of “local.” It noted that over time USAID has learned from its experience and has broadened the types of implementing mechanisms that qualify in meeting the definition of “local” used in the indicator. USAID’s explanation is consistent with our finding. While we understand USAID’s position on the circumstances that led to its reporting on the primary Local Solutions indicator in different ways, we believe that further actions are needed. In this context, we note that the fiscal year 2013 dataset USAID published on its website just prior to publication of this report represents a step toward the clarity we recommended the agency provide in its reporting on its primary Local Solutions indicator.

With regard to our second recommendation that USAID identify additional indicators to better capture Local Solutions progress, USAID stated that it does not plan to develop additional agency-wide indicators for Local Solutions. USAID noted that each project involving local development partners varies greatly depending on project objectives, country context, and local partner strengths and challenges; hence, indicators in one country, region, or sector could be irrelevant in another. USAID stated that while it is not pursuing development of common indicators beyond the current agency-wide Local Solutions indicator, it has efforts under way to train USAID staff in effective project design and performance monitoring, including the identification of meaningful and useful indicators to measure project objectives. In addition, it cited a USAID Forward reform that mandates that each mission thoughtfully consider indicators to measure progress toward mission objectives and noted that it is working on providing more guidance to USAID staff on Local Solutions-focused performance monitoring approaches (including indicators) and evaluation questions. We continue to believe that further steps to implement our recommendation are needed. For example, the procedures USAID missions are required to follow to implement programs using a Local Solutions approach—such as those noted in USAID’s response, among others—are examples of concrete activities that could be tracked to reflect agency-wide progress. We maintain that even a relatively modest expansion beyond the one principal Local Solutions indicator would

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supplement USAID's reporting on progress in achieving the initiative's goals.

With regard to our third recommendation that USAID provide a means to identify evaluations of programs implemented by partner-country local organizations, USAID stated that it is introducing a tag in its evaluation registry to track the evaluation of projects that are directly implemented through local partners. In its response to this recommendation, USAID also described plans to start conducting, in the current fiscal year, priority evaluations addressing questions of local systems change, and to commission a multicountry program evaluation in fiscal year 2016 on the effectiveness and efficiency of Local Solutions interventions that use direct funding. We believe that these actions, when implemented, will address the intent of our recommendation.

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We are sending copies of this report to appropriate congressional committees and the USAID Administrator. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-3149 or [gootnickd@gao.gov](mailto:gootnickd@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.



David Gootnick  
Director, International Affairs and Trade

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# Appendix I: Objectives, Scope, and Methodology

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The U.S. Agency for International Development's (USAID) principal indicator for its Local Solutions initiative is the percentage of mission program funds implemented through local organizations, which the agency tracks at the time of obligation.<sup>1</sup> USAID established an agency-wide target of obligating 30 percent of mission program funds to local organizations by fiscal year 2015 (referred to hereafter as the agency's "30 percent target"). The objectives of this report were to assess the extent to which USAID (1) has demonstrated progress toward achieving its 30 percent target, and (2) is tracking progress in achieving the Local Solutions goals of strengthening partner-country capacity to implement programs, enhancing and promoting country ownership, and increasing sustainability.

To address these objectives, we reviewed USAID Local Solutions initiative documents, including the March 2013 USAID Forward progress report and agency documents published at the launch of the initiative that explain the rationale, baseline figures, and targets for the initiative. We also analyzed fiscal years 2010, 2011, and 2012 data on USAID mission program funds obligated to local organizations, which agency officials had extracted from USAID's financial system. On the basis of our review of the data and interviews with agency officials, we determined that the data were sufficiently reliable for our reporting purposes. In this report, we note that USAID has reported on the Local Solutions indicator with and without the inclusion of cash transfers and additional qualifying trust funds USAID identified after the release of the 2013 progress report. We chose to present our analyses of the USAID data with the inclusion of cash transfers and qualifying trust funds in our calculations—representing the maximum amounts USAID obligated to local organizations. We note, where appropriate, how these figures change when we exclude these funds—representing the minimum amounts. At the time of our review, fiscal year 2013 data had not yet been completely validated and thus were not available for our analysis. We interviewed USAID officials in Washington, D.C., about the Local Solutions initiative and the supporting data, and in some cases, received written responses to our questions. In assessing the Local Solutions indicator to identify relative strengths and weaknesses, we reviewed a prior GAO report that identified nine

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<sup>1</sup>USAID defines "mission program funds" as those for which the mission director has authority. Similarly, we refer to USAID headquarters program funds as those for which USAID headquarters bureaus and offices have authority.



attributes of performance goals and measures based on previously established GAO criteria.<sup>2</sup>

In addition, we reviewed aid effectiveness literature on providing assistance directly through local organizations, including studies and other publications collected, commissioned, or conducted by USAID. We reviewed international donor commitments, such as the Paris Declaration and Accra Agenda for Action, which were intended, in part, to promote donor consensus on principles related to recipient country ownership. We reviewed USAID policy and guidance, including the agency's evaluation policy and relevant sections of the Automated Directives System. We sent USAID officials in Washington, D.C., several sets of questions and either interviewed them in person or received written responses.

We conducted this performance audit from June 2013 to April 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

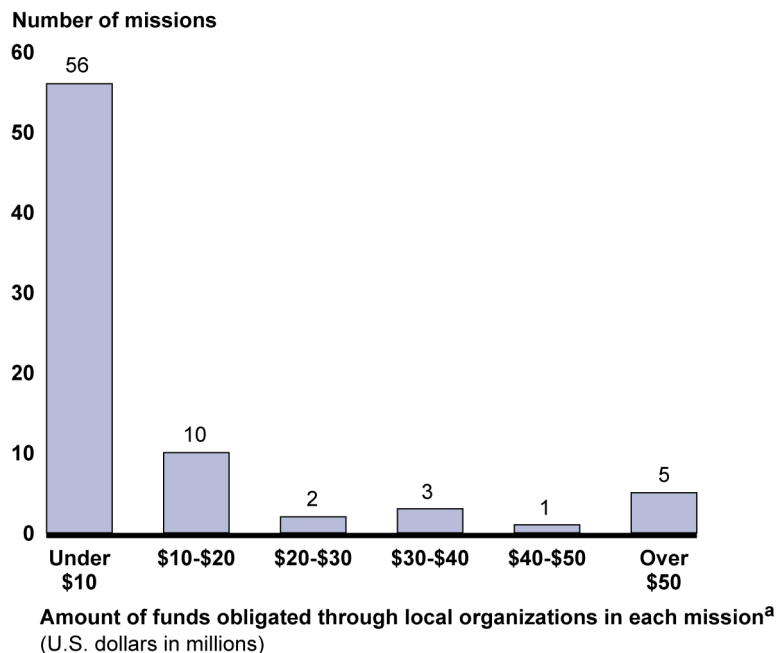
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<sup>2</sup>These attributes were based on previously established GAO criteria and key legislation on performance management. GAO developed these attributes as criteria to determine whether performance measures (1) demonstrate results, (2) are limited to the vital few, (3) cover multiple program priorities, and (4) are useful in decision making—qualities of performance measures that organizations need to track how their programs and activities can contribute to attaining the organization's goals and mission. These four characteristics are important to accurately reveal the strengths and weaknesses of a program because measures are often the key motivators of performance and goal achievement. See GAO, *Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures*, [GAO-03-143](#) (Washington, D.C.: Nov. 22, 2002).

# Appendix II: GAO Analysis of USAID Local Solutions Data for Fiscal Years 2010 through 2012

In fiscal year 2012, USAID obligated about \$2.4 billion, including cash transfers and all qualifying trust funds, to local organizations. Of this \$2.4 billion, USAID obligated \$10 million or less through 56 missions, \$10 to \$20 million through 10 missions, and over \$50 million through 5 missions. See figure 3 for the complete distribution of the funding amounts USAID missions obligated to local organizations in fiscal year 2012.

**Figure 3: Distribution of USAID Mission Program Funds Obligated to Local Organizations, Fiscal Year 2012**



Source: GAO analysis of USAID data.

Note: USAID missions that obligated over \$50 million to local organizations ranged from \$53.5 million to \$805.0 million.

<sup>a</sup>Not including cash transfers and additional qualifying trust funds, the distribution of the missions changes to the following: under \$10 – 57; \$10-\$20 – 11; \$20-\$30 – 2; \$30-\$40 – 2; \$40-\$50 – 1; Over \$50 – 4.

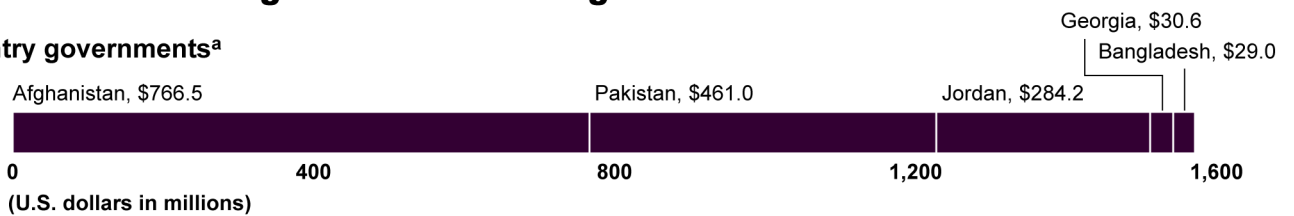
Of the funds that USAID missions obligated to local organizations in fiscal year 2012, the majority—about 71 percent—were obligated to partner-country governments. The remaining funds were obligated to various local organizations as follows: 20 percent to local nonprofit organizations, 6 percent to local for-profit organizations, and 2 percent to local educational institutions. See figure 4 for a breakdown of USAID funds obligated to local organizations by organization category. For each

category, we also list the amount of funds obligated by the five missions obligating the greatest amounts of funds in each local organization category.

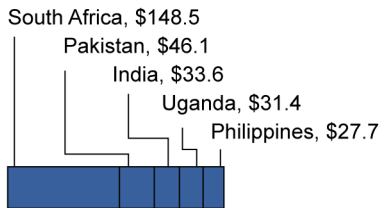
Figure 4: USAID Mission Program Funds Obligated to Local Organizations, by Local Organization Category, Fiscal Year 2012

**Top 5 countries receiving local funds through:**

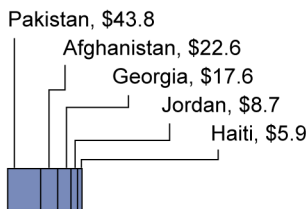
**Partner-country governments<sup>a</sup>**



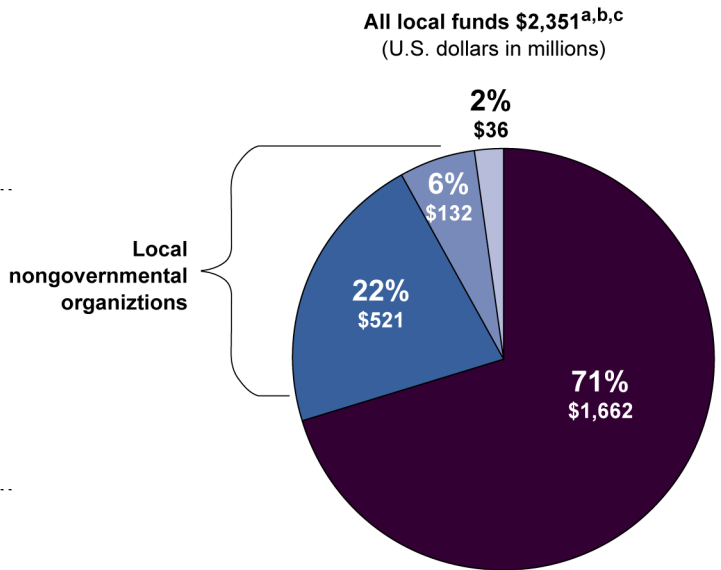
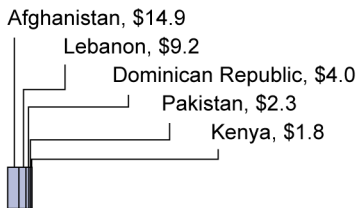
**Nonprofit organizations**



**For-profit organizations**



**Educational institutions**



Source: GAO analysis of USAID data.

<sup>a</sup>Not including cash transfers and additional qualifying trust funds, USAID obligated 58 percent of mission program funds to partner-country governments, 32 percent to local nonprofit organizations, 8

**Appendix II: GAO Analysis of USAID  
Local Solutions Data for Fiscal Years  
2010 through 2012**

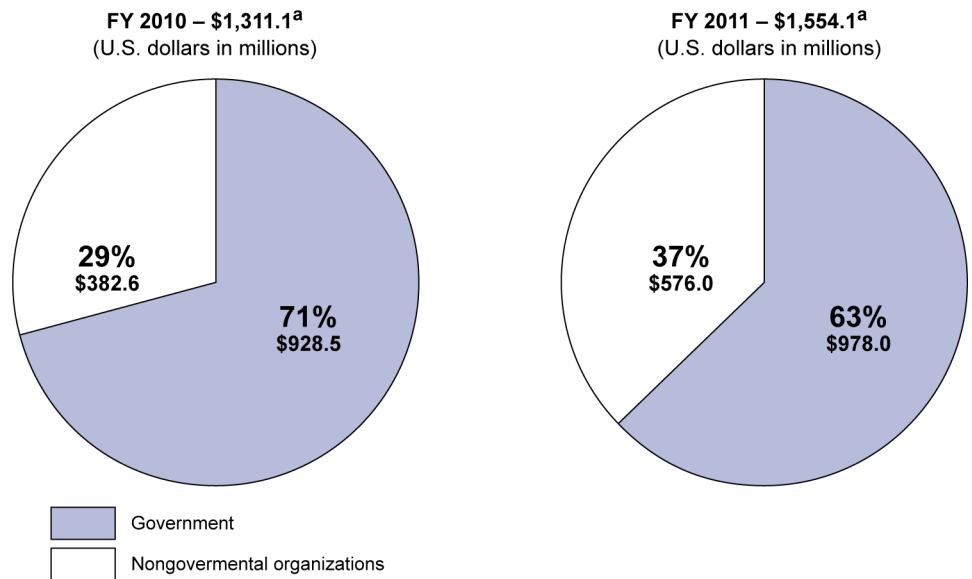
percent to local for-profit organizations, and 2 percent to educational institutions. When these cash transfers and additional qualifying trust funds are excluded, the five missions obligating the most funds to partner-country governments changes to the following, in millions of dollars: Pakistan (\$461.0); Afghanistan (\$95.3); Georgia (\$30.6), Uganda (\$16.4); and Zambia (\$6.8).

<sup>b</sup>The pie chart breakdown does not include about \$17.6 million in obligations.

<sup>c</sup>Does not sum to 100 percent due to rounding.

In fiscal year 2010, USAID missions obligated 71 percent of local mission program funds to partner-country governments and 29 percent to local nonprofit and for-profit organizations and educational institutions. In fiscal year 2011, USAID mission obligations to these organizations were 63 percent and 37 percent, respectively (see fig. 5). USAID has not fully validated their fiscal year 2010 and 2011 data for accuracy regarding the breakdown of the mission program funds obligated to local nonprofit and for-profit organizations and educational institutions; hence, we did not calculate further breakdowns for these years.

**Figure 5: USAID Mission Program Funds Obligated to Local Organizations, Including Cash Transfers, Fiscal Years 2010 and 2011**



Source: GAO analysis of USAID data.

<sup>a</sup>Not including cash transfers, USAID obligations to local organizations were as follows: 58 percent to governments and 42 percent to nongovernmental organizations in fiscal year 2010, and 50 percent to governments and 50 percent to nongovernmental organizations in fiscal year 2011.

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

Note: GAO received USAID's letter on March 28, 2014.



David Gootnick  
Director, International Affairs and Trade  
U.S. Government Accountability Office  
Washington, DC 20548

Dear Mr. Gootnick:

I am pleased to provide USAID's formal response to the Government Accountability Office (GAO) draft report entitled: *FOREIGN AID: USAID Has Increased Funding to Partner-Country Organizations but Could Better Track Progress* (GAO-14-355).

This letter, together with the enclosed USAID comments, is provided for incorporation as an appendix to the final report.

Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff in the conduct of this audit review.

Sincerely,

A handwritten signature in blue ink, appearing to read "Angelique M. Crumbly".

Angelique M. Crumbly  
Assistant Administrator  
Bureau for Management  
U.S. Agency for International Development

Enclosure: a/s

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USAID COMMENTS ON GAO DRAFT REPORT  
No. GAO-14-355

**To improve the agency's tracking and reporting on progress of its Local Solutions initiative, the GAO issued three recommendations to USAID:**

**Recommendation 1:** We recommend that USAID clarify in future reporting the types of funding included in the percentage of USAID funds obligated to partner-country local organizations.

**USAID Response:** From Fiscal Year (FY) 2010 until present, USAID has consistently based the Local Solutions indicator on one type of funding: mission program funds obligated to partner-country local organizations. Over time, we have learned from our experience and have broadened the types of implementing mechanisms (e.g., government-to-government agreements, contracts, grants, cooperative agreements, cash transfers and qualifying trust funds) that qualify in meeting the definition of "local" used for the indicator.

For example, as missions and USAID/Washington worked through the classification process for FY 2012 data on Local Solutions, it became apparent that some cash transfers and some qualifying trust funds met the definition of "local." The relevant cash transfers were included in the USAID Forward Progress Report as a footnote; however, since we did not have the documentation regarding qualifying trust funds when the Progress Report went to publication, we erred on the side of caution and excluded them. These were later included as a footnote when the documentation was received and the disaggregated data was released.

It has always been USAID's intention to include every award that meets the definition of "local" - mission program funds obligated to partner-country local organizations - in calculating the indicator. To ensure consistency with initial figures, USAID has reported the indicator with and without cash transfers and qualifying trust funds.

**Recommendation 2:** We recommend that USAID identify additional indicators to better capture Local Solutions progress toward the initiative's goals.

**USAID Response:** The Local Solutions target of 30 percent of mission funds obligated to partner-country local organizations by FY 2015 is an Agency-wide goal across 77 missions, not a hard mission-by-mission mandate. In other words, it would be wrong to try to apply the 30 percent requirement to each mission individually, because the percentage of funding obligated through local partners by each mission will vary depending on the situation in that country and the development objectives of the Agency's programs there.

Therefore, USAID is not pursuing the development of Agency-wide indicators for Local Solutions that would be mandated for inclusion in individual awards or agreements. Our experience to date suggests that each project involving local development partners varies greatly depending upon the project objectives, country context, and local development partner strengths and challenges. Indicators in one country, region or sector could be irrelevant in another. Also,

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each local partner (both governmental and non-governmental) has different capacity development needs to achieve development results. For example, one project may focus on developing technical and managerial capacity of a government entity responsible for service delivery, while another may focus on developing a network of civil society organizations to advocate for policy changes.

While the Agency is not currently pursuing a set of common indicators beyond the overall Local Solutions indicator, we are very much engaged in training USAID staff to do effective project design and performance monitoring. This includes identifying indicators that are meaningful and useful to measure project and activity objectives. At the project and activity level, the introduction of the USAID Program Cycle (another result of the overall USAID Forward reforms) has mandated the thoughtful consideration of indicators to measure progress toward Mission objectives. These indicators are considered during mission Performance Management Plan development and again during project design and upon issuing awards and agreements. We are currently working on providing more guidance to USAID staff on Local Solutions-focused performance monitoring approaches (including indicators) and evaluation questions.

**Recommendation 3:** We recommend that USAID provide a means to identify evaluations of programs that are implemented by partner-country local organizations.

**USAID Response:** USAID is introducing a tag in the Evaluation Registry to track the evaluation of projects and activities that have a Local Solutions component. This will further our ability to monitor and evaluate progress moving forward.

The Agency recognizes that staff would benefit from guidance on monitoring and evaluations (M&E) for projects that are directly implemented through local partners. Towards that end, the Local Solutions Coordinator established a working group that is currently drafting M&E guidance for projects that involve local development partners.

Beginning in FY 2014, USAID plans to conduct a series of priority evaluations that will address questions of local systems change. The findings and recommendations from this series of evaluations will further inform our programming for Local Solutions.

In FY 2016, USAID will commission a multi-country program evaluation on the effectiveness and efficiency of Local Solutions interventions that use direct funding, subject to availability of funds for this purpose. Since many Local Solutions interventions are just beginning implementation, the FY 2016 timeframe will provide a more accurate evaluation of current interventions for effectiveness and efficiency of working directly through and with local partners.

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# Appendix IV: GAO Contact and Staff Acknowledgments

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## GAO Contact

David Gootnick, (202) 512-3149 or [gootnickd@gao.gov](mailto:gootnickd@gao.gov).

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## Staff Acknowledgments

In addition to the contact named above, Jim Michels (Assistant Director), Todd M. Anderson, David Dayton, Martin De Alteriis, Etana Finkler, Grace Lui, Shirley Min, Kathleen Monahan, and John O'Trakoun made key contributions to this report. In addition, Heather Latta provided technical assistance and other support.



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