

GAO Highlights

Highlights of [GAO-15-377](#), a report to congressional requesters

Why GAO Did This Study

USAID's Local Solutions initiative, launched in 2010 as part of USAID Forward, seeks to reform how the agency administers development assistance and to increase funding implemented through partner-country systems, including partner governments. In fiscal years 2012 through 2014, average annual obligations to G2G activities were about \$620 million. The Local Solutions initiative aims to strengthen local capacity and enhance country ownership and sustainability of development efforts. GAO was asked to review accountability under this initiative.

GAO assessed the extent to which USAID policies and practices related to (1) planning, (2) implementing, and (3) monitoring and evaluating G2G assistance provide reasonable assurance that this assistance is used as intended. GAO analyzed key USAID policy documents; interviewed USAID officials; reviewed planning documents from 14 USAID missions; and conducted fieldwork in Nepal, Peru, and Tanzania.

What GAO Recommends

GAO recommends that USAID take steps to strengthen accountability for G2G assistance by, among other things, improving the timeliness of risk assessments; incorporating risk mitigation measures into M&E planning; improving on-time audit submission; and assessing the effects of G2G assistance on capacity, ownership, and sustainability. USAID agreed with all of GAO's recommendations and noted various actions it is taking to address them.

View [GAO-15-377](#). For more information, contact David Gootnick at (202) 512-3149 or gootnickd@gao.gov.

June 2015

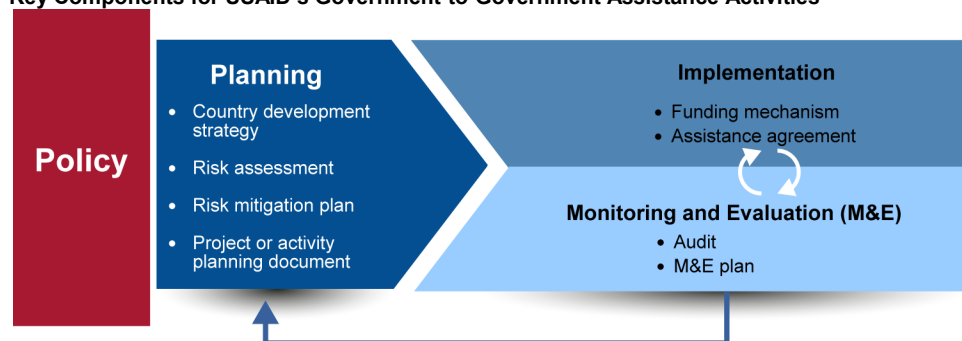
FOREIGN AID

USAID Has Taken Steps to Safeguard Government-to-Government Funding but Could Further Strengthen Accountability

What GAO Found

For each key phase for government-to-government (G2G) assistance activities under its Local Solutions initiative, the U.S. Agency for International Development (USAID) has policies that generally reflect federal accountability standards to help ensure funds are used as intended. However, GAO identified several steps in implementing these policies that could further strengthen accountability.

Key Components for USAID's Government-to-Government Assistance Activities



Source: GAO synthesis of U.S. Agency for International Development (USAID) policies. | GAO-15-377

Planning: This phase entails designing projects that link to USAID missions' country development strategies, assessing and mitigating risks, and preparing planning documents. GAO found that USAID missions completed detailed fiduciary risk assessments for G2G assistance activities when required but did not always include mitigation steps in planning documents, in part, because risk assessments were often done after planning had been completed. Also, project monitoring and evaluation (M&E) plans often did not incorporate steps USAID and partner governments agreed to take to mitigate risks and build capacity.

Implementation: In this phase, USAID implements G2G activities according to the terms and conditions established in assistance agreements with partner governments. USAID missions usually selected funding mechanisms in which USAID reimburses partner governments for costs related to completion of agreed-upon activities. In addition, consistent with USAID policy, missions employed assistance agreements and corresponding implementation letters to commit funds and set objectives, among other things.

M&E. This phase includes conducting audits of partner-government entities and assessing the results of G2G assistance activities. Annual audits GAO reviewed were often submitted late, which delays audit follow-up actions required by USAID policy and limits the audits' usefulness as a monitoring tool. In addition, project M&E plans GAO reviewed rarely included indicators or evaluation questions for assessing the degree to which G2G assistance activities are building capacity, increasing ownership, or ensuring sustainability—the three interrelated goals of the Local Solutions initiative.