September 27, 2016

Foreign Assistance: Selected Agencies' Monitoring and Evaluation Policies Generally Address Leading Practices

Congressional Requesters

The U.S. government plans to spend approximately $35 billion on foreign assistance in 2017 to improve the lives and health of millions living in poverty, support democracy, enhance global security, and achieve other U.S. foreign policy goals. Managing these funds effectively requires reliable monitoring and evaluation (M&E) systems. We define monitoring as the continuous oversight by the U.S. government of programs and projects to assess their performance and progress toward achieving objectives and results. Evaluations are systematic studies conducted periodically or on an ad hoc basis to assess how well a program is working and to learn the benefits of a program or how to improve it.[1] The Office of Management and Budget has set expectations for agencies to conduct program evaluations as essential tools for improving program design and operations, determining whether intended outcomes are achieved effectively, and informing decision making.[2] The Foreign Aid Transparency and Accountability Act of 2016 (FATAA) highlights the Congress's support for these M&E activities and their importance to U.S. foreign assistance.[3] Among other things, FATAA requires the President to establish M&E policy guidelines that follow best practices of monitoring studies and analysis and that can be applied with reasonable consistency to the foreign assistance programs specified in the act.

We were asked to review foreign assistance M&E policies in the U.S. government. In this report, we determined to what extent (1) agencies administering the most U.S foreign assistance have developed M&E policies and (2) existing M&E policies are consistent with leading practices. We briefed requesters' staff in August and December of 2015 on our preliminary observations for the six agencies in our review—the Departments of Agriculture (USDA), Defense (DOD), Health and Human Services (HHS)[4], and State; the U.S. Agency for International Development (USAID); and the Millennium Challenge Corporation (MCC). This report includes the preliminary observations from those briefings, updated during March through August 2016, with additional information obtained from the agencies since the previous briefings. Updated information since the 2015 briefings can be found in enclosures I and II.

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[1]GAO, *Performance Measurement and Evaluation: Definitions and Relationships*, GAO-11-646SP (Washington, D.C.: May 2011).

[2]U.S. Office of Management and Budget, *Increased Emphasis on Program Evaluations*, M-10-01, Memorandum for the Heads of Executive Departments and Agencies (Washington, D.C.: Oct. 7, 2009).

[3]Foreign Aid Transparency and Accountability Act of 2016, Pub. L. No. 114-191.

[4] HHS specifically refers to the Centers for Disease Control and Prevention's Division of Global HIV and TB.

To address our objectives, we selected six agencies based on the reported amounts of foreign assistance obligated. We identified the agencies' foreign assistance M&E policies[5] and assessed them against 28 leading practices—14 for monitoring and 14 for evaluation. To assess monitoring policies, we developed a list of leading practices that can be applied to foreign assistance based primarily on our review of *Standards for Internal Control in the Federal Government;*[6] the GPRA Modernization Act of 2010;[7] and *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*[8] For evaluation, we developed a list of leading practices based on the American Evaluation Association's (AEA) *An Evaluation Roadmap for a More Effective Government* (AEA Roadmap).[9] The American Evaluation Association published the AEA Roadmap to guide the development and implementation of federal agency evaluation programs and policies. The framework offers a set of general principles intended to facilitate the integration of evaluation activities with program management. We discussed our assessments with cognizant officials at each agency.

Enclosure III contains more detailed information on our scope and methodology.

We conducted this performance audit from May 2015 to September 2016 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.

Summary

All the agencies we reviewed, except DOD, have established M&E policies that apply to their major foreign assistance programs. State, USAID, and MCC have agency-wide policies for foreign assistance M&E, while the civilian non-foreign-affairs agencies have policies relevant to their major foreign assistance programs—for USDA, the Foreign Agriculture Service's food aid programs, and for HHS, the President's Emergency Plan for AIDS Relief (PEPFAR). As of August 1, 2016, DOD has not issued M&E policies for its humanitarian and security assistance programs, but DOD is in the process of doing so, according to DOD officials.

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[5]We defined "policies" to include guidance as well as policies and directives. If the agencies had relevant and explicitly labeled policies or directives, such as USAID's Automated Directives System or HHS's Grants Policy Statement, we analyzed those. If we did not find a given element of monitoring in policy documents, we looked for it in the agency's related guidance, such as standard operating procedures for grant closeout or training; funding opportunity announcements (solicitations with requirements to apply for federal awards); guidance on data quality; and guidance on site visits, etc.

[6]GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014) and GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

[7]The GPRA Modernization Act of 2010, Pub. L. No 111–352, amended the Government Performance and Results Act (GPRA) of 1993, Pub. L. No. 103-62, 107.

[8]U.S. Office of Management and Budget, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* 2 C.F.R. § 200.

[9]American Evaluation Association, *An Evaluation Roadmap for a More Effective Government*, accessed March 1, 2016, http://www.eval.org/d/do/472.
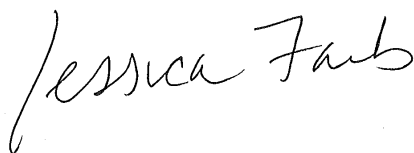
The existing foreign assistance M&E policies we reviewed generally address the leading M&E practices we identified. For example, all agencies except DOD have monitoring policies that require the development, collection, analysis, and reporting of data on performance indicators. These policies are intended to help ensure measurement of project implementation and promote timely analysis and reporting of results that could identify needed course corrections. In addition, all agencies except DOD have policies that require documenting an evaluation plan or agenda, assuring evaluation quality and independent evaluators, allowing a choice of methods, and disseminating evaluation findings/results, all of which help ensure that key stakeholders have access to quality information for informed management decisions. Two of the five agencies with existing policies, State and HHS, addressed all 28 practices. We did not discern any meaningful pattern among the five agencies in those practices that their policies did not address. Specifically, there are no cases where more than two agencies did not address any given practice. Failing to address a leading practice in policy does not necessarily mean, however, that an agency does not adhere to that practice. For example, although MCC did not address 5 practices in its evaluation policies, agency officials indicated that these evaluation practices were commonly followed and that MCC would update its policies to reflect those practices. Similarly, addressing M&E practices in agency policy does not necessarily ensure that program staff responsible for M&E will follow them. We found that none of the agencies made adherence to all 28 M&E practices mandatory, and for 10 of the practices, at least one of the agencies made adherence voluntary. Enclosures I and II provide more details about our analysis. We are not making any recommendations in this report.

Agency Comments

We provided a draft of this report for comment to USDA, DOD, HHS, State, USAID and MCC. USDA, HHS, USAID, and MCC provided technical comments, which we have incorporated as appropriate.

We are sending copies of this report to appropriate congressional committees and to the Secretaries of Agriculture, Defense, Health and Human Services, and State; the Administrator of USAID; and the Chief Executive Officer of the Millennium Challenge Corporation. In addition, the report is 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) 512-6991, or farbj@gao.gov. Contact points for our Offices of Congressional Relations and of Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in enclosure IV.

Jessica Farb

Jessica Farb,
Acting Director, International Affairs and Trade

Enclosures – 4

List of Requesters

The Honorable Ed Royce
Chairman
The Honorable Eliot Engel
Ranking Member
Committee on Foreign Affairs
House of Representatives

The Honorable Ted Poe
Chairman
Subcommittee on Terrorism, Nonproliferation, and Trade
Committee on Foreign Affairs
House of Representatives

The Honorable Gerald Connolly
House of Representatives

Enclosure I: Analysis of Foreign Assistance Monitoring Policies

The following summarizes key results of our analysis as shown in table 1.

Five of the Six Agencies Have Monitoring Policies Spread across Multiple Sources; DOD Lacks Relevant Monitoring Policies

- Five of the six agencies we reviewed—the Department of Health and Human Services (HHS), the Millennium Challenge Corporation (MCC), the Department of State (State), the U.S. Agency for International Development (USAID), and the Department of Agriculture (USDA)—have established monitoring policies for foreign assistance programs and projects across multiple policy and guidance documents. For example, USAID monitoring policies are located throughout several chapters of its Automated Directives System.

- HHS officials informed us that they will continue to evaluate and update agency policies, additionally officials have established a branch within HHS dedicated to M&E procedures, processes, and capacity strengthening.

- DOD provided us with documents relating to monitoring programs; however, cognizant DOD officials acknowledged that virtually none of the documents meet our definition of foreign assistance monitoring. These officials told us that the relevant DOD policy office is currently developing such policies but has no estimated date for implementation.

- MCC officials informed us that they will be revising their policies, but these policies have not yet been finalized.

Monitoring Policies for Five of the Six Agencies Generally Address Leading Practices

- All of the agencies with relevant monitoring policies—HHS, MCC, State, USAID, and USDA—require the development, collection, analysis, and reporting of data on performance indicators. These policies are intended to help ensure measurement of project implementation and progress and promote timely analysis and reporting of results that could identify any needed course corrections.

- In addition, these five agencies' policies identify roles and responsibilities for staff conducting monitoring and, except for USDA, define appropriate qualifications for staff conducting monitoring, which are intended to help ensure that staff have the expertise to exercise prudent management over awards.

Table 1: Updated Information on Six Agencies' Policies for Monitoring Foreign Assistance Assessed against Leading Practices, as of July 2016

Do the agencies' policies[a] address/require the following elements:	USAID[a]	State[a]	USDA FAS	HHS PEPFAR	MCC[a]	DOD Security Assistance[b]
1. Monitoring plan(s)?	●	●	○	●	●	○
2. Monitoring plan(s) guided by risk assessment?	◐	●	○	●	●	○
3. Development of relevant output and outcome performance indicators?	●	●	●	●	●	○
4. Identification of source(s) of funding/resources for monitoring?	●	◐	◐	●	●	○
5. Periodic collection and analysis of data on performance indicators?	●	●	●	●	●	○
6. Procedures for assuring quality of data on performance indicators?	●	●	●	●	●	○
7. Appropriate qualifications for staff conducting monitoring?	●	●	○	●	●	○
8. Roles and responsibilities of personnel responsible for monitoring?	●	●	●	●	●	○
9. Submission of periodic and final performance reports and performance data by implementing partners?	●	●	●	●	●	○
10. Assessment and approval of implementing partners' periodic performance reports and performance data by agency?	●	●	●	●	●	○
11. Validation of implementing partners' performance through site visits or other means of verification?	●	◐	◐	●	○	○
12. Documentation that the monitoring plans were executed?	○	●	○	●	●	○
13. Procedures for project closeout?	●	●	●	●	●	●
14. Consideration of performance information in making management decisions?	◐	●	●	●	●	○

● Addressed and required

◐ Addressed but not required

○ Not addressed

Sources: GAO analysis of information from the Department of Agriculture's (USDA) Foreign Agricultural Service (FAS); Department of Defense (DOD); Department of Health and Human Services' (HHS) President's Emergency Plan for AIDS Relief (PEPFAR) and programs for Ebola/Global Health Security, malaria, and tuberculosis; Department of State (State); Millennium Challenge Corporation (MCC); and the U.S. Agency for International Development (USAID). | GAO-16-681R

Note:

[a]USAID, State, and MCC polices and guidance were agency-wide in applicability.

[b]As of August 1, 2016, neither we nor DOD officials we contacted had identified relevant evaluation policy or guidance for us to assess against these leading principles.

Enclosure II: Analysis of Foreign Assistance Evaluation Policies

The following summarizes key results of our analysis as shown in table 2.

All of the Agencies except DOD Have Evaluation Policies for Foreign Assistance

- Three of the six agencies we reviewed— the Millennium Challenge Corporation (MCC), the Department of State (State), and the U.S. Agency for International Development (USAID)— have agency-wide foreign assistance evaluation policies.
- Two civilian non-foreign-affairs agencies we reviewed— the Department of Health and Human Services (HHS) and the Department of Agriculture (USDA)—have evaluation policies relevant to their major foreign assistance activities: for HHS, the President's Emergency Plan for AIDS Relief (PEPFAR); and for USDA, the Foreign Agricultural Service's (FAS) food assistance.
- DOD does not yet have any agency-wide policies relating to evaluation but is in the process of developing them, according to agency officials.
- Some agencies, including MCC, provided documents regarding their practices for evaluation that addressed some of the practices we identified, but the documents did not constitute policy or acceptable guidance as we defined it for the purposes of this review.

All Agencies except DOD Have Policies that Generally Address Leading Principles of Evaluation Based on the American Evaluation Association's (AEA) Roadmap

- Policies for three agencies—HHS, State, and USAID—address all 14 leading evaluation principles.
- USDA's policies address 13 of the principles, and MCC's policies address 9.
- USAID and HHS policies and guidance *require* implementation of all 14 leading principles for evaluation.[10] For example, only USAID and HHS policy requires professional development of staff regarding evaluation, tracking use of evidence, and that staff develop mechanisms for following up on recommendations.
- All five agencies require that a source of funding be identified for evaluation. Only USAID requires a certain percentage be earmarked in the project budget.
- In addition, all five agencies require an evaluation plan or agenda, assuring evaluation quality and independent evaluators, and allowing a choice of methods.
- Four of the five agencies require that their staff track the use of evaluation findings in management or reforms: State, USAID, HHS, and USDA/FAS.
- All five agencies require public dissemination of evaluation reports.

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[10]The required/not-required filter was considered inappropriate for "inclusion of all topics or programs as subject to evaluation" and therefore all agencies were designated "required," given that no agency explicitly excluded any program or topic from evaluation. Agencies whose policies, guidance, or both state that staff "must," "shall," or "will" carry out leading practice were deemed to require any given practice. In some cases, depending on context and additional information from the agency, we included as requirements statements using "should."

Do the agencies' policies[a] address/require the following elements:	USAID[a]	State[a]	USDA FAS	HHS PEPFAR	MCC[a]	DOD Security Assistance[b]
1. Development of an evaluation plan or agenda?	●	●	●	●	●	X
2. Identification of a source of funding for evaluations?	●	●	●	●	●	X
3. Inclusion of all topics or programs as subject to evaluation?	●	●	●	●	●	X
4. How to select evaluation topics?	●	●	●	●	●	X
5. Coordination and collaboration across agencies with overlapping or complementary missions?	●	◐	●	●	○	X
6. Allowing a choice of methods appropriate to the context?	●	●	●	●	●	X
7. Having evaluations conducted by personnel with appropriate training and experience?	●	●	●	●	●	X
8. Ensuring evaluator independence?	●	●	●	●	●	X
9. Professional development of staff regarding evaluation and use of evidence?	●	◐	○	●	○	X
10. Procedures for assuring evaluation quality?	●	●	●	●	●	X
11. Inclusion of a description of methods and data sources in evaluation reports?	●	●	●	●	○	X
12. Tracking the use of evaluation findings in management or reforms?	●	●	●	●	○	X
13. Mechanisms for following up on recommendations?	●	●	●	●	○	X
14. Disseminating evaluation findings/results?	●	●	●	●	●	X

Legend:
- ● Addressed and required
- ◐ Addressed but not required
- ○ Not addressed
- X No relevant policy

Sources: GAO analysis of information from U.S. Agency for International Development (USAID), Department of State (State), Department of Agriculture (USDA) Foreign Agricultural Service (FAS), Department of Human Health and Services (HHS) President's Emergency Plan for AIDS Relief (PEPFAR), Millennium Challenge Corporation (MCC), and Department of Defense (DOD). | GAO-16-681R

Note:

[a]USAID, State, and MCC polices and guidance were agency-wide in applicability.

[b]As of August 1, 2016, neither we nor DOD officials we contacted had identified relevant evaluation policy or guidance for us to assess against these leading principles.

Enclosure III: Scope and Methodology

To determine the extent to which U.S. agencies providing foreign assistance had developed monitoring and evaluation (M&E) policies, we identified the six major agencies administering the most foreign assistance on the basis of obligations reported to the U.S. Agency for International Development's (USAID) U.S. Overseas Loans and Grants database for fiscal years 2008 through 2012 and the ForeignAssistance.gov database for 2014.[11] Those agencies are the Department of Agriculture (USDA), the Department of Defense (DOD), the Department of Health and Human Services (HHS), the Department of State (State), the Millennium Challenge Corporation (MCC), and USAID. We asked these agencies to identify or provide all relevant policies and guidance relating to foreign assistance M&E, including, where appropriate, standard operating procedures and funding opportunity announcements (solicitations with requirements to apply for federal awards). For USDA, HHS, and DOD, which have no agency-wide foreign assistance M&E policies, we requested corresponding documents directly related to their major foreign assistance activities—for USDA, the Foreign Agricultural Service's food assistance; for HHS, the President's Emergency Program for AIDS Relief; and for DOD, security assistance. We considered all of the documents we received from the six agencies in our review in response to our requests to collectively constitute foreign assistance M&E policies.

To determine the extent to which the existing M&E policies of these agencies addressed leading practices, we identified 28 practices based on a review of key reports, laws, and regulations. To identify leading monitoring practices that can be applied to foreign assistance programs, we reviewed *Standards for Internal Control in the Federal Government;* the GPRA Modernization Act of 2010; and *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards*. We reviewed the leading evaluation principles in the American Evaluation Association's *An Evaluation Roadmap for More Effective Government* (AEA Roadmap) and identified 14 leading evaluation practices that can be applied to foreign assistance. We conducted a systematic assessment of the six agencies' M&E policies to determine whether the policies addressed the 28 leading M&E practices. We focused our monitoring policy analysis on foreign assistance provided through grants and cooperative agreements. At least two GAO analysts independently reviewed agency policies to determine which policies were consistent with the 28 leading practices, and any disagreements in the determinations were resolved through discussion. For the policies that addressed each of the practices, we determined whether the agencies' policies required staff to adhere to the practice or made adherence optional. If an agency's policies stated that staff "must," "shall," or "will" execute the monitoring or evaluation practice, we deemed the agency to require that element. In some cases, depending on context and additional information from the agency, we also considered the word "should" to denote a requirement. After the preliminary briefings, agencies were able to send updated policies and additional clarifying information. At least two GAO analysts independently reviewed these updates to determine any changes to the preliminary observations.

We conducted this performance audit from May 2015 to September 2016 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

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[11]Comparable obligation data were not available from both databases. Therefore, we considered data from the U.S. Overseas Loans and Grants database for a 5-year period in order to reflect historical trends and data from Foreignassistance.gov for a single year to reflect the most recent information available at the time we initiated our work. We selected those agencies listed among the top 10 from both databases.

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.

Enclosure IV: GAO Contact and Staff Acknowledgments

GAO Contact

Jessica Farb, (202) 512-6991, or farbj@gao.gov

Staff Acknowledgments

In addition to the contact named above, James Michels (Assistant Director), Barbara Shields, Isabel Band, Michael Budros, Gergana Danailova-Trainor, Martin De Alteriis, Mark Dowling. Kimberly Gianopoulos, Kay Halpern, John Richard, Stephanie Shipman, and Michael Simon made key contributions to this report.

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